

SINGAPORE TELECOMMUNICATIONS LIMITED
(Incorporated in the Republic of Singapore)
Company Registration Number: 199201624D

ANNOUNCEMENT

**EXCEPTIONAL PROVISIONS FOR THE
SECOND HALF YEAR AND FINANCIAL YEAR ENDED 31 MARCH 2024**

Singapore Telecommunications Limited (“**Singtel**”) wishes to announce that it expects to recognise exceptional non-cash impairment provisions of approximately S\$3.1 billion for the second half year ended 31 March 2024. However, these non-cash impairment provisions will not impact the payment of dividends and the Singtel Group’s underlying net profit for the financial year ended 31 March 2024 remains on track.

Impairment of Optus enterprise fixed assets

Optus performed a strategic review of its enterprise business, in conjunction with its annual budget process, implementing a strategy focused on restoring long term growth. This review included an assessment of its enterprise fixed assets. In line with the overall decline that was witnessed in the Australian enterprise market, Optus Enterprise has been reporting steep declines in fixed carriage revenue due to churn and price erosion, which has led to lower recovery value. As a result, Optus expects to record non-cash impairment provisions of approximately A\$540 million (S\$470 million) on its enterprise fixed access network assets.

Impairment of goodwill

As part of the Singtel Group’s review of its investments, the recovery value of Optus group was assessed to be below its carrying value as at 31 March 2024. This reflected a range of factors including weaker prospects in the enterprise market, increased cost of capital and the softer macroeconomic outlook in Australia partly offset by the benefit from the regional Multi-Operator Core Network (MOCN) agreement which Optus has entered into with TPG Telecom. Consequently, the Group expects to record a non-cash impairment provision of approximately S\$2 billion on the goodwill of Optus.

The Group also expects to record a non-cash impairment provision for goodwill of approximately S\$340 million for the Asia Pacific cyber security business mainly from general business weakness on lower corporate spending. In addition, an estimated S\$280 million of non-cash impairment provision is expected for NCS Australia due mainly to higher cost of capital.

The figures are subject to finalisation as the statutory audits of the Singtel Group are ongoing. The audited financial statements of the Singtel Group for the financial year ended, and as at, 31 March 2024, will be announced on 23 May 2024.

With the above exceptional provisions, the Singtel Group expects to report a net loss for the second half year and a lower net profit for the financial year ended 31 March 2024.

Singtel's dividend policy is to pay ordinary dividends at between 70% and 90% of underlying net profit and the payment of dividends will not be impacted by the exceptional provisions. Barring unforeseen circumstances, Singtel is on track to pay at the upper end of its dividend policy for the financial year ended 31 March 2024. Singtel assesses returns to shareholders in a holistic manner, with payouts funded by operating cashflow¹ and any excess proceeds from capital recycling after funding growth initiatives and repaying debt.

Issued by Singapore Telecommunications Limited on 29 April 2024.

Forward-looking statements in this announcement are based on current expectations and assumptions. Shareholders and investors are advised to exercise caution when dealing in the shares of the Singtel Group.

¹ Including dividends from associates.