Omantel Q2 2025 Performance Discussion Transcript

Monday 18th of August 2025, 14:00 Oman time

Attending Management Team

- Mr. Ghassan Al Hashar, Chief Financial Officer.
- Ms. Amal Al Ojaili, Strategic Finance General Manger.
- Mr. Mr. Sudhakar Ippatappu, Finance Control, General Manager.
- Mr. Wahbi Al Riyami, General Manager, Treasury

Investor Relations Officer: Aisha Al Balushi.

Speaker	Transcript
Aisha Al Balushi – Omantel Investor Relations Officer.	Greetings, ladies and gentlemen. This is Aisha Al Balushi, and I welcome you to Omantel’s H1 2025 MSX Session Call. It's my pleasure to host you all on behalf of Omantel's senior finance management team today. Joining us are: ➢ Mr. Ghassan Al Hashar, Chief Financial Officer. ➢ Ms. Amal Al Ojaili, Strategic Finance General Manger. ➢ Mr. Mr. Sudhakar Ippatappu, Finance Control, General Manager. ➢ Mr. Wahbi Al Riyami, General Manager, Treasury By now, you should have received the Earnings Call Presentation and the H1 unaudited Financial Statement, both of which have been uploaded to Omantel's website and MSX. During this call, we will make forward-looking statements. These are predictions, projections, or other statements about future events, based on current expectations and assumptions, and are subject to risks and uncertainties. For the Q&A session, you may use the raise hand feature or write your questions in the chat box. To allow as many analysts as possible to ask questions, we would appreciate it if each analyst could limit themselves to one question, keeping the time constraints of the session in mind. Now I will hand over to Mr. Ghassan Al Hashar to walk us through the main highlights of the quarter.
Ghassan Al Hashar – Omantel Chief Financial Officer.	Thank you, Aisha, and welcome everyone to Omantel’s earnings call for the first half of the year. I would like to begin by highlighting that Omantel Group has continued to deliver a resilient financial performance during H1 2025. As part of our ongoing journey under the new strategy, we remain focused on positioning Omantel as the national technology powerhouse, driving digital transformation and enabling Oman’s future economy. An important development during the period was the decision, as disclosed earlier this month, to reduce the mobile service royalty rate from 12% to 10%—a step that will positively impact our financial profile and competitiveness, and we will provide further details on this during the presentation. Additionally, we are proud to announce our strategic partnership with the Tax Authority on the signing of the e-invoicing agreement. This initiative will support the development of a national e-invoice platform, strengthening tax governance, transparency, and operational efficiency across the country. With that, I will now hand it over to Aisha to take you through the Group’s financial performance, after which we will open the floor for your questions.
Aisha Al Balushi – Omantel Investor Relations Officer.	Looking at Oman’s domestic economic landscape, we see a story of resilience and steady recovery, underpinned by Vision 2040 and disciplined fiscal management. One of the most important developments has been the sovereign credit rating upgrades.

- Moody's recently upgraded Oman from Ba1 to Baa3 with a stable outlook, marking a return to investment grade.
- S&P Global followed with an upgrade to BBB- / A-3, also investment grade.

On the macro side, Oman has achieved significant fiscal consolidation: debt-to-GDP has fallen from 68% in 2020 to 35% as of Q1 2025—a remarkable turnaround that reflects strong fiscal discipline.

Looking ahead, an important structural reform is the introduction of a 5% personal income tax effective 2028, applying to individuals with annual net income above OMR 42,000. While moderate, this will diversify fiscal revenues and align Oman with global best practices.

In summary, Oman's economy is moving into 2025 with renewed strength, fiscal resilience, and positive investor sentiment.
This quarter, we do not have major new updates on sustainability to share. However, if you have not yet reviewed our latest Sustainability Report 2024, I encourage you to visit our website or simply scan the QR code on this slide. The report highlights our latest achievements and demonstrates how we embed sustainability at the very core of Omantel's corporate strategy—driving growth, innovation, and long-term impact for our stakeholders.
Omantel has firmly established itself as a leading telecom and technology player across the MENA region.

- We serve over 54.6 million customers across 8 countries, generating revenues of USD 4.2 billion.

Our leadership is built on multiple industries first:

- We are the first and only GCC operator to land a subsea cable in Europe.
- We are also the first in the MENA region to host MVNOs, driving market innovation.

Omantel's global reach is powered by our advanced infrastructure:

- Over 100 international interconnections with all major global operators.
- More than 40 hyperscale's and content providers hosted within our network.
- The most connected operator to subsea cables in the Middle East, with participation in 20+ global subsea cable systems.
- Access to over 120 cities worldwide and carrying 35 terabits per second of capacity through Oman—cementing our role as a key global connectivity hub.

And critically, Omantel's extensive network assets connect the East to the West, positioning Oman as a natural digital gateway between Asia, the Middle East, Africa, and Europe.
Omantel's journey of growth and innovation reflects our transformation from a traditional telco into a diversified technology group.

We began by disrupting the telco model — moving beyond voice, SMS, and connectivity. Today, through our strategic partnerships with global players such as AWS, Microsoft, and Google, we are building infrastructure that underpins Oman's Vision 2040 and positions us as a regional digital hub.

Looking ahead, we are expanding into technology-driven growth areas — generative AI, cloud, fintech, AdTech, cybersecurity, and digital marketplaces — alongside innovation hubs and talent development initiatives. These investments are designed to create a thriving tech ecosystem, accelerate digital transformation, and ensure sustainable growth.
The year 2024 was a defining moment for Omantel Group, as we advanced significantly in our transition from a traditional telecom operator to a diversified technology group.

Building on the foundation of our Shift Gear Strategy launched in 2021, we are now stepping forward with our Portal of the Future vision — a strategy designed to position Omantel as a technology-first business.

This strategy is anchored on four key pillars:

- Enabling a Sustainable Oman through technology-driven impact.
- Acting as an Innovation Orchestrator, driving ecosystems and partnerships.
- Becoming a Leader in AI, unlocking the next frontier of growth.
- Creating the Eco-System of the Future, fostering digital inclusion and collaboration.

Our future brand will be centered on delivering high-quality digital customer experiences, underpinned by trust, safety, and innovation.

Omantel is committed to bringing the future of technology to Oman, empowering Omanis to realize their ambitions, and inspiring the nation with cutting-edge solutions.

Through this journey, we aim to elevate Oman from being a national telecom leader to becoming a regional technology powerhouse
The first half of 2025 has been a period of strategic progress and strong execution for Omantel, marked by both partnerships and regulatory tailwinds.

On the partnership side:

We announced a joint R&D Centre with FiberHome, successfully trialing 50GPON technology — ten times faster than current fiber — which will support AI, smart cities, and the digital economy.

Together with du, we activated the Oman Emirates Gateway subsea cable, a 275 km high-capacity link between Oman and the UAE. This creates a resilient dual-route system, enhancing cloud access and reinforcing both countries as regional digital hubs.

On the domestic front:

Omantel is laying the groundwork for a national technology powerhouse, unifying ICT strengths and positioning Oman as a regional hub for next-generation technologies.

A regulatory change reduced the royalty rate on mobile services from 12% to 10%, delivering a net positive impact of OMR 1.7 million on our H1 results.

In parallel, we signed an agreement with the Tax Authority to roll out a national electronic invoicing system. This initiative enhances governance, supports SMEs, and aligns with our sustainability strategy.

Finally, Omantel’s achievements were recognized through multiple awards in CSR, innovation, workforce empowerment, and sustainability, underscoring our leadership not just in telecom and technology, but also in corporate responsibility and talent development.
Zain Omantel International continues to be one of our most powerful growth engines, combining Zain’s regional scale with Omantel’s global network assets.

Through 20 subsea cables, connectivity to 120+ cities across 5 continents, and on-net access in 8 licensed countries, ZOI today reaches over 2 billion people and consolidates the traffic of both Zain and Omantel into a single global interface. This positions ZOI as the carrier of choice for hyperscale’s, content providers, and international/Regional operators and multinational enterprises.

The strength of this model was reinforced after our IP consolidation, where ZOI was ranked as the highest-ranked network in the Middle East and entered the global top 100 out of more than 70,000 active networks worldwide.

This achievement is not only about prestige — it is a validation of ZOI’s robust connectivity, low latency, scalability, and enhanced security. It boosts our market competitiveness, lowers peering costs, and increases operational efficiency, all of which make ZOI not just a bigger pipes initiative, but the uncontested regional backbone.

In short, ZOI is not just keeping pace with regional peers— it has moved ahead, creating a clear competitive advantage and strengthening Omantel’s positioning as the digital gateway from the Indian Ocean to the Red Sea, the Arabian Gulf, and beyond.

Moreover, ZOI offers the only purpose-built, single-carrier subsea-terrestrial mesh across the Middle East. This unique 16,000 km network provides a shorter East-to-West route with lower latency, bypasses geopolitical risk zones for greater stability, and simplifies operations with one contract, one SLA, one NOC. In short, ZOI delivers

the region's most secure, resilient, and efficient digital highway connecting Asia, Africa, and Europe.
In H1 2025, the Group continued to demonstrate resilient growth through strategic diversification across verticals and geographies.

Zain Omantel International delivered exceptional results with a 324% YoY revenue surge, securing its position among the top 20 global ASNs, underscoring our leadership in wholesale connectivity.

Zain Fintech scaled rapidly, with transactions up 46% and new platform adoption in Sudan and KSA driving strong revenue growth.

ZainTech nearly doubled revenues (+94% YoY) as demand for cloud, cybersecurity, and managed services accelerated, supported by major enterprise contracts.

On the operational side, Sudan staged a remarkable recovery, powered by a resilient strategy, the launch of a new Port Sudan data center, and reactivation of key sites. KSA maintained strong growth momentum in 5G, B2B, and digital services, while Iraq and Jordan continued to expand steadily, supported by rising data demand and solid B2B growth.

In H1 2025, the Group continued to demonstrate resilient growth through strategic diversification across verticals and geographies.

- Zain Omantel International delivered exceptional results with a 324% YoY revenue surge, securing its position among the top 20 global ASNs, underscoring our leadership in wholesale connectivity.
- Zain Fintech scaled rapidly, with transactions up 46% and new platform adoption in Sudan and KSA driving strong revenue growth.
- ZainTech nearly doubled revenues (+94% YoY) as demand for cloud, cybersecurity, and managed services accelerated, supported by major enterprise contracts.

On the operational side, Sudan staged a remarkable recovery, powered by a resilient strategy, the launch of a new Port Sudan data center, and reactivation of key sites. KSA maintained strong growth momentum in 5G, B2B, and digital services, while Iraq and Jordan continued to expand steadily, supported by rising data demand and solid B2B growth.

Overall, these results highlight the strength of our diversified portfolio, balancing volatility in individual markets while consistently driving long-term value creation.
We are proud to be among the leading telecom operators in the MENA region, with a diversified presence spanning the GCC, Levant, and Africa.

Iraq remains our largest Subscriber market with 20.9M subscribers, generating $599M revenue and a strong 37% EBITDA margin.

Saudi Arabia, a key growth engine, delivered $1.4Bn in revenue with 8.3M subscribers, supported by ongoing expansion in 5G, B2B, and digital services.

Sudan showcased a strong rebound with $240M revenue and the highest EBITDA margin in the group at 56%, reflecting operational resilience despite challenges.

Kuwait delivered $609M in revenue and continues to lead with premium customer engagement.

Oman, Jordan, and Bahrain collectively reinforce regional scale, contributing meaningful growth with healthy margins and expanding digital adoption.

This diversified footprint, with over 50 million customers, allows us to balance performance across different economies while capturing opportunities in high-growth markets. It strengthens our position as a top-tier regional operator, driving both resilience and long-term shareholder value.
In the first half of 2025, Omantel continued to deliver resilient performance both domestically and through our strategic investment in Zain Group.

Zain Group contribution remained strong with USD 3.5Bn in revenue (+14% YoY), USD 1.1Bn in EBITDA (+10% YoY), and USD 395M in net profit (+49% YoY), reinforcing the strength of our regional footprint. Omantel's shareholding in Zain today carries a market value of USD 1.65Bn, providing a significant source of long-term value creation.

Moving to domestic performance.
Our continued investments in strengthening our core—combined with a forward-looking focus on emerging technologies—have positioned Omantel as a leader in both mobile and fixed-line services.

This strategic depth has not only fueled our growth but also insulated us from the pressures of intense market competition. Starting with our core business performance in the mobile segment, despite challenging market conditions, we have successfully protected our market position in our stable subscriber market share of 40.4% and Similar levels YOY on mobile revenue.
Meanwhile, in the fixed-line business, our market leadership remains strong at 54.6%, evidenced by a 3% revenue growth, driven by the robust performance of our fixed broadband services and the migration from copper to HBB and 5G Fixed wireless access.
While the ICT business posted a 69.2% growth during the year—aligning with Omantel's strategy of evolving from a pure telecom provider to a tech-driven company—this growth is also reflected in the increased revenue from our domestic subsidiaries, which primarily focus on Smart Solutions, Cloud Service, and IoT.
Now, moving to our domestic financial indicators, revenue for the first quarter has reached 321.3 million, reflecting a 7.9% year-on-year increase, driven by growth in fixed broadband (FBB), Devices, Hubbing and contributions from Smart Solutions and Cloud service. While EBITDA has also increased by 2.7 Mn and net profits has decreased by 3.7 Mn . A detailed explanation of these financials will be covered in the subsequent slides
Group revenue rose by 9.5% YoY to OMR 1.61Bn, driven by both domestic operations and Zain's strong recovery. Zain alone contributed an additional OMR 162.6M, while domestic revenue grew by OMR 23.7M.

On the subscriber side, the Group added 3.8M new customers YoY, led by Sudan with nationwide service restoration, alongside solid growth in Iraq. Domestically, subscribers increased by 0.669M, underpinned by Fixed broadband and postpaid momentum (Mainly M2M).

EBITDA grew 8.3% YoY to OMR 528M, with the majority of the uplift coming from Zain. Sudan alone contributed OMR 34M, Iraq OMR 5M, and Saudi Arabia OMR 11.5M, showcasing the resilience of our regional footprint. Domestically, EBITDA increased by OMR 2.7M, despite competitive pressure.

The Group's net profit surged 46.2% YoY to OMR 161M, mainly due to the stronger performance of Zain, which contributed an additional OMR 54.5M. While domestic profits decreased by OMR 4.1M YoY. Net profit after minorities still increased by OMR 7.1M, underscoring the value of our diversified portfolio.
Moving to our domestic performance, including subsidiaries:

Revenue grew by 7.9% YoY, reaching OMR 321M, supported by broad-based growth across multiple streams. Fixed revenues increased by OMR 4.4M, device revenues by OMR 6.1M, and wholesale revenues by OMR 5.8M. Importantly, ICT revenues accelerated by OMR 6.3M YoY, driven by IoT and smart solutions, as we continue to diversify into TechCo areas such as hosting and cloud services.

On profitability, EBITDA increased 3.3% YoY to OMR 84.7M. This uplift was supported by stronger gross margins and lower royalty rates on mobile services, which dropped from 12% to 10%.

However, net profit declined 9.5% YoY to OMR 35.1M, mainly due to higher depreciation costs of OMR 5.4M, reflecting continued investments into our networks, digital channels, and TechCo initiatives.
Turning to business performance, our focus on effective base management and upselling has allowed us to sustain momentum despite challenging market conditions.

On the subscriber front, fixed broadband grew to 322K, prepaid remained stable at 1.4M, while postpaid surged to 1.82M subscribers, reflecting a net migration of 38.6K customers from prepaid to postpaid during the first half of 2025. This demonstrates the success of our retention and upselling strategy.

In terms of value generation, fixed broadband ARPU rose from RO 26.6 to RO 28.7, driven by ongoing migration from legacy copper to 4G/5G fixed wireless and fiber services. Mobile ARPU is held steady, supported by our strategic investments in AI/ML-powered CVM and retention engines, which have significantly strengthened customer lifecycle management.

Omantel continues to hold a strong market leadership position, with 40.3% in mobile and 54.6% in fixed broadband, maintaining a clear edge over competition.
Turning to our cost analysis, cost of sales increased by 14.9% YoY, mainly due to higher transit revenue-related costs (+RO 8.3 million), growth in device sales (+RO 6.7

million), OBC charges linked to broadband growth, and additional Smart Solutions costs. This was partially offset by the reduction in royalty rates on mobile services from 12% to 10%, which saved RO 2 million.

Operating and administration expenses remained well contained, with only a modest increase of 1.6%, largely reflecting higher IT-related costs as we continue investing in digital and emerging technologies.

On the Capex front, we accelerated our investments with an increase of 48.5% YoY, reaching RO 54.5 million. These investments are focused on expanding our 5G network, upgrading 4G sites, enhancing digital channels, and building our marketplace platform.

This disciplined cost management—combined with targeted Capex allocation—positions Omantel to capture growth in digital services while ensuring operational efficiency.
Looking at our cash flow and debt profile, free cash flow declined by RO 16.6 million YoY, primarily due to lower operating cash flow of RO 13.7 million, driven by higher receivables, and an additional RO 2.8 million outflow from investing activities.

Importantly, our leverage remains manageable, with net debt to EBITDA at 3.49x, and 2.48x when excluding lease liabilities.

Interest costs rose slightly by 3.8% YoY to RO 22.4 million, but we continue to enjoy a strong credit rating, reaffirmed by Moody's at Ba1/Stable and Fitch at BB+/Positive highlighting our prudent financial management and controlled risk profile.

Overall, while free cash flow was impacted, our funding structure and ratings demonstrate resilience, positioning us strongly to support ongoing Techo investments and growth.

Question 1 Chat Box question is: Is Omantel exploring opportunities to leverage its strong user base by launching new revenue streams, such as a digital payment platform—like Orange Money in Europe, Paycell by Turkcell, or STC Pay in Saudi Arabia?

Answer As we have highlighted in previous earnings calls and investor meetings, Omantel has already established a fintech subsidiary called Ompay, which is fully licensed by the Central Bank of Oman since 2023. Ompay is integrated within the Omantel application and currently enables international remittances, with additional services being rolled out to enhance customer experience.

Our strategy is to gradually expand this platform into a broader digital financial services ecosystem, covering both B2C and B2B segments. The key advantage is our ability to leverage Omantel's large, active customer base to accelerate adoption and scale.

We see this as an important growth initiative aligned with Omantel's broader vision to diversify revenue streams beyond traditional telecom services, and it is progressing in line with our expectations.

Question 2 Could you provide some clarity on the recent TRA announcement regarding measures to address ongoing price competition in the market? What's the background behind this initiative, and how do you see it impacting the competitive landscape going forward?

Answer Yes, thank you for the question. As we've discussed previously, particularly on the mobile side, competitive intensity in the market has been quite high. What TRA is trying to do with this initiative is to ensure that offers brought to the market maintain certain levels of profitability, that's really the key message.

We've seen similar steps from the regulator before, such as last year's decision to standardize SIM card pricing at one Omani Rial and fix commission rates on SIM activations. In parallel, we as operators are also engaging in discussions with one another to align price levels that support healthy competition without undermining profitability.

So, these conversations are happening both at the regulatory level and among operators, with the shared objective of preserving sustainability and profitability in the market.

Question 3 What kind of discussions are taking place with the other operators, and specifically, what feedback are you hearing from the new entrant, Vodafone? Given the competitive intensity, the entire market has seen pressure on profitability and margins—how do you see this evolving?

Answer Yes, at this stage the discussions are still at a fairly high level, but the TRA is fully aware of the dynamics in the market and is engaged in these conversations. Naturally, there are areas where regulation can provide structure and oversight, while in other areas the responsibility is left to each operator to manage within the established guidelines.

As the incumbent operator, Omantel is in a relatively stronger position compared to some of our competitors. That said, we do observe certain practices by other players that risk eroding market value, which in the long run is detrimental to all operators. For our part, we remain transparent as a publicly listed company, and our financials clearly demonstrate the level of performance we are delivering at the bottom line. Ultimately, any value taken out of the market will harm all participants, which is why we believe these discussions—both at the regulatory level and among operators—are important to ensure the sustainability and profitability of the sector.

Question 4 Looking at the postpaid segment, Omantel has performed exceptionally well over the past couple of years, supported by strong migration from prepaid to postpaid and the success of initiatives such as the Baqati plan. How do you benchmark this business internally, and what are your strategic goals for postpaid growth over the next one to two years?

Answer Thank you for the question. The growth in our postpaid subscriber base that you've observed recently is largely driven by M2M SIMs. While this supports our broader ICT strategy, the revenue contribution from M2M is not as significant as that of a traditional postpaid customer.

If we exclude M2M, the growth in our postpaid base has been more marginal compared to year-end levels. This has primarily been supported by our strategy of

migrating customers from prepaid to postpaid, as well as encouraging upgrades within the postpaid segment from lower-end to higher-value plans.
On ARPU, you'll notice a slight decline year-on-year. This was mainly due to a lower contribution from value-added services. However, if you exclude that factor, ARPU has actually shown marginal growth, reflecting healthier monetization of our base.
So overall, while subscriber growth is more modest than in past years, we are focused on maintaining a stable base and driving value per customer. Our recent strategic investments in CVM and advanced retention engines are beginning to yield results, helping us protect and gradually improve ARPU.

Question 5 Thank you for the presentation. I have a couple of questions on your outlook. First, with net leverage currently at around 3.5x, where do you expect this to be by year-end? And secondly, could you remind us of your medium-term net leverage target?

Answer Since the acquisition, we have consistently communicated a medium-term net leverage target of around 2.5x to 2.7x. Currently, the reported net leverage is at 3.5x, but if we exclude lease liabilities, it stands at 2.4x, which is broadly in line with our target and where we aim to be by year-end.

Of course, supporting business growth requires ongoing investment, and at times this has put some pressure on working capital. That said, we are taking active measures to optimize working capital and strengthen collections, particularly from large corporate and government entities. While receivables temporarily impacted the operating cash flow this period, we view the risk as low and expect improvements in the second half, which should help reduce net debt and bring leverage to healthier levels.

In summary, we remain disciplined on deleveraging, while balancing this with the need to invest for long-term growth.

Question 6 Do you, do you expect to be free cash flow negative as a result of like higher Capex? How do you, how do you see these expectations that that would be my last question. Thank you.

Question 7 I noticed a material increase in Capex this year. Where do you see Capex trending directionally going forward?

Answer for 6 & 7 As CFO mentioned earlier, our free cash flow was not impacted by Capex—it was primarily affected by lower operating cash flow due to higher receivables, and we have already outlined the measures being taken to improve collections.

Now, turning to Capex: total capital expenditure for the first half reached OMR 54.5 million. Of this, around OMR 11–12 million was directed towards building and enhancing our digital channels, while the remainder was allocated to network-related projects—mainly expanding 5G coverage and upgrading 4G sites to support the strong growth in broadband demand.

Looking ahead to the second half of the year, we expect Capex levels to remain broadly similar, with continued investment in digital platforms and maintaining momentum in network expansion. This translates into a Capex-to-revenue ratio of around 15.6%, which we are targeting to maintain through year-end.

Importantly, we do not expect Capex to have a materially negative impact on free cash flow, as this will be supported by improvements in operating cash flow. It is still too early to provide guidance for 2026, but our focus remains on balancing growth investments with financial discipline.

Question 8 Could you please shed more lights and give us the breakdown of the ICT revenue segment?

Answer Thank you for the question. ICT has been one of the key growth drivers for the Group, with much of the momentum in H1 coming from smart solutions such as automated meter reading through Tadoom. Looking ahead, we are also investing aggressively in our subsidiaries—Oman Data Park and our fintech platform, OMPay—which we expect will further support top-line growth while contributing positively to EBITDA. Overall, ICT remains a critical pillar of our transformation from a pure telecom operator to a technology-driven company

Question 9 Can we expect EBITDA margin to pick up for domestic market in the coming quarter and years?

Our domestic EBITDA margin currently stands at 26.4%. However, it's important to note that a significant portion of our revenues come from the wholesale segment, where certain streams such as hubbing traffic carry much lower margins—around 4%. If you exclude those low-margin revenues, our effective margin is closer to 33.9%. Looking forward, we believe we can sustain margins at these levels for the rest of the year. The recent reduction in mobile royalty from 12% to 10% has also had a positive impact, and we expect this to continue supporting margins going forward.

Question 10 Did you include the recent royalty fee reduction in your outlook?

Answer Yes, the royalty reduction has already provided a benefit of around OMR 1.7 million in the first half of 2025. For the full year, we expect this to translate into a positive EBITDA impact of approximately OMR 3 to 4 million, assuming revenues remain broadly at current levels.

Question 11 I have a quick follow-up: Regarding M2M SIMs, what is your current machine-to-machine SIM count?

Answer Our postpaid subscriber base currently stands at around 1.8 million, of which 1.07 million are M2M SIMs. This means our 'normal' postpaid base is about 747,000 subscribers.

In comparison, last year the postpaid base was around 1.1 million, of which 400,000 were M2M SIMs, leaving a normal postpaid base of approximately 718,000 subscribers.

So, net-net, our normal postpaid base has grown by about 29,000 subscribers' year-on-year.

Compared to June 2024, our postpaid subscriber base has grown by 29,000 on the traditional postpaid side, while M2M subscriptions increased by 674,000 over the same period.

Question 12 Looking at the last quarter, there hasn't been a significant change in the total number of prepaid SIMs. You previously mentioned this could be cyclical, linked to the meter installation project—where growth would come as the project progresses. Should we expect further additions as the rollout continues, or is the current phase largely complete?

Answer Smart meters are a continuous project where operators deliver according to the scope defined by the utilities. Naturally, you will see spikes in M2M SIM activations when the meters are actually installed, followed by a return to more normalized levels.

For example, Tadoom was awarded a meter installation contract last year, which was executed during Q4 2024 and Q1 2025. This explains the spike in M2M SIMs during that period, as the connections were provided by Omantel.

In addition, we are also partnering with the electricity company NAMA on smart solutions for meter reading, which will continue to drive demand in this segment. So overall, the trend is cyclical, with peaks tied to project rollouts, and then stabilization once delivery is complete.

Question 13 As Omantel transitions into a digital company, where do you see the main growth opportunities within the ICT segment? And looking ahead, do you expect ICT to become one of the key drivers of the Group's future growth?

Answer Within the ICT space, we are focusing on three main entities that will drive future growth.

First, Oman Data Park – here we have already invested in data centers providing hosting services for enterprise clients in Oman. We are also expanding into cloud services through partnerships with AWS, Google, and Oracle, positioning Omantel as a one-stop shop for both connectivity and cloud. Growth in this segment will increasingly come from hosting, cloud, and cybersecurity services. While these investments take time to mature, we expect stronger revenue realization from 2026 onwards.

Second, our fintech arm Ompay – which started with remittance and payment gateway services and is now expanding its portfolio into broader fintech solutions. This business has significant potential to become one of our growth engines as we leverage Omantel's large customer base.

Third, Tadoom – which is focused on smart solutions, such as smart metering, and has been working extensively with large enterprises and utilities. This is another important contributor to future ICT growth.

Now, in terms of financial profile, ICT margins are generally lower than core telecom services. However, ICT plays a complementary role—it not only diversifies our revenue streams but also creates demand for our core connectivity business. Relying solely on traditional telecom revenues could expose us to disruption, so ICT is both a defensive and offensive strategy.

In summary, while core telecom revenues will remain dominant in the near term, ICT is steadily becoming a meaningful upside driver of growth, aligned with our strategy to evolve from a telco into a technology company.

Question 14 how does Omantel plan to balance its ongoing debt servicing obligations with maintaining dividend commitments to shareholders? And my second question is on service expenses—since they have increased, could you elaborate on which specific areas contributed the most to this rise?

Answer With regard to debt servicing, the company has a clear cash management framework in place that ensures all obligations are well planned and executed without surprises. As for dividends, these are determined by the Board, and Omantel has consistently

maintained dividend distributions over the past few years. Based on our current outlook, we don't foresee major changes in that regard going forward.
On your second question about service expenses, there are two main components: cost of sales and operating expenses. The increase in cost of sales is directly tied to revenue growth in the corresponding business streams—it's proportional and expected.
On the OPEX side, while we continue to implement optimization initiatives, the increase is largely driven by higher IT-related expenses. This reflects our strategic investments in digital channels and IT infrastructure, as well as the industry trend of vendors moving from CAPEX-based models to OPEX-based models. To manage this, we are focusing on consolidating applications and negotiating better vendor terms to keep costs under control. So, while OPEX has risen, it is primarily linked to our digital and IT investments that are essential for long-term growth.

Closing Remarks We'd now like to conclude today's session by thanking both management and all the analysts and investors for their valuable engagement. If you have further questions, our contact details are available on the final slide, and you can also find more information on our website and mobile app.