

CHAIRMAN STATEMENT

Commentary by Lim Han Weng, Founder & Group Executive Chairman



On behalf of the Board, I am pleased to present Yinson's Annual Report 2022. 2021 was a fruitful year as we achieved one of our strongest financial performances since we were founded, and made significant inroads on our sustainability journey.

FYE 2022: A YEAR TO REMEMBER

In 2021 the Covid-19 pandemic continued to affect countries and communities globally, sparking renewed mobility restrictions late in the year due to the emergence of the new variant. Energy price hikes and supply disruptions have caused broad-based inflation across many economies, which is expected to persist into 2022. The International Monetary Fund forecasts global growth for 2022 to slow down to 4.4% as compared to 5.9% in 2021, and growth may slow down even further due to the geopolitical tensions between Russia and Ukraine, higher inflation due to the rise in energy and commodity prices, prolonged supply chain bottlenecks, financial markets instability and risks of new Covid-19 variants. Nevertheless, we are optimistic that markets will prove their resilience as global health strategies are rolled out, supply-demand imbalances gradually wane and major economies respond with tightening of monetary policies to curb inflationary pressures.

After having recovered from the pandemic-triggered oil price collapse, oil prices stabilised and went on an uptrend to breach the USD100 per barrel mark in February 2022. Even though the high oil price encourages activities in the oil & gas sector, the Group is vigilant of the repercussions from high energy prices as the Bureau of Labor Statistics' Consumer Price Index rose sharply to 7.9%, which is the highest level since January 1982. Going through two oil price downturns in close succession has caused underinvestment in new production and also made oil companies more disciplined on costs, with many lowering their breakeven cost per barrel. These high prices may not be sustained in the long-term, however we believe oil companies will still be able to operate profitably and expand production

even if prices should drop. The elevated oil price will also hasten the global push for the next generation of alternative, clean energy technologies. Our renewables and green technologies divisions are well positioned to capitalise on this opportunity. On the offshore production side, we will continue to strengthen our project pipelines and develop our asset portfolio to deliver strong orderbooks and stable cash flows. We are also actively seeking ways to unlock the value of this division to fuel our Group's growth.

Overall, we acknowledge the risk that the uncertain external environment brings to our business – however we have devoted great effort to turning these risks into opportunities and believe our greatest growth is just on the horizon.

Yinson has made considerable headway in all our business divisions. We secured two new FPSO projects in Brazil and also expanded our renewables presence with two wind energy projects in Brazil's Ceará region. Thus, we are pleased to have further anchored our presence in Brazil, and we look forward to contributing to Brazil's energy industry for the foreseeable future. Our renewables pipeline is now between 3 GW and 5 GW across Latin America, Europe and Asia Pacific region including close to 1.5 GW in the development and consenting phase moving towards ready-to-build status. On the green technologies front, Yinson GreenTech has made good inroads into our goal to build a green energy ecosystem in the areas of marine, mobility and energy. We recently became the majority shareholder of Malaysia's largest EV charging station network, ChargeEV, launched our EV leasing business in Singapore and invested in e-bikes with swappable batteries through the region's forerunner in this field, Oyika. We're also active in the autonomous front through our investments in Singapore-based

CHAIRMAN STATEMENT

MooVita and their Malaysian operations arm, eMoovit. Our marine green technology investments in the last year include global leader in marine battery solutions provider Shift Energy, and we are actively developing the prototype for Hydroglyder – our light marine craft equipped with advanced hydrofoil technology.

The Group achieved its strongest financial performance yet, with a Profit After Tax ("PAT") of RM524 million – an increase of 27% over FYE 2021's PAT. I am pleased to report that Yinson achieved a significant increase in our profitability through the steady growth of our FPSO operations, alongside continuous investment into high capital expenditure FPSO projects and new activities in renewables and green technologies.

SUSTAINABILITY – OUR KEY FOCUS

We remain determined to become a sustainability leader within our industry, believing that this will provide a positive ripple effect to the communities and environment around us while ensuring that our business remains relevant for many years to come.

We are proud to have made significant progress in improving our sustainability performance, which you may read about in the Strategy & Outlook section of this Report as well as the Sustainability Statement. These efforts have won us several recognitions, including an improved ESG risk rating from Sustainalytics which placed us in the top 9th percentile of the energy service industry and maintenance of our position in the FTSE4Good Index. As a further feather in our hat, Yinson was awarded ISO 37001 ABMS certification by Bureau Veritas, making us amongst the first oil & gas companies in Malaysia to be accredited with this internationally recognised standard.

SHARE PRICE PERFORMANCE

Yinson's share price started off at RM5.18 on the first day of the financial year under review. It has remained stable, averaging around RM5.30, being well-supported by our strong fundamentals. Consistency is key for us as it is what allows us to focus on the growth ahead. Meanwhile, our total orderbook is well over 10 times our total market capitalisation.

REWARDING OUR SHAREHOLDERS

We have distributed RM43 million in dividends for FYE 2022, representing 4.0 sen per ordinary share dividend declared for FYE 2022. In addition, we have recommended a final dividend of 2.0 sen per ordinary share for FYE 2022 for shareholders' approval at the forthcoming 29th AGM.

On 20 December 2021, we announced our intention to undertake 1-for-1 Bonus Issue and Renounceable Rights Issue together with free detachable warrants. The aim of the Bonus Issue is to reward our existing shareholders for their continuous support, and also allow shareholders to increase their equity with the larger share capital base post completion and participate in the future growth of the Group. Shareholders approved the Bonus Issue proposal during the EGM held on 29 March 2022 and this Bonus Issue was completed on 14 April 2022.

Shareholders also approved the Renounceable Rights Issue during the EGM, which aims to raise gross proceeds of up to RM1.22 billion. This equity fundraising exercise will improve the Group's net gearing and financial position, and the proceeds will be used to part finance our new FPSO projects and our expansion into renewables and green technology businesses. This exercise is expected to be completed by mid-2022, barring any unforeseen circumstances. Our last Rights Issue was in 2014, after which we have successfully completed four FPSO projects and diversified into new businesses. With shareholders' support on this Rights Issue, we believe we will be able to achieve our next big leap of growth by tapping further into capital markets and accelerating our renewables and green technology businesses.

STRENGTHENED BOARD OF DIRECTORS

A warm welcome goes out to Mr Gregory Lee on his appointment as an Independent Non-Executive Director on 1 October 2021. He will further enhance the Board with his 25 years of experience as a strategic advisor and venture investor. The appointment is in line with the Group's expansion into new business opportunities and will certainly be strengthened through his vast knowledge in small, medium and large technology businesses across various global locations.

With our Board now stronger than ever, we are confident that we are well-poised to contribute positively towards the Group's growth and leadership in the energy infrastructure business for many years to come.

APPRECIATION

On behalf of the Board, our deepest appreciation goes to our clients, financiers, vendors, advisors as well as the relevant authorities for your unwavering support rendered to Yinson. Your support has indeed brought us to where we stand today.

To our Yinson family around the globe, allow me to extend my heartfelt thanks for all the phenomenal work you've done thus far. Let's continue to uphold our Core Values as we stand together to overcome hurdles that may come our way for the journey ahead.