

CHAIRMAN'S MESSAGE



Empowered by the DARE+ roadmap, which will forge new revenue streams, optimise efficiencies and transform our business model, StarHub is poised to significantly improve long-term Total Shareholder Return.

OLIVIER LIM
Chairman



Fellow Shareholders,

On behalf of the Board of Directors, I am pleased to present StarHub's Annual Report for the financial year ended 31 December 2023 ("FY2023").

In FY2023 we achieved significant milestones in our transformative DARE+ roadmap. We continued to deploy new platforms that will catalyse a change in StarHub's business models and position StarHub strongly in a dynamic and competitive environment. Ultimately, we aim to increase our addressable market, show sustainable topline growth, and improve margins to achieve sustainable and higher return on equity ("ROE") despite our competitive industry.

The Board continues to support our Chief Executive and his team in building a resilient and future-ready business. We are actively providing oversight on essential performance drivers as communicated to shareholders last year. I will furnish an update on Board Composition, Talent & Culture, Strategy, Organisational Development, and Long-term Total Shareholder Return ("TSR").

Driving Performance

StarHub delivered strong performance in FY2023. Core DARE+ initiatives such as Infinity Play have allowed our consumer business to grow despite a competitive market. We are executing on our regional enterprise platform strategy to capitalise on growth opportunities across the region while delivering solutions that bring together cloud, connectivity and cybersecurity ("3C's"), which continues to deliver double-digit annual revenue growth.

Total Revenue and Service Revenue grew 2.0% and 5.5% to \$2.37 billion and \$1.99 billion respectively from a year ago. FY2023 Service EBITDA increased 13.8% to \$432 million, representing a margin of 21.7%. Most notably, our FY2023 Net Profit After

Tax attributable to shareholders ("NPAT") grew 140.4% to \$150 million – marking a return to our FY2021 baseline "breakeven" level prior to heavy DARE+ investments being made. Despite continued investments made in new platforms and growth initiatives during FY2023, our balance sheet remained strong with positive Free Cash Flow of \$186 million and healthy Net Debt to EBITDA of 1.36 times as at 31 December 2023 giving us ample financial flexibility. We will continue to maintain strong capital management discipline but not shy from making investments that will help us sustainably improve topline, margins, and ROE over the longer term.

Strategy & Evolving Business Model

Our DARE+ achievements were made possible by the vision and execution of our Chief Executive and his team, with the support and guidance of the Board.

In the near-term, management will continue to execute on DARE+, which is expected to generate over \$500 million in cumulative cost savings and gross profit growth between FY2022 and FY2027. The value-accretive DARE+ programme aims to generate stable-state incremental net profit per annum¹ of \$80 million from FY2027 through the creation of new revenue streams and enhanced efficiencies driven by the adoption of new and advanced systems and platforms.

Driving Growth

During the year, we continued to deliver connectivity growth in a challenging and competitive market. The team's tenacity and entrepreneurial spirit allowed StarHub to capture a larger share of the market and enhance its leadership across Mobile, Broadband and Entertainment.

We continued to drive Infinity Play into the lives of our customers, allowing StarHub to cross-sell and up-sell through enhanced customer engagement and quality service. This has been an effective market differentiation strategy, allowing our consumer ARPU and performance to stabilise and even improve in an intensely competitive operating environment.

On the Enterprise side, we continued to co-create with our clients innovative solutions that are anchored on the 3C's. Additionally, we are building Cloud Infinity, the World's First Secure Autonomous Metropolitan Cloud for Smart Cities and Enterprises, securing our position as a leading provider of innovative solutions for enterprise clients. Cybersecurity remains core to our strategy to leverage the convergence of the 3C's, and our Regional ICT Services business continued to build strong order books.

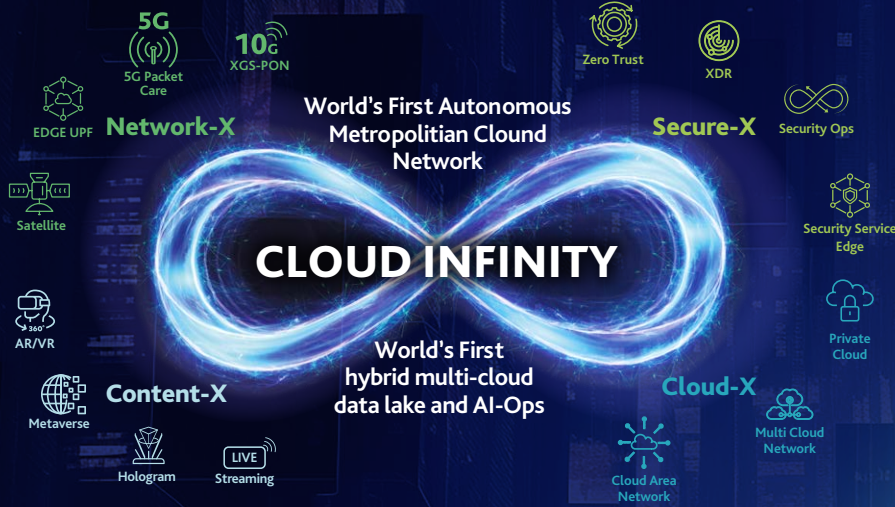
Re-Platforming with Cloud & Digital

FY2023 was a pivotal year as we started making significant progress with building the new platforms that will enable and accelerate the execution of DARE+. This will reposition StarHub as a leading digital ecosystem player.

We are currently in the process of implementing our multi-year IT Transformation programme, which will radically "cloudify" and modernise our IT architecture. We are excited about the immense value that this will bring to our customers, and to StarHub by delivering higher quality of service at lower cost overall, and tremendous go-to-market agility. We first launched StarHub's All-in-One app for consumers in November 2022, and the app has gone through various iterations with new products and services, as well as key features added. Without requiring customers to migrate to a new app, we have seen strong traction and improved customer engagement during FY2023, and we will continue to enhance the consumer app in FY2024.

¹ Using FY2021 as the baseline year.

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The first of its kind in the world, Cloud Infinity will enhance network observability, scalability, and resilience for StarHub upon its full implementation. Its innovative platforms will address market gaps. Enterprises will be able to securely and effectively leverage hybrid and public multi-cloud capabilities across the entire spectrum from core to edge on a high resiliency, high observability, and ultra-low latency platform. We started socialising Cloud Infinity with key clients in FY2023, and have started co-creating several minimum viable products and proof of concepts alongside clients to ensure Cloud Infinity's market relevance. The team is working to launch most of Cloud Infinity's four platforms commercially by FY2024.


 [Read more about about Cloud Infinity on page 18](#)

Underpinning all our digital strategies is a data lake that we started building in 2023. The data lake powers StarHub's aforementioned platforms, seamlessly leveraging artificial intelligence ("AI") to unify rich cloud-based data accumulated across the organisation to enable innovative customer engagement models, give rise to new monetisation opportunities and drive greater internal efficiencies through data-driven strategic business decisions. In the Consumer segment, we aim to enhance customer lifetime value and provide a personalised experience. We expect to be able to gain full visibility

on customer journey and profiles from FY2024. We will expand this capability to enterprises, as well as create an AI-enabled data centric and empowered culture within StarHub to optimise operational efficiencies.

 [Read more about our consumer business strategies on pages 42 to 49.](#)

Having established these platforms, we will implement our enterprise regional strategy using a dual-pronged approach. Firstly, we will harness the capabilities, customer base and regional presence of our subsidiaries to effectively introduce and monetise new platforms and technologies throughout the region, including new regional opportunities enabled by Cloud Infinity. Secondly, our subsidiaries will capitalise on StarHub's customer base, robust partnership network, demonstrated track record, and client endorsements to actively pursue significant cross-border projects in the region.

 [Read more about our enterprise business strategies on pages 50 to 57.](#)

M&A's Role in StarHub's Strategy

Our transformation is primarily organic in nature. Judicious acquisitions and divestments have an important supporting role to play in this. We regularly continue to assess high-quality synergistic acquisitions that align with and enhance our strategy.

Cybersecurity remains core to our Enterprise platform strategy in the convergence of the 3C's and our regionalisation plans. Ensign, which anchors our Cybersecurity Services segment, continues to deliver strong double-digit annual revenue growth of 16% in FY2023. As Asia's largest pure-play Cybersecurity Services company with a comprehensive and complete offering, Ensign's service proposition is augmented by proprietary R&D solutions, leveraging AI and Machine Learning technologies for advanced threat detection, analysis and response. This focus is aligned and synergistic with StarHub's niche in providing converged enterprise solutions in the 3C's, hence, we have extended our Assigned Rights until October 2025, solidifying our commitment to this crucial component of our business by retaining a 55.73% interest in Ensign.

We announced on 13 December 2023 the divestment of Ensign's subsidiary, D'Crypt, which focuses primarily on hardware development for the defence industry. This divestment sharpens Ensign's business, allowing them to focus resources on higher growth areas.

During the year, we also completed the acquisition of the remaining 40% stake in JOS Singapore and JOS Malaysia, integrating these businesses fully into StarHub Enterprise. Being wholly-owned subsidiaries, this strategic move empowers the Group to harness the collective capabilities with integrated go-to-market and delivery engagement model to pursue larger regional projects and broaden our market reach.

Enhancing Total Shareholder Return

To thank shareholders for their continued support, the Board has recommended a final dividend of 4.2 cents per share. Together with the interim dividend of 2.5 cents per share, the total dividend in FY2023 is 6.7 cents per share, representing a payout ratio of 80% of NPAT, adjusted for one-off items. The Board remains committed to upholding our declared dividend policy, which entails distributing at least 80% of NPAT excluding one-offs, and offers its dividend guidance of at least 6.0 cents per ordinary share for FY2024.

Empowered by the DARE+ roadmap, which will forge new revenue streams, optimise efficiencies and transform our business model, StarHub is poised to significantly improve long-term TSR. DARE+ has also resulted in a shift in our business model as we continue to drive Capex-to-Opex substitution across our businesses in the light of our asset-light and capitalisation strategy. This is expected to improve net margin efficiencies and Free Cash Flow trends moving forward.

Our ROE for 2023 increased to 20.7% compared with 10.2% the previous year. To demonstrate our resolve to enhance long-term TSR, we established a \$50 million Share Buyback programme in June 2023 to repurchase up to 3% of StarHub's issued share capital, or 51.9 million shares. As at 31 December 2023, we repurchased 16.7 million shares, at an aggregate cost of \$17.6 million, thereby reducing our issued share capital (excluding treasury shares) compared to a year ago.


Sustainability & Organisational Development

At StarHub, sustainability remains at the heart of our strategy and operations, influencing decisions that we make. From environmental initiatives to community outreach efforts and business practices, we have been taking proactive steps to build a greener future together with our stakeholders.

We remain committed to aligning our sustainability practices to accepted ESG frameworks infused with the context of our industry and society. As a testament to our progress in Sustainability, StarHub earned the prestigious titles of "World's Most Sustainable Wireless Telecommunication Provider" and "80th Most Sustainable Corporation" by Corporate Knights in its Global 100 2024 rankings. The Global 100 is widely accepted as the gold standard in sustainability rankings.

This year, we achieved an important milestone in our decarbonisation roadmap, having had our goals and targets for

lowering the Group's Scope 1, 2 and 3 emissions officially verified by the Science Based Targets initiative ("SBTi") in November 2023. Our goals are aligned with a 1.5-degree climate scenario and we aim to reach net-zero greenhouse gas emissions across our value chain by FY2050.

 Please refer to page 87 for our SBT adoption.

Presently, we are proactively addressing various aspects to reduce carbon emissions in our operations. Specifically, in the fiscal year 2023, 12% of our energy consumption originated from renewable electricity sources. Moving forward, we are committed to increasing this percentage, aiming to satisfy 30% of our electricity requirements through renewable energy by the year 2030. Additionally, we've undertaken the modernisation of our legacy data centres and initiated the integration of electric vehicles (EVs) into our corporate fleet. Our dedication to support the global push for net zero emissions will lead us to intensify our efforts.

Our commitment to sustainability goes beyond environmental causes to include the community that we operate in. As a team, StarHub continues to support less privileged children and youths, and foster a digitally inclusive community, having invested close to \$600,000 and over 1,215 employee volunteering hours in FY2023.

As a forward-thinking organisation, StarHub is actively re-aligning our structure to meet the requirements of our DARE+ roadmap that has seen a shift in our long-term ambitions and way of work. This involves the re-shaping of our physical workplace to encourage employees to connect, collaborate, and co-create within a dynamic work environment, thereby fostering a culture that epitomises 'The StarHub Way'. Our dedication to continuous learning and development, coupled with strategic talent acquisition, is more crucial than ever. These initiatives are key to bolstering our organisation for future growth, ensuring that our workforce is adept and equipped to keep pace with StarHub's transformation.



Net-Zero
Greenhouse gas emissions by 2050



Reduce absolute scope 1 and 2 GHG emissions by **50%** by 2030



Reduce absolute scope 1, 2, and 3 GHG emissions by **90%** by 2050

Acknowledgements

At the conclusion of the upcoming AGM on 25 April 2024, Mr Naoki Wakai will be stepping down from the Board of Directors after almost seven years of service since his appointment in August 2017. With almost three decades of experience in international telecommunications and IT business under his belt, Wakai-san offered valuable perspectives and contributed his rich experience to the Board and Management. We would like to take this opportunity to extend our appreciation to Wakai-san.

I would also like to extend the Board's appreciation to our Chief Executive, Nikhil, management and employees for their dedication and invaluable contributions in executing to our DARE+ roadmap. To our customers, business partners, suppliers and shareholders, thank you for your continued support, trust and loyalty.

Olivier Lim
Chairman