

STRATEGY REVIEW

Commentary by Daniel Bong, Group Chief Strategy Officer



CHANGE IS THE ONLY CONSTANT

Change has become the only constant, with disruptions happening faster and wider than ever before. The unparalleled pace of disruptions today, which is hugely enabled by technology, is caused by a range of interconnected forces including demographics, social values, urbanisation, regulation and climate action. The biggest accelerator for disruption in recent years has undoubtedly been the pandemic, which catapulted technologies like AI, machine learning and robotic process automation way ahead of predicted adoption.

Zooming in to the energy industry, a plethora of factors is driving a level of disruption not seen since the invention of cars and electricity more than a century ago. Climate change has been the major accelerator of change in the energy space, with climate conversations taking centre stage in global events and corporate boardrooms across all sectors. The urgency to mitigate climate effects before it's too late is propelled by a global need to better understand the energy system of the future so that we can collectively address critical issues of energy security, environmental sustainability and affordability.

What we have witnessed over the last two years indicates that industries are entering into the next cycle of transformation, where opportunities to capitalise on this change will be aplenty. Therefore, high growth companies like Yinson should not rest our laurels in anticipation of the next wave of transformation, but structurally evolve as our portfolio of businesses, assets and headcount expands. The evolution needs to be thoughtful, stakeholder-driven and timely; with a focus on breaking down siloed mindsets between geographies and teams.

The disruption megatrend may raise alarms for new, previously unseen risks; but it also gives rise to exciting opportunities for

businesses that are able to strategically position themselves to capitalise on it. We believe that to maintain our edge in this age of disruption, we need to anticipate and embrace change, continuously invest in innovation and be bold to revitalize our business model to be able to capitalise on opportunities.


YINSON'S TRANSFORMATION & GROWTH LESSONS

A sustainable business must strike a balance between shareholder returns in the immediate term, while simultaneously securing growth for the future. We aim to achieve this balance through the reliability of our business model and operational performance, paired with intelligent capital strategies that ensure growth while maintaining financial stability, underpinned by a long-term vision that encourages innovation and adaptability.

Yinson has had an exciting and unique journey, characterised by our ability to adapt to the changing environment and seize growth opportunities that come along with it. Throughout our growth, Yinson adhered to our strong fundamentals, such as operational excellence and good management of our Capitals, which helped us to reshape our business strategies to face the risks and opportunities presented by the external environment at that time. The success of these strategies is reflected through timely and on budget project deliveries generating strong cash flows and a consistent track record of delivering returns to our shareholders over the years. We also cultivate an open and transparent relationships with all our stakeholders, providing regular avenues for engagement in order to better understand their concerns and take steps to address them. For our financing and funding partners, for example, building an environment of trust and honest communication allows them to understand our business better and appreciate our

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resilience. These relationships are key to the success of our capital raising initiatives over the years.

 Stakeholder engagement, pg 124; Financing & funding partners, pg 139

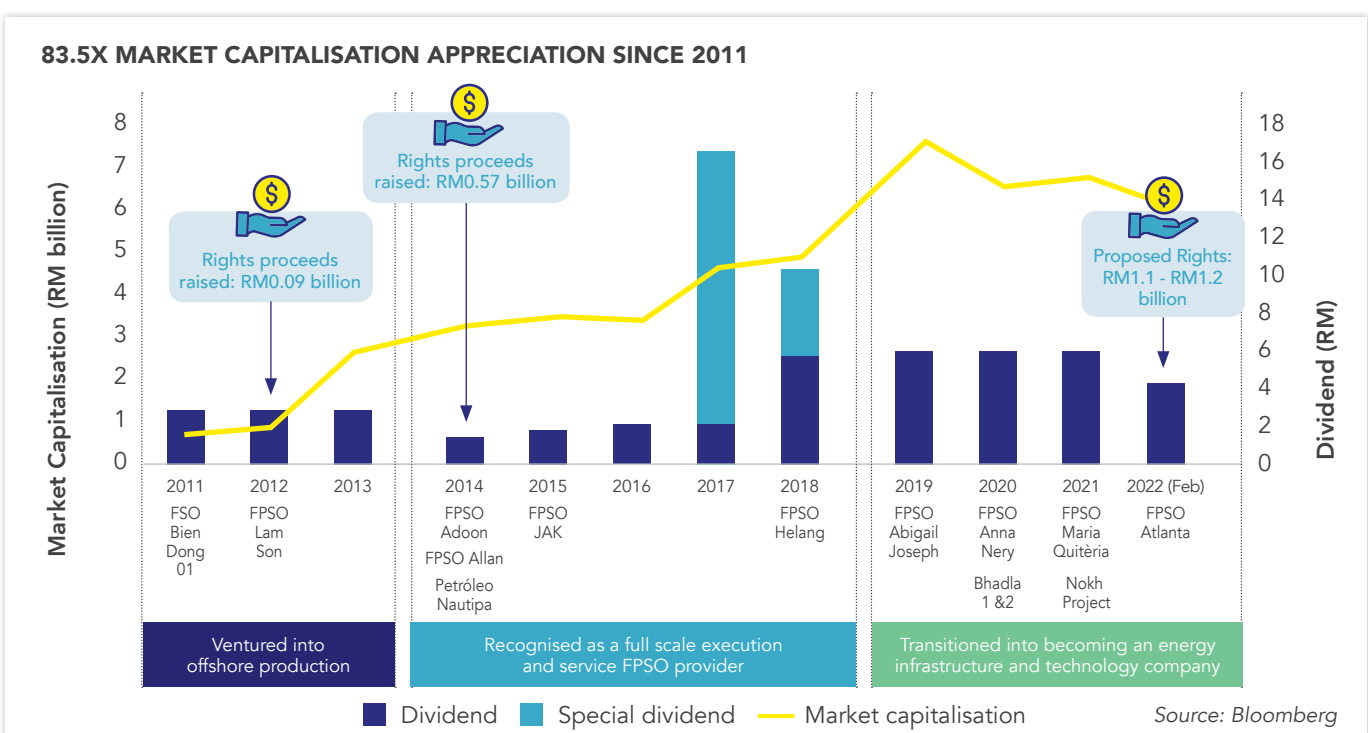
Our journey in the energy infrastructure business started in 2011, when we ventured out of the local logistics and trading business into the international oil & gas segment through the part acquisition of FSO PTSC Bien Dong 01 in Vietnam. This first pivot in our strategy was fueled by the desire to expand beyond our home ground and get our foot into a business with higher barriers to entry such as capital and track record requirements. Our venture into this business was well received by the market as reflected in Yinson's market capitalisation growth, which tripled within three years.

Our next major pivot came when we became a full-fledged FPSO provider through the acquisition of Fred. Olsen Production ASA in 2016, allowing us to own a platform with successful project and operation track record. With this, Yinson also became a recognised contender when participating in international FPSO bids by reputable oil companies. Having gained valuable experience through our first two production assets in Vietnam, we believed the time was right to buckle down and carve a further niche into the highly specialised area of FPSO projects and operations. Our strategy during this phase of transformation was to deliver on our commitments, build our track record, and develop our resources and knowledge for the next phase of growth. Yinson's market capitalisation continued to soar to RM4.5 billion, making way for us to establish ourselves to become one of the largest independent FPSO leasing companies globally, able to weather through two oil crises over the last decade.

Sustainability and the energy transition provided the biggest impetus for our most recent pivot into becoming an energy infrastructure and technology company. This pivot doesn't mean that the FPSO business wasn't doing well. On the contrary, FPSO business has never been better. With the Paris Agreement coming into force in November 2016, we began deepening our knowledge on sustainability and became convinced that we needed to adapt our way of doing business to proactively implement sustainability-based strategies to continue generating value for our stakeholders in the long-term. This resulted in strategic direction of growing into new businesses in renewables and green technologies in 2019 and 2020 respectively. That was just the beginning of our journey in sustainability. This year, we launched our Climate Goals Roadmap which reflects our commitment in pioneering and practicing innovation to achieve net zero carbon emissions by 2050, including the Zero Emissions FPSO concept to lower the emissions of our operating fleet, through technologies such as hydrocarbon blanketing and closed flare technologies, as well as carbon capture technologies in carbon sequestration processes. We believe that Yinson is in a leadership position to make a significant impact to the global energy landscape and environment.

 Embracing the energy transition, pg 43; Environmental performance, pg 101; Climate change & the energy transition, pg 132

So today, we have four business divisions whose strategies are geared towards achieving long-term sustainability, each with distinctive abilities to contribute to the energy and technology value chains. And we are gearing up for our next pivot.



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YEAR IN REVIEW

In 2020, Yinson redefined our strategic framework in line with our new transformation phase as an energy infrastructure and technology company, setting Group-wide business, capital and organisational strategies as well as divisional-level strategies.

The refreshed strategic framework helps us to anticipate the risks and opportunities that will arise in the short, medium and long-term; and empowers us as an organisation to be adaptable in order to stay ahead in this fast-changing, complex, diversified, and volatile economic environment.



Strategic framework & edge, pg 58

Over the past 12 months, the strategic framework has guided the prioritising our business investments and decisions, resulting in some notable achievements for the Group.

As a Group, we made significant progress on our efforts to contribute to the energy transition. The remarkable growth in our offshore production, renewables and green technologies divisions all synergistically work together to contribute to the provision of stable, affordable energy while also building the infrastructure for alternative energy sources to gradually become more mainstream.

In the FPSO segment, we continue to deliver value of our projects through tactical gearing and liquidity management strategies, including innovating new financing strategies and structures.

FINANCING INNOVATION HIGHLIGHT

Yinson-Sumitomo secures USD670 million mini perm financing for FPSO Anna Nery

USD670 million syndicated loan facility agreement for FPSO Anna Nery

11 AUGUST 2021

YINSON

Sumitomo Corporation

PROJECT PARTNER

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STANDARD CHARTERED BANK
Chia-Hong Lim, Managing Director, Corporate Finance

On 11 August 2021, Yinson, together with our project partner Sumitomo Corporation, entered into a USD670 million syndicated loan facility for the FPSO Anna Nery project, with ING, Natixis and Standard Chartered Bank as underwriting banks. Together with the three underwriting banks, the facility was well supported by the participating banks and funds, which include AmBank, Federated Hermes Core Trust III - Project and Trade Finance Core Fund, Federated Hermes Project and Trade Finance Master Fund, Federated Hermes Project and Trade Finance Tender Fund, Mizuho Bank Ltd, the Export-Import Bank of Malaysia (Malaysia EXIM), the Hongkong and Shanghai Banking Corporation Limited (HSBC), and United Overseas Bank Ltd.

The 5-year limited recourse loan was used to refinance an existing USD400 million bridge loan received in September 2020 and supports the ongoing construction of FPSO Anna Nery.

The deal, which is believed to be the first of its kind in the FPSO financing space, was made possible through the Group's long-standing strong relationships with the underwriting banks. It was sealed amid significant challenges in the FPSO financing space, which were compounded by the ongoing Covid-19 pandemic and evolving investor appetites due to the energy transition.

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In line with our ESG strategies and goals, Yinson has secured two projects leading towards our Zero Emissions FPSO concept in FYE 2022. In agreement with our clients, both projects have zero emission technologies integrated as part of the FPSO design. The technologies, such as hydrocarbon blanketing, combined cycle technology, Carbon Capture Utilisation and Storage ("CCUS") and Direct Air Capture ("DAC") are in the early phases of development in the oil & gas industry – and we are proud to join hands with our clients to pioneer some of these future technologies.



Zero emissions FPSO concept, pg 102; Leading the way with responsible solutions, pg 103

On the renewables front, our primary focus will be to participate across the value chains of onshore wind and solar in the near term, but may also include offshore wind, hydro, and other opportunities in the future. With the growing demand for clean energy solutions globally, we have built a promising project pipeline focused in Latin America, Europe and Asia Pacific. Yinson's renewables business is an integral part of our mission to reduce our carbon footprint and operate our businesses more sustainably and cost-effectively.

Yinson GreenTech's strategy of growth is targeted at the three segments of marine, mobility and energy to best leverage

on our existing capabilities to evaluate the building blocks of the end-to-end low carbon mobility ecosystem that we are creating. We invest into companies with high growth potential that complements our overall strategy to develop profitable, disruptive businesses based on clean technologies and digitalisation. Yinson aims to support their technology development journey with a clear goal of establishing commercially viable products with new business models that can create value for our existing and new clients across the mobility ecosystem.

You can read about the growth of our divisions, as well as the strategies fueling their respective growths, within the Strategy & Outlook section of this Report.



Group CEO Review, pg 41; Business Review - Offshore Production, pg 98; Business Review - Renewables, pg 105; Business Review - Green Technologies, pg 111; Sustainability Statement, pg 120

Having built a solid credit profile and track record in delivering on our commitment all these years, we were able to secure top ratings from RAM Ratings and MARC in June 2021. This is a significant achievement for us, assuring us of the investor community's confidence in us in order to boldly step into our new growth phase ahead.

CORPORATE MILESTONE HIGHLIGHT

Yinson receives A1/stable and A+/stable ratings from RAM & MARC

In June 2021, Yinson received A1/stable and A+/stable ratings from RAM Ratings and MARC respectively. Both ratings agencies opined that Yinson's strong business profile is underpinned by its capability to secure recurrent sizeable long-term FPSO contracts which in turn provided earnings visibility and healthy profit margins.

The rating agencies also took into account that Yinson's contractual revenue is unaffected by crude oil prices, with robust contract terms built in to ensure adequate compensation should termination occur. RAM and MARC also noted that Yinson has demonstrated timely FPSO deliveries and cost containment during the construction period; and achieved operational uptime of above 99% in the last five years.

In 2021, we gained further recognition as an industry leader in the area of sustainability and ESG, pushing the frontiers of climate and environmental action, social impact and governance. Our leadership position has allowed us to tap into exciting new pockets of capital which are linked to our sustainability performance. One of our proudest achievements in 2021 was when we successfully raised Malaysia's first Sustainability-Linked Sukuk via the issuance of RM1.0 billion 5-year Sustainability-Linked Sukuk Wakalah. Please see the highlight on the next page for details. Additionally, we achieved the sustainability targets set for a RM200 million SLF from HSBC Amanah which we embarked on in 2020, giving us improved pricing to further finance the growth of the Group.

Yinson's sustainability commitment to our stakeholders is expected to drive more SLF within the Group moving forward. The sustainable finance market took a huge jump from USD71 billion in 2019 to USD406 billion in 2021. A key factor for the unprecedented increase was the Covid-19 pandemic, which increased focus on social infrastructure and investor social responsibility. This opens up vast upcoming opportunities for Yinson to raise funds through this market.



Climate Action: No longer a luxury but a necessity, pg 41; Financial Capital, pg 137

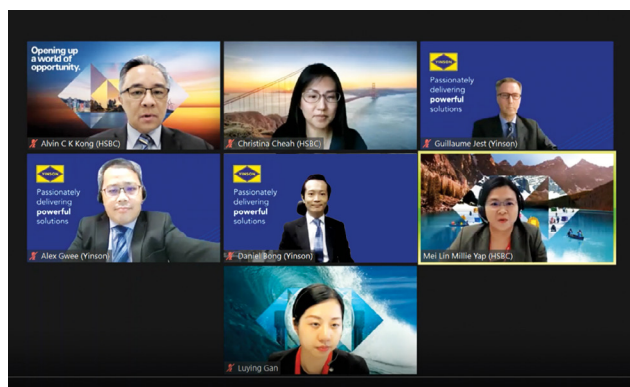
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SUSTAINABLE FINANCING HIGHLIGHT

RM1.0 billion raised through Malaysia's first Sustainability-Linked Sukuk Wakalah programme

In 2021, we successfully priced Malaysia's first Sustainability-Linked Sukuk via the issuance of RM1.0 billion 5-year Sustainability-Linked Sukuk Wakalah pursuant to its Islamic Medium Term Notes Programme of up to RM1.0 billion in nominal value. The landmark tranche has been assigned a rating of A1 and A+ by RAM and MARC respectively, with a Second Party Opinion on its SLF Framework from ISS ESG.

Due to overwhelming demand with an orderbook of RM1.66 billion, the offer size was upsized from an initial target of RM700 million to RM1.0 billion. The strong confidence and demand from investors were clearly reflected in the Sukuk Wakalah's oversubscription of 1.66 times, allowing Yinson to tighten the issuance yield to 5.55%.



Yinson, together with HSBC Amanah, speaking to investors during the investor roadshow for the issuance of the RM1.0 billion Sustainability-Linked Sukuk Wakalah Programme.

The landmark issuance leverages on Yinson's SLF Framework and Climate Goals Roadmap, supporting Yinson's efforts to achieve its climate transition strategy and reinforce its commitment towards a low emission future by achieving carbon neutrality by 2030 and net zero by 2050. Through the link between Yinson's SPTs and financial metrics, Yinson reaffirms its commitment towards achieving its Climate Goals.

HSBC Amanah acted as the sole Principal Adviser, Lead Arranger, Lead Manager and Shariah Adviser for the Sukuk Wakalah Programme and Sustainability Structuring Agent for the Framework.

Offering a sukuk that relies on our sustainability performance is both a challenge and a golden opportunity for Yinson to demonstrate the serious action that we are taking to achieve our climate-related targets.



Yinson won the BPAM Bond Market Awards 2022 in the Top Issuance category in recognition of the issuance.

As a reward to existing shareholders for their continuing support, Yinson also undertook a 1-for-1 Bonus Issue, allowing shareholders to further participate in additional equity of the company. The proposal was approved by shareholders during the EGM held on 29 March 2022 and the exercise was completed on 14 April 2022. Additionally, after 8 years since our last rights issue in 2014 and completing four FPSO projects, we have also proposed for a Rights Issue with free warrants, to boost our position to deliver strongly on our new projects, utilising these as capital for the construction of FPSO Maria Quitéria and providing capital to accelerate the growth of our renewables and green technologies businesses. Funds will also be utilised for the repayment of bank borrowings, providing an annual interest savings of up to RM14.4 million based on the prevailing interest rate and strengthening our balance sheet for greater opportunities to come. We expect these activities to enhance shareholder value in the medium to long-term.

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STRENGTHENING YINSON'S UNIQUE RIGHTS TO WIN

Since the company was founded, the Group has demonstrated unique abilities that we believe will allow us to thrive in the face of the changing global landscape. These are what I like to call our unique 'rights to win', depicted in the following infographic.



Building new businesses to embrace change and disruption has proven to be one of Yinson's unique rights to win. The differing risk-return profiles of our latest ventures, renewables and green technologies, as compared to the offshore production business, is an example of our willingness to make bold investment decisions in businesses that we believe in.

Our green technologies ventures will require considerable amount of capital and time to blossom. Data has shown that it takes a median of 6 years for start-ups to reach a USD1.0 billion valuation. In this context, our green technologies division is still in its early phase of growth. We aim to establish a valuable and impactful business ecosystem, for all stakeholders alike. This is a journey and I expect we will be welcoming many like-minded partners along the way to build a fully integrated, end-to-end ecosystem that is profitable and based on clean technologies and digitalisation.

A key message from COP26 that took place in November 2021 was the crucial role the private financing industry has to play in the transition journey. Further, as policymakers become more vocal on ESG, financial institutions can no longer afford to ignore ESG to remain ahead of public and regulatory expectations. Banks and lenders are taking steps to execute a strong and integrated sustainable finance strategy by making necessary adjustments to their risk-return framework.

Given the growing focus on ESG, it may seem risky to raise further funds for our offshore production business. However, I believe we are in a strong position, strategically. When assessing investments into the oil & gas industry, many financial partners prioritise a company with an energy transition story and a concrete energy transition plan to meet both of their financing

strategies in supporting short term energy security whilst promoting the shift to cleaner energy. As elaborated earlier and by my colleagues, I believe that Yinson fits well in both narratives, hence is in a great position for further capital raising and to explore new opportunities in SLF.

On 1 March 2022, a strategic review for the Offshore Production business was announced, conveying our intention to tap into international capital markets by exploring an initial public offering (IPO) or strategic partnership opportunities.

As elaborated by my colleague Flemming in the Business Review for Offshore Production, we believe that the next 5 to 8 years will provide unparalleled growth opportunities for the FPSO industry, due to high demand for FPSOs and a shrinking pool of contractors who can deliver them.



Business Review - Offshore Production, pg 98

If we continue business-as-usual, I have full confidence that we will still receive stable income run from our FPSO projects for the next few decades, and in line with that, continue growing our green technologies and renewables divisions steadily. There is nothing wrong with this picture, as we will still be a profitable business for many years to come, delivering value to our stakeholders.

However, we believe that taking bold action to perform a strategic review for Yinson Production shows that we are never complacent on our past successes. We aim to unlock greater value in the division, providing even larger pockets of capital to fuel the Group's overall growth at a scale that far surpasses the

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business-as-usual scenario. This is a big decision, with complex considerations which need to take into account all stakeholder interests.

THE GROUP STRATEGY REVIEW

To ride on the tailwind of the FPSO strategic review, Yinson has concurrently embarked on a GSR. Yinson is undertaking this exercise to ensure that we make the right strategic decisions for our growth and long-term sustainability, involving comprehensive discussions with our stakeholder groups, industry and financial experts, backed by data analytics. The review aims to complement our current strategic framework with a comprehensive financial capital allocation and reserve strategy.

The GSR will provide a fresh injection of resources for us to learn about new opportunities or even new ways of doing old things and unlearn old things to make room for new possibilities. Through this review, we will fine-tune Yinson's core competitive positioning and our future business direction to execute Yinson's long-term sustainability vision of operating in low-carbon, climate-resilient future.

The GSR will focus on the key enablers of growth such as capital efficiency and sustainability, to arrive at a set of key metrics that Yinson will be measuring up against in the long-term. Broadly, the GSR exercise will dive into understanding and determining Yinson's aspirations in the long run, based on sets of identified key success metrics of each business in their respective lifecycles. We will also apply a bottom-up assessment on each business division to allow us to derive a more realistic and attainable target for the Group and prioritise choices and trade-offs. This will help us to better plan our capital allocation and address the gaps in achieving Yinson's aspirations, ultimately delivering greater value to our shareholders, in line with the ongoing FPSO strategic review exercise.

As we all know, allocating capital is a complex process, especially for Yinson in the coming years as we continue to expand and grow. A company's success or failure often hinges upon capital-allocation decisions, which must take into account comprehensive consideration of factors such as the available sources of capital, timing, economic environment and trends, innovation of financing strategies and structures and strategic partnership opportunities. Hence as part of this exercise, we will deep dive into these factors and allocate funds to optimise results for Yinson and our stakeholders.

On top of allocating capital, the review aims to develop a plan to open up new capital to Yinson. Our success in the sustainability-linked sukuk has pathed a way for Yinson for more innovative ways to finance our increasing business needs. We will be evaluating innovative financing strategies that can maximise our liquidity and provide cheaper sources of capital so that we can continuously support the high growth businesses to reach its maximum potential. The ability for Yinson to recycle capital effectively will also be an important scope of this review as an effective strategy to attract private capital while bringing new infrastructure online.

As we unlock value from capital strategies, the GSR will also look into new opportunities and business segments that Yinson can potentially venture into by leveraging on our rights to win. We will also look to adapt our corporate philosophy and structure so that it can be expanded to embrace that growth. This includes ways on how we can optimise our corporate structure and equip corporate functions with the right tools to cater to our business needs as they expand across multiple geographies. As mentioned earlier, we must always be mindful not to expand too fast or risk being disrupted and stereotyped as being slow-moving and bureaucratic, removing our edge as an efficient decision-making organisation.

Through the GSR, we will also tap into deeper market and industry data to validate and adjust existing business strategies where necessary. Having access to reliable information allows us to be better informed of external opportunities, the competitive landscape, and its associated risks before committing into new ventures or investments. Having data-backed evaluations greatly strengthens the Group's decision-making processes when it comes to considering capital planning and allocation options.

A key outcome of the GSR will be the development of a Group-wide strategic roadmap for the next 10 years, pathing the road ahead for existing businesses and also potentially new ones. We have engaged an external consulting partner for this exercise, who we believe can add value to our plans by fleshing out our existing strategies, scrutinising our conventions and providing access to industry data and business connections.

We have already started this exercise in 2021, and efforts will continue in 2022. We look forward to sharing the outcomes of this exercise with you, painting a clearer picture of where we are headed and how we want to get there so that you can join us on this exciting journey.

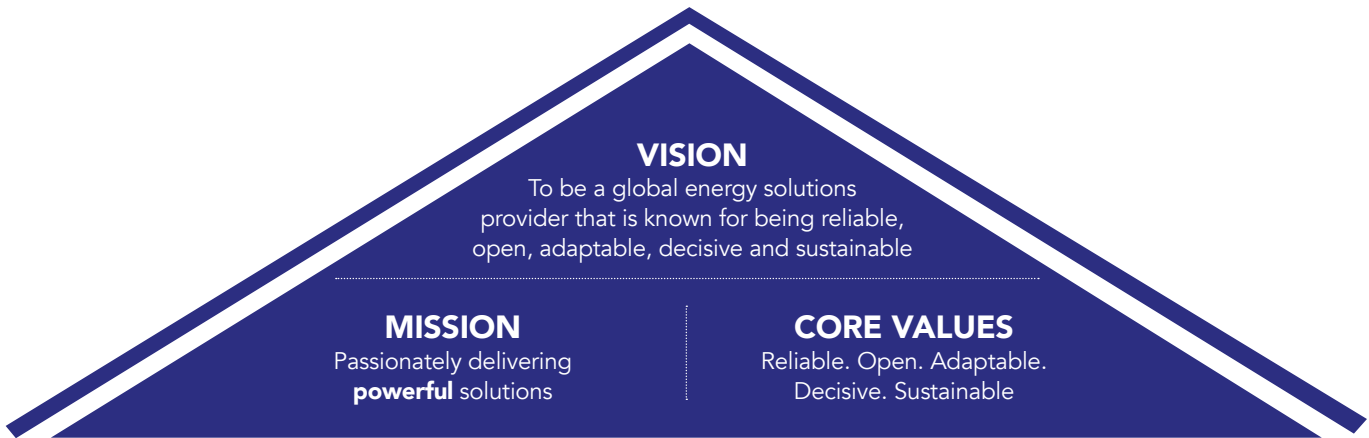
CLOSING REMARKS

The ever-changing business landscape is volatile, unpredictable, and susceptible to risk. However, these factors leave us room for constant innovation, adaptation, and disruption.

As we grow and acquire new talents, Yinson shall continue to pass on its legacy of sustainability and reliability underpinned by our Core Values. We strive to walk forward as a goal-oriented organisation that constantly curates dynamic solutions for all our stakeholders.

The GSR framework will continue to guide our company in the coming years and is expected to accelerate our business growth. We aim to maintain a steady balance of forward-thinking vision, tactical execution, and calculated risk to safeguard ourselves because 'change is inevitable, but growth is optional'. We are confident that our decisive strategic actions now can velocitise our growth, strengthening our position as a value creation company that contributes to the wellbeing of people and the business ecosystems that we operate in.

STRATEGIC FRAMEWORK & EDGE



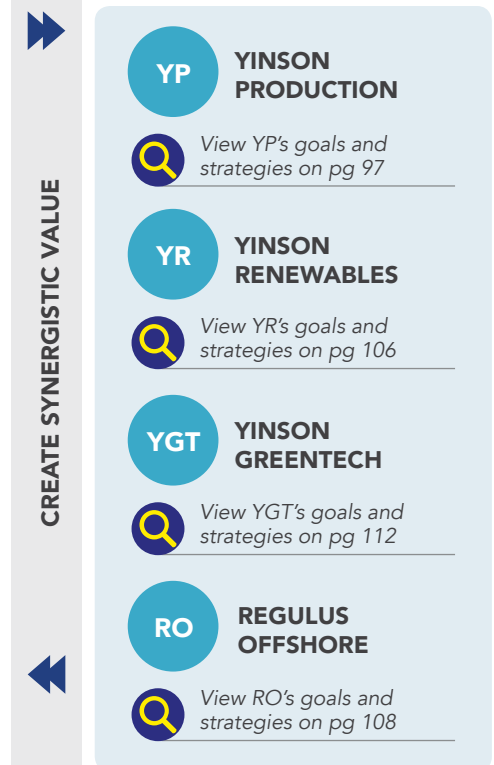
YINSON'S EDGE



OUR STRATEGY



DIVISIONS



STRONG SUPPORTING FOUNDATION – CORPORATE TEAM AND BUSINESS UNITS