LEADERSHIP MESSAGES

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Aishah Sofea Binti Isma Fariz, Age 14

CHAIRMAN STATEMENT

Commentary by Mr Lim Han Weng, Group Executive Chairman

RM1.19 billion
raised through rights issue exercise, oversubscribed by
22.31%

USD720 million
syndicated loan financing facility secured to finance FPSO Maria Quitéria's construction

Participated in Bursa Malaysia's inaugural
Voluntary Carbon Market

Recommended final dividend of
1.0 sen
per ordinary share for FYE 2023

PAT was
RM588 million,
an increase of
12.2%
over FYE 2022

On behalf of the Board, I am pleased to present Yinson's Integrated Annual Report 2023. In the financial year under review, we continued to deliver strong and steady financial results, driven by our aim of creating a long-term and sustainable economy that is fair and equitable to all. We can only achieve a sustainable future if it is inclusive. To us, this means that we will anchor our strategic decisions around taking care of those who are most vulnerable and affected by the changes.

CHAIRMAN STATEMENT

NAVIGATING A YEAR OF RECOVERY

2022 started with the world breaking free from the chains of the pandemic as countries lifted restrictions, embraced endemicity and rebuilt economies. The greater economic activity lifted consumer demand, created supply shortages and drove prices of food, energy and commodities higher, complicated by supply chain disruptions that were still recovering from the effects of the pandemic.

The onset of the Russia-Ukraine conflict in February 2022 exacerbated the situation, pushing prices of commodities, energy and food even higher. Oil prices hit a high of USD127 per barrel in March 2022 and remained elevated for the rest of the year.

As a result, inflation rose to multi-year highs in many economies, leading to central banks rapidly tightening monetary policy to subdue inflationary pressures. The higher inflation weighed on economic growth prospects, with the International Monetary Fund forecasting global growth of 3.4% in 2022, compared to the 6.0% achieved in 2021.

Amid this backdrop, however, global demand for clean, affordable and stable energy continues to grow, which has helped drive expansion in all our business units. The Floating, Production, Storage and Offloading ("FPSO") market, for example, continues to see strong demand for contractors like Yinson, who have an edge in emissions reduction technologies and a solid track record of on-time delivery and safety and operational performance.

The broader effect of elevated energy prices is the acceleration of the energy transition, as more investments pour into developing renewable and alternative sources of energy. This has supported the progress of our renewables pipeline in our core markets of Latin America, the Asia Pacific and Europe. We are pleased that in the financial year under review, we tripled the capacity of our projects under construction and in development. Concurrently, our Green Technologies business charted remarkable growth in the area of electrification as the automotive and marine transport industries decarbonised aggressively.

KEY MILESTONES

In FYE 2023, we successfully secured financial resources to fund our FPSO projects under construction. In June 2022, our largest rights issue to-date amounted to RM1.19 billion and was oversubscribed by 22.31%. The proceeds from the rights issue fuelled our Group's growth and expansion plans in the FPSO business and improved our net gearing and financial position. Additionally, in October 2022, we obtained a six-year USD720 million syndicated loan financing facility from a consortium of local and international banks to finance the ongoing construction of FPSO Maria Quitéria.

Then in late 2022, we issued RM360 million of Islamic notes under our Subordinated Perpetual Islamic Notes Programme to refinance existing perpetual bonds.

In going to the market thrice during the year, we were encouraged by the strong reception received, despite tighter market liquidity in a rising interest rate environment. This was a clear vote of confidence in Yinson's abilities to deliver value to our stakeholders and a testament to the effectiveness of our business strategies.

STRENGTHENING OUR LEADERSHIP

I am very pleased to welcome Puan Fariza binti Ali @ Taib as a Non-Independent Non-Executive Director, effective 31 May 2023. Puan Fariza is the Head of the Real Estate Investment Market Department at the Employees Provident Fund ("EPF"), and previously held the roles of Head of Fixed Income Portfolio and Head of External Fund Management. Her experience in the areas of portfolio management investments and capital markets will prove invaluable to the Group as we navigate the transforming economic landscape and continue to drive growth across our business units. Puan Fariza replaces Puan Rohaya binti Mohammad Yusof, who stepped down from the Board after faithfully serving as Non-Independent Non-Executive Director for over three years. Puan Rohaya's extensive experience in finance, investments, policy and governance, has greatly strengthened our Board, and her valuable insights have guided us through one of the most pivotal periods of Yinson's growth. We sincerely thank Puan Rohaya for her contribution and wish her all the best in all her future endeavours.

The Group continued to evolve internally to support our business strategies in line with our rapid growth. From late 2022, we strengthened the leadership and key functions of our business units towards facilitating greater decision-making autonomy. This, plus the reorganisation of business activities into their respective business units, will result in stronger governance and decision-making according to the unique needs of each of our businesses and ensure that Yinson can continue building and growing in a sustainable manner.

We also made changes at the Senior Management level with the position of the Group Chief Strategy Officer ("Group CSO") being succeeded by Mr Chai Jia Jun, who was the Director of the Group CEO Office. Mr Daniel Bong, who previously held the position of Group CSO and Head of Group Corporate Advisory, has been appointed as the Chief Executive Officer ("CEO") of Farosson, our newest business unit headquartered in Singapore. At Farosson, Daniel will spearhead Yinson's foray into advisory solutions, investments and asset management with a focus on capital recycling activities and sustainable infrastructure investing.

CHAIRMAN STATEMENT

DELIVERING VALUE

In FYE 2023, the Group delivered a strong set of financial results, recording higher revenue of RM6.3 billion (FYE 2022: RM3.6 billion) mainly driven by FPSO Maria Quitéria and FPSO Atlanta, which commenced Engineering, Procurement, Construction, Installation & Commissioning ("EPCIC") business activities in the current financial year. Correspondingly, PAT was RM588 million, an increase of 12.2% over FYE 2022.

We have distributed RM29 million in dividends for FYE 2023, representing 1.0 sen per ordinary share declared for FYE 2023. Including the final dividend of 2.0 sen per ordinary share in respect of FYE 2022 paid in the current financial year, the total distribution to shareholders in FYE 2023 amounted to RM87 million. In addition, we have recommended a final dividend of 1.0 sen per ordinary share for FYE 2023 for shareholders' approval at the forthcoming 30th Annual General Meeting ("AGM").

GOVERNANCE

At Yinson, we continuously strive to improve our corporate governance standards through a strong commitment to ethics and integrity, exercising discipline in our risk management and sustainability practices while enhancing the quality of our disclosures. In the year under review, we updated the Board Charter to recognise the renaming of the Board Risk Management Committee ("BRMC") to the Board Risk and Sustainability Committee ("BRSC"). This change further institutionalises and reinforces the management and oversight of sustainability in Yinson at Board-level.

In the context of anti-bribery and anti-corruption, we enabled self-paced learning on Yinson's Learning Management System ("LMS") and translated our Anti-Bribery and Anti-Corruption ("ABAC") Policy and Procedure Guide and other compliance-related policies and procedures to Portuguese, in line with our growth in Brazil. Additionally, both YHB and YP underwent their first Anti-Bribery Management System ("ABMS") Surveillance Audit for the ISO 37001:2016 and received commendable feedback on the implementation of the system from Bureau Veritas, the external certification body.

From a risk management perspective, we developed the climate risk and unique risk profiles for YGT and YP and appointed Risk Coordinators for key business units. In addition, the risk management database was digitalised to enable a single risk repository system which consolidates the risk data at a single source, with enhanced risk dashboard reporting.

Yinson's commitment to governance best practices has been recognised this year through a range of awards, such as the Industry Excellence Award under the energy sector at the MSWG-ASEAN Corporate Governance Award and two awards at the Global Good Governance Awards for Leadership in Sustainability and Excellence in Green Innovation and Solutions. For our dedication to balanced and transparent reporting, Yinson's Annual Report won silver at both the Australasian Reporting Awards and the 7th Asia Integrated Reporting Awards.

SUSTAINABILITY AT OUR CORE

Yinson continues to make significant progress in building the sustainability of our business, aligning our decision-making, strategies and actions with our unyielding mission of making inclusive, community-focused ESG decisions.

In this context, we are injecting urgency into our climate action. We joined the UNGC as a signatory member, further affirming our commitment to improving our environmental, labour and human rights and anti-corruption performance.

Yinson was one of 15 companies to successfully participate in Bursa Malaysia's inaugural Voluntary Carbon Market. We believe that putting a value on carbon is a step in the right direction for Malaysia as this can spur market players to more effectively manage their carbon footprint. We will continue to support the Voluntary Carbon Market and will participate in the development of its ecosystem.

Our sustainability performance has earned us commendable ESG ratings. We were awarded 'ESG Industry Top Rated Company' by Sustainalytics, following a significant improvement in our performance in 2022 that placed us in the 2nd percentile of global energy companies. We also achieved a marked improvement in our ratings with FTSE4Good in 2022 to be placed among the top 25% of public listed companies ("PLCs") on the FBM EMAS. These achievements were accompanied by a number of awards, such as 'Gold' at The Edge ESG Awards and 'Pioneer in Sustainable Development Action' recognition from UNGC Malaysia and Brunei.

During the year under review, we continued to participate in corporate social responsibility ("CSR") initiatives that empower communities and conserve the environment, guided by the nine SDGs that we align with as a Group.

Under the Yinson Scholars Programme in Ghana, which has been ongoing since 2019, we doubled our scholarship recipients from 10 students to 20 students annually in 2022 and extended the programme to include undergraduate scholarships. Since inception, this programme has provided scholarships to 60 Senior High School students and five undergraduate students from low-income families.

CHAIRMAN STATEMENT

We also built and furnished a new canteen, classroom block and library, organised a reading and spelling competition, conducted teacher training and donated laptops.

In doing our part for the environment, we installed mooring lines and buoys at the Miri-Sibuti Coral Reefs National Park, Sarawak, which will prevent damage to coral reefs underwater. Our subsidiary in India, Rising Sun Energy, through a partnership with the Wildlife Trust of India (WTI) saved demoiselle cranes affected by the H5N1 virus and a leopard trapped in a well. In Kuala Lumpur, our employees volunteered in a tree planting activity with the Free Tree Society.

These, and many more CSR activities, will continue to be an important part of how we do business.

A STRONG, STABLE OUTLOOK

As we look ahead, we remain optimistic about the future of our businesses, fuelled by the strong demand for energy. However, we also recognise the various uncertainties that exist in the markets we operate in. That is why we are committed to putting sustainability and ESG front and centre, making them the heart of our decision-making process. By doing so, we believe that we can weather the ups and downs of the energy market while delivering sustained value to our stakeholders.

We are proud to be doing our part for the communities and the environment, and we believe that our foundation built on sustainability will continue to set us apart. With a long-term perspective and a commitment to doing what is right, we are confident that we can continue to grow and succeed, while making a positive impact on the world around us.

The world must achieve net zero to survive; there is no doubt about it. Yet, net zero must not happen without a just and inclusive transition. We cannot let the desire for perfection be an obstacle that prevents us from doing good. As we embark on this journey, especially as a forerunner in this space, we are likely to make some mistakes. However, we are determined to learn from those mistakes and move forward stronger and wiser than ever. As we step forward boldly, we believe we will discover opportunities that could potentially be bigger than any industrial revolution the world has ever seen.

We are excited about the opportunities that lie ahead to embrace the energy transition and we will continue to strengthen our rights to win in partnership with many other like-minded stakeholders.

ACKNOWLEDGEMENTS

In closing, we would like to say thank you to all those who have contributed to our success. Thank you, my fellow Board members for your wisdom and counsel in guiding the Company forward. To our shareholders and investors, we value the trust you have placed in us and remain committed to delivering long-term value. To our clients and partners, we are grateful for the opportunity to work with you. We remain steadfast in delivering on our commitments to the best of our abilities.

For the communities where we operate, we recognise the importance of being good corporate citizens and are committed to creating positive environmental, social and economic impacts. And finally, to our employees and their families, we deeply appreciate your hard work and dedication. You are the backbone of our Company, and our success is directly tied to your contributions. We look forward to continuing to work together to achieve our goals.

GROUP CEO REVIEW

Commentary by Mr Lim Chern Yuan, Group Chief Executive Officer

The year 2022 saw the acceleration of our transition to becoming a sustainability-driven energy infrastructure and technology company, as we made significant strides in creating value across all our portfolios amid the pandemic's loosening grip on the world. Throughout this journey, we remained deeply committed to sustainability and inclusivity in the advancement of our business, cognisant that a balanced approach to value creation is crucial to the longevity of the organisation. Therefore, we will continue to find the balance between environmental needs and social needs.

Secured **USD5.3 billion** firm contract for FPSO Agogo in Angola on 27 February 2023

FPSO Anna Nery achieved **first oil** on 7 May 2023

Signed MoU with Gentari and EV Connection to boost EV charging coverage in Malaysia

Expanded into Singapore through LHN Group collaboration

Tripled capacity of renewables projects under construction and pre-construction to **774 MW**

Expanded into Indonesia, bringing our renewables presence to **9 countries**

Established **Farosson**, our new advisory, investment and asset management arm

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Formalised a commitment to have at least **30%** of equity in non-oil-based FPSO activities by 2030

GROUP CEO REVIEW

OVERVIEW

The energy sector is undergoing a significant transformation as governments, corporations and communities strive to cope with the global energy crisis. The crisis is multi-dimensional, with the trilemma of energy security, sustainability and affordability making it increasingly clear that we need to diversify away from a single energy commodity and change the very nature of the energy system. It is equally important to bear in mind that this change needs to happen while safeguarding energy security and affordability worldwide.

According to BloombergNEF, investments in renewable energy amounted to USD495 billion in 2022, making up the largest portion of global energy transition investment ("ETI") last year. And this growth is expected to continue. This anticipated growth is supported by various factors including the introduction of more supportive policies and stronger demand for renewables – accelerated by the ongoing energy crisis triggered by the Russia-Ukraine conflict and global warming.

2022 was certainly eventful for the oil & gas segment as geopolitical sanctions, paired with years of underinvestment, brought supply disruptions which sent brent crude oil prices soaring to USD120 per barrel. The price has since fallen to USD85 per barrel as of early 2023 due to looming uncertainties stemming from fears of a global recession, which may impede growth of the segment moving forward. As always, we will execute our business strategies with strong capital discipline to manage exposure risk and generate stable recurring cash flows.

In the year under review, we continued to push forward in our offshore production, renewables and green technologies business units through the securing and delivery of projects as well as establishing strategic partnerships to gain stronger footholds in these spaces.

In our well-established FPSO business, we are pleased to report that we completed construction of FPSO Anna Nery, with its sail away in July 2022 and first oil at the Petrobras-operated Marlim field on 7 May 2023. The completion of the FPSO Anna Nery project, which commenced in 2019, was particularly significant for Yinson as it was undertaken and completed satisfactorily despite the challenges brought about by the pandemic.

Meanwhile, work on FPSO Maria Quitéria and FPSO Atlanta is tracking according to schedule, with construction for both assets expected to be completed in 2024. Post financial year-end, the Group secured a USD5.3 billion firm contract for the provision, operation and maintenance of an FPSO for the Agogo Integrated West Hub Development Project in Angola. This signals our first foray into Angola and our eighth FPSO project in the West African region.

YR, which is now about three years old, further grew and developed our global pipeline of renewable energy projects which now stands at over 5 GW. We also moved into the pre-construction phase for the two wind energy projects we acquired in Brazil in 2022, bringing the total capacity of projects under construction/pre-construction and operational to 951 MW.

GROUP CEO REVIEW

YR also made good progress building our presence in Asia, while continuing our expansion in Latin America and Europe. We acquired a majority stake in Indonesian solar system provider Inecosolar, marking our entry into the Indonesian renewable energy space. Also, building on a collaboration agreement we signed with Plus Xnergy in 2021, we formalised the partnership with a joint venture to develop up to 250 MW of commercial and industrial rooftop solar projects in Malaysia.

Our focus in the coming year will be on progressing additional projects to be ready for construction and thus towards becoming revenue-generating profitable projects. Additionally, we will continue to look out for appropriate and timely capital recycling opportunities to further increase value to the Group.

When YGT was first established in 2020, we entered the market by making strategic green technology investments. A year later, we had identified and started growing the key opportunity areas which Yinson would strategically focus on – the electrification of marine and land transportation. In 2022, we zeroed in on building the businesses where we have operational control, namely our electric vehicle ("EV") infrastructure business chargEV, our EV leasing business drivEV and our marine electrification business marinEV. We also grew the capabilities of our in-house digital team to develop the architecture and software necessary to integrate the various technologies together; creating a new class of smart assets and establishing technological synergies between the businesses. This digital integration plays a key role in the development of the strong ecosystem of the future.

YGT continues to make significant headway towards our goal of decarbonising both land and sea logistics through electrification. This year, we leveraged chargEV, Malaysia's largest EV charging network, to bring EV charging stations to the masses. To this end, we celebrated two landmark events that took place post year-end. The first was a Memorandum of Understanding ("MoU") with Gentari and EV Connection to make charging stations from all three providers available to all our members, and the second was our expansion into Singapore through a collaboration with Singapore-listed LHN Group. Another important milestone during the year was the commencement of construction of our all-electric cargo marine vessel, Hydromover, with our Goal Zero Consortium partners. Concurrently, the prototype for Hydroglyder, our fully electric passenger vessel, is undergoing construction. Both of these products are on track for full trials by end-2023.

SAFEGUARDING ENERGY SECURITY, SUSTAINABILITY AND AFFORDABILITY

Our growth journey is underpinned by the belief that the availability of affordable and sustainable energy is key to generating growth and development across all levels of society, benefitting all mankind. We strongly believe in inclusivity as the world transitions to a low-carbon economy and this is where we believe Yinson can not only play a catalysing role, but also a leadership role.

Here, we believe that oil & gas will continue to be relevant to the energy mix for the foreseeable future, and we intend to be an integral part of that landscape. However, alongside this, we hold an equally strong view that diversifying into renewables is necessary to accelerate the energy transition and to capture a greater share of the overall energy infrastructure market. Venturing into green technologies is the next logical step as it will equip us with the capabilities to create accessible solutions to bring affordable green energy to the broader community.

The energy trilemma refers to the challenge of balancing three important and often competing priorities in the energy sector – energy security, environmental sustainability and energy affordability. The energy trilemma arises because it is not easy to achieve all three of these goals simultaneously. For example, increasing energy security may require a heavier reliance on fossil fuels, which may have negative environmental impacts and increase costs. On the other hand, pursuing environmental sustainability through an excessively quick rollout of renewable energy can create power network stability issues which will reduce the security of supply, especially in developing countries where a stable energy infrastructure is needed to help people escape poverty and create better lives. Yinson is uniquely positioned to be able to contribute to this balance, and our business decisions are driven by our strong desire to do so. That said, we equally believe that aligning our business decisions with the concerns raised by the energy trilemma is critical to our current and future profitability and sustainability.

Modern energy is directly linked to the wellbeing, prosperity and development of every economy, so we believe there will always be a strong demand for it. Thus, Yinson's ability to contribute to the generation of vital energy products, strengthened by our good operational and ESG track record, provides us with a healthy financial outlook.

GROUP CEO REVIEW

However, energy demand does not develop uniformly. It is affected by factors such as availability, infrastructure, market competition and government policies. Therefore, we cannot deploy one single blanket approach to meeting energy security needs across different sectors and geographies. Some advanced countries already meet close to 100% of their energy needs with renewable energy, whereas many developing nations are much further away. For these developing nations, transitioning away from fossil fuels too fast may affect the stability of energy supply – something that can disproportionately affect poorer economies, leading to economic slowdown, decreased quality of life and many other societal concerns.

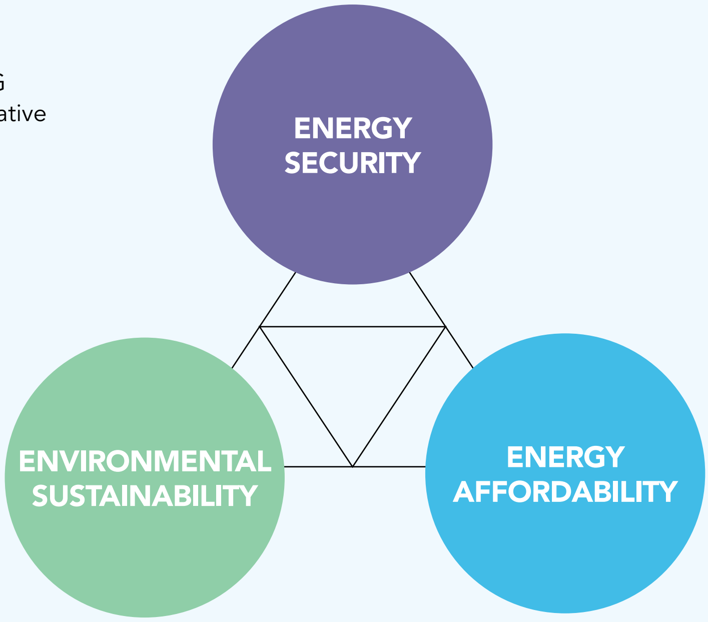
The graphic below summarises how Yinson's businesses contribute to energy security, environmental sustainability and energy affordability.

Ensuring there is enough energy supply to meet demand, and that energy delivery is reliable.

Through YP and YR, Yinson can supply both traditional and alternative forms of energy to the energy mix according to localised energy demand, keeping the supply stable and accessible throughout the transition.

The need to reduce GHG emissions and other negative environmental impacts associated with energy production and its use.

YR and YGT help to drive the transition to a clean energy ecosystem. In the meantime, YP is at the forefront of efforts to lower the emissions of offshore production operations to net zero.



Ensuring that energy prices are reasonable and that people can afford to pay their energy bills.

YP and YR help to keep energy costs low throughout the transition by contributing to a stable energy supply, suited to the economics and infrastructure of the communities where we operate.

We have always said that we believe in a future where energy is clean, accessible, affordable and reliable for everyone. But I also want to emphasise that we believe in the here and now – that providing energy security and affordability to as many people as possible today and throughout the transition is just as vital. In fact, I believe that it is impossible to achieve a sustainable future if we are not inclusive now and throughout the transition.

GROUP CEO REVIEW

CLIMATE ACTION AT THE FORE

We believe that energy must be at the heart of the solution to climate change. News of extreme weather events, rising sea levels, biodiversity loss, human health impacts and soaring economic costs inundate our newsfeeds daily, highlighting the urgent need for action.

Climate change and greenhouse gas ("GHG") emissions continue to be Yinson's most material matter, and where we believe we have the greatest potential to lead. This is why we have placed ESG considerations at the heart of everything we do. ESG is front and centre in all our business decisions, influencing how we finance our projects, the risks we are willing to take and even the new business opportunities we are pursuing.

From a governance and financial perspective, ESG performance is vital for business growth, opening doors for funding, partnerships and new opportunities. Conversely, poor ESG performance is costly because of the potential exposure to penalties, environmental violations, erosion of stakeholder confidence and loss of business opportunities.

We recently performed a TCFD Climate Risk Assessment involving transition risk exposures such as policy, market, reputation and technology. Following the assessment, we have decided to develop an Internal Carbon Pricing Framework with a revised incremental carbon price, which we will pilot for carbon-intensive business units. When the framework is in place, we intend to establish a Sustainable Investment Fund to invest in low-carbon projects that support and accelerate the energy transition. This is one of the initiatives we are working on to manage climate-related transition risks and accelerate the implementation of solutions that contribute to the decarbonisation agenda.

Furthermore, Yinson is formalising a commitment to have at least 30% of equity in non-oil-based FPSO activities by 2030, solidly demonstrating our commitment to purposefully directing capital to support the energy transition agenda.

These are bold commitments for us, requiring deliberate action and a unified approach across all our business units. To this end, we have shaped our key business units to contribute materially to the fight against climate change, as outlined in the next section.

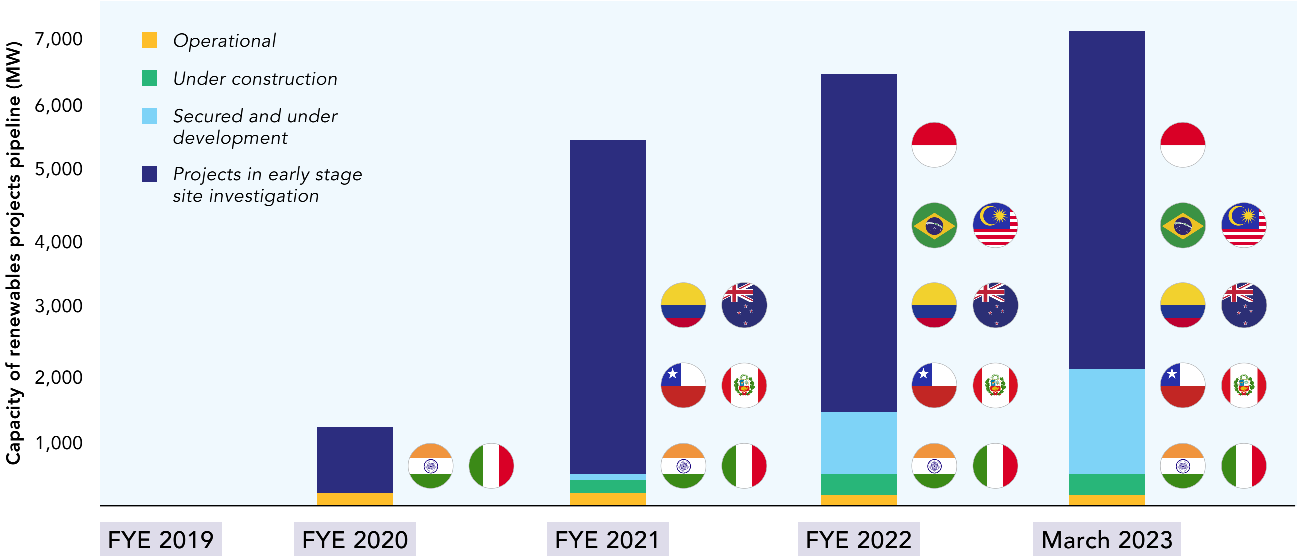
EXPANDING OUR RENEWABLES FOOTPRINT

YR has experienced exponential growth since its inception in 2019. We now have a healthy project pipeline across wind and solar in our three core geographical regions of Latin America, the Asia Pacific and Europe, a strong in-house team and local partners in the regions where we have a presence.

We have invested time and resources to lay a good foundation for our renewables business, building a pipeline across the entire value chain and assembling a strong project management team. Investing in early-stage renewables projects exposes us to some risks – but we have the expertise to manage these. Moreover, the capital at risk is limited at this point in the development process. We believe that getting involved early enables us to deliver higher returns in the longer run, plus improved opportunities for capital recycling. We also take a conservative approach when valuing our renewables assets as this results in a strong balance sheet over the long term.

GROUP CEO REVIEW

GROWTH OF YINSON RENEWABLES SINCE ESTABLISHMENT



October
Established Yinson Renewables.

March
Acquired 37.5% stake in Rising Bhadla 1 & 2 in India.

July
Signed first development agreement in Italy.

August
Increased stake in Rising Bhadla 1 & 2 to 95%. Acquisition completed in December 2020.

March
Won 285 MWp(DC) solar plant project in Nokh Solar Park. Signed PPA with NTPC later that month.

June
Started collaborating with Verano to progress solar pipeline in Latin America. Signed key development agreement in New Zealand.

March
Acquired two late stage development projects in Brazil.

May
Formed joint venture with Plus Xnergy to develop solar projects in Malaysia.

September
Entered Indonesian renewables market through acquisition of Inecosolar.

REDUCING EMISSIONS IN OUR FPSOs

Although Yinson is fully committed to reducing emissions in our FPSOs, modifying our existing fleet can prove challenging as we are constrained by space and design limitations, contractual obligations and the client's readiness to implement new emissions reducing technology. Nevertheless we have made significant progress on our efforts to retrofit a closed flare system for one of our FPSOs. This modification implemented is a significant step towards closing the flare of the asset, and will contribute to reducing flaring levels in the time to come. On an ongoing basis, however, our strategy is to ensure that we proactively pursue opportunities to install the latest technologies on our new FPSOs or FPSOs that are currently being built.

FPSO Maria Quitéria, for example, incorporates a closed flare system and combined cycle power generation technology which reduces and recycles gas to generate power on the FPSO. With these measures, we aim to reduce emissions by more than 20% compared to the status quo.

FPSO AGOGO: Leading the way to a Zero Emissions FPSO

Closed Flare and Hydrocarbon Blanketing | Combined Cycle Power Generation | Carbon Capture and Storage | Electrification | Seawater Turbine Generator

FPSO Agogo is regarded as an industry-leading project in terms of low emissions design and implementation. Together with our client, Azule Energy, we are excited to be leading the decarbonisation agenda through FPSO Agogo.

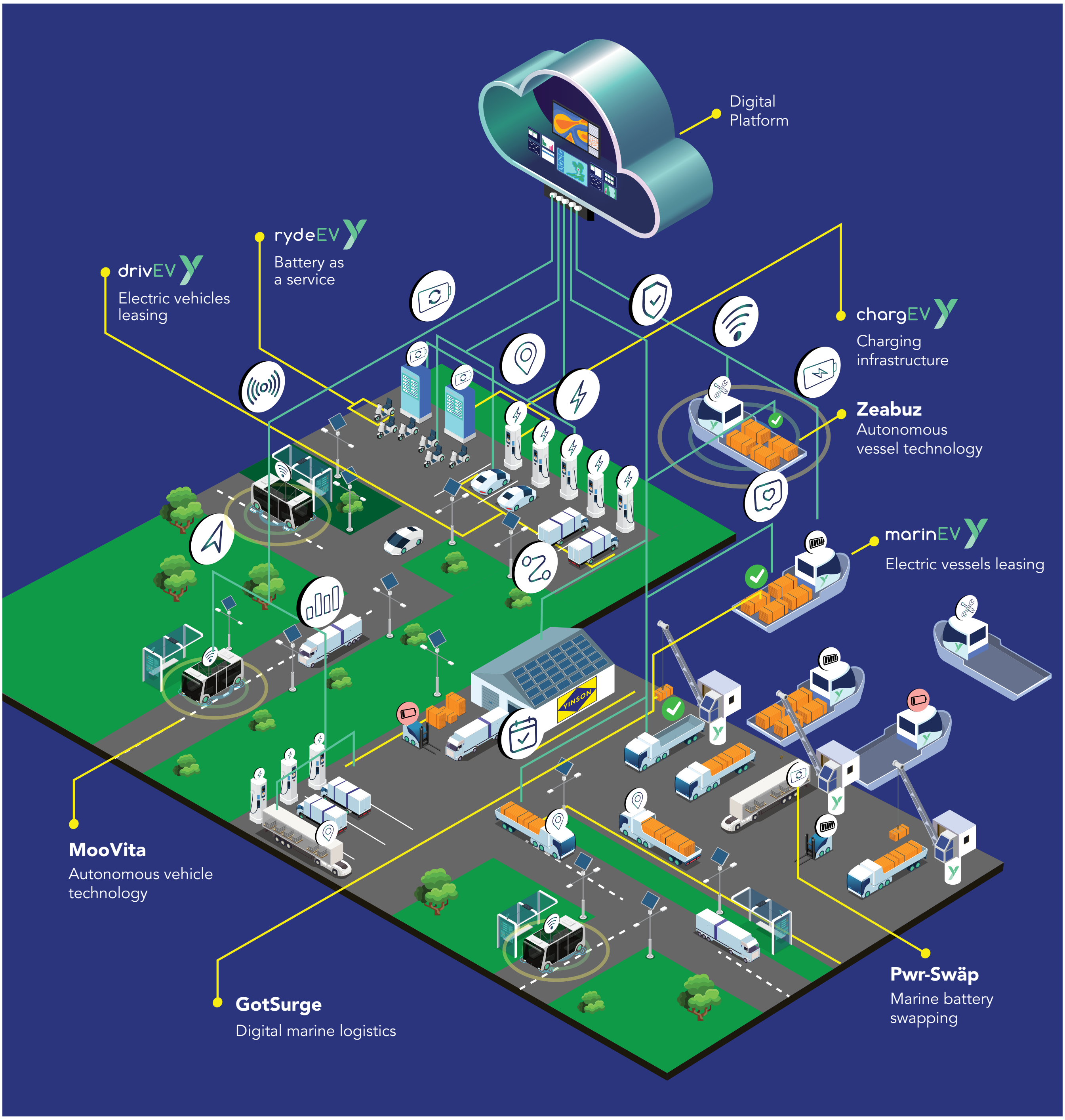
The design of the asset will be the greenest in Yinson's fleet to date, and will have significant impact on lowering Yinson's carbon intensity.

The design of the asset is projected to reduce the asset's lifecycle emissions by up to **27%**, compared to if the emissions-lowering technologies were not implemented over the contract period.

GROUP CEO REVIEW

BUILDING A SMART, CLEAN TRANSPORTATION SYSTEM ACROSS LAND AND SEA

Since being established in 2020, YGT has made good progress towards building a land and marine transportation ecosystem that runs on clean energy. Most novel technologies, such as green technologies, start out being relatively more expensive compared to their traditional counterparts. We aim to adapt these technologies to make them more affordable and accessible for businesses and consumers, until they ultimately become the new normal. We believe that reaching this critical mass everywhere is key to meeting global climate targets.



GROUP CEO REVIEW

THE BUSINESS CASE FOR INVESTING IN THE TRANSITION

Over the years, Yinson has navigated the various challenges and changes in the energy landscape by standing firmly on our fundamentals. We started out in transport and logistics, then pivoted to becoming a full-fledged FPSO provider. Sustainability and the energy transition provided, and is currently still providing, the biggest impetus for our current transformation into an energy infrastructure and technology company. These transformations, albeit bold, were carefully strategised and operationalised with the aim of building profitable, sustainable businesses.

The energy transition presents one of the greatest opportunities of this lifetime as the world strives to achieve net zero emissions by 2050. Green energy, which is already commercially viable, will continue to be more competitive in the global energy mix and its reliability will continue to improve with cheaper energy storage and new innovations.

We believe that aligning our businesses with the trends and opportunities presented by the energy transition and climate action presents a great value creation opportunity, while enabling us to contribute materially to the global fight against climate change. This long-term view of our business further supports the needs of many of our investors, such as pension funds and insurance funds that are seeking stability in returns over long periods of time.

Our business teams excel in developing robust assets that we operate and maintain as business owners. As our business units pursue their growth plans, our latest addition, Farosson, through its asset management segment, will supply further capital pools to invest in businesses, both internal and external, which align with its mandate of sustainable investments. This will unlock the value of contracted future cash flows generated by these projects, enabling capital to be redeployed for the businesses to achieve their growth aspirations. I believe that this will support Yinson in attaining our business goals and achieving our sustainability targets. I have great confidence in the capable and passionate team led by Mr Daniel Bong, who previously held the role of Group CSO and Head of Group Corporate Advisory. The team's cumulative knowledge and experience are a unique advantage that Farosson has, and will be instrumental in unlocking the growth of this new business.

BUILDING OUR CORE RESOURCE – OUR EMPLOYEES

At Yinson, we continuously strive to adapt and evolve with changing business and economic realities, leveraging our ability to identify good business opportunities. Over the years, we have grown from strength to strength, earning the trust of the global investor community, major energy players and governments. This achievement did not come overnight, and was ultimately a result of the dedication and consistent effort we have put into developing the backbone of our business – our people.

Yinson has always prioritised investments in human capital and digitalisation to take our business to the next level. For example, at the time when the FPSO market was clearly underinvested, we knew we had to be ready for a market that would eventually be seeking out FPSO contractors. This was why we invested in our people at that time, with a focus on upskilling, directing their energies to high value-add initiatives. Our efforts have held us in good stead, as we have build a team that has been able to carry us through our high growth phase when the economy reopened post-pandemic. We continue to work hard to ensure that we maintain our strong standing as an employer of choice, as it is key to be able to continue attracting and retaining the skills needed across all our business units.

We launched our Human Resources ("HR") Transformation Plan in 2020 with the aim of establishing global consistency, delivering HR solutions that can be implemented locally across our global offices, leveraging digitalisation and creating an agile HR framework that can adapt through change. Now, three years later, we have achieved our key deliverables against the seven areas of transformation we identified. We are now moving into the next phase of our people strategy journey. Our people vision does not change; however, our focus will now be on five key areas which are: Embedding our New People Solutions, Driving Employee Experience, Focusing on Leadership & Culture Development, Continuing our Global Human Resources Information System ("Global HRIS") implementation, and HR Capability Development.

GROUP CEO REVIEW

DIVERSITY, EQUALITY & INCLUSION IS OUR STRENGTH

Yinson is a strong advocate of Diversity, Equality & Inclusion ("DEI"), and we strive to walk the talk in this regard and make this energy transition journey a truly inclusive one. We firmly believe that DEI will help us to make more well-informed and balanced decisions by bringing diverse opinions, experiences, ideas and perspectives to problem-solving. Concurrently, we have no doubt that employees who are valued and respected will be more engaged and motivated to see an organisation's success.

For instance, as a global company, we aim to 'localise' our operations as much as possible to be less reliant on expatriates. We also make an active effort to look at important details, such as how we phrase job opportunities in the organisation and shape communications, to ensure there is no bias. Even the composition of various committees is scrutinised to ensure that they are diverse and inclusive.

From a gender perspective, our policies are geared towards equal opportunities for all our employees. For example, we have removed barriers to women applying for roles on an FPSO and adapted the accommodation settings to their needs. A highlight of the year was the launch of our first formal employee resource group, Yinson Lean-In – a space where women are empowered and supported to reach their professional and personal goals. The group was launched on International Women's Day, and activities are championed by Lean-In representatives in our various country offices and their male allies.

On the inclusion front, our Singapore office has committed to hiring differently abled persons under an initiative called The Unlimited, in partnership with SG Enable, the focal Singaporean government agency for disability and inclusion. We are looking forward to having our first cohort of differently abled Yinsonites on board in 2023. In terms of diversity, given Yinson's global footprint, it is incumbent upon us to foster an inclusive environment that will enable the organisation to benefit from an incredible range of diverse ideas, perspectives and leadership skills. This is why we sent five of our young leaders from Brazil, Ghana, Malaysia and Norway to the One Young World 2022 Manchester summit where they met other young leaders from over 190 countries to develop solutions for a better world through more responsible and effective leadership.

All in all, we will continue to improve and invest in our DEI policies and practices to continue to support and attract a larger pool of talent capable of excelling at Yinson.

INVESTING IN FUTURE TECHNOLOGIES

Digitalisation plays a crucial role at Yinson as it empowers strong decision-making across our organisation by placing global, real-time and accurate information at our fingertips, in addition to freeing up our people from tedious and mundane tasks. Digitalisation is also the key to resource efficiency and better safety performance. We have invested significantly in digitalisation across all our business units and functions. This has given us an edge over the competition, as we are able to demonstrate stronger abilities to take on projects and execute them well, efficiently and safely.

Additionally, we believe that investing in digitalisation is one of the most effective ways to reduce costs in the long run amid increasing inflationary pressures.

GROUP CEO REVIEW

TOWARDS FULLY AUTONOMOUS AND SUSTAINABLE FPSO SOLUTIONS

YP continues its digital transformation journey in alignment with its strategic goal of investing in asset lifecycle management via a proactive digitalisation strategy. Enabling digital technology while empowering our people has been key to ensuring data is accessible, structured and quality-assured for visual presentation through an integrated data visualisation platform. This forms the foundation for data contextualisation and automation. In addition, we believe it is the key to creating an efficient and sustainable supply chain while reducing human risk exposure, carbon footprint and cost.

Over the past years, we have invested in digitalising various aspects of our FPSO business, such as through 3D printing of maintenance parts, using drones and remotely operated vehicles (ROVs) to inspect and maintain our operating assets, integrating cloud-based platforms for digital warehousing and building up our integrated data visualisation platform. These various components of our digitalisation efforts are now coming together in an initiative called Project Polaris, through which we aim to eventually develop industry-leading, fully autonomous and sustainable FPSO solutions. To this end, we signed an MoU with leading industrial software leader AVEVA in December 2022, a company we have already been partnering with for many years on our digitalisation journey.

Project Polaris, focusing on FPSO Helang, will provide scalable enterprise system integration, enabling asset strategy optimisation, predictive maintenance and automated Lifecycle Costing (LCC), as well as a unified operations centre for visualisation and human interaction for data-driven decision-making. The contextualisation and automation of data through Project Polaris will form the foundation for further integration of existing engineering tools, enabling efficient data-driven decision-making across the asset lifecycle.

Another significant way Yinson is endeavouring to support the decarbonisation of the world is by investing in the development of future business solutions. We aim to find alternative, low or zero carbon fuels that can disrupt the heavy industries and overall energy system. One example is the offshore production of blue and green ammonia, which we have studied and where we are currently exploring commercial feasibility. Other examples are Direct Air Capture ("DAC") and Carbon Capture & Storage ("CCS"), which we are actively exploring for future implementation across industries.

CLOSING REMARKS

The Group certainly has a lot to look forward to as we continue building our growth story and shaping the Yinson of the future. A sustainability mindset will continue to drive our direction, and our passionate workforce will continue to ensure that we deliver well on our commitments.

To my fellow Board members, Senior Management and leadership teams – we have made some big decisions together this year as a company, and I believe our collective knowledge and experience have guided us to make decisions that bring the most value to our stakeholders. To our many stakeholders, many of whom have now become close business associates and friends – thank you for supporting us as we execute our purpose. We are grateful that you have placed your trust in us and we will strive to continuously deliver value to you. To our employees and crew all over the world – you are the backbone of our business. We truly appreciate your hard work and sacrifices in order for us to 'Passionately deliver **powerful** solutions'.

FINANCIAL REVIEW

Commentary by Mr Guillaume Jest, Group Chief Financial Officer

In FYE 2023, the Group continued to deliver on its value creation objectives, producing its best performance to date in terms of revenue and PAT. Revenue was RM6.3 billion, a 75% increase compared to the RM3.6 billion recorded the year before. As a result, PAT also increased to RM588 million, 12% higher from RM524 million in FYE 2022. Notably, PAT growth was recorded despite one-off costs incurred and higher financing costs largely attributable to increased investments in our businesses.

STRATEGIC PROGRESS

In FYE 2023, we continued to build our financial foundation in alignment with our goal of advancing an inclusive transition.

Significant capital was allocated to our two business units that directly support the development of an economy powered by clean energy, YR and YGT, clearly demonstrating our commitment to the transition. As of 31 January 2023, the cumulative capital invested into developing these two business units, represented by their total asset values, amounted to RM1.1 billion since their establishment in 2019 and 2020 respectively.

We also actively invested in the decarbonisation of our core FPSO business, by studying, developing and implementing technologies to ensure that our FPSOs operate efficiently and in an environmentally responsible manner.

Thanks to these efforts, we are leading the energy transition in our industry and that we have established a solid organisational foundation that will support and future-proof our business.

In line with Yinson's expansion internationally, we recognise there will be costs incurred, especially given the Group's priority in ensuring a strong in-house talent base and sustained investments into systems and digitalisation. We believe these investments are necessary for our transformation and we will continuously monitor these costs to ensure that the Group's profitability is protected.

CHALLENGES AND MITIGATION

In FYE 2023, like most other businesses globally, the Group was subject to the two key market forces of inflation and interest rates. We continue to work actively to mitigate these market forces, with strategies and actions as described below.

Inflation

Project costs for EPCIC and Renewables projects have been rising, resulting in lower returns for committed projects under construction. We have already seen an impact with the recognition of an impairment loss of

RM117 million for the Nokh Solar Park project as we acted conservatively in factoring in these project cost increases. Nevertheless, the Nokh project is expected to be profitable following its commencement of operations, scheduled for Q3 FYE 2024.

To mitigate the impact of inflation, we conduct effective forecasting and cost management through strong collaborations between our Project and Finance teams. Wherever possible, we strive to lock in the prices of materials and major equipment in the initial phase of the contract. Inflation risk is also factored into our contracts through agreed rate escalation based on key market inflation benchmarks. In the FPSO business specifically, we manage inflation by diversifying the location of the construction, i.e. FPSO Anna Nery, FPSO Maria Quitéria and FPSO Agogo in China, and FPSO Atlanta in Dubai. We are also managing our inventories strategically by carrying buffer stocks to ensure the smooth operation of our FPSOs while minimising cost volatility.

FINANCIAL REVIEW

Interest rates

In FYE 2023, the three-month USD-LIBOR rate trended upwards significantly from 0.21% per annum at the beginning of the financial year to close at 4.81% per annum at the end of the year. This more than twentyfold increase was driven by US Federal Reserve policy tightening. While the global USD-LIBOR rate has increased significantly in the financial year under review, the increase in the Group's finance costs was moderated by the hedges that were put in place.

More than 80% of the Group's USD-LIBOR project financing loans are hedged via floating-to-fixed interest rate swaps, effectively limiting our interest rate exposure.

The increase in the Group's financing costs by RM189 million or 49% was driven by the above-mentioned increase in the global USD-LIBOR rate and higher drawdowns from project execution requirements with the commencement of two new FPSO projects, FPSO Maria Quitéria and FPSO Atlanta.

FINANCIAL PERFORMANCE

	FYE 2023	FYE 2022	CHANGE	
	RM million	RM million	RM million	%
Extract from Consolidated Income Statements				
Revenue	6,324	3,607	2,717	75.3%
Cost of sales	4,497	2,299	2,198	95.6%
Gross profit	1,827	1,308	519	39.7%
EBITDA	1,782	1,402	380	27.1%
Profit before tax	855	16	139	19.4%
PAT	588	524	64	12.2%
Core profit after tax	741	534	207	38.8%
Gross profit margin	28.9%	36.3%	-7.4%	-20.4%
Net profit margin	9.3%	14.5%	-5.2%	-35.9%
Core profit margin	11.7%	14.8%	-3.1%	-20.9%
Extract from Consolidated Statements of Financial Position				
Total assets	19,259	15,205	4,054	26.7%
Current assets	3,515	3,596	(81)	-2.3%
Liquid investments	153	14	139	992.9%
Cash and bank balances	1,507	2,859	(1,352)	-47.3%
Total liabilities	12,801	10,465	2,336	22.3%
Current liabilities	3,590	1,623	1,967	121.2%
Loans and borrowings	9,584	8,758	826	9.4%
Non-recourse borrowings	3,731	4,020	(289)	-7.2%
Total equity	6,458	4,740	1,718	36.2%
Extract from Consolidated Statements of Cash Flows				
Net cash flows used in operating activities	(1,225)	(987)	(238)	24.1%
Net cash flows used in investing activities#	(1,041)	(93)	(948)	1,019.4%
Net cash flows generated from financing activities	781	1,962	(1,181)	-60.2%

Note:

 # Refer to Note 3 to the Financial Statements for details of the restatement of prior year comparatives in the Statement of Cash Flows.

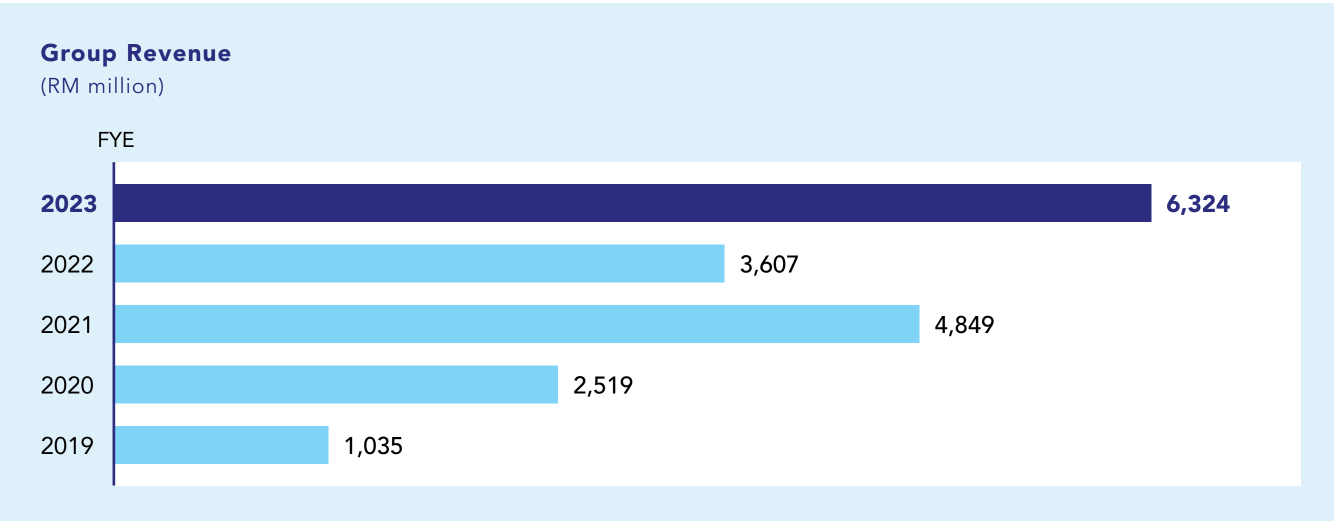
FINANCIAL REVIEW

	Q1 FYE 2023 RM million	Q2 FYE 2023 RM million	Q3 FYE 2023 RM million	Q4 FYE 2023 RM million
Snapshot of quarterly results for FYE 2023				
Revenue	1,005	1,620	1,737	1,962
Cost of sales	643	1,151	1,232	1,471
Gross profit	362	469	505	491
EBITDA	388	470	509	415
Profit before tax	190	247	258	160
PAT	139	163	177	109
Core profit after tax	126	162	171	282

	FYE 2023	FYE 2022	CHANGE	
	RM million	RM million	RM million	%
Operating results by segment				
Offshore Production and Offshore Marine	1,675	1,186	489	41.2%
Renewables	(129)	34	(163)	-479.4%
Other operations	(98)	(123)	25	20.3%
Share of results of joint ventures and associates	(16)	7	(23)	-328.6%

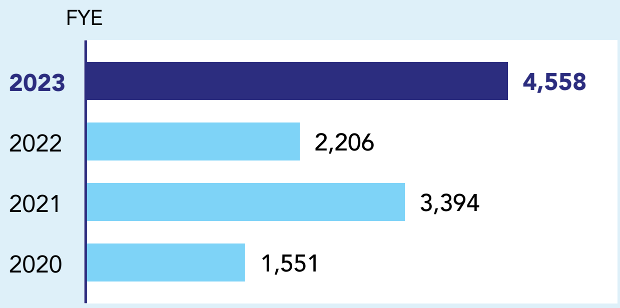
REVENUE AND PROFITABILITY

Group revenue

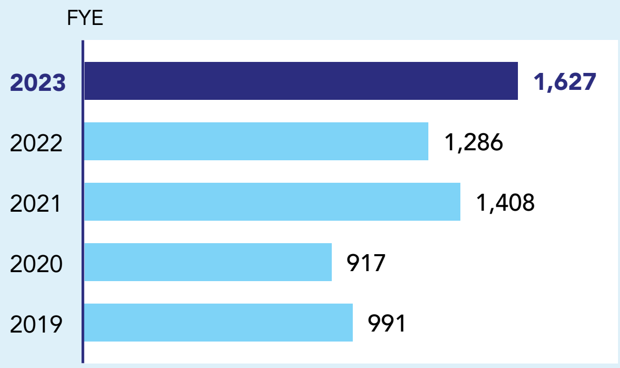


FINANCIAL REVIEW

EPCIC
(RM million)



FPSO Operations
(RM million)



The Group's awarded FPSO contracts are systematically classified as finance leases or service contracts in accordance with the International Financial Reporting Standards ("IFRS") for accounting purposes. The revenue generated from the conversion of VLCCs to FPSOs, which is classified as EPCIC revenue, is recognised either over time (based on the progress of construction) or at a point in time when the asset's rights of use are handed over to a lease client.

EPCIC revenues and profits are recognised during the construction phase of the asset under this accounting treatment. Except for advance payments received for certain FPSO contracts, it is important to remember that the asset generates cash only after construction and commissioning activities are completed, as that is the point in time the Group is entitled to start receiving the lease payments. In the case of an operating lease, lease revenues and profits are recognised during the lease period, effectively more closely tracking cash receipts.

The accounting classification and timing of EPCIC revenue recognition (where relevant) for the Group's offshore assets which contributed to the Group's results in the current financial year are set out below.

Project	Equity ownership	Accounting classification	EPCIC recognition*	Timing of EPCIC recognition*
Owned by the Group				
FPSO JAK	74%	Operating lease	No	
FPSO Helang	100%	Finance lease	Yes	Point in time (Q4 FYE 2020)
FPSO Abigail-Joseph	100%	Finance lease	Yes	Point in time (Q3 FYE 2021)
FPSO Anna Nery	75%	Finance lease	Yes	Over time
FPSO Maria Quitéria	100%	Finance lease	Yes	Over time
FPSO Atlanta	100%	Accounted for as a service contract under IFRS 15	Yes	Over time
Owned through joint venture arrangements				
FPSO PTSC Lam Son	49%	Operating lease	No	
FSO PTSC Bien Dong 01	49%	Operating lease	No	

Note:
* *Refer to the Group's accounting policy for EPCIC revenue recognition in Note 2.7(i) to the Financial Statements.*

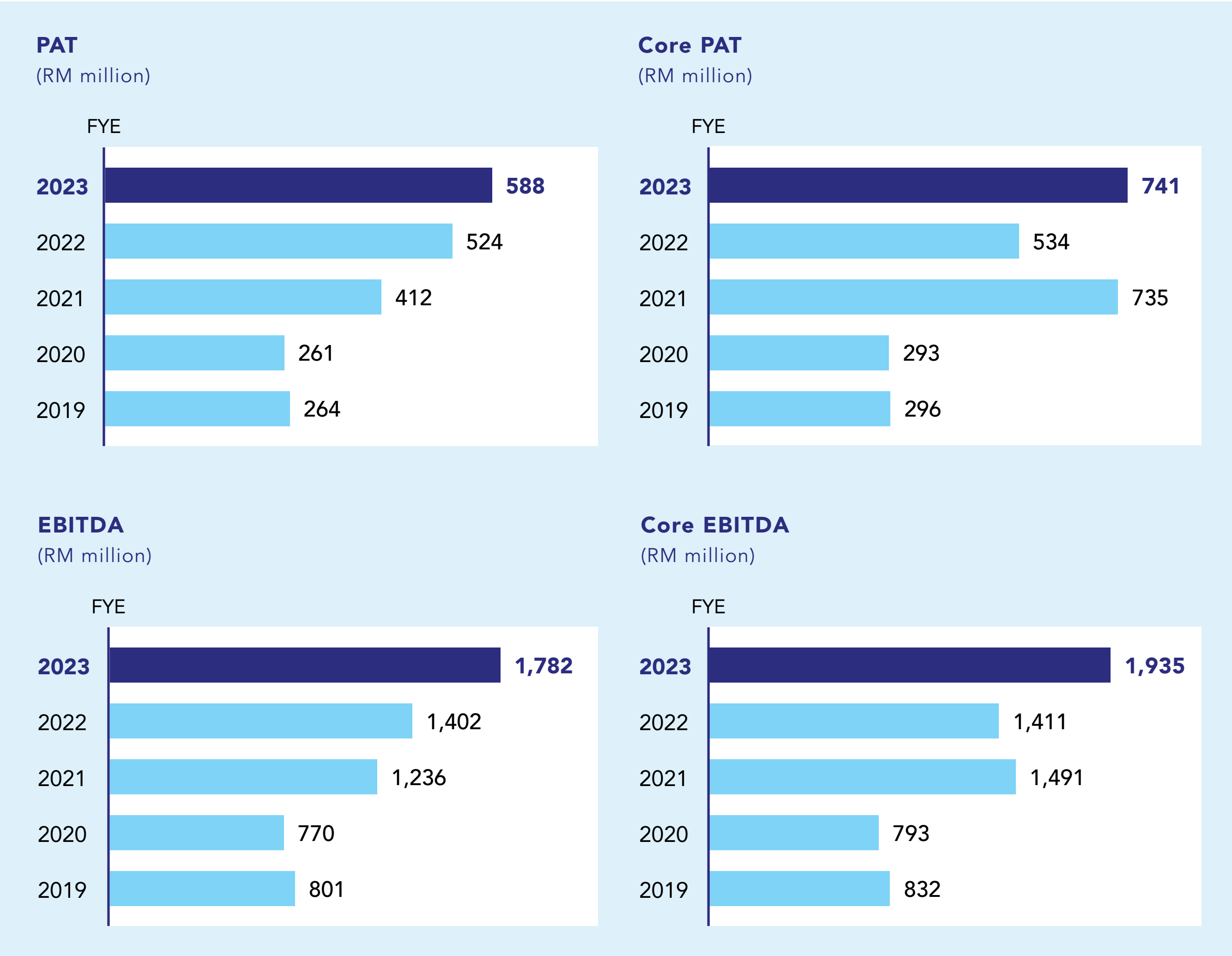
FINANCIAL REVIEW

The Group charted a 75% increase in revenue in FYE 2023 compared to FYE 2022, from RM3.6 billion to RM6.3 billion, which was mainly attributable to the commencement of EPCIC activities for FPSO Maria Quitéria and FPSO Atlanta, and higher contribution from the Group's FPSO operations in the financial year under review.

In addition, we have been actively building our Renewables and Green Technologies business units, with healthy business development activities and new projects secured.

The revenue contributions from the Group's joint venture arrangements in Vietnam are presented separately as adjusted revenue and accounted for in accordance with the Group's equity ownership.

Group profitability



The Group's profitability benchmark indicators continued to grow in FYE 2023 with higher contributions from EPCIC and FPSO Operations business activities (refer to EPCIC and FPSO Operations profitability sections), and ongoing global recovery from the effects of the Covid-19 pandemic. The Group's EBITDA was RM1.8 million and PAT was RM588 million, which were 27% and 12% higher than the previous financial year respectively – our best performance yet.

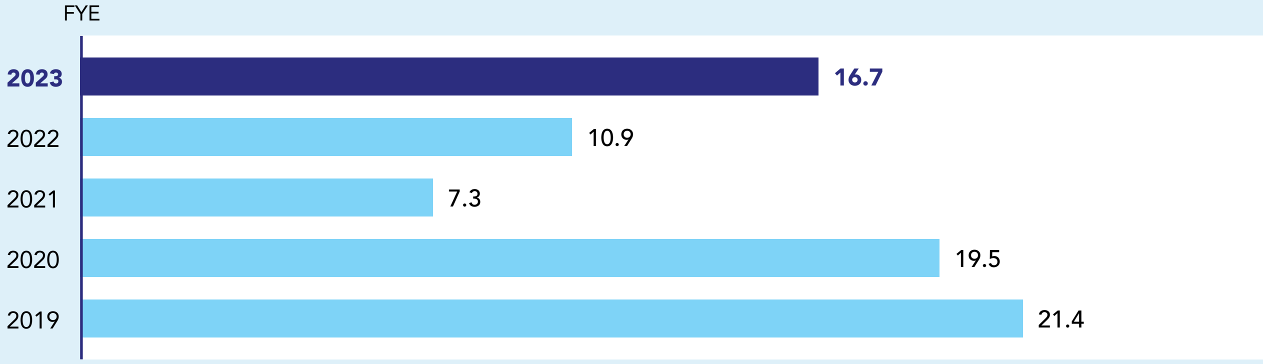
In FYE 2023, the Group was subject to two key market forces, cost inflation and a global increase in interest rates. The Group works actively to mitigate the impacts arising from these market forces through our robust risk, internal control and cost control measures. Nevertheless, the Group incurred exceptional or non-core costs in FYE 2023, including an impairment loss on property, plant and equipment of RM117 million to factor in project cost increases due to solar panel price increases and net foreign exchange loss of RM44 million.

FINANCIAL REVIEW

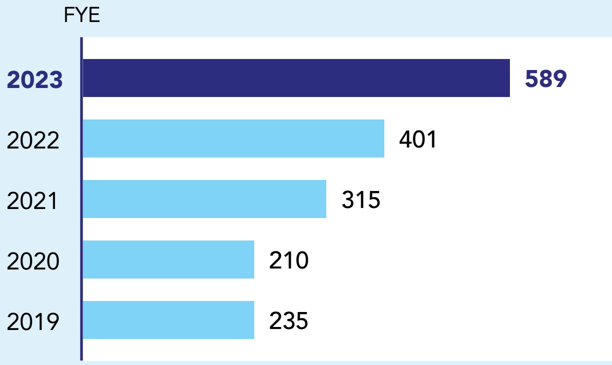
The Core EBITDA and Core PAT, which exclude the impact of exceptional or non-core items, were 37% and 39% higher at RM1.9 billion and RM741 million respectively.

Our healthy profitability is even more noteworthy when considered against these non-core items incurred in FYE 2023, and the increase in our finance costs of RM189 million. The higher finance costs supported our increased investments into YP, YR and YGT, in line with our business plans.

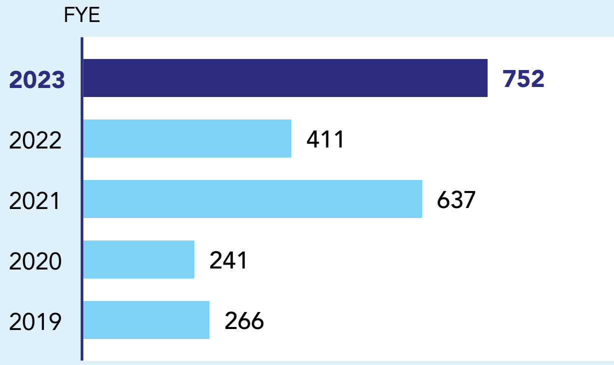
Basic Earnings Per Share*
(sen)



PATAMI
(RM million)



Core PATAMI
(RM million)



Note:

* *FYE 2021 and FYE 2021 adjusted to reflect the bonus issue of 1 bonus share for every 1 existing ordinary share, which was completed on 14 April 2022, the bonus element of the rights issue of 2 rights shares for every 5 existing ordinary shares, which was completed on 28 June 2022, and distributions declared to holders of perpetual securities in determining the profits attributable to ordinary equity shareholders. Refer to Note 14 to the Financial Statements for further details.*

It is the Group's strategy to invite strategic partners to participate in our projects to manage our overall portfolio mix and maximise shareholder value. Thus, shareholders should refer to PATAMI to determine the amount of profit attributable to them.

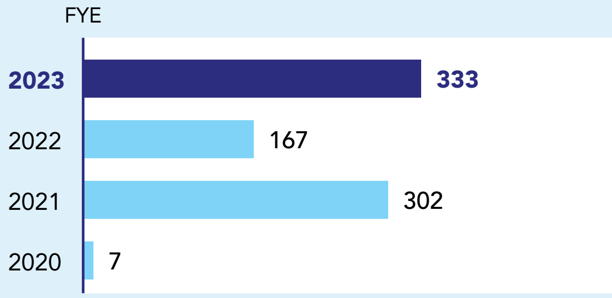
The Group recorded higher PATAMI and Core PATAMI in FYE 2023 of RM589 million and RM752 million respectively due to factors disclosed in the previous profitability section. The Group's Basic Earnings Per Share, computed based on PATAMI (less distributions declared to holders of perpetual securities), reflected similar trends.

FINANCIAL REVIEW

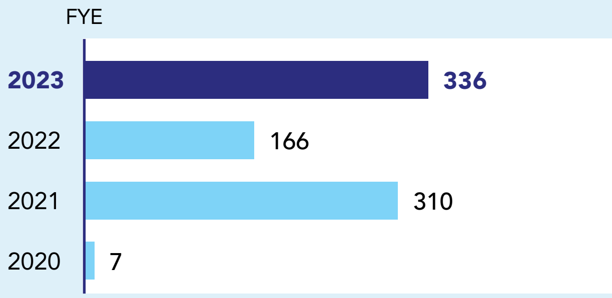
EPCIC profitability

FPSO Anna Nery, FPSO Maria Quitéria and FPSO Atlanta comprised the three EPCIC projects undertaken by the Group in FYE 2023. The ongoing projects contain an EPCIC component where such revenue is recognised over time, based on the progress of construction.

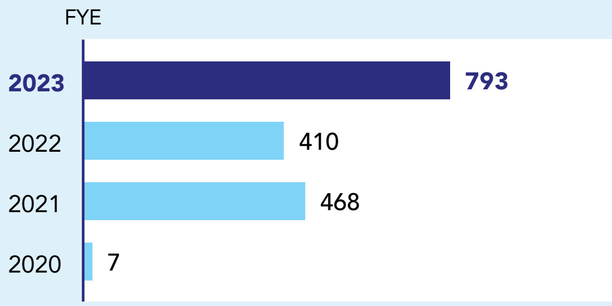
PAT
(RM million)



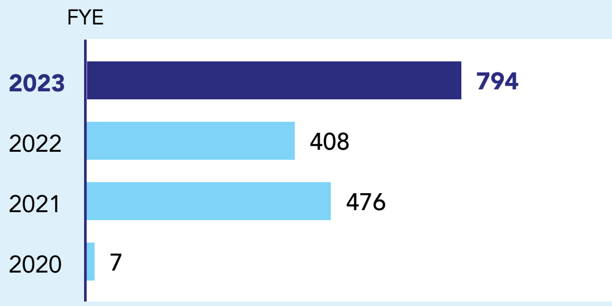
Core PAT
(RM million)



EBITDA
(RM million)



Core EBITDA
(RM million)



In line with the commencement of EPCIC activities for FPSO Maria Quitéria and FPSO Atlanta and the progress of construction in the current financial year, the Group experienced a higher contribution from EPCIC business activities in FYE 2023. The status of the Group's FPSOs that were under construction as at 31 January 2023 is summarised in the following table.

Vessel	Client	Percentage of completion	Expected first oil (calendar year)
FPSO Anna Nery	Petróleo Brasileiro S.A.	Achieved first oil on 7 May 2023	
FPSO Atlanta	Enauta Energia S.A.	25% - 50%	2024
FPSO Maria Quitéria	Petróleo Brasileiro S.A.	25% - 50%	2024

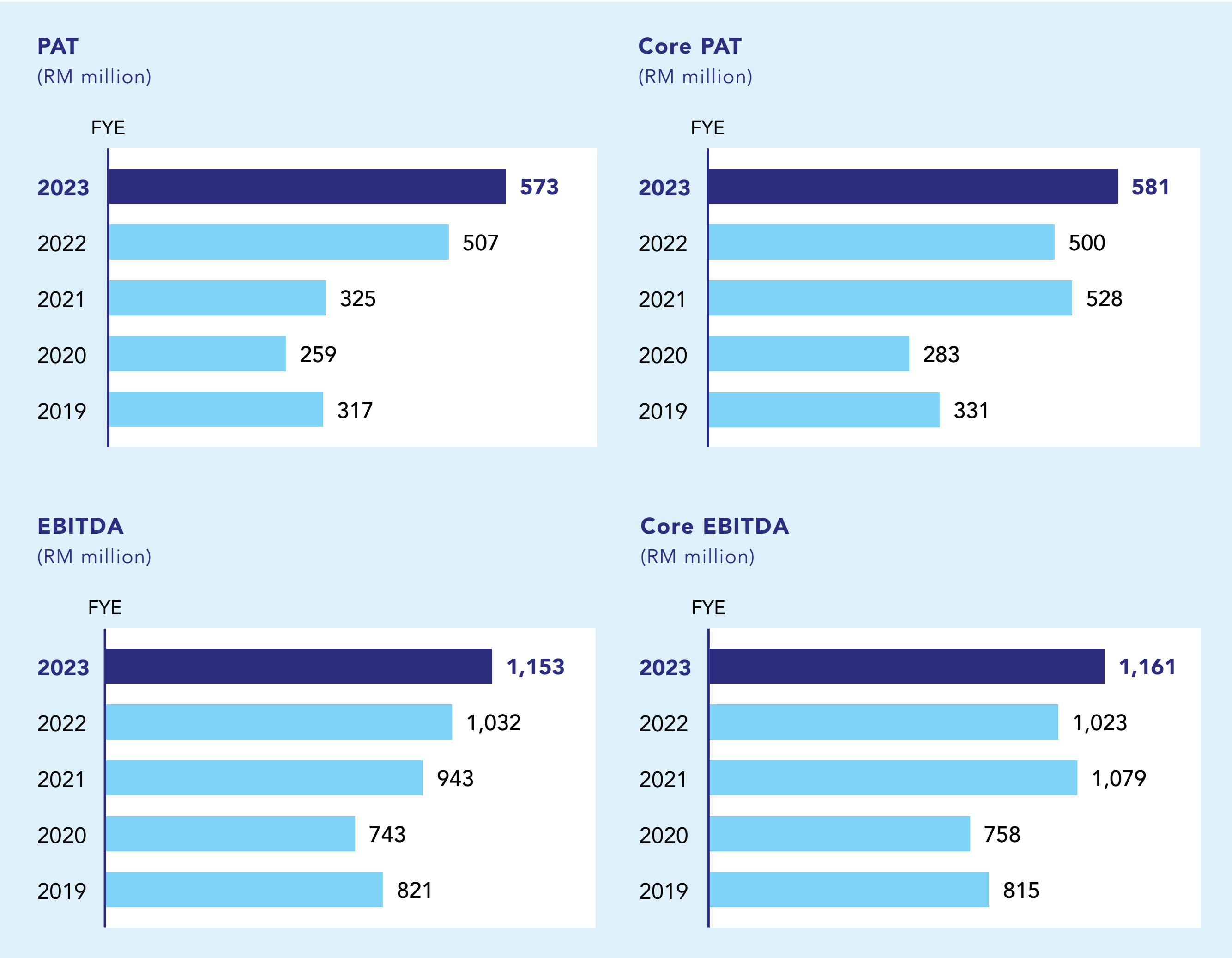
FPSO Anna Nery achieved final acceptance and first oil on 7 May 2023, marking the commencement of the 25-year firm charter period until 2048. With our team's hard work and adaptability, as well as the close working relationships with our clients, vendors and shipyards, we were able to achieve this significant milestone for our first FPSO project in Brazil. Our progress on FPSO Maria Quitéria and FPSO Atlanta remain on schedule as planned.

FINANCIAL REVIEW

FPSO Operations profitability

FPSO Operations represent YP's core operating activities, comprising the leasing of vessels and marine-related services. These are areas in which the Group has extensive experience and a strong track record.

The Group had four operating FPSOs and one operating FSO on charter as at 31 January 2023. After 16 years and 3 months of highly successful operations in Nigeria, FPSO Adoon was sold and handed over to the new owner on 11 January 2023.



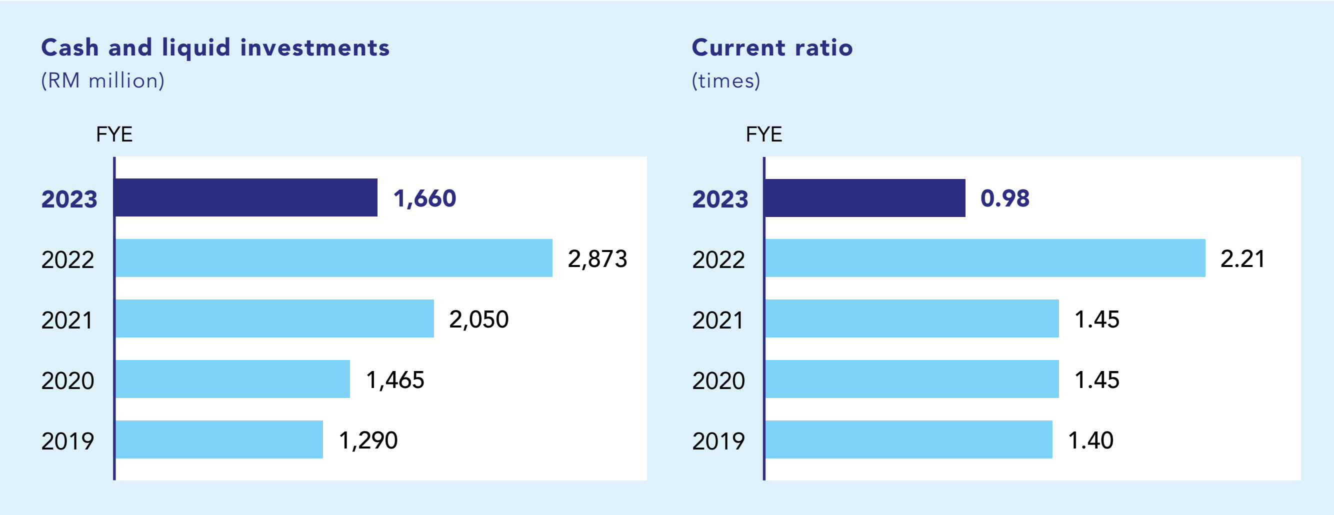
In FYE 2023, FPSO Operations' EBITDA and PAT grew by 12% and 13% respectively as compared to FYE 2022. The growth was driven primarily by rate escalation to reflect inflation and oil price increases in line with our operations agreements and a one-off gain on the sale of FPSO Adoon of RM22 million.

Core EBITDA and Core PAT were 14% and 16% higher at RM1.2 billion and RM581 million respectively, which highlights the fact that our business model is both stable and profitable.

Our industry-leading safety and uptime performance undertaken by our global operations teams, which resulted in 100% commercial uptime across our fleet in FYE 2023, together with higher oil prices resulting in more favourable charter rates and cash flows, allowed us to maintain the asset values of our offshore production assets.

FINANCIAL REVIEW

CASH FLOWS AND LIQUIDITY



Our commitment is to maintain a cash balance to cover our working capital and meet our financial requirements for the years to come. We place continuous focus on both improving our free cash flow position and increasing our long-term borrowings to finance our future growth. We are committed to maintaining this prudent and forward-looking approach, as it has been a crucial strategy for the achievement of our success thus far, and we believe it will continue to safeguard the growth plans that we have ahead.

The Group's cash and bank balances and liquid investments decreased by 42% from RM2.9 billion to RM1.7 billion in FYE 2023. This was mainly due to the redemption of USD100 million (RM465 million) perpetual securities and higher project expenditure for EPCIC business activities and the construction of the Nokh Solar Park to build our portfolio of assets in the current financial year.

The Group's current ratio decreased from 2.21 times to 0.98 times in FYE 2023, mainly as a result of the lower cash position and increased payables to fund the EPCIC business activities and construction of the Nokh Solar Park at the end of the current financial year. The decrease is also in line with our prudent cash and working capital management policy as explained below.

During the construction period of our FPSOs, there is a trade-off between maintaining our short-term payables, and drawing down our financing facilities to settle these payables. In the current high interest rate environment, it is more prudent for us to maintain our short-term liabilities rather than incurring additional financing costs.

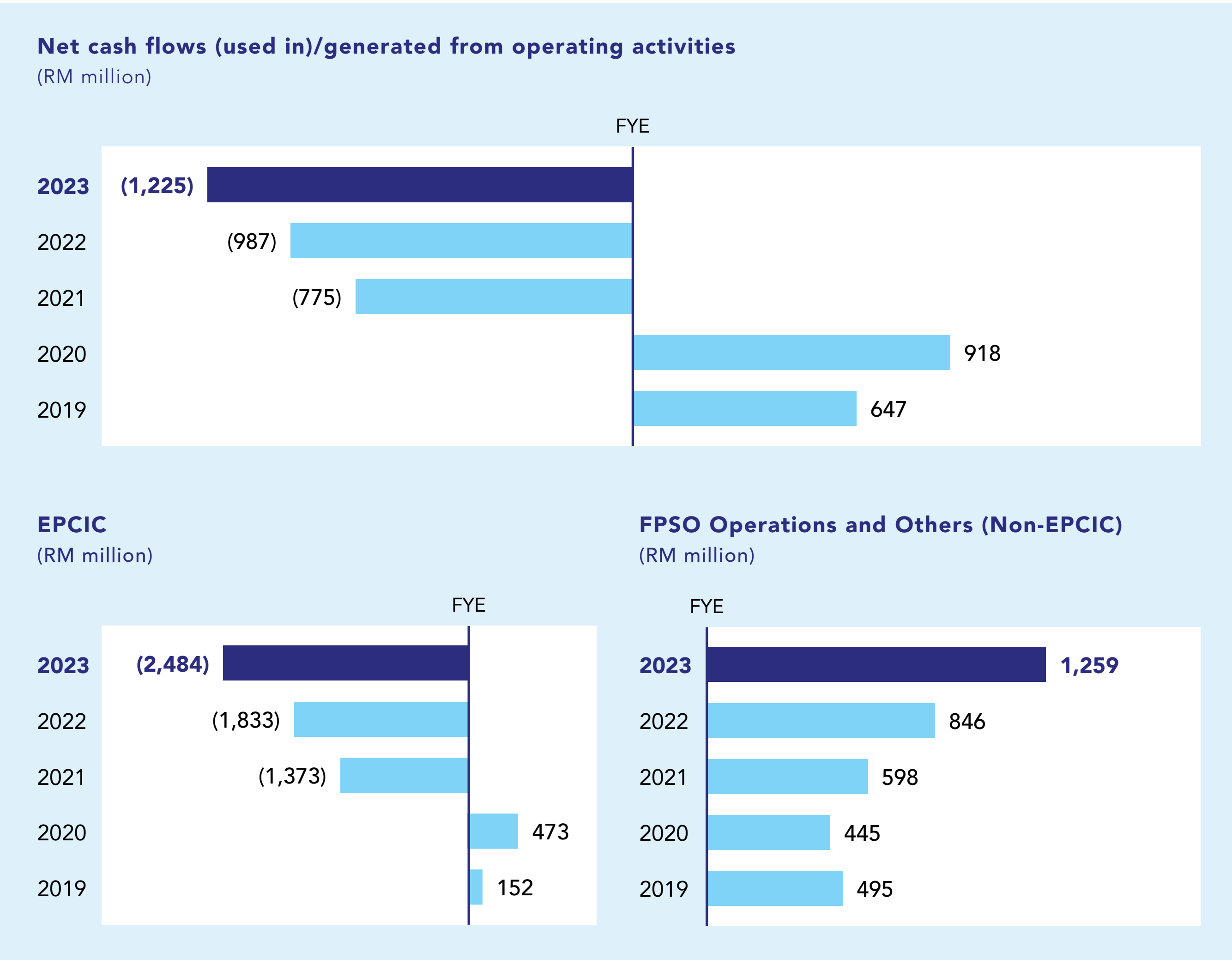
Included within the Group's cash and bank balances and liquid investments of RM1.7 billion are bank balances and deposits of RM476 million which are pledged to banks or lenders and can only be used for the servicing of debts or the payment of suppliers relating to the construction of certain FPSO projects. The remaining balance of RM1.2 billion represents Yinson's free and available cash position, which provides flexibility for expansion and an adequate buffer to meet any unforeseen cash requirements. Free and available cash is derived from cash flows from operations, the raising of financial capital and the drawdown of loans and borrowings pending deployment for projects. It is important to note that the cash flows generated from our operations have been extremely stable in recent years.

As part of how we prudently manage our liquidity risk, our free and available cash is mainly held in time deposits and interest-bearing accounts and is managed with a goal of capital preservation and liquidity so that funds are available at the required time buckets based on cash flow projections. 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 and monitoring 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 monthly stress testing to assess cash flow vulnerability under stressed situations and deploying the necessary action plans.

FINANCIAL REVIEW

Cash flows from operating activities



EPCIC cash flows

During the FPSO conversion period prior to lease commencement, EPCIC business activities do not generate cash for the Group, except in instances where our clients provide advanced funding for the FPSO conversion or where there are normal timing differences arising on payments to our vendors. In FYE 2023, the EPCIC net operating cash outflow primarily represented our continued investment into the conversion of FPSO Anna Nery, FPSO Maria Quitéria and FPSO Atlanta, where the costs incurred were in line with our expectations. Our investment into the projects during the conversion phase will be recovered through the bareboat charter payments received during the operations period. Subsequent to achieving final acceptance and first oil on 7 May 2023, FPSO Anna Nery will contribute positively to the Group's operating cash flows during its operations period.

Non-EPCIC cash flows

Yinson's order book represents RM97 billion for the next 25 years. This provides a stable revenue outlook for the foreseeable future, giving us confidence that we will be able to comfortably meet our operational needs.

The Group's business model of earning stable recurring income from asset-leasing contracts is evidenced by the steady growth of our non-EPCIC activities' cash flows from operations over the past years. In FYE 2023, the net cash flows generated from operating activities for non-EPCIC activities was RM1.3 billion, a 49% increase from the previous year. Looking back over a 2-year time horizon, Yinson's operating cash flows from non-EPCIC activities have more than doubled since FYE 2021.

FINANCIAL REVIEW

Cash flows from investing and financing activities

In FYE 2023, cash flows generated from financing activities, primarily through the drawdown of loans and borrowings and the rights issue completed on 28 June 2022, were deployed towards funding the project execution and investing activities of the Group, as presented in the Statements of Cash Flows from pages 184 to 188, which is in line with the Group's strategy of building a diverse portfolio of assets by growing and developing new businesses.

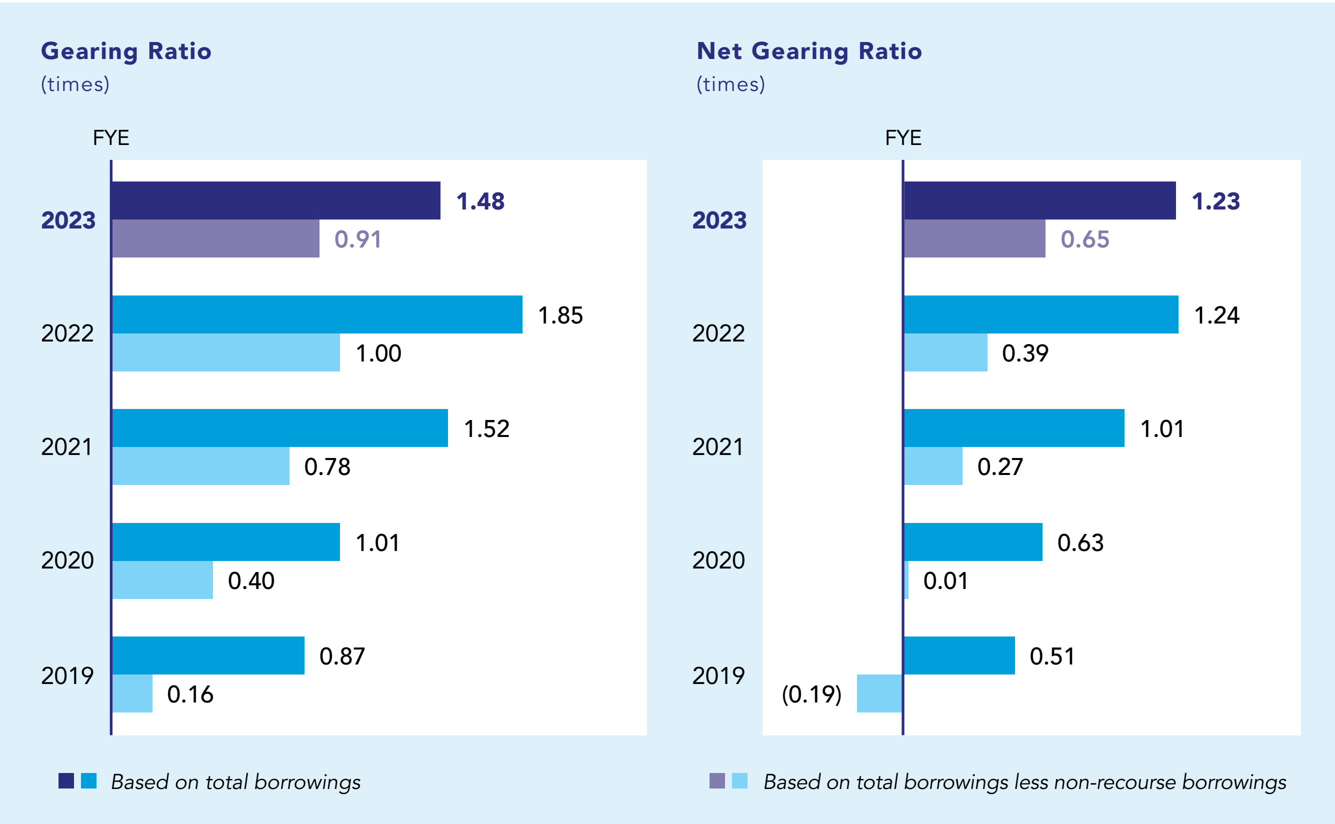
As at 31 January 2023, the Group's total undrawn borrowing facilities and perpetual securities amounted to RM5.3 billion, which comprised a project financing term loan facility of RM3.2 billion, Perpetual Sukuk of RM1.8 billion and revolving credit facilities of RM296 million. These facilities are secured primarily to finance the Group's ongoing and new FPSO projects, and expansion in the Renewables and Green Technologies businesses.

Our purpose for these increased borrowings is to finance our growth and to strengthen our cash position, providing assurance of our ability to service our debts and pay our bondholders in future. Structuring our finances with a long-term vision also allows us to secure funding at a lower cost.

With our strong order book and the continued availability of these borrowing facilities and perpetual securities to support our current level of operations, the Group is confident that it has sufficient liquidity to meet its liabilities in the foreseeable future.

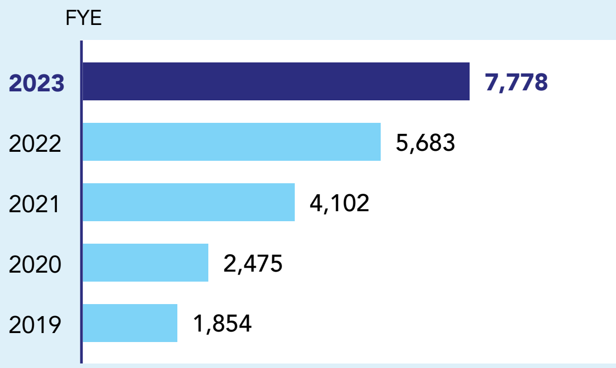
FINANCING ACTIVITIES

Leverage indicators

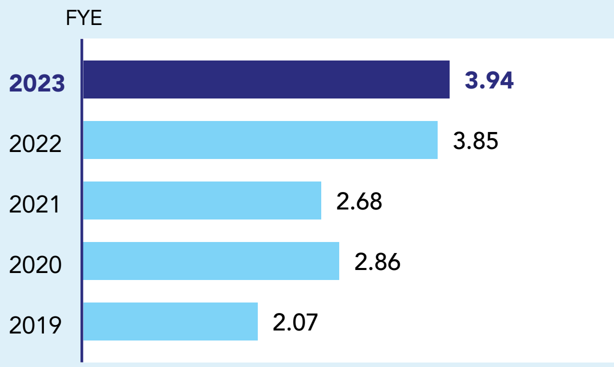


FINANCIAL REVIEW

Adjusted Net Debt
(RM million)



Adjusted Net Debt/Adjusted Core EBITDA
(times)



The Group applies Net Gearing Ratio (calculated as 'Total Loans and Borrowings' less 'Cash and Bank Balances plus Liquid Investments' divided by 'Total Equity') as a key indicator to manage its operations funding structure. Despite the higher leverage on additional loans drawn down to fund project execution needs, the ratio remained stable at 1.23 times in FYE 2023 due to the Group's enhanced total equity position of RM6.5 billion subsequent to the rights issue completed on 28 June 2022.

As at 31 January 2023, RM6.7 billion of loans and borrowings comprised project financing loans for FPSO JAK, FPSO Helang, FPSO Anna Nery, Rising Bhadla 1 & 2 Solar Parks and Nokh Solar Park, which were structured to ensure smooth repayment over the course of the assets' contracted periods. Some key features of Yinson's project financing loans are listed below:

- Project financing loans are non-recourse to Yinson once operational, with Yinson's guarantee being released from the project financing loan, which minimises the risk of these loans to Yinson's liquidity.
- Once the project financing loans become non-recourse, the project financing lenders are only entitled to repayments from cash flows of the projects the loan is financing, and not from any other assets of Yinson.
- The project financing loans for FPSO JAK, FPSO Helang and Rising Bhadla 1 & 2 Solar Parks are non-recourse. The project financing loan for FPSO Anna Nery is expected to become non-recourse in FYE 2024.

In assessing the Group's ability to repay its loans and borrowings, we refer to the Adjusted Net Debt/Adjusted Core EBITDA ratio. This ratio indicates the number of years' profits that are needed to cover outstanding loans and borrowings. FYE 2023's ratio increased to 3.94 times as compared to 3.85 times in FYE 2022, as the FPSO Anna Nery project neared completion and the FPSO Maria Quitéria and FPSO Atlanta projects commenced construction in the current financial year. During the construction phase, this ratio is temporarily elevated as collections from operations have not yet commenced whereas the project financing loan is being drawn to finance the construction. This increase in Adjusted Net Debt/Adjusted Core EBITDA ratio is manageable because FPSO Anna Nery's project financing loan repayments are only scheduled to commence after first oil is expected to be achieved.

As the Group continues to grow, we will continuously assess and determine the appropriate financing strategy for the Group to ensure an optimal mix of debt and equity funding to support future projects.

FINANCIAL REVIEW

CLOSING REMARKS

Yinson's strong focus on energy transition is reflected in our financial performance for FYE 2023, with significant investments made into YR and YGT as well as the implementation of low-carbon emitting technologies in our core FPSO business. Despite facing challenges from market forces such as inflation and interest rates, our profitability has continued to improve year-on-year, which demonstrates the stability and resilience of our business and our robust risk management measures.

By reinforcing our finance function, we can better address the risks identified and provide affordable and clean energy by building a sustainable and profitable operation focused on the energy transition. One of the big steps we have taken towards strengthening the finance function at the business unit level is the engagement of new Chief Financial Officers ("CFOs"). I would like to welcome Markus, Christian and Wan Yin who have joined as the CFOs of YP, YR and YGT respectively. I have asked my new colleagues to share a few words with us about their plans for the business units.

We remain committed to our strategy and view our continued investments into the business as growth enablers that will add to profitability over the long term.

Mr Markus Wenker
CFO, Yinson Production

In the last few years, YP has grown to become one of the leading independent owners and operators of FPSOs worldwide. The reorganisation of Yinson Group and increased autonomy of the different businesses provides YP more flexibility to work along the entire capital structure and across capital instruments, unlocking further growth and value creation for our shareholders. Whilst we are building YP's finance organisation, our focus will be on increasing capital velocity, optimising the capital structure and cost of capital, as well as expanding our banking relationships and broadening our funding base.

Mr Christian Rykke
CFO, Yinson Renewables

YR is an Independent Power Producer ("IPP") focusing on onshore renewable energy production through development, construction and operations of utility scale wind and solar plants. As I have only just joined the team, let me express my genuine excitement about joining the Yinson team, contributing to YR's growth and the Group's transition pathway. I arrive at a pivotal time for YR with a large project pipeline that we look forward to maturing into production assets. As such, our near-term focus is to operationalise the YR core team and to deliver on our targets to become a key IPP in our markets.

Ms Chan Wan Yin
CFO, Yinson GreenTech

YGT is all about electrification, from marine to mobility to charging infrastructure. Our goal is to enable Yinson's transition to net zero, as well as that of our shareholders, partners and community, in line with our SDGs. With the increased autonomy of decision-making to the business units, we are focused on establishing systems and processes that allow us to be agile and nimble. This year, we will focus on building YGT's financial, tax, legal and treasury infrastructure to support the growth of our various businesses.