

Chairman's Statement

On behalf of the Board of Directors, I present the unaudited accounts for Renaissance Services SAOG, for the six-month period ended 30 June, 2021.

Financial performance

RS Consolidated	RO Million		USD Million	
	H1 2021	H1 2020	H1 2021	H1 2020
Revenue	53.0	54.8	137.7	142.3
EBITDA	11.4	11.4	29.6	29.6
Operating profit	7.6	7.7	19.7	20.0
Net profit after tax	5.4	5.4	14.0	14.0
Net profit after non-controlling interest	4.0	4.0	10.4	10.4

Performance is flat year-on-year. However, COVID-19 affected performance in just one quarter in the first half of 2020 compared with the entire half-year in 2021. This reveals a modest trend of underlying growth. We anticipate further improvement as the economy reopens.

COVID-19 Impact

The company remains profitable despite the pandemic's impact on performance, due to reduced revenues and increased costs. The company's response has kept our customers and people safe, enabled our clients to remain operational, and provoked a relentless drive on efficiency to maintain positive margins.

While this means we cannot achieve the levels of revenue and profitability that would be achieved without the effects of the pandemic, the company is able

to meet all its financial obligations on time, remains ready to invest in growth and committed to our intention to pay regular dividends to shareholders.

The company is rolling out a country-wide programme to ensure all 8,800 employees and dependents are offered the vaccine free of cost.

25 Years since Renaissance IPO

Although the origins of the company date from 1982, June 2021 marks the 25th anniversary of the initial public offering, when Renaissance became the first family business to list its shares on the Muscat Stock Exchange (MSX). As we celebrate this milestone, it is appropriate we consider the impact of the investments the company makes and the services it provides. This, in turn, allows us to consider future potential and future impact.



MSX CEO Haitham al Salmi with Renaissance Chairman Samir Fancy and CEO Stephen Thomas celebrate the 25th anniversary of the Renaissance IPO on the floor of the Muscat Stock Exchange

Impact Investing

Renaissance looks for projects that deliver positive social and environmental impact while generating profitable financial returns.

The company has invested > RO 200 million (> USD 0.5 billion) in Oman, starting with the first Permanent Accommodation for Contractors (PAC) projects in the Petroleum Development Oman (PDO) oilfields up to the most recent investment in Renaissance Village Duqm (RSVD). Shell conducted an

independent Post Implementation Review (PIR) for PDO on the initial PAC projects. The findings remain relevant to all six of the Renaissance Villages we have created, where impacts include:

- International Labour Organization (ILO) worker welfare standards, required to attract Foreign Direct Investment (FDI) and international financing.
- Health, safety and well-being for blue collar workers, including those coming from the poorest of backgrounds.
- Higher standards at affordable costs through economies of scale.
- Greener outcomes, lower utility consumption, better waste management.
- Level playing field of standards and costs for competitive tendering.
- Medical facilities, healthy lifestyle, recreation facilities, nutritious food and good connections with home.
- Attracting Omanis to work in remote locations, plus safe facilities for females.
- Long-term investment in in-country value (ICV) maximises Omani jobs, goods and services, and development of local Small to Medium Enterprises (SME).
- Improved safety performance, higher productivity, lower downtime for sickness, better mental health and lower rates of attrition.
- Reputational dividend for country, client, contractors and community for providing international worker welfare standards as a basic human right.

Renaissance Village Duqm is a true example of Public Private Partnership (PPP). Private sector investing for the public good. The PDO PAC projects are an excellent example of clients outsourcing non-core activity over the long term. Backed by our sustainability agenda and > RO 5 million spend on corporate social responsibility, these impact investments sit well alongside our shorter-term contracts providing facilities management and services to hospitals, schools, military, ports, industry, residential estates, oil & gas fields and more.

Economic Impact

These impact investments improve the quality of life and economic well-being of all Renaissance stakeholders: clients, customers, shareholders, employees, service providers, suppliers and the communities in which we serve. This creates positive economic impact for over 8,800 employees and their families;

and creates value for nearly 4,000 individual shareholders, pension funds and other institutional shareholders.

Renaissance is a responsible taxpayer, pleased to make our contribution to society and the government. We appreciate the government's fiscal prudence committing to the mid-term economic plan. We have successfully implemented VAT. We have absorbed increased costs of public services. We understand the need for government to raise more and spend less.

Renaissance is ready to invest in PPP projects, not limited to accommodation, where we may co-invest capital in opportunities that require long-term facilities management services. We also stand ready when government and private sector clients wish to outsource non-core services, ideally on a long-term Integrated Facilities Management (IFM) basis that enables investment in innovation and creates jobs for Omanis.

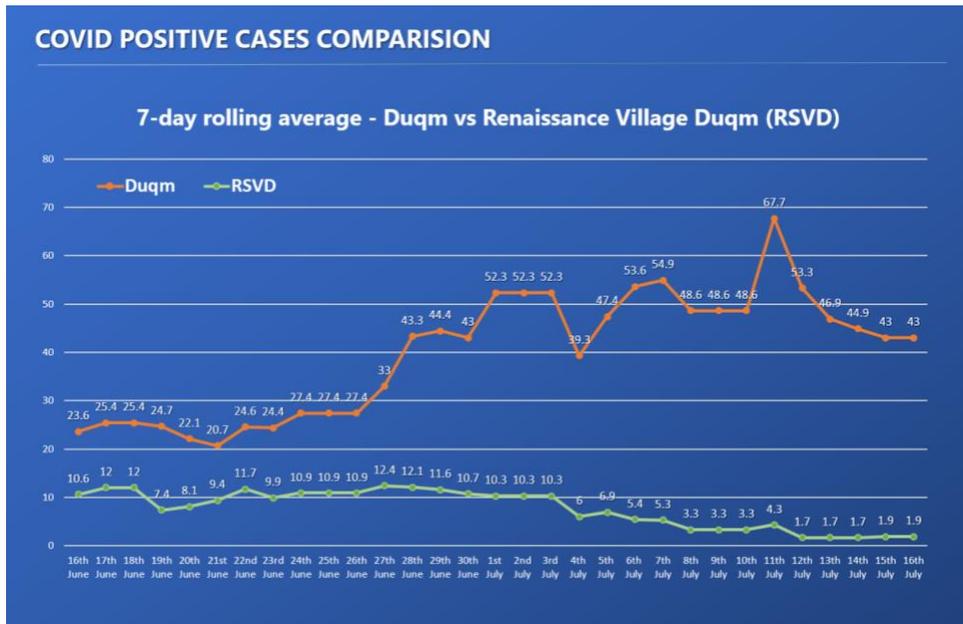
There is a corollary to this: PPP and IFM outsourcing require partnership. Both parties must play their part to ensure maximum mutual benefit. Capital will flow to the economies and opportunities which are most conducive for business and provide stability and long-term visibility. As shown in examples in other economies, PPP and other major outsourcing programmes succeed or fail based on the track record of trust and compliance of both parties.

Renaissance Village Duqm

Impact investments like the RO 100 million RSVD require the investors and service provider to guarantee and deliver the minimum standards; government, authorities, client projects and Engineering Procurement Construction (EPC) contractors to enforce them; and employers and sub-contractors to comply with them.

Renaissance built RSVD to act as an enabler for Oman's vision of creating a smart city on its Eastern Seaboard. Every government minister and agency who visited has endorsed the project. It has added materially to ICV and SME development. The success of RSVD is a critical bellwether for investment in future PPP projects in Oman.

The enterprise acted as a buffer for food security and provided safe haven during the Hikka crisis; and helped keep the area safe in the pandemic through technology, Ministry of Health (MOH) protocols and vigilance. Half the Duqm workforce population resides in RSVD. The COVID control statistics are revealing:



Control and suppression of the virus within RSVD is because of compliance with the ILO standards for worker welfare set by Special Economic Zone at Duqm (SEZAD) and OQ8 (Duqm Refinery), and the collaboration on COVID compliance measures between RSVD, Public Authority for Special Economic Zones and Free Zones (OPAZ), SEZAD, MOH, OQ8, EPC Contractors, Port of Duqm, Oman Drydock and others.

Yet, the project is plagued with some employers and contractors not complying with the standards set by SEZAD and OQ8, instead choosing to house their workforce crammed in portacabin compounds, and residential housing. The graphics of the poor conditions are shocking with zero concern for human dignity, health, sanitation, fire safety, food hygiene, medical care or recreation.

All the authorities are united in their desire to stamp out this malpractice. We appreciate the efforts of Ministry of Labour (MOL), OPAZ, SEZAD, OQ8, EPC Contractors and local authorities including HE the Wali, ROP and Duqm

Municipality. Yet no single agency is fully empowered to cover every location or condition.

RSVD was built to deliver the minimum standards specified by SEZAD and OQ8, and all authorities are determined to ensure the entire project workforce in Duqm is cared for safely and with dignity. This requires no let up in the pursuit of those few employers and contractors who seek to gain perceived advantage on the backs of the most disadvantaged migrant workers. If this matter remains unresolved, future reporting shall include greater details of transgressors. Although we are assured by the authorities every effort is being made to bring these errant contractors into line.

Outlook

The company is having success in retaining many cyclical contracts that are re-contested this year. The outlook for the second half of 2021 is primarily dependent on three major issues: How soon COVID-19 allows the economy to fully re-open; the outcome of the MOH services tenders, where we are defending a dominant market position close to 100%; and occupancy levels at Renaissance Village Duqm and PDO PACs.

At the start of the pandemic Renaissance Village Duqm occupancy fell to 10,500. During this year it rose to 14,500 but has since fallen back to < 12,000 (c. 65%). This shall improve when international flights resume. Some 6,000 new workforce is required to mobilise to serve existing projects. PDO PAC occupancy has risen from 79% to 83% and may receive a boost towards the end of the year dependent on the mobilisation of new contracts.

Longer-term outlook remains positive. We are mobilizing a waste services project for be'ah in the PDO concession area. We are creating new opportunities through outsourcing, IFM, and PPP. We are tendering to expand our utilities services. We have pre-qualified for major event catering opportunities in the region. We are awaiting the result of a 20-year Design, Build, Operate, Transfer project that, should we win, would have a transformational impact on long-term visibility.

Renaissance 2.0

We are also working on what we call 'Renaissance 2.0'. This sets the template for the next generation of the company. The initiative includes improving bench-strength of our senior cadre of Omani leaders for growth and succession; and broadening capabilities to turbo-charge strategy implementation and modernisation.

Operational excellence delivers profit today. Innovation excellence delivers profit tomorrow. And not just profit: A modernizing, green, digital, innovative culture shall have a positive impact on customer experience, client efficiency, employee satisfaction, shareholder value and industry leadership. All this is at the heart of Renaissance 2.0. We shall keep you informed as we progress this initiative.

Tribute

We express our thanks and support for His Majesty Sultan Haitham. His Majesty's leadership in implementing necessary measures to drive economic and structural reform, provides a platform for local and international investment in Oman's future, backed by the confidence and optimism of the 2040 Vision.

Samir J. Fancy
Chairman