

# CHAIRMAN'S STATEMENT

## Q3 2023

On behalf of the Board of Directors, I present the unaudited accounts for the quarter ended September 30, 2023.

As stated in the first half of this year, 2023 is a year of transition. Occupancy at Renaissance Village Duqm (RSVD) remains a challenge, but our pure services business has shown a healthy growth with a recalibration of contract rates and ongoing focus on cost optimisation and rationalisation.

As part of our strategic growth initiatives, we are proactively working with existing and potential clients to turn single-service cyclical contracts into IFM (Integrated Facilities Management) opportunities. We continue to explore project-based investment opportunities in waste management, utilities and new geographies, with particular emphasis on identifying and securing public-private partnership (PPP) projects in Oman and the Kingdom of Saudi Arabia (KSA).

### Financial Performance

#### RS Consolidated

	Rial Million		USD Million	
	Q3 2023	Q3 2022	Q3 2023	Q3 2022
Revenue	77.89	89.05	202.31	231.30
EBITDA	16.77	19.06	43.56	49.51
Operating profit	10.75	13.23	27.92	34.36
Net profit after tax	7.75	10.02	20.13	26.03
Net profit after non-controlling interest	8.18	8.48	21.25	22.03

### Performance

While there was a short-term upswing in occupancy at RSVD in the third quarter, visibility of a sustainable long-term demand in Duqm emerged at the recently convened Duqm Economic Forum. The message from the Forum which was attended by all stakeholders including existing and prospective investors, is that Duqm is uniquely placed to provide gas to green industries as they make the transition to renewables. Positioned as the future industrial hub with abundant potential for renewable energy, two green steel projects are expected to break ground in 2024 and another in 2025, among others.

New contract awards over the last quarter included catering services at Sultan Qaboos University Hospital (SQUH) and the Sultan Qaboos Comprehensive Cancer Care and Research Centre for two years, taking the total year to date awarded value to c. RO18mn. The wins demonstrate that clients are looking for overall value from their service providers and price is not the only determinant. For SQUH, we are pleased to be back with one of our esteemed clients, with whom we have had an association of over 17 years beginning in 1997.

A few major tenders submitted during the year are under different stages of evaluation and the outcomes are scheduled to be announced either at the end of 2023 or early 2024. These include both new tenders as well as defending our existing contracts with key clients. The planned temporary expansion of the PDO PACs (Permanent Accommodation for Contractors) has been commissioned as scheduled and we are expecting contractor mobilisation in the last quarter of 2023.

### ESG

We are in the process of building a multi-year strategy that drives sustainability and cost-effectiveness in parallel. As part of this, we have progressed on our Net-Zero framework by capturing the baseline Scope 1 and Scope 2 Greenhouse Gases (GHG) Inventory to understand the Carbon Footprint impact of our operations and assets. UK-based Carbon Trust Advisory has been onboarded to commence with the near-term target modelling of Renaissance's emission reduction pathway in line with the Science Based Targets Initiative (SBTi) standard.



Renaissance recognises the importance of nurturing the potential of our youth, building capacity and creating a brighter future for the community and society as a whole. We are delighted to have extended strong support to the 2023 edition of Oman Sail's Mussannah Race Week, which brought together some of the most talented young sailors from the region for a week of intense coaching and racing.

The company is nearing completion of its assessment of all governance policies with both internal and external reviewers, along with the restructuring of control processes. We have also strengthened company reporting mechanisms like a Whistleblower Committee and an Employee Welfare Committee to safeguard against company risks and better protect our staff.



We have launched a comprehensive programme through leveraging technology, training and women-friendly policies to encourage more women to join the IFM sector. Currently, we have over 1,200 women working with us and we are looking at both, increasing this overall number and the number of women in supervisory and leadership roles through specialised development plans.

### Operational Excellence

Our Operational Excellence efforts continue to evolve, delivering high-quality products and services, enhancing customer satisfaction and gaining a competitive advantage in the market. Restructuring of tasks has helped optimise staff strength across operations. By implementing smart devices and water-saving technologies like sensors, aerators and pressure regulators, our teams have been able to reduce per capita water consumption at RS Villages for better water efficiency.



We are happy to report that implementing new cloud-based customer service software is helping us enhance customer experience at Al Mouj Muscat. At the same time, we have moved ahead in engaging with leading academic institutions like the Indian Institute of Management (IIM) Bangalore, which has now led to new methods of reducing food waste.

As part of the ongoing efforts to enhance operational effectiveness and QHSE standards, we recently joined Oman Logistics Association (OLA) and Middle East Facility Management Association (MEFMA). Additionally, we have implemented British Institute of Cleaning Science (BICSc) training standards, another positive move towards adopting industry best practices throughout operations. We are confident that these new affiliations will lead to an improved customer experience and the development of our human resources, thereby driving long-term business sustainability.

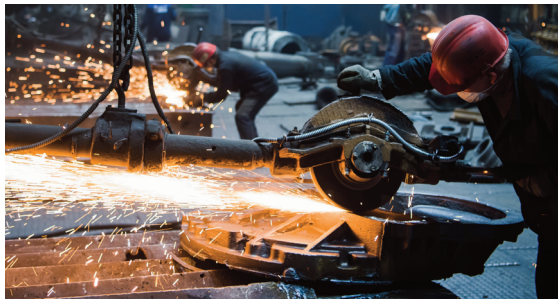
### People

Developing national talent has been a cornerstone of Renaissance's people strategy and we are proud to maintain an Omanisation percentage that is above the required limit set by the government and a recruitment policy that is based on merit. Mobilisation of new projects this year added to our Omani strength, along with recruitment, promotion, or reskilling of our national workforce for managerial and supervisory roles. Senior appointments in Q3 include Director - QHSE, who brings in almost two decades of professional expertise in planning, managing, and executing QHSE activities across multiple sectors like civil defence, power, oil & gas and environmental services.

### Outlook

This has been a year of transition and consolidation of the many programmes that the company had embarked upon. Economic growth is projected to double in 2024 and along with this, the company is optimistic about capitalising on its many initiatives as it looks forward to the new year.

Though the immediate outlook remains muted in Duqm, going forward the company remains positive given the next wave of new projects anticipated to begin in 2024.



We remain focused on driving efficiency through the organisation and faster adoption of digital solutions to raise internal productivity as well as offer our clients customised solutions.

Our current initiatives in the PPP area in Oman and KSA run alongside our keen interest in major opportunities in the utilities and waste management sectors in Oman. Aligned with our efforts to promote a circular economy, we are actively identifying and developing recycling opportunities with partners and clients to minimise waste going into landfills.

### Tribute

On the occasion of the 53rd National Day, we express our deepest appreciation and send our warmest greetings to His Majesty Sultan Haitham Bin Tarik for his wise and effective leadership that is contributing to the holistic development of the nation. We reaffirm our dedication and promise to support the government's various initiatives aimed at promoting In-Country Value (ICV). Our commitment to providing cost-effective services to both the public and private sectors through our IFM expertise remains unwavering, as we strive to meet the growth and development needs of our nation.

Samir J. Fancy  
Chairman

### UNAUDITED FINANCIAL RESULTS CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30TH SEPTEMBER 2023

	2023 Rial '000	2022 Rial '000
<b>Non-current assets</b>		
Property, plant and equipment	138,325	139,397
Intangible assets	1,926	1,935
Investments	6,490	5,578
	<u>146,741</u>	<u>146,910</u>
<b>Current assets</b>	<b>65,256</b>	69,219
<b>Current liabilities</b>	<b>47,654</b>	45,335
<b>Non-current liabilities</b>		
Term loans excluding current maturities	55,226	66,562
Non current payables and advance	10,498	10,570
	<u>65,724</u>	<u>77,132</u>
<b>Net assets</b>	<u><b>98,619</b></u>	<u>93,662</u>
<b>Equity</b>		
Share capital	23,641	23,641
Treasury shares	(6,853)	(6,853)
Share premium	26,936	26,936
Legal reserve	9,012	8,801
Other reserves	484	462
Retained earnings	24,867	18,268
	<u>78,087</u>	<u>71,255</u>
Non controlling interest	20,532	22,407
<b>Total equity</b>	<u><b>98,619</b></u>	<u>93,662</u>

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE NINE MONTHS ENDED 30TH SEPTEMBER 2023

	2023 Rial '000	2022 Rial '000
<b>Revenue</b>	<b>77,893</b>	89,050
Operating expenses	(67,148)	(75,820)
<b>Profit from operations</b>	<u><b>10,745</b></u>	<u>13,230</u>
Net finance costs	(2,964)	(3,366)
<b>Profit before tax</b>	<u><b>7,781</b></u>	<u>9,864</u>
Tax	(29)	157
<b>Profit for the period</b>	<u><b>7,752</b></u>	<u>10,021</u>
<b>Net profit attributable to: Shareholders of the Parent Company</b>	<b>8,181</b>	8,478
<b>Non-controlling interest</b>	<u><b>(429)</b></u>	<u>1,543</u>
	<u><b>7,752</b></u>	<u>10,021</u>

Notes  
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](http://www.renaissanceservices.com)

### OUR VALUES



Safety



ESG



Respect



Vision



Integrity



Caring



Empowerment



[renaissanceservices.com](http://renaissanceservices.com)