

BOARD STATEMENT

DEAR SHAREHOLDERS,

The year has been one of mixed outcomes. Mounting challenges in our Postal business leading to our first loss in that segment, resilience in our Property business, and the transformational growth of our Logistics business, driven by our investments in Australia, making Logistics the primary profit contributor to the Group. The Group achieved record revenue of \$1.9 billion for the financial year, with 70% contributed by Logistics and 86%* of our revenue generated internationally.

For the first half of FY2022/23, we declared an interim dividend of 0.18 cents per share. For the final dividend, the Board is recommending a final exempt (one-tier) dividend of 0.40 cents per ordinary share for your approval at the Annual General Meeting (AGM) to be convened. This would bring the annual dividend for FY2022/23 to 0.58 cents per share.

TRANSFORMATION

The focus of my comments this year is on the transformation of SingPost.

Let me start with the context:

The imperative to transform SingPost was recognised by the Board and Management some years ago, given the disruption to our Postal business caused by digital substitution and related underlying trends.



* Including cross-border International Post & Parcel business

What was not foreseen was COVID-19 which caused further disruption. The closure of Changi Airport and lockdowns in our key markets undermined our International Postal business, which was very profitable at the time, and also absorbed a large share of our overheads.

Our domestic mail business has since continued its decline. Despite success in building an eCommerce logistics business in Singapore by leveraging our Postal infrastructure and managements' efforts to rebuild our International Postal business, these have not been sufficient to cover the decline in domestic mail and cost inflation. For the first time in SingPost's history, we have recorded a loss in our Postal segment and expect the Postal business to be loss making in FY2023/24. This is a structural issue and requires a structural solution. Management is reviewing our options as part of a broader strategic review.

OUR PROGRESS

SingPost has executed well on its strategy to progressively transform into a logistics business. We prioritised investing in Australia given the size of the logistics market, its profitability, and potential returns.

We did not let COVID-19 delay our transformation and made a minority investment in Freight Management Holdings (FMH), the leading fourth-party logistics (4PL) service provider with proprietary technology. We followed this by increasing our stake to 51% and subsequently to 88%. Each of these steps has been immediately accretive to SingPost's earnings and Return on Equity (ROE).

FMH has grown strongly in revenue and profit, both organically and through roll-up acquisitions. We expect FMH to continue its growth and to explore further acquisitions as it grows its network and capabilities.

We will be fully integrating CouriersPlease into FMH, which will position the company to offer Business-Business-Consumer logistics solutions with significant growth potential.

As a result, we now have an Australian business comprising FMH and CouriersPlease contributing \$815 million in revenue and accounting for 44% of Group revenue.

THE NEXT STEPS

With the foundation for future growth and ongoing transformation in place, the Board has begun the process of a strategic review of our portfolio of businesses and the structure of the Group. Our objectives are to improve shareholder returns and ensure the Group is appropriately valued.

The overarching theme is to move progressively towards becoming a logistics company, divesting non-core businesses and assets, and recycling capital to support further growth and transformation.

SUSTAINABILITY

SingPost is actively working towards achieving net-zero goals for its operations in Singapore by 2030 and globally by 2050. The Group has implemented various initiatives to optimise operational efficiency, reduce wastage, utilise renewable energy, and shift to low carbon

transportation options. In the past year, we have aligned our practices with the Task Force on Climate-Related Financial Disclosures' (TCFD) recommendations and framework, and participated in the 27th session of the Conference of the Parties of the UNFCCC (COP 27) to promote decarbonisation across the logistics sector. The Group also actively engages in community investment, and places importance on corporate governance, diversity, and inclusion. We aim to lead in the green economy by tapping on opportunities and addressing the challenges that climate change presents.

GOVERNANCE

The Board remains committed to upholding and improving the highest standards of governance. During the financial year, SingPost sustained its ranking at the 7th place in the Singapore Governance and Transparency Index in 2022.

The Group was recognised for its commitment to corporate governance and diversity, winning the Singapore Corporate Governance Award under the Diversity category at the SIAS Investor's Choice Awards 2022. This accolade highlights SingPost's efforts in promoting diversity and inclusion within its board and management team. SingPost continuously fosters a diverse leadership to nurture an inclusive workplace.

BOARD RENEWAL

The majority of our Directors have served, or are near to serving six years. The process of Board renewal is underway and will be phased to find the right balance between continuity and bringing in new Directors and skill sets.

With two Directors retiring at this year's AGM, and Alibaba yet to appoint a replacement nominee, we currently have three vacancies. We commenced an external search covering Singapore and Australia and have identified candidates.

Appointments will be subject to the candidates agreeing to the timing of the appointment and regulatory approvals.

A further slate of Directors will retire at next year's AGM to facilitate further renewal. Changes in Board skill sets required as an outcome of the strategic review will also be considered.

On behalf of the Board, I would like to acknowledge the contribution and record our thanks to Mr Justin Chen and Mr Steve Leonard who will both retire at this year's AGM.

APPRECIATION

I would also like to record my thanks to my fellow Directors, our management, employees, and our union for their tireless support. We have been through a number of difficult years as we transform, and their ongoing commitment is greatly appreciated.



SIMON ISRAEL
Chairman