

CHAIRMAN'S STATEMENT Q1 2022

OUR VALUES: SAFETY | SERVICE | INTEGRITY | EFFICIENCY | CARING



On behalf of the Board of Directors, I present the unaudited accounts for Renaissance Services SAOG, for the three-month period ended 31 March 2022.

We have made a positive start to 2022. Financial performance for Q1 is encouraging, and we have a resilient supply chain focused on mitigating global inflationary pressures while we continue to grow the business. We have also made good progress with strategy implementation towards what we term Renaissance 2.0.

FINANCIAL PERFORMANCE

RS CONSOLIDATED

	RO Million		USD Million	
	2022	2021	2022	2021
Revenue	29.9	25.8	77.7	67.0
EBITDA	7.0	5.7	18.2	14.8
Operating profit	5.1	3.9	13.2	10.1
Net profit after tax	4.1	2.7	10.6	7.0
Net profit after non-controlling interest	3.5	2.1	9.1	5.5

CONTRACT SERVICES

Renaissance has an excellent track record for client and contract retention. Successful contract bidding, extensions and negotiations during 2021 have yielded good outcomes which are evident in Q1 2022 results. In 2022 we must do this all over again, with many of those extensions now subject to re-tender in a post-COVID market environment.

We sincerely appreciate the trust and confidence placed in us by our clients, manifest in our contract retention record and our Net Promoter Score (NPS) of 94 for 2021. Clients have understood and accepted the necessary recalibration of contract rates, proven by our consistent low bidder status in retained re-tenders and our record of high standards and customer experience.

Net Promoter Score (NPS) is an internationally recognised independent benchmark that measures customer experience and predicts business growth. NPS is a proven metric using customer feedback, measured on a scale of 1-10, where 'Detractors' (those rating the company between 0-6) are deducted from 'Promoters' (those rating the company at 9 or 10) to produce the net result.

So far this year, we have secured contract awards of RO 10.5M while another c. RO 90M is in the pipeline at various stages of negotiation with clients. We are, of course, unlikely to win or retain every opportunity for which we compete. But we are always a serious contender. The current sales pipeline can potentially increase the order backlog in our pure contract services business (excluding our Renaissance Villages) by 150%. Current backlog is RO 59.7M, which could increase to c. RO 149.7M, subject to our degree of success.

In any event, we are confident our services business, carried out by 100% operating subsidiary, Tawoos Industrial Services Co. SAOC, shall deliver continuing year-on-year performance improvement.

OCCUPANCY IN THE OIL & GAS SECTOR

Occupancy levels in the oil & gas fields are up at 90%, but still below pre-pandemic levels. Nevertheless, the outlook is positive as most producers and operators increase activity.

OCCUPANCY AT RENAISSANCE VILLAGE DUQM (RSVD)

Occupancy at RSVD stands at 65%. Whilst this delivers positive performance, we remain frustrated as contractors continue to house several thousands of workers in sub-standard accommodation below the approved minimum standards set by The Special Economic Zone at Duqm (SEZAD) and OQ8. The reality is RSVD could be at 100% occupancy today if all concerned would enforce the rules for which we were commissioned to build compliant facilities.

Not just at Duqm, but throughout our accommodation service offerings, Renaissance has developed a winning formula to deliver worker welfare at a sensible and affordable cost. This is the direction of travel globally as people recognise investing in UN-ILO accredited minimum humane standards of worker welfare, for all to live and work in dignity, is not cost punitive, but cost optimum. In the long run, humanity shall prevail on this

issue aside of the national imperatives around reputation and international financing.

Meanwhile, we do have many outstanding clients who understand the paramount need of caring for their people. We are pleased to confirm we have agreed a long-term 5-year contract with Oman DryDock (ODC) to continue to accommodate their workforce at RSVD. ODC has been a valued anchor tenant at RSVD since the facility opened in 2017. We currently care for > 3,000 ODC residents at RSVD and this number is expected to rise to > 4,500 as the dry dock at Duqm grows and prospers as a world class facility delivering the spirit of vision for SEZAD.



NATIONAL HOSPITALITY INSTITUTE SAOC (NHI)

NHI had a very difficult operating period during the pandemic with shareholder funds completely eroded over the last two years. As the predominant shareholder, Renaissance has decided to step in to acquire the shares from fellow shareholders for a nominal fee. We thank all shareholders for the journey we have shared together over the years. NHI remains the gold standard for hospitality training in Oman, thanks to the contribution of all involved. The Renaissance intervention serves to protect the rights and security of NHI employees, and the NHI brand. We seek to ensure NHI has a safe home to continue its important role in the Tourism and Hospitality sector - an industry conducive to meaningful job creation, in a sector where the Sultanate of Oman can be globally competitive.

RENAISSANCE 2.0

At Renaissance our purpose is to transform every life we touch. We do that in many ways: delivering value to shareholders; giving outstanding service to clients and customers; valuing employees and caring about the families that stand behind them; nurturing and appreciating our supply chain and service providers; making a difference to local communities; and transforming the living conditions, wellbeing, and dignity of the weakest cadre in our family of customers.



Renaissance 2.0 is the engine for how we deliver that purpose in the future: setting the template for the next generation of the company. The initiative includes improving bench-strength of our senior cadre of leaders for growth and succession. It includes broadening capabilities to turbo-charge strategy implementation, modernisation and exponential growth. It is driving a green, digital, innovative culture that has positive impact on our industry leadership, shareholder value and customer and colleague experiences.

The full definition of Renaissance 2.0 is in the Annual Report 2021, available on our website www.renaissanceservices.com

Key drivers include our agendas for a digital, innovative, and sustainable future, guided by our commitment to Diversity, Equality and Inclusivity (DEI) and Environment, Social Responsibility, Governance (ESG). In Q1 we have made substantial progress mapping the details of our strategy and action plans. We are completing the process of onboarding new leaders to join our existing team in the roles of Chief People Officer (CPO), Chief Corporate Affairs Officer (CCAO), Chief Commercial Officer (CCO) and Chief Facilities Management Officer (CFMO). We are now seeking a Chief Digital Officer (CDO) to complete the current team transformation.

We are developing criteria for investing in what we term 'EDGE' projects: innovative start-up opportunities, at home and abroad, that speak to our values and a modernising, digital, automated and green agenda. These may be pure shareholding investments, JV partnerships or stakeholdings obtained through merger or acquisition (M&A) initiatives.

OUTLOOK

The Oman economy is benefitting from the government's economic reforms and the current windfall of higher oil & gas prices. We are seeing growth opportunity at home in Oman, while pursuing selected opportunities in the region.

Over the past year, we have been able to regain contracts, through tender or re-negotiation, incorporating into the revised pricing, the significant increases in cost of doing business of recent years. However, 2022 is bringing its own new wave of inflationary pressure.

The ongoing global issues of the Russia-Ukraine war, COVID lockdowns in China, and increased oil prices have materially affected the global supply chain, fuel, freight, commodity prices and commodity availability. Our 2022 Q1 performance has been impacted by these new inflationary pressures. The potential impact for the full year of 2022 could be higher, as prices of key products, such as poultry, mutton, cooking oil, rice and flour are on the rise. However, we have formed a special task force to implement mitigating actions, without compromising standards and

contract compliance. Renaissance has the scale and agility to pass through this period of turbulence.

Even during 2021, as we implemented reality readjustment into contract pricing, we respect the fact that many clients were hoping for a state of perpetual price freezes or continuous reductions. Nevertheless, our revised pricing remained highly competitive, achieving lowest technically competent bidder status in every contract regained.

Clients are right to be fearful of further increases in line with inflationary pressure beyond anyone's control. However, for many years we have offset cost rises through operational and supply chain optimisation. Now, Renaissance 2.0 is designed to deliver a culture of further continuous improvement for our customers, creating higher standards at lower costs - not just through our economies of scale, but through innovation and transformation of how we deliver 21st century services.

Similarly, we shall continue to promote the potential for cost savings and efficiencies of 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 (Objectives and Key Result areas) that deliver increased In-Country Value (ICV), including more jobs for Omanis and opportunities for Small to Medium Enterprises (SMEs). We continue to assess Public Private Partnership (PPP) and privatisation opportunities, as they arise. Renaissance remains ready to invest in opportunities that afford us a long-term IFM services role both in Oman and the region as our ability to deliver quality at the right price gains recognition across borders.

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 Vision 2040.



Samir J. Fancy
Chairman

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH 2022

	2022	2021
	Rial '000	Rial '000
Non-current assets		
Property, plant and equipment	142,053	145,512
Intangible assets	1,945	1,963
Investments	5,320	4,552
	149,318	152,027
Current assets	78,048	71,657
Current liabilities	52,124	53,662
Non-current liabilities		
Term loans excluding current maturities	76,983	80,238
Non current payables and advance	10,448	10,490
	87,431	90,728
Net assets	87,811	79,294
Equity		
Share capital	23,641	23,641
Treasury shares	(6,853)	(6,853)
Share premium	26,936	26,936
Legal reserve	8,831	8,574
Subordinated loan reserve	1,500	2,250
Other reserves	537	331
Retained earnings	11,563	4,861
	66,155	59,740
Non controlling interest	21,656	19,554
Total equity	87,811	79,294

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE THREE MONTHS ENDED 31ST MARCH 2022

	2022	2021
	Rial '000	Rial '000
Revenue	29,899	25,765
Operating expenses	(24,763)	(21,909)
Profit from operations	5,136	3,856
Net finance costs	(1,209)	(1,123)
Profit before tax	3,927	2,733
Tax	172	(7)
Profit for the period	4,099	2,726
Net profit attributable to:-		
Shareholders of the Parent Company	3,468	2,125
Non-controlling interest	631	601
	4,099	2,726

Note:
1) The complete accounts will be sent by mail to shareholders within 7 days of receipt of request.
2) The complete set of financial results can be accessed at www.renaissanceservices.com