

Chairman's Message



As the results of our DARE+ transformation become progressively evident over the next 24 months, we will continually educate our stakeholders as to the improving and differentiated value StarHub's digital ecosystem delivers.

Olivier Lim Tse Ghow
Chairman



DEAR STARHUB SHAREHOLDERS,

It is my privilege to present StarHub's Annual Report for the year ended 31 December 2022 ("FY2022").

Extending Our Appreciation To Mr Terry Clontz

It is my honour to have succeeded Terry Clontz as Chairman on 1 January 2023. Terry has served StarHub tirelessly for 23 years – first as our Founding President and CEO in 1999, then as a Director and subsequently as Chairman after retiring from his executive role in 2010.

Under his leadership, StarHub quickly grew to become the second-largest info-communication operator in Singapore offering fully-integrated quad-play services. During the course of its ascension, StarHub has paid continued dividends since its listing in 2004 and returned more than \$1.0 billion cash to shareholders through two capital reduction exercises in 2006 and 2007 while continuously investing in new infrastructure and capabilities.

More recently under Terry's chairmanship, StarHub executed its DARE 1.0 transformation to drive efficiency across its business and then embarked on DARE+ to transform the company from a telco operator to a digital ecosystem platform. The Group also strengthened its position through acquisitions such as JOS Singapore and Malaysia ("JOS SG & MY") and MyRepublic Broadband's Singapore business ("MRBB"); in addition to being a foundation and majority shareholder of Ensign InfoSecurity ("Ensign").

On behalf of the Board and entire StarHub team, I would like to extend heartfelt thanks to Terry for his vision and leadership which have given us a strong foundation. We will work hard to build on his legacy by delivering DARE+, ensuring StarHub continues to provide value to our customers, our community and our shareholders. We wish him well in his retirement and future endeavours!

Defining & Driving Performance

As this is my first message, it is appropriate for me to be explicit about our beliefs and approach as a Board for continuity and alignment.

The Board's apex responsibility is to achieve sustainable holistic performance over the long term. While governance is the critical

responsibility of the Board, including the Chief Executive, it is an insufficient condition for performance. The Board is aligned around the following beliefs regarding performance and how we achieve it, and these beliefs will guide our agenda setting and engagement with the Chief Executive and his senior management team:

Board Composition, Diversity and Culture

StarHub's Board comprises 12 capable and experienced directors who bring a valuable diversity of backgrounds, skills, and perspectives. We have a majority of independent directors including myself, as the first independent Chairman. Nikhil, our Chief Executive, is the only executive on the Board and has the critical role of providing clarity and transparency about our business to the Board. His leadership in developing strategy and incorporating the Board's guidance on a wide range of matters is instrumental to the transformation in progress. This strong culture of transparency and engagement amongst board members and the executive team is one that engenders open and constructive challenge, and ultimately strong alignment and conviction for a bold strategy within a complex industry.

Talent & Culture

These are fundamental building blocks for sustainable performance. Culture is underpinned by a strong purpose, clear values, behaviours and the StarHub "ways of working". It is reflected in how we engage our employees and how we succeed as a team. We will intensify our focus to attract, develop and retain high-performing talent who are aligned with our culture. The talent and culture agenda will remain important areas for the Board as we intensify our efforts to deepen our bench strength to build organisation resilience.

Strategy Development & Alignment

Clarity of strategy is critical for aligning and focusing resources. Strategy development must be owned by the Chief Executive and the senior management team with guidance, frameworks and constructive challenge provided by the Board. This process ensures strong alignment and conviction, and provides the Chief Executive and senior management team the support to drive transformation across the entire organisation. It also ensures that the Board is in a position to calibrate and provide the necessary resources for the organisation to execute with a sense of urgency and intensity.

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FY2022 FINANCIAL PERFORMANCE

As at 31 December 2022

S\$2.3B

(+13.9% YoY)

Total Revenue

S\$1.9B

(+17.2% YoY)

Service Revenue

1.38x

Net debt to EBITDA

S\$574M

Cash and cash equivalents

S\$222M

Free Cash Flow

S\$384M

Operating Cash Flow

Organisational Development

With ambitious transformation comes both the need and opportunity for change management, capability building, organisation and business model redesign, process simplification, leadership and talent development. These are all important workstreams to ensure the successful outcomes of DARE+. The Board will maintain a high level of visibility and engagement with our Chief Executive and senior management team on this topic.

Long Term Total Shareholder Return ("TSR")

This is our apex metric for returns, driven by our DARE+ growth and transformation initiatives that will enhance StarHub's long-term competitiveness and market position. Return on Capital, Return on Equity, Operating Cash Flow, astute capital investment, and Free Cash Flow are primary metrics that drive TSR. Integrated capital management is a critical discipline that balances the needs of investment, optimisation of leverage, maintaining a margin of safety, and the return of capital to shareholders. This discipline will continue.

Holistic Performance is more than just TSR

While TSR is a key measure of performance, holistic performance must go beyond this to include:

- + Continuing to nurture StarHub as a purpose-driven organisation that makes positive societal impact through technology; and attracts and retains like-minded talent
- + Creating the conditions for employees to have fulfilling careers filled with growth, achievement, pride and camaraderie
- + Delivering high customer value and satisfaction
- + Delivering on all our goals in a manner that balances the complex and interdependent environmental, social and governance goals of multiple stakeholders

FY2022 Financial Performance Reflecting DARE+ Traction

StarHub's FY2022 performance was a reflection of the initiatives executed over the past two years that have positioned us well in anticipation of post-COVID-19 recovery. StarHub achieved higher revenue across all segments, even if first-time contributions from recent acquisitions (such as JOS SG & MY and MRBB) were excluded.

Infinity Play has allowed us to maintain and even improve ARPU despite continued price erosion in the industry. The re-prioritisation of our Enterprise business to focus on new

digital solutions positioned us well to capitalise on the reopening of the economy, delivering growth for the Network Solutions segment in FY2022. Our Cybersecurity arm, Ensign, continued to deliver double-digit YoY revenue growth with significantly improved profitability, and Regional ICT Services also delivered growth, having benefitted from our initial integration efforts that have already resulted in meaningful revenue and cost synergies.

We continue to exercise prudence and discipline in critical business decisions to support DARE+ ranging from evaluating investments, managing expenditure, and optimising our capital structure. StarHub continues to enjoy strong cash generation, a healthy balance sheet, and sufficient headroom to pursue growth opportunities. We remain well-positioned against the backdrop of rapidly rising interest rates, with 99% of total borrowings on fixed rates; sufficient liquidity with about \$700 million in undrawn facilities (both committed and uncommitted); and a healthy 9.2x interest cover. Our Debt/EBITDA ratio of 1.38x remains low.

Delivering Shareholder Returns

Dividends will continue to be an important contributor to delivering long term TSR. The Board has recommended a final dividend of 2.5 cents per share. Together with the interim dividend of 2.5 cents per share, this brings total dividend for FY2022 to 5.0 cents per share. This is in line with our dividend policy to distribute at least 80% of net profit attributable to shareholders, adjusted for one-off, non-recurring items; and taking into consideration short- and medium-term business conditions, cash flow and investment requirements; as well as results from the ongoing business transformation initiatives.

As the results of our DARE+ transformation become progressively evident over the next 24 months, we will continually educate our stakeholders as to the improving and differentiated value StarHub's digital ecosystem delivers. From this, we are confident we can achieve above market total shareholder returns.



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CROSS BUNDLING ACROSS VERTICALS



Mobile

Healthy migration (incl. first 5G SIM-Only) & 5G ARPU premium in FY2022



Broadband

Augmented market share & ARPU growth from sharpened differentiation



Entertainment

Premier League (powerful acquisition tool); 11 OTT with addition of Viu; TV+ Pro launch



GameHub+

Strategic partnership with NVIDIA GeForce NOW



ProtectHub+

Protects consumers from everyday risks in their digital lives



LifeHub+

Digitalisation of health care integrated into consumers' daily lives

DARE+ Progress Update

I am pleased to provide an update of our progress on DARE+. DARE+ is a 5-year transformation and value creation program aimed at evolving StarHub from a traditional telco to a digital ecosystem enterprise. The focus of DARE+ is to bring positive change to every area of the business and connect customers' digital life to the digital world. The programme is complex and ambitious, with critical investment and execution over the next two years. The team will maintain a focus on achieving the outcomes of DARE+ with expected results from FY2024 and stronger long-term TSR for investors.

The progress of DARE+ remains largely on track despite increased investments in network cloud transformation. We aim to generate \$500 million in cost savings and growth over five years and \$80 million in stable-state incremental net profit growth per annum from FY2026. We achieved more than \$16 million in revenue and cost synergies in FY2022 from the integration of recent acquisitions, as illustrated in the chart on the preceding page.

The steps taken in the initial stages of DARE+ helped us capitalise on the post-COVID-19 recovery. We have focused efforts on bolstering our Infinity Play proposition and expanding Consumer verticals to embed ourselves deeply into customers' digital lives.

Our Enterprise business has strengthened capabilities to offer converged solutions in Connectivity, Cloud, and Cybersecurity. The addition of JOS SG & MY, Strateq, and MRBB have also bolstered our ability to offer end-to-end Enterprise solutions and increased revenue and cost synergies in FY2022.

With DARE+, we will continue to harness revenue and cost synergies across the entire Group – this will include the re-design of processes, monetisation models, and organisation structure. In parallel, we continue to adopt an active M&A strategy to seek out opportunities that will accelerate DARE+ outcomes.

Commitment to Sustainability

We are delighted to be named the World's Most Sustainable Telco and one of the top 100 sustainable companies in the world in the 2023 Corporate Knights Global 100 ranking. On the back of this recognition, we will intensify our decarbonisation efforts and commit to a new Scope 3 reduction targets aligned with a science-based approach, and to achieve net zero by 2050. Achieving the Scope 3 reduction targets will require close cooperation with our suppliers and vendors. It is also a key imperative for us to step up our efforts to partner, empower and enable our customers to adopt more responsible green practices with our suite of innovative Green Tech solutions.

To address increasing transparency on climate change, we also continued to build on our climate impact reporting in accordance with the recommendations from the Task Force on Climate-Related Financial Disclosures (TCFD). We are pleased to present our inaugural quantitative scenario analysis to assess the financial impacts of key climate risks and opportunities on the business.

Moving forward, we will also keep updated with the latest developments from the International Sustainability Standards Board (ISSB) to better inform stakeholders on the material climate-related issues facing our business. StarHub is pleased to be a signatory of the Corporate Knights Action Declaration on climate policy engagement, highlighting our commitment to align our policies and trade association engagements with the goals of the Paris Agreement.

Reflecting the integration of sustainable practices across our businesses, we are pleased to have placed 7th in Singapore for policies and commitment to gender equality in the Equileap 2022 Gender Equality Report.

As for our community, we have invested close to \$1.9 million and galvanised staff volunteers across the whole group this year to support underprivileged youths and the vulnerable in our community, which garnered various community recognitions such as the People's Association Community Spirit Awards – Excellence Awards and the Community Chest Awards – Charity Silver Award. We have also remained steadfast in our support of e-waste recycling for both our own operations and our customers to create positive impacts on the environment, economy, and society.

The Board of Directors continue to oversee StarHub's overall sustainability efforts, including determination of material ESG factors and integration of the material sustainability issues into the Group's overall strategy. The Board has renewed its commitment to sustainability with an updated Risk and Sustainability Committee ("RSC") Terms of Reference, which describes the RSC's purpose, functions and responsibilities, amongst others. The RSC is supported by the Management in its efforts to manage and monitor the material ESG issues to StarHub as well as to implement the integration of our sustainability strategy into StarHub's operations.

Acknowledgements

At the conclusion of the upcoming AGM on 21 April 2023, Mr Nihal Kaviratne will be retiring from the Board of Directors. Nihal was first appointed in 2004 as an Independent Director and was subsequently appointed our Lead Independent Director in October 2018. He has also provided valuable input as the Chairman of our Nominating and Governance Committee, as well as a member of the Audit Committee. We would like to express our heartfelt appreciation to Nihal for his contributions to the Board and Management over the last 19 years.

I would like to personally thank my Board colleagues for their invaluable counsel and contributions.

We thank Nikhil and the senior management team for their leadership in guiding Team StarHub through our ambitious DARE+ transformation to become Singapore's leading Digital Platform.

On behalf of StarHub's Board and Management, I would also like to thank our employees for their dedication and invaluable contributions to delivering our DARE+ programme. To our customers, business partners, suppliers, and shareholders, thank you for your continued support, trust, and loyalty.



Olivier Lim Tse Ghow
Chairman