

POST & PARCEL

...TO ACTIVELY INNOVATE AND EXPLORE NEW AVENUES FOR GROWTH WHILE LEVERAGING OUR STRENGTHS. WE CONTINUE TO DEVELOP OUR INFRASTRUCTURE AND PROMOTE A CARBON-EFFICIENT ECOSYSTEM, SETTING US APART FROM OTHER 3PL PROVIDERS.



SingPost acquired Parcel Santa, with a network of lockers located in over 300 condominium developments in Singapore.



As we expand our PUDO infrastructure, our POPStation network has 7,948 lockers across 113 locations in Singapore.



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▲ POPDrop, a RFID-enabled drop-off box was launched in December 2022, for eCommerce sellers to drop their items 24/7.

In FY2022/23, we faced numerous challenges as the world emerged from the pandemic and adjusted to a new normal. Supply chain disruptions, eCommerce normalisation, and operational hurdles hoarded the agenda. Geopolitical tensions also impacted the global supply chain, requiring businesses to adapt their operations to stabilise and mitigate risks.

eCommerce volumes normalised post the surge during pandemic, accompanied by increased delivery costs affecting 3PLs and marketplaces. Last-mile logistics faced obstacles due to rising fuel prices and resource shortages. Additionally, the shift towards digital communication and eCommerce led to a structural decline in mail volumes, a trend seen among global postal service providers.

In the face of these dynamics, SingPost's Post and Parcel business segment has stayed on course to actively innovate and explore new avenues for growth while leveraging our strengths. We continue to develop our infrastructure and promote a carbon-efficient ecosystem, setting us apart from other 3PL providers.

We expanded our infrastructure through Pick-Up, Drop-Off (PUDO) network growth and Tracked Letterbox services, providing convenience and efficiency to merchants and users. Our focus on a carbon-efficient ecosystem included electrifying our delivery fleet and implementing sustainable options for first-mile, last-mile, and returns. With these initiatives, we remain at the forefront of sustainability while delivering exceptional service to our customers.

REVENUE DECLINED AMIDST CHALLENGING BUSINESS LANDSCAPE

As at 31 March 2023, Domestic Post and Parcel revenue declined 9.3% compared with a year ago due to several factors.

One factor was the higher base effect from the record eCommerce volumes during the pandemic in the previous year. The insourcing of a major eCommerce customer to perform parts of its own logistics and the continual decline in the volume of letters and printed papers for postal distribution impacted the logistics volumes, affecting our revenue.

International Post and Parcel revenue declined 20.5% for the year under review primarily due to the strict measures taken by markets such as China, particularly in Q1 FY2022/23, significantly reducing cross-border eCommerce logistics volumes.

Overall, the Post and Parcel segment faced significant financial challenges during the year ended 31 March 2023. As a result, we recorded our operating loss of \$15.9 million, a substantial decline compared to the \$24.9 million operating profit reported in the previous year. This decline in profitability can be attributed to several factors, including the ongoing decline in delivery volumes within the domestic and international segments. These declines, combined with inflationary increases in labour, utility, fuel, and conveyance expenses, contributed to the overall difficulties experienced by the Post and Parcel segment.

POST CENTRE



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NAVIGATING CHALLENGES, EMBRACING ECOMMERCE GROWTH

Despite market challenges, the growth of eCommerce remains robust, positioning itself as a key driver to offset the declining letter volumes.

Over the past four years, we have seen a remarkable 33% Compound Annual Growth Rate (CAGR) for our key strategic eCommerce accounts from FY2019/20 to FY2022/23. This growth trajectory is further supported by a positive 13% CAGR in eCommerce revenue over the same period.

Domestically, SingPost continues to demonstrate its commitment to being a reliable logistics service provider. Our unwavering focus on delivering quality service has resulted in impressive service-level achievements. Our Postal Service Level Agreement (SLA) stands at an exceptional 99.67%, an improvement from the previous year's 99.49%. Similarly, our Parcel SLA has reached an impressive 96.17%, underscoring our dedication to meeting and exceeding customer expectations.

With the continued growth of eCommerce and our unwavering commitment to excellence, we remain steadfast in our pursuit of making every delivery count. SingPost is well-positioned to overcome the challenges ahead and seize the opportunities in the dynamic business landscape, ensuring a brighter future for our company and the industry.

ENHANCING GLOBAL OPERATIONS FOR COMMERCIAL OPPORTUNITIES

Against the backdrop of significant disruptions in the supply chain, elevated conveyance costs, and limited air capacity globally, SingPost proactively responded to these challenges by reassessing our cross-border strategy and implementing substantial changes to leverage our network and enhance our business capabilities to support more commercial ventures.

We diversified our service offerings beyond traditional postal deliveries to adapt to the evolving international market. This strategic shift involved establishing additional routing options for our trade lanes and forging new partnerships in key markets such as the United States and Australia. In addition, by leveraging the overseas network of our subsidiaries, we expanded our commercial arrangements and capitalised on emerging opportunities.

Recognising the importance of resilience and flexibility, SingPost transformed its operations from relying on a single transshipment hub in Singapore to a multi-modal network. As a result, we strengthened our ability to navigate unforeseen disruptions and provide alternative solutions to meet customer demands by establishing additional transit hubs and initiating new operations in strategic locations.

Effective cost management, particularly in line haul operations, enabled us to respond swiftly to market dynamics. Such agility allowed us to implement initiatives such as chartered flights during the year to manage conveyance costs effectively. While the business may require some time to recover from the impact of the pandemic, our strategic shift from traditional postal services to a broader range of commercial offerings is laying a solid foundation for future growth.

INNOVATING TO ENHANCE THE URBAN LOGISTICS EXPERIENCE

We continued enhancing the urban logistics experience with investments in digital infrastructure and innovations. In April 2022, SingPost acquired Parcel Santa, the leading provider of smart locker systems for private residences in Singapore. We integrated Parcel Santa into our network, enabling us to offer customers a highly pervasive PUDO network that has grown by more than 400%.

This expansion, along with the introduction of POPDrop and POPStop, further strengthened our infrastructure. These initiatives provided merchants and consumers of eCommerce with a highly pervasive PUDO network, offering them convenience and secure delivery options, ultimately improving their overall experience. To improve manpower efficiency while offering customers convenience, we introduced POPDrop, an automated





self-service drop-off box equipped with in-built trackability and RFID technology. This innovative solution enables merchants to ship their packages with end-to-end tracking capabilities, ensuring transparency and peace of mind for businesses and customers.

Additionally, we launched POPStop, a dedicated manned service centre catering to the eCommerce industry and consumers. By March 2023, we had successfully launched the first four POPStops, and by May 2023, they are available in all post offices. These POPStops create an extensive and convenient infrastructure network that complements our existing services, providing the eCommerce industry and consumers with the most pervasive and accessible solution in Singapore.

We are committed to improving customer experience through innovation, such as enhancing our physical and digital touchpoints to enable seamless interactions with our eCommerce partners. By leveraging technology, we aim to create a robust ecosystem enabling seamless transactions and enhancing the customer journey.

CARING FOR PEOPLE, CONNECTING COMMUNITIES, AND PRESERVING THE PLANET

At SingPost, we care for our people. For instance, we signed a Memorandum of Understanding (MOU) with the Union of Telecom Employees (UTES) to renew our company training committee (CTC) for another three years. This collaboration underscores our commitment to providing training opportunities for our colleagues, enabling them to enhance productivity and deliver exceptional service. Since the inception of the CTC, we have offered 10,000 training places, benefiting over 1,500 individuals.

Our dedication to caring for our community is evident through initiatives such as the Community Chest Fu Dai 2023. Over three days, more than 1,300 individuals from diverse backgrounds united to pack over 8,500 Bags of Happiness, which were bags of food essentials for the Lunar New Year festive season. As a logistics partner, SingPost ensured the timely delivery of these festive bags to seniors and families in need.

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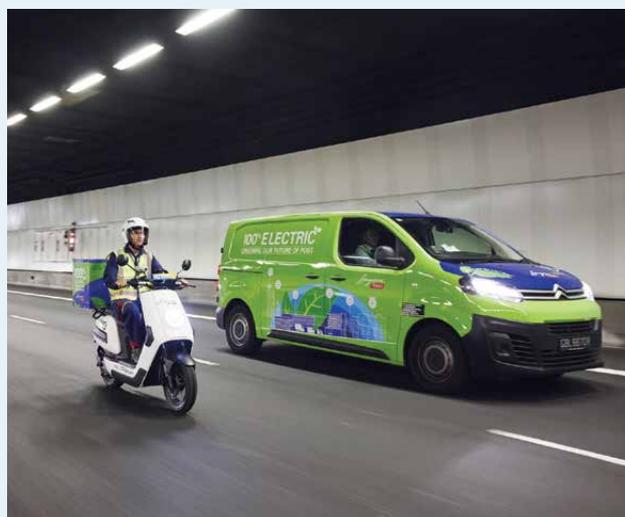
We launched the SingPost Automated External Defibrillator (AED)-on-Wheels programme as part of our readiness to lend a helping hand in emergencies. Equipped with AEDs, first aid kits, and fire extinguishers, our delivery staff and their vehicles stand ready to respond swiftly to emergencies. Additionally, 164 SingPost postal delivery staff volunteered to undergo training by the Singapore Civil Defence Force (SCDF) to acquire core lifesaving skills and essential emergency procedures.

Preserving the planet lies at the core of our values, and SingPost remains steadfast in our commitment to providing environmentally friendly solutions for greener deliveries. As part of this commitment, we established two significant Memoranda of Understanding (MOU) partnerships in FY2022/23.

We partnered with SMRT to introduce POPStops at select MRT stations. POPStops will serve as dedicated facilities to enable small businesses, marketplace sellers, and entrepreneurs to drop off their shipments conveniently.



We also formed an agreement with Lazada, a leading eCommerce platform, to create the most carbon-efficient ecosystem for deliveries. This comprehensive collaboration encompasses our PUDO, Tracked Letterbox, and Doorstep delivery services. We also offer efficient returns and forward delivery options to cater to the evolving needs of businesses and customers. This partnership with Lazada is particularly significant as more businesses with net-zero targets seek partners who align with their sustainability goals. Together, we are driving innovation and setting new standards for carbon-efficient deliveries, fostering business growth and contributing to a greener future.



In the pursuit to reduce carbon emissions, we have actively electrified our delivery fleet. With the replacement of 687 fuel-powered motorcycles and scooters, and 142 petrol-fuelled vans, around 32% of SingPost's delivery fleet is now comprised of electric vehicles (EVs). We are also engaged in a trial of electric motorbikes with swappable batteries in partnership with MO Batteries Singapore, supported by the Land Transport Authority (LTA).

SingPost is also proud to be a part of a WWF-Singapore pilot initiative to reduce eCommerce packaging waste. This collaboration, designed by WWF, promotes the adoption of reusable eCommerce packaging in Singapore, fostering a circular economy approach that benefits both the environment and society.

AWARDS AND RECOGNITION

SingPost's dedication to reliable and high quality service has earned recognition and admiration from customers, peers, partners, and stakeholders.

SingPost won the Express Mail Service (EMS) Customer Care Award 2022, recognising our exceptional customer service. EMS is an international postal express mail service offered by postal operators of the Universal Postal Union (UPU), connecting around 200 countries and territories worldwide. We also won the Last Mile Partner of the Year award, organised by the prestigious professional body Supply Chain Asia. Both awards are testaments to our commitment to excellence in our service delivery.

More importantly, we were honoured to receive the President's Certificate of Commendation, acknowledging organisations that had substantially contributed to Singapore's fight against COVID-19. Throughout the pandemic, SingPost played a vital role in various national distribution exercises, including delivering over three million Antigen Rapid Test (ART) kits, 1.24 million CDC voucher notifications, informational pamphlets, and StayWell Mouth Gargle to households across Singapore. This recognition reaffirms our position as a trusted logistics partner and reflects the trust our customers and partners have placed in us, even in challenging times.

In 2022, 98 individuals were honoured with the prestigious national recognition programme Excellent Service Award (EXSA), demonstrating their dedication to providing quality service. Among the recipients, 40 received the esteemed Star Award, representing their outstanding performance and exceptional service delivery. Additionally, 11 individuals were honoured with the Gold Award, highlighting their consistent excellence and commitment to service excellence. Finally, the Silver Award was bestowed upon 47 individuals who have consistently demonstrated their dedication to delivering quality service.

We take great pride in these achievements, knowing that they reflect our ongoing commitment to providing exceptional service and positively impacting the industry and the communities we serve.

STAMPING THE YEAR: CELEBRATING SINGAPORE'S CULTURAL TAPESTRY, GREEN JOURNEY, AND DIPLOMATIC MILESTONES

Stamps continue to serve as cherished symbols, capturing and preserving our cultural heritage through stories of values, connections, aspirations, and journeys. In 2022, SingPost proudly continued the tradition of stamps, unveiling a collection that beautifully showcased our diverse narratives.

One highlight was the commemoration of 50 years of diplomatic relations between Singapore and Bangladesh. Two stunning songbirds, the Zebra Dove and the Oriental Magpie-Robin, adorned the stamps, symbolising our nations' enduring friendship and bond.

Another collection honoured the Golden Jubilee of the National Wages Council, recognising its pivotal role in fostering harmonious tripartite relations in Singapore – paying homage to the council's half-century journey, a testament to its dedication to equitable and fair labour practices.

Illustrating the essence of Singaporean family life, stamps dedicated to the Year of Celebrating SG Families showcased the adventures of mascot Becky Bunny, conveying values of love, harmony, and togetherness.

One of the stamp collection highlights reflected Singapore's commitment to sustainability and environmental stewardship. Commemorating the Ministry of Sustainability and the Environment's (MSE) 50th anniversary, each stamp showcased vital aspects of MSE's work, from water and food security to climate resilience and the pursuit of a circular economy. These stamps spotlighted Singapore's dedication to a greener and more resilient future.

The other stamp collection highlight paid tribute to Singapore's colonial history, showcasing elegant Art Deco-style buildings and iconic landmarks along the historic railway line, capturing the architectural legacy of the transportation route.

The stamp collection also celebrated Singapore's cultural tapestry through festivals, local mascots and the Children's Museum, embodying the nation's vibrant spirit, community and creativity – fostering a sense of unity and inclusivity.

Throughout the year, SingPost's stamps served as remarkable storytellers, capturing the essence of Singapore's cultural fabric, green journey, and diplomatic milestones.

