

Chairman's Statement

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

Suppression of the COVID-19 virus, vaccination roll-out and improving oil price all contribute to slow but steady improvement in economic activity.

The nature of the services and solutions we provide and the diversity of critical sectors in which we operate provided a platform for our effective response to the market disruption and social change of the pandemic.

We have felt the impact in lower revenues and higher costs, but we have remained in profit throughout. As operational activity increases, we anticipate further performance improvement.

Financial performance

RS Consolidated	Rial Million		USD Million	
	Q3 2021	Q3 2020	Q3 2021	Q3 2020
Revenue	81.0	80.0	210.4	207.8
EBITDA	17.6	16.2	45.7	42.1
Operating profit	11.9	10.5	30.9	27.3
Net profit after tax	8.3	7.1	21.6	18.4
Net profit after non-controlling interest	6.5	5.5	16.9	14.3

Cyclone Shaheen

We thank and salute all citizens and authorities who have come to the aid of our brothers and sisters affected by cyclone Shaheen. Beyond whatever support we may offer as a company, we want to thank colleagues throughout the organisation, both at work and as volunteers, who put their backs into assisting with the clear up and distributing support. They represent the heart and soul of Renaissance.

We are pleased to report the cyclone has had no major impact on company assets or any material impact on performance.

Q3

Retail cafeterias have re-opened across our operating estate. Numbers are returning to projects in the oil & gas fields, although have not yet reached pre-pandemic levels. Schools and colleges are re-opening.

We have secured a 1-year extension of Ministry of Health (MOH) contracts as the health sector returns to more normalised services.

The company is having success in retaining cyclical contracts re-contested this year, with contracts re-priced and re-calibrated to reflect current realities and all that has changed in recent times.

Our JV, Renaissance Sager Environmental Solutions LLC, has mobilised the dump site clearance phase of our waste services project for be'ah in the PDO concession area. The waste collection phase shall mobilise in the new year, for which we are mentoring and partnering with local community service providers and SMEs.

We won the prestigious high-profile assignment to provide catering services to the Oman phase of the ICC T-20 World Cup.

The company has carried out a country-wide programme to ensure all 8,800 employees and their sponsored dependents are offered the vaccine free of cost. Over 96% are fully vaccinated.

MEDC Contract Award

MEDC has awarded a new 3-year contract to our 100% subsidiary, Tawoos Industrial Services Company SAOC (TISCO). The scope includes rollout of > 400,000 smart meters across all three zones of the Muscat Governorate, at a project value of Rial 9.3 million (US\$ 24.2 million).

This project speaks directly to the Renaissance strategy for the future.

- It delivers innovation with resultant automation, efficiency, speed and accuracy.
- It involves international technological expertise and knowledge transfer with our major multinational technical partner Tata Power.
- It will employ 134 Omanis who will deliver the entire project, and in the course be trained and upskilled.
- It cements an important relationship with our valued client partner MEDC.

Other important relationships like these are on the anvil as the company drives both its own and Oman's technological future in IFM services.

Renaissance Village Duqm (RSVD)

Occupancy at RSVD remains a little below 12,000 (64%), due in part to delayed mobilisation of additional workforce, put on hold because of counter-productive hiking of air travel cost.

The outlook for the final quarter of 2021 is primarily dependent on how soon contractors can mobilise the > 6,000 additional workers required for projects. We may not see major movement until 2022.

The most serious reason for lower occupancy levels remains the failure to enforce the clear SEZAD and OQ8 minimum worker welfare regulations and

standards. Some employers continue to house their blue-collar workforce in sub-standard poor conditions, ignoring the regulations with impunity.

This suppresses the peak numbers that should have been expected at RSVD for which Renaissance, Royal Court Affairs, Ministry of Defence Pension Fund and Al Khonji Group invested in good faith at the request of government.

Renaissance and its partners were mandated by SEZAD to build accommodation to meet the minimum SEZAD, OQ8, IFC and ILO worker welfare standards. These are the minimum standards required to enable foreign direct investment (FDI) and secure international financing.

The Rial 100 million private sector Domestic Direct Investment in RSVD is a key enabler for the entire Duqm special economic zone project.

While RSVD has a 10-year exclusivity in recognition of its first mover risk, contractors are allowed to build accommodation camps for their own direct employees. This accommodation must match the full SEZAD, OQ8, IFC and ILO minimum standards; and the temporary facility must be removed upon project completion.

In reality, camps have been approved that do not meet the published standards, are not being removed at the end of project life and have started to sublet. Other contractors are housing workers outside the zone in the Crusher camp and other non-compliant accommodations in violation of the required standards.

Authorities and major project clients continue to express support to stamp out sub-standard accommodation. Meanwhile poor accommodation and worker welfare malpractice prevail.

New mobilisations by EPC contractors have suggested a minimum of 3,000 new residents for RSVD over the coming months as the economy reopens post the pandemic. Between these new arrivals and efforts by the authorities to eradicate malpractice, we expect to see a resolution to the current RSVD occupancy challenges.

RSVD is playing an important role in support of the joint Omani-British military exercise, Khanjar Oman.

Renaissance Villages PDO Oil and Gas fields (PAC)

PDO PAC occupancy has risen from 81% to 86% during Q3.

Renaissance 2.0

In our last quarter statement, I explained we are working to create 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. It includes broadening capabilities to turbo-charge strategy implementation, modernisation and exponential growth.

It also includes focus on climate change and the use of alternatives that will be key drivers in all we will do in the future. The simple truth is that whatever we have strived to do in the past will not be good enough for the future and the company is going to double down on its efforts, weaving this into its DNA. We undertake to report on Renaissance 2.0 in every statement hereinafter including published OKRs (Objectives and Key Results) measured against performance in our sustainability agenda.

Operational excellence delivers profit today. Innovation excellence delivers profit tomorrow. And not just profit: A modernising, green, digital, innovative culture has a positive impact on customer experience, client efficiency, employee satisfaction, shareholder value and industry leadership. This is Renaissance 2.0.

We are appointing a new Chief People Officer (CPO) and Chief Facility Management Officer (CFMO). Formal announcements shall follow through our communications channels.

Eleven Omani graduates have joined the company through the Renaissance Accelerated Learning Initiative (RALI) – an 8-month internship programme designed to induct new young talent into leadership positions throughout the

organisation. The 11 successful RALI alumni emerged through a rigorous screening process of more than 1,000 candidates.



We welcome this fresh intake to our growing team as Renaissance 2.0 seeks to lead from the future.

Outlook

People are coming to terms with what the new normal might look like in a post-pandemic world. Global supply chain disruption, soaring shipping costs, food and energy cost inflation are all current issues with longer term implications. Climate change requires all of us to play a meaningful part in the drive for net zero carbon footprint.

The Oman government is committed to its medium-term fiscal plan (MTFP) which is transparent on the need for government to spend smarter and raise effectively. The MTFP provides the fiscal platform to drive on to the longer-term people and society, economy and development, governance and institutional goals of Vision 2040.

For these reasons, the cost of doing business in Oman has risen over recent years. We are in a phase where these costs are working their way into re-bidding and re-negotiating terms of existing contracts.

Cost savings and efficiencies shall come for government as it moves to greater private sector outsourcing on a long-term Integrated Facilities Management (IFM) basis. This allows time and incentive for investment in technology, innovation and automation; and setting OKRs that deliver increased In-Country Value (ICV), including more jobs for Omanis and opportunities for SMEs. Efficiency and private capital shall also come into the mix as the government presses ahead with its Public Private Partnership (PPP) and privatisation programmes.

There is opportunity for Renaissance to compete and participate in all these areas. We have been driving continuous improvement in our Environment, Social and Governance (ESG) focus for years. This makes Renaissance a partner of choice for government and all our valued client organisations. Renaissance brings our ESG ethos to everything we do. For Renaissance, sustainability is the driver and impact investment the key.

Tribute

We express our thanks and support for His Majesty Sultan Haitham. We take this opportunity to send His Majesty and all the people of Oman our best wishes and congratulations as together we celebrate the 51st National Day.

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 Vision 2040.

Samir J. Fancy
Chairman