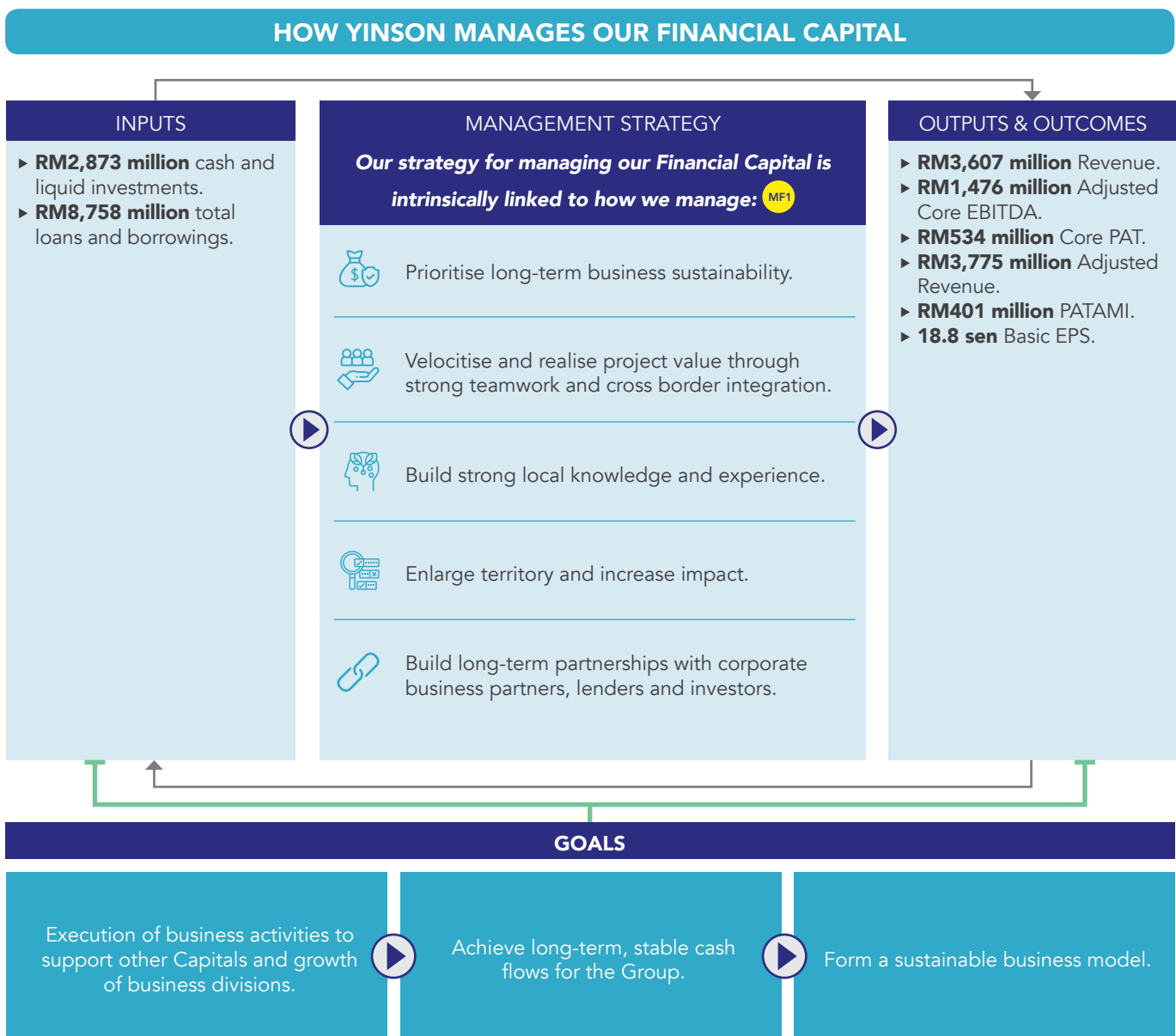


FINANCIAL CAPITAL

Financial Capital refers to the pool of funds that are available to an organisation for the provision of services. These funds could be obtained through financing, such as debt, equity or grants, or generated through operations or investments.

‘Business Management and Value Creation’ is one of Yinson’s material topics, identified during our materiality assessment as a topic in which Yinson has a high potential to lead. How we manage this material topic is intrinsically linked to how we manage our Financial Capital. Our Financial Capital is critical to executing business activities, supporting all our other Capitals, and ensuring Yinson’s long-term business viability. Our overarching strategy for managing our Financial Capital aims to achieve long-term, stable cash flows and profitability for the Group, ultimately bringing sustained value to all our stakeholders.



FINANCIAL CAPITAL

MF1 MATERIAL TOPIC: BUSINESS MANAGEMENT & PROFITABILITY		
<p>DEFINITION OF MATERIAL TOPIC</p> <p>Continued enhancements on processes directly related to business profitability, covering cost management and timely delivery of contracts.</p>	<p>IMPACTS</p> <div style="display: flex; align-items: center; gap: 10px;"> <div style="display: flex; flex-direction: column; gap: 5px;"> <div style="display: flex; align-items: center; gap: 5px;"> 7 SUSTAINABLE AND CLEAN ENERGY </div> <div style="display: flex; align-items: center; gap: 5px;"> 8 DECENT WORK AND ECONOMIC GROWTH </div> <div style="display: flex; align-items: center; gap: 5px;"> 9 INDUSTRIAL INNOVATION AND INFRASTRUCTURE </div> </div> <div style="display: flex; flex-wrap: wrap; gap: 5px; margin-top: 5px;"> <div style="background-color: #cfe2f3; border-radius: 50%; padding: 2px 5px; font-size: 8px;">S1</div> <div style="background-color: #cfe2f3; border-radius: 50%; padding: 2px 5px; font-size: 8px;">S2</div> <div style="background-color: #cfe2f3; border-radius: 50%; padding: 2px 5px; font-size: 8px;">S3</div> <div style="background-color: #cfe2f3; border-radius: 50%; padding: 2px 5px; font-size: 8px;">S4</div> <div style="background-color: #cfe2f3; border-radius: 50%; padding: 2px 5px; font-size: 8px;">S5</div> <div style="background-color: #cfe2f3; border-radius: 50%; padding: 2px 5px; font-size: 8px;">S6</div> <div style="background-color: #cfe2f3; border-radius: 50%; padding: 2px 5px; font-size: 8px;">S7</div> <div style="background-color: #cfe2f3; border-radius: 50%; padding: 2px 5px; font-size: 8px;">S9</div> <div style="background-color: #cfe2f3; border-radius: 50%; padding: 2px 5px; font-size: 8px;">S10</div> <div style="background-color: #d9e1f2; border-radius: 50%; padding: 2px 5px; font-size: 8px;">GS1</div> <div style="background-color: #d9e1f2; border-radius: 50%; padding: 2px 5px; font-size: 8px;">GS3</div> <div style="background-color: #d9e1f2; border-radius: 50%; padding: 2px 5px; font-size: 8px;">GS4</div> </div> </div>	
<p>WHY IS THIS TOPIC MATERIAL TO US?</p> <p>At Yinson, we manage our business to deliver strong cash flows to fund current operations and fuel growth. We believe that solid liquidity and solvency management are foundational to our business, and must be complemented by proper business planning to realise Yinson's short, medium and long-term business objectives. Our overarching strategy for managing our Financial Capital guides the management of our financial inputs and outputs towards achieving long-term and sustainable cash flows and profitability. Disciplined and diligent cost management frees up working capital to be channelled into growth opportunities, thereby maximising Yinson's ability to create value for our stakeholders.</p>		
<p>RISKS</p> <ul style="list-style-type: none"> Lack of business profitability affects a company's ability to deliver financial returns to shareholders. Inadequate liquidity and business planning hamper a business' ability to react to unexpected business downturns and opportunities. Weak financial positions prevent companies from investing in new growth areas, leading to missed business opportunities. Unclear pictures of financial positions and business plans lead to poor business decisions. 	<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> Robust financial management leads to sustained returns to stakeholders, inspiring stakeholder confidence. A sound understanding of the Group's financial position and its businesses to enable strategic business planning. Profitability enables the quality of deliverables to be maintained and adequate funds to be allocated for business growth. A strong financial position is a key enabler for business goals to be achieved. 	
Management approach		
<p>We are a high growth business operating in the midst of a global movement towards a low-carbon, climate-resilient environment and an ever evolving economic and geopolitical climate. To deliver our vision and strategy, we recognise the need to operate within a resilient financial framework that provides a strong financial position to support our growth plans.</p> <p><i>Our capital strategy</i></p> <p>Our capital strategy focuses on equity sell-down, refinancing and re-leveraging, which allows us to augment cash flows to enhance returns of our ongoing investments, thereby accelerating the returns of our Financial Capital to be deployed into new projects. Through the successful deployment of these capital strategies, Yinson has been able to grow our business and fund the capital requirements of our high capital expenditure projects, while continuing to provide our shareholders with stable and sustainable returns.</p>		
<div style="text-align: center; margin-bottom: 10px;">  </div> <p>PROJECT LEVEL</p> <p>Equity sell-down at project level to accelerate project equity cash flows and boost project returns</p>	<div style="text-align: center; margin-bottom: 10px;">  </div> <p>REFINANCING</p> <p>Optimise project capital structure and extend debt maturity of stabilised brownfield assets to enhance returns</p>	<div style="text-align: center; margin-bottom: 10px;">  </div> <p>PLATFORM LEVEL</p> <p>Re-leverage order book backlog to velocitise capital</p>
<p>On a project level, we have a successful track record of capital raisings. This includes a USD670 million mini perm financing for FPSO Anna Nery raised in 2021, which was used to refinance an existing USD400 million bridge loan received in September 2020. In the same year, we had also successfully refinanced INR5.8 billion of project debts for our Bhadla solar plants, on the back of a strong operational track record. Another example of a successful refinancing exercise was the RM800 million refinancing of FPSO JAK in 2019, which allowed us to enjoy lower interest rates whilst velocitising our future cash flow to be invested into other projects.</p>		

FINANCIAL CAPITAL

On a platform level, Yinson's long-term equity structure includes perpetual securities and Sukuk Mudharabah. These instruments allow us to raise capital while not diluting the equity of our existing shareholding. Yinson has successfully expanded its capital structure with five issuances since its inaugural exercise in 2015, and in December 2021 has proposed a Renounceable Rights Issue together with free detachable warrants which aims to raise gross proceeds of up to RM1.22 billion. On top of these, we have also successfully raised corporate borrowings, which enable us to be flexible when providing funding for our equity requirements, in turn allowing us to pursue business opportunities in a timely manner. To navigate the increasingly challenging oil & gas financing landscape, we have been innovating and exploring other modes of financing such as project-level preference shares, non-recourse project equity, junior loans and local currency financing.



Financing innovation highlight, pg 53; Sustainable financing highlight, pg 55; Financial Review, pg 66

With ESG performance becoming an increasingly important consideration for lenders and borrowers, Yinson has been actively exploring financial instruments that are linked to sustainability. Such instruments can capitalise on our leadership position in sustainability within the industry, whilst also incentivising us to manage our business more sustainably. Green bonds, for example, are an increasingly attractive source of funding due to their growing liquidity, driven by the increased appetite from ESG-focused investors.

Financing & funding partners

The execution of our capital strategy is made possible through the careful cultivation of our relationships with our financing and funding partners over the years. One of Yinson's Core Values is being 'open' – meaning we are committed to fostering an environment of trust and honest communications. This Core Value guides how we engage and build relationships with banks and other funding partners, allowing them to better understand our business and appreciate its resilience.

Over the years, we have built relationships with a network of banks active in FPSO financing. We believe that these strong relationships have been the key to the success of our capital raising initiatives over the years. We have been able to partner with banks to innovate new deal structures, and have also seen these deals positively received.

Our diversification into renewables and green technologies, as well as with our central focus on sustainability, has led us to actively expand our network to bankers and lenders that are keen to support our growth in these areas. Starting these new relationships, and building them over the coming years, is a key strategy to ensure that we will continue to fund and grow our other business arms for years to come.

YINSON'S RECENT FINANCING DEALS

YEAR	DEAL	OUTCOMES
2021	RM1.0 billion Sustainability-Linked Sukuk Wakalah Programme	<ul style="list-style-type: none"> • Offer upsized from an initial target of RM700 million to RM1.0 billion. • Oversubscribed by 1.66 times.
	USD670 million mini perm financing for FPSO Anna Nery	<ul style="list-style-type: none"> • Underwritten by ING, Natixis and Standard Chartered Bank. • Total of 11 banks participating including the underwriting banks.
	INR5.8 billion refinancing for Bhadla solar plants	<ul style="list-style-type: none"> • Extended tenors at reduced interest rates.
2020	USD400 million bridge financing for FPSO Anna Nery	<ul style="list-style-type: none"> • Participated by 7 local and international banks.
2019	USD800 million refinancing of FPSO JAK	<ul style="list-style-type: none"> • Participated by 13 local and international banks. • Oversubscribed by over 45%.



Bankers & lenders, pg 124

FINANCIAL CAPITAL

Cash flow & liquidity management

Our robust free and available cash position provides us with a strong foundation for growth and expansion, as well as an adequate buffer to weather any unforeseen cash requirements. Our free and available cash is derived through cash flows from operations, raising of financial capital and drawdown of loans and borrowings pending deployment for projects. Yinson's robust cash flow and liquidity management focuses on capital preservation and liquidity, ensures our cash are available to fund our business operation requirements based on cash flow predictions. Our strategy for managing liquidity includes:

- Maintaining an appropriate mix of high-quality liquid investments and adequate cash buffers to meet unexpected cash outflows.
- Maintaining 5-year cash flow projections to match the allocation of long-term financial capital with project capital expenditure needs.
- Using reasonable assumptions on continuing operations and financing of projects secured, Yinson's liquidity is sufficient for at least the next 5 years.
- Conducting regular stress testing to assess cash flow vulnerability under distressing situations and deploying the necessary action plans.



Cash flows and liquidity, pg 66

Managing financial risks

Yinson implements and maintains an effective system of risk management and internal control, with instruments, organisational structures and procedures designed to maintain the balance between risk and reward, relative to potential opportunities. An integral part of the risk management and internal control system is the Enterprise Risk Management ("ERM") model which Yinson has adopted and developed over time. The model aims to manage the main risk that may impact strategic and management objectives, ensuring greater consistency of methodologies and tools to support risk management.

Additionally, Yinson's Corporate Treasury Policy sets out the parameters for the management of Yinson's free cash, with the objective of capital preservation and liquidity.



Establishing good corporate compliance structures & processes, pg 76; Statement on Risk Management & Internal Control, pg 202