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STARHUB LTD

Announcement of Unaudited Results for the Half Year ended 30 June 2023

StarHub is pleased to announce the unaudited results for the half year ended 30 June 2023.

Results for the Half Year ended 30 June 2023

1. GROUP INCOME AND COMPREHENSIVE INCOME STATEMENTS

1.1 GROUP INCOME STATEMENT

	Half Year ended 30 Jun			
	2023 S$m	2022 S$m	Incr / (Decr) S$m	%
Total revenue	1,106.1	1,058.6	47.5	4.5
Operating expenses	(1,000.7)	(967.0)	33.7	3.5
Other income	1.6	4.1	(2.5)	(61.2)
Profit from operations	**107.0**	**95.7**	**11.3**	**11.9**
Non-operating income	-	0.5	(0.5)	(100.0)
Finance income	7.4	2.8	4.6	163.3
Finance expense (1)	(20.0)	(23.6)	(3.6)	(15.4)
	94.4	**75.4**	**19.0**	**25.3**
Share of gain of associate, net of tax	0.5	0.1	0.3	nm
Share of gain of joint venture, net of tax	1.2	1.5	(0.3)	(19.6)
Profit before taxation	**96.1**	**77.0**	**19.1**	**24.7**
Taxation	(20.9)	(15.5)	5.5	35.3
Profit for the period	**75.2**	**61.6**	**13.6**	**22.1**
Attributable to:				
Owners of the Company	76.7	60.9	15.7	25.8
Non-controlling interests	(1.5)	0.6	(2.1)	nm
	75.2	**61.6**	**13.6**	**22.1**
Earnings per share (in cents)				
- Basic	**4.2**	**3.3**	**0.9**	**27.8**
- Diluted	**4.2**	**3.3**	**0.9**	**27.7**
EBITDA	**229.8**	**229.7**	**0.0**	**0.0**
Service EBITDA (2)	**212.5**	**213.9**	**(1.5)**	**(0.7)**
Service EBITDA as % of service revenue	**22.7%**	**24.6%**	**-1.9% pts**	
Free Cash Flow (3)	**(0.0)**	**61.3**	**(61.3)**	**nm**
Profit from operations is arrived after charging the following:				
Loss allowances of trade receivables	*9.6*	*2.8*	*6.9*	*nm*
Depreciation and amortisation	*122.8*	*134.1*	*(11.3)*	*(8.4)*
Foreign exchange (gain)/ loss	*0.6*	*(0.5)*	*1.1*	*nm*
Allowance for stock obsolescence	*3.5*	*(1.3)*	*4.7*	*nm*

nm – Not meaningful

Notes:

(1) Finance expense includes interest on borrowings and lease liabilities and other financing charges

(2) Service EBITDA refers to EBITDA less equipment margin (sales of equipment less cost of equipment)

(3) Free Cash Flow refers to net cash from operating activities less purchase of property, plant and equipment and intangible assets in the cash flow statement

(4) The financial statements for the half year ended 30 June 2022 include the consolidation of newly acquired subsidiaries, JOS (SG) Pte. Ltd. (formerly known as HKBN JOS (SG) Pte. Ltd.) ("JOS SG") and JOS (Malaysia) Sdn. Bhd. (formerly known as HKBN JOS (Malaysia) Sdn. Bhd.) ("JOS MY"), following the completion of acquisition on 3 January 2022; and MyRepublic Broadband Pte Ltd (MyRepublic Broadband"), following the completion of acquisition on 21 March 2022

(5) Numbers in all tables may not exactly add up due to rounding

1.2 GROUP COMPREHENSIVE INCOME STATEMENT

	Half Year ended 30 Jun			
	2023	2022	Incr / (Decr)	
	S$m	S$m	S$m	%
Profit for the period	**75.2**	**61.6**	**13.6**	**22.1**
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Net change in fair value of equity investment at fair value through other comprehensive income ("FVOCI"), net of taxation	(0.6)	0.6	(1.1)	nm
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences	0.2	0.0	0.2	nm
Effective portion of changes in fair value of cash flow hedges, net of taxation	4.2	0.6	3.6	nm
Share of other comprehensive income of associate and joint venture	(0.1)	1.6	(1.7)	nm
Foreign currency translation reserve on liquidation of subsidiary	-	-	-	-
Other comprehensive income for the period, net of taxation	3.8	2.7	1.0	37.1
Total comprehensive income for the period	**78.9**	**64.3**	**14.6**	**22.7**
Attributable to:				
Owners of the Company	80.4	63.6	16.9	26.5
Non-controlling interests	(1.5)	0.8	(2.2)	nm
Total comprehensive income for the period	**78.9**	**64.3**	**14.6**	**22.7**

nm – Not meaningful

1.3 GROUP PERFORMANCE REVIEW FOR THE HALF YEAR ENDED 30 JUNE 2023

(A) Revenue

	Half Year ended 30 Jun			
	2023	2022	Incr / (Decr)	
Revenue	**S$m**	**S$m**	**S$m**	**%**
Mobile	302.7	268.3	34.4	12.8
Broadband [(1)]	124.6	115.8	8.8	7.6
Entertainment	113.9	96.4	17.5	18.2
Enterprise Business	396.9	390.0	6.9	1.8
- Network Solutions [(1) (2)]	183.0	175.0	8.0	4.6
- Cybersecurity Services [(3)]	129.0	120.6	8.4	7.0
- Regional ICT Services [(4)]	85.0	94.4	(9.5)	(10.0)
Service revenue	938.1	870.5	67.6	7.8
Sales of Equipment [(5)]	168.0	188.0	(20.0)	(10.7)
Total revenue	1,106.1	1,058.6	47.5	4.5

(1) Includes service revenue from MyRepublic Broadband
(2) Includes Data & Internet, Managed Services and Voice Services
(3) Includes service revenue from Ensign and D'Crypt
(4) Includes service revenue from Strateq, JOS SG and JOS MY
(5) Includes Sales of Equipment revenue from MyRepublic Broadband

The Group's 1H2023 total revenue of S$1,106.1 million was S$47.5 million or 4.5% higher year-on-year ("YoY"), mainly due to higher contributions from Mobile, Broadband, Entertainment and Enterprise Business, offset by lower Sales of Equipment.

Against the corresponding period last year, 1H2023 Mobile service revenue rose 12.8% YoY due to higher Postpaid and Prepaid revenues. The increase in 1H2023 Postpaid revenue was lifted by higher roaming, voice and data subscriptions, and value-added services ("VAS") revenues partially offset by lower IDD revenue, excess data usage, SMS usage, voice usage and the absence of S$1.7 million in one-off revenue recognised in 1H2022 relating to an infrastructure project. Excluding this one-off revenue, Mobile service revenue would have been S$36.1 million or 13.5% higher YoY. The YoY increase in 1H2023 Prepaid revenues was due to an increase in the number of tourists and foreign workers from the reopening of borders coupled with higher data subscriptions and increased Prepaid expired credits, partially offset by lower voice revenue and IDD revenue.

Broadband service revenue increased 7.6% YoY in 1H2023, mainly due to higher subscription revenue achieved that lifted ARPU, as well as the consolidation of MyRepublic Broadband from 2Q2022.

Entertainment service revenue increased 18.2% YoY in 1H2023, due to higher subscription, commercial TV and advertising revenues. These increases were mainly driven by Premier League that commenced in 3Q2022.

Enterprise Business revenue increased 1.8% YoY in 1H2023, due to higher revenues from Data & Internet, Managed Services and Cybersecurity Services, partially offset by lower revenues from Voice Services and Regional ICT Services.

Revenue from Sales of Equipment decreased 10.7% YoY in 1H2023, mainly due to lower volume of handsets sold.

(B) Operating expenses

Operating expenses	Half Year ended 30 Jun 2023 S$m	2022 S$m	Incr / (Decr) S$m	%
Cost of sales (1)	406.8	383.2	23.6	6.2
Other operating expenses (1)	370.9	366.7	4.2	1.1
Cybersecurity Services (2)	138.9	123.5	15.4	12.5
Regional ICT Services (3)	84.1	93.6	(9.6)	(10.2)
Total	1,000.7	967.0	33.7	3.5

(1) Includes cost of sales and other operating expenses from MyRepublic Broadband
(2) Includes cost of sales and other operating expenses from Ensign and D'Crypt
(3) Includes cost of sales and other operating expenses from Strateq, JOS SG and JOS MY

The Group's total operating expenses in 1H2023 was S$33.7 million higher YoY, mainly due to the consolidation of MyRepublic Broadband from 2Q2022, as well as higher Cybersecurity Services operating expenses; partially offset by lower Regional ICT Services operating expenses. Excluding operating expenses relating to MyRepublic Broadband, Cybersecurity Services and Regional ICT Services, the Group's total operating expenses in 1H2023 grew 1.8% YoY, mainly due to higher cost of services in line with higher service revenue, partially offset by lower cost of equipment and lower other operating expenses.

As a percentage of the Group's total revenue, total operating expenses in 1H2023 was at 90.5% compared to 91.3% in the corresponding period last year. Excluding MyRepublic Broadband, Cybersecurity Services and Regional ICT Services, the Group's total operating expenses in 1H2023 was 87.5% of the Group's total revenue compared to 89.0% in the corresponding period last year.

Cybersecurity Services(1)	Half Year ended 30 Jun 2023 S$m	2022 S$m	Incr / (Decr) S$m	%
Cost of sales	66.3	57.0	9.2	16.2
Other operating expenses	72.7	66.5	6.2	9.3
Total	138.9	123.5	15.4	12.5

(1) includes cost of sales and other operating expenses from Ensign and D'Crypt

As a percentage of Cybersecurity Services revenue, operating expenses for the segment in 1H2023 increased to 107.7% compared to 102.4% in the corresponding period last year.

Regional ICT Services (1)	Half Year ended 30 Jun 2023 S$m	2022 S$m	Incr / (Decr) S$m	%
Cost of sales	49.8	57.6	(7.8)	(13.6)
Other operating expenses	34.3	36.0	(1.8)	(4.9)
Total	84.1	93.6	(9.6)	(10.2)

(1) Includes cost of sales and other operating expenses from Strateq, JOS SG and JOS MY

As a percentage of Regional ICT Services revenue, the segment's operating expenses in 1H2023 was 98.9% compared to 99.2% in the corresponding period last year.

A breakdown of total operating expenses is as follows:

(i) Cost of sales

Cost of sales	Half Year ended 30 Jun 2023 S$m	2022 S$m	Incr / (Decr) S$m	%
Cost of equipment sold	150.7	172.2	(21.5)	(12.5)
Cost of services	217.9	173.1	44.8	25.9
Traffic expenses	22.2	20.5	1.7	8.2
Customer acquisition costs	15.9	17.3	(1.4)	(8.1)
Cost of sales (excluding Cybersecurity Services and Regional ICT Services)	406.8	383.2	23.6	6.2
Cost of sales (Cybersecurity Services)	66.3	57.0	9.2	16.2
Cost of sales (Regional ICT Services)	49.8	57.6	(7.8)	(13.6)
Total	522.8	497.8	25.1	5.0

Cost of sales (excluding Cybersecurity Services and Regional ICT Services)
Cost of sales for 1H2023 increased S$23.6 million YoY mainly due to higher cost of services and higher traffic expenses, partially offset by lower customer acquisition costs and lower cost of equipment sold.

Cost of equipment sold decreased 12.5% YoY in 1H2023, mainly due to lower volume of handsets sold.

The 25.9% YoY increase in cost of services in 1H2023 was mainly due to higher Entertainment content costs, higher Broadband costs and higher Network Solutions costs.

Traffic expenses in 1H2023 increased 8.2% YoY, mainly due to higher roaming cost in line with higher roaming revenue.

The 8.1% YoY decrease in customer acquisition costs in 1H2023 was mainly due to lower Broadband acquisition costs, partially offset by higher dealer commission for Prepaid Mobile.

Cost of sales (Cybersecurity Services)
The YoY increase in cost of sales in 1H2023 was in line with higher revenue generated.

Cost of sales (Regional ICT Services)
The YoY decrease in cost of sales in 1H2023 was in line with lower revenue generated.

(ii) Other operating expenses

Other operating expenses	Half Year ended 30 Jun 2023 S$m	2022 S$m	Incr / (Decr) S$m	%
Staff costs	102.2	93.3	8.9	9.5
Operating leases	22.3	17.0	5.3	31.1
Marketing and promotions	11.3	11.5	(0.2)	(1.7)
Loss allowance for trade receivables	9.7	2.8	6.9	nm
Repairs and maintenance	50.0	41.2	8.9	21.5
Other expenses	69.1	87.1	(17.9)	(20.6)
Depreciation and amortisation	106.3	113.9	(7.6)	(6.7)
Other operating expenses (excluding Cybersecurity Services and Regional ICT Services)	370.9	366.7	4.2	1.1
Other operating expenses (Cybersecurity Services)	72.7	66.5	6.2	9.3
Other operating expenses (Regional ICT Services)	34.3	36.0	(1.8)	(4.9)
Total	477.8	469.2	8.6	1.8

The Group's total other operating expenses for 1H2023 was S$8.6 million higher YoY. As a percentage of total revenue, other operating expenses was 43.2% in 1H2023, compared to 44.3% in the corresponding period last year.

Other operating expenses (excluding Cybersecurity Services and Regional ICT Services)
An analysis of major variances in other operating expenses (excluding Cybersecurity Services and Regional ICT Services) is provided below:

Staff costs
Staff costs was 9.5% higher YoY in 1H2023, mainly due to higher headcount and the consolidation of MyRepublic Broadband from 2Q2022.

Operating leases
Operating leases was 31.1% higher YoY in 1H2023, mainly due to an increase in contract capacity for the StarHub Hyperscale Data Centre @ Loyang.

Marketing and promotion
Marketing and promotion expenses was relatively stable at S$11.3 million in 1H2023, which was S$0.2 million or 1.7% lower YoY.

Loss allowance for trade receivables
Loss allowance for trade receivables was S$6.9 million higher YoY in 1H2023, mainly due to an increase in general allowance as a result of higher aged trade receivables, partially offset by lower bad debt written off.

Repairs and maintenance
Repairs and maintenance expenses was 21.5% higher YoY in 1H2023, mainly due to higher maintenance costs for network infrastructure and IS systems.

Other expenses
Other expenses was S$17.9 million lower YoY in 1H2023 mainly due to lower occupancy cost as a result of decreased utilities rate, lower IT outsourcing costs, lower professional fees; partially offset by higher miscellaneous expense, higher foreign exchange loss and lower miscellaneous income.

Depreciation and amortisation
Depreciation and amortisation expense was S$7.6 million lower YoY in 1H2023, mainly due to lower depreciation of property, plant and equipment (PPE) resulting from the impairment of network assets relating to the shutdown of StarHub's legacy infrastructure in 4Q2022; and lower depreciation of right-of-use (ROU) assets, partially offset by higher amortisation of intangible assets.

Other operating expenses (Cybersecurity Services)
The YoY increase in other operating expenses in 1H2023 was primarily due to higher staff costs and other expenses, offset by a decrease in depreciation and amortisation.

Other operating expenses (Regional ICT Services)
The YoY decrease in other operating expenses in 1H2023 was mainly due to lower depreciation and amortisation.

(C) Other income

Other income decreased YoY in 1H2023 mainly due to lower income grants and lower recovery of tunnel fees from TPG.

(D) Profitability

Profit from operations for 1H2023 increased S$11.3 million or 11.9% YoY to S$107.0 million. Operating loss from Cybersecurity Services was S$8.9 million in 1H2023 compared to an operating profit of S$0.5 million in in the corresponding period last year, mainly due to lower other income and continued investments in talent to support growth. Operating profit from Regional ICT Services remained stable YoY at S$0.9 million in 1H2023. Excluding Cybersecurity Services and Regional ICT Services, profit from operations would have been S$115.0 million, S$20.8 million or 22.0% higher YoY in 1H2023. This is due to higher revenues from Mobile, Entertainment, Broadband and Network Solutions coupled with higher margin from Sales of Equipment; partially offset by higher operating expenses.

Service EBITDA margin for 1H2023 at 22.7% was 1.9 percentage points lower compared to the corresponding period last year. Finance income was higher YoY in 1H2023 while finance expense was lower YoY in 1H2023 mainly due to lower borrowings as a result of a bond redemption in 3Q2022.

Non-operating income was lower in 1H2023 due to the absence of a fair value gain from settlement of contingent consideration of S$0.5 million in 1H2022.

Share of results of associate was higher in 1H2023, compared to the corresponding period last year.

Share of results of joint venture was lower in 1H2023, compared to the corresponding period last year.

Profit before taxation of S$96.1 million in 1H2023 was S$19.1 million higher YoY, mainly due to higher profit from operations and lower net finance costs. Taxation expenses was higher correspondingly at S$20.9 million.

Profit after taxation for the period in 1H2023 was S$75.2 million.

2. BUSINESS REVIEW

Mobile Services

	Half Year ended 30 Jun			
	2023	2022	Incr / (Decr)	
	S$m	S$m	S$m	%
Mobile revenue	302.7	268.3	34.4	12.8

Mobile operating statistics	Quarter ended 30 Jun 2023	Quarter ended 31 Mar 2023	Quarter ended 30 Jun 2022	Half Year ended 30 Jun 2023	Half Year ended 30 Jun 2022	YoY Incr / (Decr) %
Number of registered subscribers (in thousands)						
Postpaid	1,580	1,580	1,520	1,580	1,520	3.9
Prepaid	594	592	534	594	534	11.2
Total	2,174	2,172	2,054	2,174	2,054	5.8
ARPU with IDD included (S$ per month)						
Postpaid (1)	32	32	29	32	29	10.4
Prepaid	7	7	8	7	8	(5.4)
Average smartphone data usage (GB)	16.8	15.5	13.0	16.2	13.0	24.9
Average monthly churn rate (post-paid) (2)	0.8%	0.8%	0.7%	0.8%	0.8%	-
Singapore mobile penetration (3)	172.8%	168.5%	163.9%	172.8%	163.9%	-
Market Share (3)	22.3%	22.9%	23.0%	22.3%	23.0%	-

(1) Based on latest published statistics.

Mobile service revenue rose 12.8% YoY due to higher Postpaid and Prepaid revenues. The increase in 1H2023 Postpaid revenue was lifted by higher roaming, voice and data subscriptions, and value-added services ("VAS") revenues partially offset by lower IDD revenue, excess data usage, SMS usage, voice usage and the absence of S$1.7 million in one-off revenue recognised in 1H2022 relating to an infrastructure project. Excluding this one-off revenue, Mobile service revenue would have been S$36.1 million or 13.5% higher YoY. The YoY increase in 1H2023 Prepaid revenues was due to an increase in the number of tourists and foreign workers from the reopening of borders coupled with higher data subscriptions and increased Prepaid expired credits, partially offset by lower voice revenue and IDD revenue.

Postpaid Mobile Services

As of 30 June 2023, Postpaid mobile subscriber base remained stable at 1,580,000. Compared to a year ago, the Postpaid subscriber base increased by 60,000 subscribers or 3.9%.

ARPU of S$32 in 2Q2023 and 1H2023 were S$3 higher YoY compared to the corresponding periods last year. This was mainly due to higher roaming, higher VAS and higher voice subscription offset by lower overall usage revenues. The overall average smartphone data usage increased YoY for both 2Q2023 and 1H2023 to 16.8 GB and 16.2 GB, respectively.

Average monthly churn rate was stable at 0.8% for 2Q2023 and 1H2023.

Prepaid Mobile Services

As of 30 June 2023, the Prepaid mobile customer base stood at 594,000 subscribers, after the quarter's net addition of 2,000 customers. Compared to a year ago, Prepaid customer base increased by 60,000 customers.

ARPU was at S$7 for both 2Q2023 and 1H2023, S$1 lower YoY compared to 1H2022 due to increased promotions.

Broadband Services

	Half Year ended 30 Jun			
	2023	2022	Incr / (Decr)	
	S$m	S$m	S$m	%
Broadband revenue [1]	124.6	115.8	8.8	7.6

Broadband operating statistics	Quarter ended 30 Jun 2023	Quarter ended 31 Mar 2023	Quarter ended 30 Jun 2022	Half Year ended 30 Jun 2023	Half Year ended 30 Jun 2022	YoY Incr / (Decr) %
Number of residential broadband subscribers - subscription-based (in thousands) [2]	577	578	572	577	572	0.8
ARPU (S$ per month)	34	34	34	34	33	1.2
Average monthly churn rate	0.6%	0.5%	0.6%	0.6%	0.5%	-

(1) Includes service revenue from MyRepublic Broadband
(2) Includes residential subscribers from MyRepublic Broadband

Broadband service revenue increased 7.6% YoY in 1H2023, mainly due to higher subscription revenue achieved that lifted ARPU, as well as the consolidation of MyRepublic Broadband from 2Q2022.

As of 30 June 2023, the Broadband subscriber base stood at 577,000 after the quarter's net churn of 1,000 subscribers. Compared to a year ago, the Broadband subscriber base increased by 5,000 subscribers or 0.8% in 1H2023, lifted by the consolidation of MyRepublic Broadband subscribers.

ARPU was S$34 in 2Q2023 and 1H2023, which was S$1 higher YoY, compared to 1H2022 (as explained above).

Average monthly churn rate was stable at 0.6% in 2Q2023 and 1H2023, respectively.

Entertainment Services

	Half Year ended 30 Jun			
	2023	2022	Incr / (Decr)	
	S$m	S$m	S$m	%
Entertainment revenue	113.9	96.4	17.5	18.2

Entertainment operating statistics	Quarter ended			Half Year ended		YoY
	30 Jun 2023	31 Mar 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	Incr / (Decr) %
Total Entertainment subscribers (1), (2) (in thousands)	355	368	371	355	371	(4.2)
ARPU (S$ per month) (2)	45	43	39	44	38	14.9
Average monthly churn rate (3)	1.0%	0.8%	0.8%	0.9%	0.8%	-

(1) Includes residential Pay TV subscribers (with and without over-the-top ("OTT") subscriptions) as well as Mobile and Broadband subscribers with OTT subscriptions
(2) Comparatives have been restated to take into account a change in subscriber definition
(3) Refers to churn rate from Pay TV only

Entertainment service revenue increased 18.2% YoY in 1H2023, due to higher subscription, commercial TV and advertising revenues. These increases were mainly driven by Premier League that commenced in 3Q2022.

As of 30 June 2023, Total Entertainment subscribers stood at 355,000 or 4.2% lower than the 371,000 subscribers recorded a year ago.

Entertainment ARPU was S$6 higher YoY at S$45 and S$44 in 2Q2023 and 1H2023, respectively, mainly lifted by Premier League.

Average monthly churn rate was at 1.0% and 0.9% for 2Q2023 and 1H2023, respectively.

Enterprise Business

Enterprise Business revenue	Half Year ended 30 Jun 2023 S$m	2022 S$m	Incr / (Decr) S$m	%
Data & Internet [1]	124.8	123.2	1.6	1.3
Managed Services [2]	44.4	36.8	7.6	20.6
Voice Services	13.8	15.0	(1.2)	(7.7)
Network Solutions	183.0	175.0	8.0	4.6
Cybersecurity Services [3]	129.0	120.6	8.4	7.0
Regional ICT Services [4]	85.0	94.4	(9.5)	(10.0)
Total	396.9	390.0	6.9	1.8

(1) Includes service revenue from MyRepublic Broadband
(2) Managed Services include Analytics, Cloud, ICT solutions and Facilities Management
(3) Includes service revenue from Ensign and D'Crypt
(4) Includes service revenue from Strateq, JOS SG and JOS MY

Enterprise Business revenue increased 6.9% YoY in 1H2023, lifted mainly by higher revenues from Data & Internet, Managed Services and Cybersecurity Services, partially offset by lower revenues from Voice Services and Regional ICT Services.

Data & Internet service revenue in 1H2023 was 1.3% higher YoY, mainly due to the consolidation of non-residential contributions from MyRepublic Broadband in 2Q2022, partially offset by lower revenue from domestic and international leased circuits revenue.

Managed Services reported higher YoY revenue of 20.6% in 1H2023, mainly due to more project completions, partially offset by lower revenue from facilities management.

Voice Services revenue in 1H2023 was 7.7% lower YoY, mainly due to lower domestic and international voice traffic.

Cybersecurity Services revenue increased 7.0% YoY in 1H2023, due to higher project recognition.

Regional ICT Services revenue decreased 10.0% YoY in 1H2023 due to lower hardware sales.

3. GROUP CASH FLOW STATEMENT

	Half Year ended 30 Jun	
	2023	2022
	S$m	S$m
Operating Activities		
Profit before taxation	96.1	77.0
Adjustments for :		
Depreciation and amortisation	122.8	134.1
Share-based payments	1.8	1.7
(Gain)/Loss on disposal of plant and equipment and intangible assets	(0.1)	(0.2)
Net finance costs	12.6	20.8
Share of gain of associate, net of tax	(0.5)	(0.1)
Share of gain of joint venture, net of tax	(1.2)	(1.5)
Non-operating income	-	(0.5)
Operating cash flow before working capital changes	231.5	231.2
Changes in operating assets and liabilities	(112.4)	(72.4)
Income taxes paid	(20.7)	(30.8)
Net cash from operating activities	**98.4**	**128.0**
Investing Activities		
Interest received	7.5	3.7
Proceeds from disposal of property, plant and equipment and intangible assets	0.0	0.4
Purchase of property, plant and equipment and intangible assets	(98.5)	(66.8)
Acquisition of subsidiaries, net of cash acquired	-	(52.6)
Payment of deferred consideration	-	(30.9)
Net cash used in investing activities	**(91.0)**	**(146.2)**
Financing Activities		
Payment of lease liabilities	(17.7)	(19.3)
Dividend paid to owners of the Company	(43.3)	(67.5)
Dividend paid to a non-controlling interest shareholder	(2.8)	-
Perpetual capital securities distribution paid	(3.9)	(3.9)
Interest paid	(18.3)	(19.2)
Purchase of treasury shares	(4.3)	(2.8)
Proceeds from bank loans	10.1	23.1
Repayment of bank loans	(9.6)	(14.7)
Capital contribution from a non-controlling interest shareholder	-	17.7
Proceeds of loan from a non-controlling interest shareholder	-	1.6
Net cash (used in)/ from financing activities	**(89.8)**	**(85.1)**
Net change in cash and cash equivalents	**(82.4)**	**(103.2)**
Exchange difference on cash and cash equivalents	0.2	0.6
Cash and cash equivalents at beginning of the period	567.2	821.5
Cash and cash equivalents at end of the period	**485.1**	**718.9**
Cash and cash equivalents comprise:		
Cash and bank balances (Note 1)	489.4	727.4
Restricted cash	(4.3)	(8.5)
	485.1	**718.9**

Note 1: As at 30 June 2023, cash and bank balances in the cash flow statement comprise cash and cash equivalents in the statement of financial position of S$490.2 million (30 June 2022: S$729.8 million) less bank overdraft of S$0.8 million (30 June 2022: S$2.4 million).

The Group's net cash from operating activities for 1H2023 declined S$29.6 million to S$98.4 million, mainly due to higher working capital needs, partially offset by lower income tax paid.

The negative working capital changes of S$112.4 million in 1H2023 were mainly due to lower contract liabilities and lower trade and other payables, partially offset by lower trade receivables, lower other receivables, deposits and prepayments and lower contract assets and contract costs.

Net cash used in investing activities decreased by S$55.2 million to S$91.0 million in 1H2023, mainly in the absence of funds used in 1H2022 to (i) acquire JOS SG, JOS MY and MyRepublic Broadband and (ii) deferred consideration paid to the founding shareholders of D'Crypt and Strateq; partially offset by higher CAPEX payments.

The Group's CAPEX payments amounted to S$98.5 million in 1H2023, representing 8.9% of total revenue. CAPEX payments were S$31.7 million higher YoY in 1H2023, mainly due to the increase in purchases of PPE and intangible assets.

Free cash flow in 1H2023 was S$61.3 million lower YoY, primarily due to lower cash from operating activities coupled with higher CAPEX payments. Excluding Cybersecurity Services, 1H2023 free cash flow would have been S$23.4 million, S$37.9 million or 61.9% lower YoY. Free cash flow is expected to be positive in 2H2023 mainly due to improvements in working capital.

Net cash used in financing activities increased by S$4.7 million to S$89.8 million in 1H2023, mainly in the absence of the proceeds (i) of capital contribution from a non-controlling interest shareholder in relation to the Ensign investment and (ii) lower net proceeds from bank loans (after repayment of bank loans) in 1H2022; partially offset by lower dividends paid.

The resulting net cash generated was a deficit of S$82.4 million in 1H2023, leading to a lower cash and cash equivalents balance (excluding restricted cash) of S$485.1 million as of 30 June 2023.

Capital expenditure commitments

As of 30 June 2023, the Group's total outstanding capital expenditure commitments amounted to S$414.0 million, including the outstanding commitments for 4G spectrum rights of S$282.0 million.

4. STATEMENT OF FINANCIAL POSITION

	Group		Company	
	30 Jun 23	31 Dec 22	30 Jun 23	31 Dec 22
	S$m	S$m	S$m	S$m
Non-current assets				
Property, plant and equipment	626.0	631.4	334.3	345.4
Intangible assets	787.7	809.4	70.8	69.5
Right-of-use assets	99.7	108.1	70.5	77.3
Subsidiaries	-	-	3,338.2	3,336.8
Joint venture	15.8	14.6	-	-
Associate	29.1	28.7	27.8	27.8
Investment in fair value through other comprehensive income	4.6	5.1	4.6	5.1
Contract assets	65.6	39.9	4.3	2.3
Contract costs	2.7	2.9	0.4	0.3
Other receivables and prepayments	74.4	74.4	-	-
	1,705.5	**1,714.6**	**3,850.8**	**3,864.6**
Current assets				
Inventories	65.8	66.4	4.9	5.1
Contract assets	286.0	340.3	22.9	18.1
Contract costs	18.5	20.2	1.1	0.9
Trade receivables	236.0	242.8	166.6	159.7
Other receivables, deposits and prepayments	149.5	158.1	36.2	33.2
Amount due from related parties	14.7	17.8	261.6	161.0
Cash and bank balances	490.2	573.6	361.5	405.6
	1,260.7	**1,419.3**	**854.8**	**783.6**
Less:				
Current Liabilities				
Contract liabilities	78.6	91.1	22.1	28.8
Trade and other payables	655.5	823.7	260.3	372.1
Amount due to related parties	40.9	42.2	510.4	394.5
Borrowings	134.8	136.6	120.0	120.0
Lease liabilities	40.6	31.8	28.5	17.0
Provision for taxation	43.8	34.7	24.1	0.4
	994.2	**1,160.2**	**965.4**	**932.8**
Net current assets	**266.5**	**259.1**	**(110.6)**	**(149.2)**
Non-current liabilities				
Contract liabilities	43.9	42.2	43.9	42.2
Trade and other payables	57.2	58.4	25.7	26.9
Borrowings	1,011.2	1,013.6	935.3	934.9
Lease liabilities	68.9	86.9	47.1	65.0
Deferred income	1.6	1.9	-	-
Deferred tax liabilities	78.5	86.8	47.1	52.6
	1,261.4	**1,289.9**	**1,099.1**	**1,121.5**
Net assets	**710.6**	**683.8**	**2,641.1**	**2,593.9**
Shareholders' equity				
Share capital	299.7	299.7	299.7	299.7
Reserves	62.0	30.9	2,141.6	2,094.3
Perpetual Capital Securities	199.9	199.9	199.9	199.9
Equity attributable to owners and perpetual capital securities holders	**561.5**	**530.4**	**2,641.1**	**2,593.9**
Non-controlling interests	149.1	153.4	-	-
Total equity	**710.6**	**683.8**	**2,641.1**	**2,593.9**

GROUP BALANCE SHEET REVIEW

As at 30 June 2023, the Group's total non-current assets of S$1,705.5 million was S$9.1 million lower compared to S$1,714.6 million as at 31 December 2022. The decrease was primarily due to lower intangible assets, lower PPE and lower ROU; partially offset by higher investments in a joint venture and higher contract assets.

Total current assets as at 30 June 2023 decreased by S$158.6 million to S$1,260.7 million, mainly due to lower cash and cash equivalents, lower contract assets, lower contract costs, lower amounts due from related parties and lower balances in trade receivables, other receivables, deposits and prepayments.

Total current liabilities decreased S$166.0 million to S$994.2 million as at 30 June 2023, mainly due to lower trade and other payables coupled with lower contract liabilities; partially offset by higher provision for taxation and higher lease liabilities.

The decrease in total non-current liabilities by S$28.5 million to S$1,261.4 million as at 30 June 2023 was primarily due to lower lease liabilities and lower deferred tax liabilities.

The Group's shareholders' equity increased by S$31.1 million to S$561.5 million as at 30 June 2023 (excluding non-controlling interests of S$149.1 million). The increase was mainly due to higher retained profits.

Following the disposal of D'Crypt in September 2019 to Keele, D'Crypt became an indirect subsidiary of Ensign as a result of the rights accorded to Ensign through the purchase of Preference Shares of Keele. The Group now holds 55.73% of the economic interest in D'Crypt through its shareholding and interest in Ensign.

The Group holds 88.28% economic interest in Strateq following the completion of its acquisition in July 2020.

The Group holds 60.0% economic interest in JOS SG and JOS MY following the completion of the acquisitions in January 2022.

The Group holds 50.1% economic interest in MyRepublic Broadband following the completion of the acquisition in March 2022.

The non-controlling interests represent the balances of 44.27% effective economic interest in Ensign, 11.72% effective economic interest in Strateq, 40.0% effective economic interest in JOS SG and JOS MY and 49.9% effective economic interest in MyRepublic Broadband, attributable to minority shareholders.

5. GROUP SECURED AND UNSECURED BORROWINGS

Secured and Unsecured borrowings	30 Jun 23 S$m	31 Dec 22 S$m
Amount repayable in one year or less		
Bank overdraft (secured)	0.8	1.5
Bank loans (secured)	10.5	15.1
Bank loans (unsecured)	123.5	120.0
	134.8	136.6
Amount repayable after one year		
Bank loans (unsecured)	511.3	513.8
Medium term notes (unsecured)	499.9	499.8
	1,011.2	1,013.6
Total	**1,146.0**	**1,150.3**

The Group’s secured and unsecured borrowings was S$4.3 million lower as of 30 June 2023.

As a result of lower cash and cash equivalents, net debt rose S$79.1 million to S$655.8 million as of 30 June 2023 compared to S$576.7 million as of 31 December 2022. As a ratio of the past 12 months’ EBITDA, the Group’s net debt was higher at 1.57 times as of 30 June 2023 compared to 1.38 times as of 31 December 2022.

6. STATEMENT OF CHANGES IN EQUITY

Group	Share capital S$m	Treasury shares S$m	Capital reserve S$m	Goodwill written off S$m	Share-based payments reserve S$m	Fair value reserve S$m	Hedging reserve S$m	Translation reserve S$m	Retained profits S$m	Total reserves S$m	Perpetual capital securities S$m	Non-controlling interest S$m	Total equity S$m
At 1 Jan 2023	299.7	(4.8)	(4.3)	(276.3)	9.2	(35.5)	(1.9)	(0.0)	344.6	30.9	199.9	153.4	683.8
<u>Total comprehensive income for the period</u>													
Profit for the period	-	-	-	-	-	-	-	-	76.7	76.7	-	(1.5)	75.2
Other comprehensive income													
Foreign currency translation differences	-	-	-	-	-	-	-	0.3	-	0.3	-	(0.1)	0.2
Effective portion of changes in fair value of cash flow hedges, net of taxation	-	-	-	-	-	-	4.1	-	-	4.1	-	0.1	4.2
Net change in fair value of equity investments at FVOCI, net of taxation	-	-	-	-	-	(0.6)	-	-	-	(0.6)	-	-	(0.6)
Share of other comprehensive income of associate	-	-	-	-	-	-	(0.1)	-	-	(0.1)	-	-	(0.1)
Total comprehensive income for the period	-	-	-	-	-	(0.6)	4.0	0.3	76.7	80.4	-	(1.5)	78.9
<u>Transactions with equity holders of the Company, recognised directly in equity</u>													
Contributions by and distributions to equity holders of the Company													
Share-based payments expenses	-	-	-	-	1.8	-	-	-	-	1.8	-	-	1.8
Accrued perpetual capital securities distribution	-	-	-	-	-	-	-	-	(3.9)	(3.9)	3.9	-	-
Perpetual capital securities distribution paid	-	-	-	-	-	-	-	-	0.7	0.7	(3.9)	-	(3.3)
Purchase of treasury shares	-	(4.3)	-	-	-	-	-	-	-	(4.3)	-	-	(4.3)
Issue of shares pursuant to share plans	-	3.7	-	-	(3.7)	-	-	-	-	-	-	-	-
Changes in ownership interests without a change of control	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax impact on transfer of treasury shares	-	-	-	-	(0.3)	-	-	-	-	(0.3)	-	-	(0.3)
Dividends paid	-	-	-	-	-	-	-	-	(43.3)	(43.3)	-	(2.8)	(46.1)
Total transactions with equity holders of the Company	-	(0.6)	-	-	(2.2)	-	-	-	(46.5)	(49.3)	(0.0)	(2.8)	(52.2)
At 30 Jun 2023	**299.7**	**(5.5)**	**(4.3)**	**(276.3)**	**7.0**	**(36.1)**	**2.1**	**0.3**	**374.8**	**62.0**	**199.9**	**149.1**	**710.6**

6. STATEMENT OF CHANGES IN EQUITY (CONT'D)

Group	Share capital S$m	Treasury shares S$m	Capital reserve S$m	Goodwill written off S$m	Share-based payments reserve S$m	Fair value reserve S$m	Hedging reserve S$m	Translation reserve S$m	Retained profits S$m	Total reserves S$m	Perpetual capital securities S$m	Non-controlling interest S$m	Total equity S$m
At 1 Jan 2022	299.7	(1.9)	(6.8)	(276.3)	8.5	(34.8)	0.0	0.2	401.1	89.9	199.9	106.7	696.2
Total comprehensive income for the period													
Profit for the period	-	-	-	-	-	-	-	-	60.9	60.9	-	0.6	61.6
Other comprehensive income													
Foreign currency translation differences	-	-	-	-	-	-	-	(0.1)	-	(0.1)	-	0.1	0.0
Effective portion of changes in fair value of cash flow hedges, net of taxation	-	-	-	-	-	-	0.6	-	-	0.6	-	0.0	0.6
Net change in fair value of equity investments at FVOCI, net of taxation	-	-	-	-	-	0.6	-	-	-	0.6	-	-	0.6
Share of other comprehensive income of associate	-	-	-	-	-	-	1.6	-	-	1.6	-	-	1.6
Total comprehensive income for the period	-	-	-	-	-	0.6	2.1	(0.1)	60.9	63.6	-	0.8	64.4
Transactions with equity holders of the Company, recognised directly in equity													
Contributions by and distributions to equity holders of the Company													
Share-based payments expenses	-	-	-	-	1.7	-	-	-	-	1.7	-	-	1.7
Accrued perpetual capital securities distribution	-	-	-	-	-	-	-	-	(3.9)	(3.9)	3.9	-	-
Perpetual capital securities distribution paid	-	-	-	-	-	-	-	-	-	-	(3.9)	-	(3.9)
Purchase of treasury shares	-	(2.8)	-	-	-	-	-	-	-	(2.8)	-	-	(2.8)
Issue of shares pursuant to share plans	-	4.5	-	-	(4.5)	-	-	-	-	-	-	-	-
Tax impact on transfer of treasury shares	-	-	-	-	0.1	-	-	-	-	0.1	-	-	0.1
Dividends paid	-	-	-	-	-	-	-	-	(67.5)	(67.5)	-	-	(67.5)
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	25.4	25.4
Changes in ownership interests without a change of control	-	-	2.3	-	-	-	-	-	-	2.3	-	15.4	17.7
Fair value effect of performance-related consideration	-	-	0.2	-	-	-	-	-	-	0.2	-	-	0.2
Total transactions with equity holders of the Company	-	1.7	2.5	-	(2.7)	-	-	-	(71.4)	(70.0)	-	40.8	(29.1)
At 30 Jun 2022	**299.7**	**(0.2)**	**(4.3)**	**(276.3)**	**5.8**	**(34.2)**	**2.2**	**0.1**	**390.6**	**83.5**	**199.9**	**148.3**	**731.4**

6. STATEMENT OF CHANGES IN EQUITY (CONT'D)

Company	Share capital S$m	Treasury shares S$m	Share-based payments reserve S$m	Fair value reserve S$m	Retained profits S$m	Total reserves S$m	Perpetual capital securities S$m	Total equity S$m
At 1 Jan 2023	**299.7**	**(4.8)**	**9.2**	**(35.5)**	**2,125.5**	**2,094.3**	**199.9**	**2,593.9**
Total comprehensive income for the period								
Profit for the period	-	-	-	-	97.2	97.2	-	**97.2**
Other comprehensive income								
Net change in fair value of equity investments at FVOCI, net of taxation	-	-	-	(0.6)	-	(0.6)	-	**(0.6)**
Total comprehensive income for the period	-	-	-	(0.6)	97.2	96.6	-	**96.6**
Transactions with equity holders of the Company, recognised directly in equity								
Contributions by and distributions to equity holders of the Company								
Share-based payments expenses	-	-	1.8	-	-	1.8	-	**1.8**
Accrued perpetual capital securities distribution	-	-	-	-	(3.9)	(3.9)	3.9	**-**
Perpetual capital securities distribution paid	-	-	-	-	0.7	0.7	(3.9)	**(3.3)**
Purchase of treasury shares	-	(4.3)	-	-	-	(4.3)	-	**(4.3)**
Issue of shares pursuant to share plans	-	3.7	(3.7)	-	-	-	-	**-**
Tax impact on transfer of treasury shares	-	-	(0.3)	-	-	(0.3)	-	**(0.3)**
Dividends paid	-	-	-	-	(43.3)	(43.3)	-	**(43.3)**
Total transactions with equity holders of the Company	-	(0.6)	(2.2)	-	(46.5)	(49.3)	(0.0)	**(49.4)**
At 30 Jun 2023	**299.7**	**(5.5)**	**7.0**	**(36.1)**	**2,176.1**	**2,141.6**	**199.9**	**2,641.1**

6. STATEMENT OF CHANGES IN EQUITY (CONT'D)

Company	Share capital S$m	Treasury shares S$m	Share-based payments reserve S$m	Fair value reserve S$m	Retained profits S$m	Total reserves S$m	Perpetual capital securities S$m	Total equity S$m
At 1 Jan 2022	**299.7**	**(1.9)**	**8.5**	**(34.8)**	**2,295.0**	**2,266.8**	**199.9**	**2,766.4**
Total comprehensive income for the period								
Profit for the period	-	-	-	-	77.2	77.2	-	**77.2**
Other comprehensive income								
Net change in fair value of equity investments at FVOCI, net of taxation	-	-	-	0.6	-	0.6	-	**0.6**
Total comprehensive income for the period	-	-	-	0.6	77.2	77.8	-	**77.8**
Transactions with equity holders of the Company, recognised directly in equity								
Contributions by and distributions to equity holders of the Company								
Share-based payments expenses	-	-	1.7	-	-	1.7	-	**1.7**
Accrued perpetual capital securities distribution	-	-	-	-	(3.9)	(3.9)	3.9	**-**
Perpetual capital securities distribution paid	-	-	-	-	-	-	(3.9)	**(3.9)**
Purchase of treasury shares	-	(2.8)	-	-	-	(2.8)	-	**(2.8)**
Issue of shares pursuant to share plans	-	4.5	(4.5)	-	-	-	-	**-**
Tax impact on transfer of treasury shares	-	-	0.1	-	-	0.1	-	**0.1**
Dividends paid	-	-	-	-	(67.5)	(67.5)	-	**(67.5)**
Total transactions with equity holders of the Company	-	1.7	(2.7)	-	(71.4)	(72.4)	(0.0)	**(72.5)**
At 30 Jun 2022	**299.7**	**(0.2)**	**5.8**	**(34.2)**	**2,300.8**	**2,272.2**	**199.9**	**2,771.7**

7. CHANGES IN COMPANY'S SHARE CAPITAL

Share Capital

As of 30 June 2023, the share capital of the Company was S$299.7 million (31 December 2022: S$299.7 million) comprising 1,726,371,608 (31 December 2022: 1,727,287,449) issued ordinary shares (excluding treasury shares).

Treasury Shares
The Company transferred 3,365,059 treasury shares to participants of the Company's share plans in 1H2023.

During 1H2023, the Company bought 4,280,900 ordinary shares from the market at a consideration of S$4.3 million.

The treasury shares balance as at 30 June 2023 was S$5.5 million (30 June 2022: S$0.2 million) comprising 5,279,835 (30 June 2022: 162,394) ordinary shares.

Issue of new shares
There was no issue of new ordinary shares in 1H2023.

Subsidiary holdings
As at 30 June 2023, none of the Company's subsidiaries held any shares in the Company (30 June 2022: Nil).

Perpetual Capital Securities
In 2Q2017, the Company issued subordinated perpetual capital securities with an aggregate principal amount of S$200.0 million. The perpetual capital securities may be redeemed at the option of the Company, in whole, but not in part, on 16 June 2022 or on any Distribution Payment Date thereafter and otherwise upon the occurrence of certain redemption events as defined in the offering circular.

Such perpetual capital securities bear distributions at a rate of 3.95% per annum, with the first distribution rate reset falling on 16 June 2027 and subsequent resets occurring every 10 years thereafter. The distribution rate will be subject to a step-up of 1% per annum from 16 June 2027.

The distribution is payable semi-annually in arrears on a discretionary basis and will be cumulative and compounding in accordance with the terms and conditions of the offering circular.

For 1H2023, the Group paid S$3.9 million in perpetual capital securities distribution and had an accrual of S$0.3 million for perpetual capital securities distribution due in December 2023.

On 13 May 2022, the Company announced that it would not exercise the Issuer's Redemption Option on the First Call Date of 16 June 2022 to redeem the perpetual capital securities. For the avoidance of doubt, there will not be a reset of the distribution rate of the perpetual capital securities, which will remain at 3.95% per annum.

Outstanding Shares – Share-Based Plans

Performance Share Plans
As of 30 June 2023, the outstanding balance of conditional awards under the Performance Share Plans was 3,575,894 (30 June 2022: 3,765,000) ordinary shares.

Restricted Stock Plans
As of 30 June 2023, the outstanding balance of conditional awards under the Restricted Stock Plans was 2,853,111 (30 June 2022: 6,831,680) ordinary shares.

8. AUDIT

The financial statements have not been audited or reviewed.

9. AUDITORS' REPORT

Not applicable.

10. ACCOUNTING POLICIES

The Group and Company have applied the same accounting policies and methods of computation in the financial statements for the current financial period consistent with those of the audited financial statements for the year ended 31 December 2022.

In the current financial period, the Group and the Company have adopted all applicable new and revised Singapore Financial Reporting Standards (International), ("SFRS(I)") and Interpretations of SFRS(I) ("INT SFRS(I)") that are relevant to its operations and effective for annual periods beginning on 1 January 2023.

The application of the new and revised standard and interpretation did not result in substantial changes to the Group's and the Company's accounting policies and has no material effect on the financial statements.

The Condensed Interim Financial Information is prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting.

11. CHANGES IN ACCOUNTING POLICIES AND ESTIMATES

Please refer to Note 10.

12. GROUP EARNINGS PER ORDINARY SHARE

	Half Year ended 30 Jun 2023	2022
Basic		
Earnings per share	4.2 cents	3.3 cents
Weighted average number of shares ('000)	1,728,925	1,730,859
Diluted		
Earnings per share	4.2 cents	3.3 cents
Weighted average number of shares ('000)	1,736,112	1,737,329

13. NET ASSET VALUE PER ORDINARY SHARE

	Group		Company	
	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
Net asset value per share	32.5 cents	30.7 cents	152.9 cents	150.2 cents

14. ANY VARIANCE BETWEEN PROSPECT STATEMENT PREVIOUSLY DISCLOSED AND THE ACTUAL RESULTS

The Group's service revenue was 8% higher YoY in 1H2023, in line with the FY2023 guidance for an 8% to 10% YoY growth.

The Group's service EBITDA margin for 1H2023 was 22.7% of service revenue, which exceeded our FY2023 guidance of approximately 20%.

Total CAPEX commitment entered in the 1H2023 amounted to S$60.6 million or 5.5% of total revenue. This was better than expected as it was below our FY2023 guidance for CAPEX commitment to be between 5% and 7% of total revenue for BAU[1] and between 13% and 15% of total revenue including investments[2].

15. GROUP OUTLOOK

The Group continues to execute on its DARE+ programme, focusing on elevating customer lifetime value through Infinity Play and the convergence of the 3C's (Connectivity, Cloud and Cybersecurity) for enterprise customers. Concurrently, through its IT and Network Transformation efforts, the Group progresses towards architecting best-in-class IT platforms and the world's first autonomous metropolitan cloud network through Cloud Infinity to harness multi-cloud securely and effectively, from core to edge.

Despite the intense market competition in the Consumer segment, the differentiation and cross-bundling opportunities from Infinity Play has allowed the Group to register YoY service revenue growth across all segments. The Mobile segment, which has seen pricing erosion due to market competition and the ongoing migration towards SIM Only, kept ARPU steady YoY due to increasing traction from its new verticals, such as the

[1] *Excluding 5G Capex and spectrum right, as well as investments relating to DARE+ and IT Transformation.*
[2] *Including 5G Capex and spectrum right, as well as investments relating to DARE+ and IT Transformation.*

Safety Suite that protects customers from rising online threats and coverage protection on personal devices; alongside the gradual recovery of roaming revenue. Recognising consumers' needs for a reliable and superior home broadband experience, the Broadband segment continues to seek growth by encouraging customer migration towards the higher bandwidth plans. The Entertainment segment continues to evolve alongside changing consumer viewing trends, leveraging Premier League as a powerful acquisition tool that also offers greater pull-through revenue. The Group continues to add products and services gradually to its All-In-1 app platform, which has achieved encouraging net promoter scores. The app platform is on track for completion by FY2023 as StarHub propels towards a digital-first experience.

The strong Enterprise order book built last year provides earnings visibility for the Enterprise business with returning demand for sustainability and digitalisation initiatives from enterprise customers post COVID-19. This includes increasing demand for advanced infrastructure, Green Tech Managed Services and Future of Work, resulting in pull-through revenue for the enterprise connectivity and mobility service offerings. The Group is also co-creating minimum viable product trials with selected enterprise clients for Cloud Infinity and will leverage its enhanced competitiveness and bolstered capabilities alongside the acquired subsidiaries to offer fully integrated solutions, particularly in the focus areas of the 3C's. The enterprise business is also focused on raising margin efficiencies by (i) leveraging on JOS SG & MY's delivery capabilities instead of outsourcing; (ii) consolidating procurement for higher rebates; (iii) redesigning end-to-end teams internally to drive better operational efficiencies and optimise synergies.

Meanwhile, the Group continues to explore other strategic M&A opportunities that will amplify its DARE+ objectives. It is also focused on efforts to optimise its capital structure, exploring initiatives to enhance long-term total shareholder returns, such as the $50 million share buyback programme announced on 26 June 2023 to repurchase up to 3% of StarHub's issued share capital.

<u>Guidance</u>

The Group would like to provide the following updates to the FY2023 guidance:

	Original Guidance *(As at February 2023)*	**Updated Guidance**	**Commentary**
Service Revenue	8% to 10% YoY Growth	3% to 5% YoY Growth	Reduced guidance due to delays in project recognition for D'Crypt (under the Cybersecurity Services) and JOS Singapore (under the Regional ICT Services).
Service EBITDA Margin	Approximately 20%	Approximately 22%	Improved guidance due to ongoing efforts to realise operational efficiencies from DARE+ initiatives to transform business models, lower staff cost and professional fees; as well as a lower proportion of contributions from the

			aforementioned lower-margin businesses.
Capex Commitment ***(As a % of Total Revenue)***	5% to 7% (BAU[3]) / 13% to 15% (including investments[4])	5% to 7% (BAU[3]) / 11% to 13% (including investments[4])	Improved guidance mainly due to savings in infrastructure and capacity optimisation.

Overall, the Group remains committed to drive growth across all segments as it executes DARE+, while also transforming its business model to realise ongoing efficiencies.

Dividend

Taking into consideration short to mid-term business conditions, cash flow and investment requirements, as well as results expected from the ongoing business transformation initiatives, the Group is declaring an interim dividend of 2.5 cents per ordinary share for the half year ended 30 June 2023. This is consistent with the Group's commitment to distribute the minimum of 5.0 cents per ordinary share for FY2023. The Group also reiterates its dividend policy to distribute at least 80% of net profit attributable to shareholders (adjusted for one-off, non-recurring items), payable on a semi-annual basis.

"Some of the statements in this release constitute forward-looking statements" that do not directly or exclusively relate to historical facts. These forward-looking statements reflect our current intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside our control. Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks. Because actual results could differ materially from our intentions, plans, expectations, assumptions and beliefs about the future, you are urged to view all forward-looking statements contained in this release with caution.

16. DIVIDENDS

(a) Current financial period reported on

Any dividend recommended for the current financial period reported on? Yes

Name of Dividend	Interim
Dividend Type	Cash; Tax-exempt (1-tier) dividend
Dividend Amount	S$0.025 per ordinary share
Tax Rate	Exempt (1-tier)

(b) Corresponding period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

[3] *Excluding 5G Capex and spectrum right, as well as investments relating to DARE+ and IT Transformation.*
[4] *Including 5G Capex and spectrum right, as well as investments relating to DARE+ and IT Transformation.*

Name of Dividend	Interim
Dividend Type	Cash; Tax-exempt (1-tier) dividend
Dividend Amount	S$0.025 per ordinary share
Tax Rate	Exempt (1-tier)

(c) Date payable

The interim dividend will be paid on 29 August 2023.

(d) Record date

Notice is hereby given that the Register of Members and the Transfer Books of the Company will be closed on 15 August 2023.

Duly completed registrable transfers received by the Company's share registrar, M & C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902 up to the close of the business at 5.00 p.m. on 14 August 2023 will be registered to determine members' entitlement to the interim dividend. Subject as aforesaid, persons whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares of the Company as at 5.00 p.m. on 14 August 2023 will be entitled to the interim dividend.

(e) Dividends Paid

During the half year ended 30 June 2023, a final tax-exempt (one-tier) dividend of 2.5 cents per ordinary share totalling S$43.3 million was paid in respect of the previous financial year ended 31 December 2022.

17. IF NO DIVIDEND HAVE BEEN DECLARED/RECOMMENDED, A STATEMENT TO THAT EFFECT

Not applicable

18. FAIR VALUE MEASUREMENT

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group and Company:

Derivatives

Marked-to-market valuations of the forward exchange contracts are provided by the banks. Those quotes are tested using pricing models or discounted cash flow techniques. Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate for a similar instrument at the reporting date. Where other pricing models are used, inputs are based on market related data at the reporting date.

Borrowings

The fair values of fixed interest-bearing borrowings which reprice within one year of reporting date were assumed to equate the carrying value. All other fixed interest-bearing borrowings are calculated using discounted cash flow models based on the present value of future principal and interest cash flows, discounted at the market rate at the reporting date.

As at 30 June 2023, the fair value of bank loans are S$621.8 million (31 December 2022: S$618.8 million) and the fair value of medium term notes are S$470.6 million (31 December 2022: S$461.1 million).

Contingent consideration and forward liability to acquire non-controlling interests

The fair values of contingent consideration and forward liability to acquire non-controlling interests are based on estimates from the associated probabilities of achieving performance targets by the investee and the expected payment amount.

Changing the significant unobservable inputs used to reasonably estimate possible alternative assumptions would have no significant impact on the fair value of the contingent consideration.

The fair value of the forward liability will increase/(decrease) if the expected average financial performance of Strateq is higher/(lower).

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with maturity of less than one year are assumed to approximate their fair values.

The fair value of non-current other financial assets and financial liabilities was calculated using the discounted cash flow model based on the present value of expected cashflows at the market rates at the reporting date. The carrying amounts approximate their fair values.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:
Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table represents the assets and liabilities measured at fair value, using the above valuation methods, at reporting date:

	Fair value Level	30 Jun 23 S$m	30 Jun 22 S$m
Group			
Financial assets			
Other investments	1	4.6	6.4
Marked-to-market financial instrument			
– Forward exchange contracts	2	2.2	0.7
Financial liabilities			
Marked-to-market financial instrument			
– Forward exchange contracts	2	1.8	0.0
Forward liability to acquire non-controlling interests	3	12.8	37.4
Contingent consideration	3	46.6	50.9
Company			
Financial assets			
Other investments	1	4.6	6.4
Marked-to-market financial instrument			
– Forward exchange contracts	2	2.2	0.7
Financial liabilities			
Marked-to-market financial instrument			
– Forward exchange contracts	2	1.8	0.0

The following table presents the reconciliation from the opening balances to the ending balances for fair values based on unobservable inputs (Level 3):

	Forward liability to acquire non-controlling interests		**Contingent consideration**	
	30 Jun 23 S$m	**30 Jun 22 S$m**	**30 Jun 23 S$m**	**30 Jun 22 S$m**
Balance as at 1 January	12.8	37.3	46.2	39.1
Arising from business combinations	-	-	-	42.9
Total unrealised (gains)/losses recognised in income statement	0.7	0.4	0.4	(0.1)
Settlements during the period	-	-	-	(30.9)
Translation differences	(0.6)	(0.3)	-	-
Balance as at 30 June	12.8	37.4	46.6	50.9

19. SEGMENT REPORTING

	Telecommunications [1]	Cybersecurity [2]	Total	Telecommunications [1]	Cybersecurity [2]	Total
	Half Year ended 30 Jun			Half Year ended 30 Jun		
	2023	2023	2023	2022	2022	2022
	S$m	S$m	S$m	S$m	S$m	S$m
Mobile	302.7	-	302.7	268.3	-	268.3
Broadband	124.6	-	124.6	115.8	-	115.8
Entertainment	113.9	-	113.9	96.4	-	96.4
Enterprise Business	267.9	129.0	396.9	269.4	120.6	390.0
Sales of equipment	168.0	-	168.0	188.0	-	188.0
Total revenue	977.1	129.0	1,106.1	938.0	120.6	1,058.6
EBITDA	230.1	(0.4)	229.8	219.6	10.1	229.7
Depreciation & amortisation	(114.2)	(8.5)	(122.8)	(123.6)	(10.4)	(134.1)
Non-operating income	-	-	-	0.5	-	0.5
Finance income	7.4	-	7.4	2.4	0.4	2.8
Finance expense	(19.7)	(0.3)	(20.0)	(22.9)	(0.7)	(23.6)
Share of gain of associate (net of tax)	0.5	-	0.5	0.1	-	0.1
Share of gain of joint venture (net of tax)	1.2	-	1.2	1.5	-	1.5
Profit before taxation	**105.3**	**(9.2)**	**96.1**	**77.6**	**(0.6)**	**77.0**
Taxation	(20.9)	(0.0)	(20.9)	(14.9)	(0.5)	(15.5)
Profit for the year	**84.4**	**(9.2)**	**75.2**	**62.7**	**(1.1)**	**61.6**
Assets and liabilities						
Non-current assets	1,545.4	160.1	1,705.5	1,570.8	164.5	1,735.2
Current assets	957.7	303.0	1,260.7	1,248.4	266.8	1,515.3
Total assets	**2,503.1**	**463.1**	**2,966.2**	**2,819.2**	**431.3**	**3,250.5**
Borrowings	1,146.0	-	1,146.0	1,372.5	0.0	1,372.5
Other non-current liabilities	240.1	10.0	250.2	339.3	12.0	351.3
Other current liabilities	715.6	143.9	859.5	684.3	111.0	795.3
Total liabilities	**2,101.7**	**153.9**	**2,255.6**	**2,396.2**	**123.0**	**2,519.1**
Other information						
Capital expenditure [3]	79.1	2.8	81.9	65.9	0.9	66.8
Free cash flow [4]	23.4	(23.4)	(0.0)	55.3	6.0	61.3

Notes:

(1) Telecommunications segment comprises the Group's Mobile, Entertainment, Broadband, Enterprise Business and Sales of Equipment. In addition, it includes MyRepublic Broadband as well as Strateq, JOS SG and JOS MY under Regional ICT

(2) Cybersecurity segment comprises Ensign and D'Crypt

(3) Segment capital expenditure is the total costs incurred during the year to acquire property, plant and equipment and intangible assets

(4) Free Cash Flow refers to net cash from operating activities less purchase of fixed assets in the cash flow statement

20. INTERESTED PERSON TRANSACTIONS

	Nature of Relationship	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than S$100,000)* 1 January 2023 to 30 June 2023 S$m
Transactions for the Sale of Goods & Services		
Capitaland Investment Limited & its associates	Associates of StarHub Ltd 's controlling shareholder	0.2
SembCorp Industries Ltd & its associates		0.1
Singapore Power Limited & its associates		0.1
Singapore Airlines Limited		0.3
Singapore Technologies Engineering Ltd & its associates		0.4
Singapore Telecommunications Limited & its associates		2.1
CLA Real Estate Holdings Pte. Ltd. & its associates		1.2
Temasek Holdings (Private) Limited and its associates (other than those disclosed above)	Controlling shareholder of StarHub Ltd and its associates	9.5
		13.9
Transactions for the Purchase of Goods & Services		
SembCorp Industries Ltd & its associates	Associates of StarHub Ltd 's controlling shareholder	3.0
Singapore Technologies Engineering Ltd & its associates		0.2
Singapore Technologies Telemedia Pte Ltd & its associates		5.9
Singapore Telecommunications Limited & its associates		2.1
Temasek Holdings (Private) Limited and its associates (other than those disclosed above)	Controlling shareholder of StarHub Ltd and its associates	11.2
		22.4

21. NEGATIVE ASSURANCE CONFIRMATION

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the above unaudited financial results for the half year ended 30 June 2023 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Olivier Lim Tse Ghow
Director

Ma Kah Woh
Director

Singapore
3 August 2023

22. CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS

The Company confirms that it has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual of Singapore Exchange Securities Trading Limited.