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## Discussion with investors on Keppel's rationale for proposed divestment of M1

In response to queries from investors, Keppel CEO Loh Chin Hua shared the following perspectives on Keppel's rationale for the proposed divestment of M1:

The proposed merger is in line with our strategy to become more asset-light and monetise our non-core assets by 2030. We see this as a two-stage divestment. At completion, we will deconsolidate about $324 million of M1 net debt and receive a 23% stake comprising 546.5 million shares in the enlarged StarHub. We can then monetise that listed stake over time, either through dripping out the shares or selling to a strategic or fund investor.

During our marketing of M1, a number of strategics showed strong interest in the Singapore telco market if it was a 3-telco market, and not 4. The net debt deconsolidated would be added to the monetisation pool for purposes of calculating the special dividends, as would the shares that are eventually monetised. Another option would be to distribute the shares in species or a combination of all three approaches.

If we continue to own M1 as a subsidiary, we would have to fund investments in its technology stack and improve cyber resilience, as well as network and spectrum costs. We would also continue to consolidate its results, including losses such as those we saw in the first half of 2026.

After the proposed sale to Simba was terminated, StarHub was the only realistic merger partner. The all-share deal makes sense for both sides — It allows the combined entity to conserve cash for integration and growth. For Keppel, it allows us to participate in the upside as the market consolidates, competitive conditions improve and the combined entity realises it synergies.

At completion, we will stop consolidating M1's results and funding its capex. We will record the StarHub stake at the traded price at completion and mark it to market thereafter. We will also recognise the ordinary dividends that we are entitled to receive for our stake in the combined entity.

The profit contribution of M1 at Keppel's level was $3 million for FY 2025, and if the deal had been done with StarHub on 1 January 2025, the contributions through dividends alone would have been $34 million.

To illustrate, a $0.10 rise in StarHub's share price over a year would add about $55 million to the value of our stake. If StarHub continues to pay a $0.06 ordinary dividend, which we

are entitled to receive, that would bring in another $33 million in cash. Together, this would result in about $88 million in value appreciation and dividends for the year.

StarHub was trading at S$1.01 at the announcement. If StarHub's share price increases from $1.01 to $1.50[1], the value of our 546.5 million shares would increase by approximately $268 million, which is significant. Thus, we believe that the benefits of deconsolidating M1 and the longer-term potential of our stake in the combined entity make this a very good trade for Keppel.

[1] This is purely for illustration purposes and is not an indication of future share price performance.