



UNAUDITED RESULTS FOR HALF YEAR ENDED 30 SEPTEMBER 2021

- 1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT For the half year ended 30 September 2021 (in \$ million)

	Notes	GROUP	
		1st Half	
		2021-22	2020-21
Revenue	3	569.5	440.5
Expenditure			
Staff costs		(243.4)	(186.0)
Cost of raw materials		(153.4)	(124.9)
Licence fees		(12.4)	(8.0)
Depreciation and amortisation charges		(60.8)	(66.8)
Company premise and utilities expenses		(33.4)	(36.6)
Other costs		(62.1)	(54.2)
		<u>(565.5)</u>	<u>(476.5)</u>
Operating profit/(loss)		4.0	(36.0)
Interest on borrowings		(8.5)	(10.9)
Interest income		1.5	3.3
Share of results of associates/joint ventures, net of tax		0.9	(44.2)
Other non-operating loss, net		(0.8)	(31.6)
Loss before tax		<u>(2.9)</u>	<u>(119.4)</u>
Income tax credit	4	8.9	25.0
Profit/(Loss) for the period		<u>6.0</u>	<u>(94.4)</u>
Profit/(Loss) attributable to:			
Owners of the Company		13.2	(76.9)
Non-controlling interests		<u>(7.2)</u>	<u>(17.5)</u>
		<u>6.0</u>	<u>(94.4)</u>
Core PATMI (\$'M) ⁽¹⁾		13.2	(45.3)
EBITDA (\$'M) ⁽²⁾		65.7	(13.4)
Return on Equity (%) ⁽³⁾		0.8	n.m.

1. Core PATMI refers to net profit attributable to owners of the Company excluding the following one-off items:

	1st Half	
	2021-22	2020-21
(i) Impairment loss on investment in an associate and long-term investment	—	(31.6)
2. EBITDA refers to earnings (including Share of results of associates/joint ventures) before interest, tax, depreciation and amortisation; and excludes one-off items. Excluding Share of results of associates/joint ventures, EBITDA for 1HFY22 and 1HFY21 would be \$64.8M and \$30.8M respectively.		
3. Return on equity ("ROE") is profit attributable to owners of the Company expressed as a percentage of the average equity holders' funds for the respective periods (non annualised).		
<i>n.m. – not meaningful</i>		

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the half year ended 30 September 2021 (in \$ million)

	GROUP	
	1st Half	
	2021-22	2020-21
Profit/(Loss) for the period	6.0	(94.4)
Other comprehensive income		
<u>Items that will not be reclassified to profit or loss:</u>		
Actuarial loss on defined benefit plan	–	(0.2)
<u>Items that are or may be reclassified subsequently to profit or loss:</u>		
Net fair value changes on financial assets	0.5	–
Foreign currency translation differences	10.6	(2.1)
Other comprehensive income for the period, net of tax	11.1	(2.3)
Total comprehensive income for the period	17.1	(96.7)
Total comprehensive income attributable to:		
Owners of the Company	24.1	(78.3)
Non-controlling interests	(7.0)	(18.4)
Total comprehensive income for the period	17.1	(96.7)

1(b) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

CONDENSED STATEMENTS OF FINANCIAL POSITION

As at 30 September 2021 (in \$ million)

		Notes	GROUP		COMPANY	
			30.9.2021	31.3.2021	30.9.2021	31.3.2021
Equity attributable to owners of the Company						
Share capital	12		367.9	367.9	367.9	367.9
Treasury shares			(8.8)	(18.8)	(8.8)	(18.8)
Share-based compensation reserve			3.9	9.4	3.9	9.4
Statutory reserve			13.5	13.5	—	—
Foreign currency translation reserve			(139.9)	(150.2)	—	—
Revenue reserve			1,364.6	1,349.0	1,329.4	1,305.3
Other reserves*			(24.5)	(24.5)	(26.3)	(25.7)
			1,576.7	1,546.3	1,666.1	1,638.1
Non-controlling interests			146.2	152.5	—	—
Total equity			1,722.9	1,698.8	1,666.1	1,638.1
Non-current assets						
Property, plant and equipment	8		523.4	519.7	18.6	18.8
Right-of-use assets			185.7	187.7	61.4	63.3
Investment properties			0.2	0.5	158.8	173.0
Intangible assets			415.3	410.7	22.9	19.1
Investment in subsidiaries			—	—	770.2	754.0
Investment in associates			508.6	520.8	335.4	335.4
Investment in joint ventures			59.3	57.4	12.0	12.0
Long-term investments			14.8	14.5	6.1	6.1
Loan to subsidiaries			—	—	391.7	360.7
Deferred tax assets			41.1	34.3	—	—
Other non-current assets			21.6	23.5	—	—
			1,770.0	1,769.1	1,777.1	1,742.4
Current assets						
Trade and other receivables			358.0	291.5	184.9	82.2
Prepayments and deposits			20.5	20.1	3.7	2.4
Amounts due from associates/joint ventures			0.2	1.3	—	0.8
Inventories			118.5	130.0	0.3	0.2
Cash and short-term deposits			685.5	879.8	562.5	761.6
			1,182.7	1,322.7	751.4	847.2
Current liabilities						
Trade and other payables			353.5	358.5	172.0	122.1
Amounts due to associates/joint ventures			11.4	11.4	—	—
Income tax payable			18.8	36.0	18.3	15.1
Term loans	11		55.1	143.3	178.1	264.7
Lease liabilities	11		18.5	16.1	3.1	3.0
			457.3	565.3	371.5	404.9
Net current assets			725.4	757.4	379.9	442.3
Non-current liabilities						
Deferred tax liabilities			67.4	68.7	28.2	27.7
Term loans	11		183.0	234.8	94.8	150.0
Note payables	11		300.0	300.0	300.0	300.0
Lease liabilities	11		177.1	179.2	60.3	60.7
Other payables			45.0	45.0	7.6	8.2
			772.5	827.7	490.9	546.6
Net assets			1,722.9	1,698.8	1,666.1	1,638.1

* Other Reserves consist of Gain/(Loss) on Reissuance of Treasury Shares and Capital Reserve.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the half year ended 30 September 2021 (in \$ million)

	Notes	GROUP	
		1st Half	
		2021-22	2020-21
<u>Cash flows from operating activities</u>			
Loss before tax		(2.9)	(119.4)
Adjustments for:			
Interest expense, net		7.0	7.6
Depreciation and amortisation charges		60.8	66.8
Unrealised foreign exchange (gain)/loss		(0.3)	1.1
Share of results of associates/joint ventures, net of tax		(0.9)	44.2
Loss/(gain) on disposal of property, plant and equipment		0.1	(0.2)
Impairment loss on property, plant and equipment		0.7	0.2
Impairment loss on investment in an associate and long-term investment		–	31.6
Share-based payment expense		6.3	4.2
(Write-back)/provision for doubtful debts		(0.3)	7.7
Other non-cash items		–	(0.2)
Operating cash flows before working capital changes		70.5	43.6
Changes in working capital:			
(Increase)/decrease in receivables		(48.5)	111.3
Increase in government grants receivables		(14.9)	(25.1)
(Increase)/decrease in prepayments and deposits		(0.3)	0.5
Decrease/(increase) in inventories		11.5	(100.5)
Increase/(decrease) in payables		4.3	(19.3)
(Decrease)/increase in deferred grants income		(8.3)	24.9
Decrease/(increase) in amounts due from associates/joint ventures, net		1.0	(0.9)
Cash generated from operations		15.3	34.5
Interest paid to third parties		(8.5)	(10.9)
Income taxes paid		(15.9)	(4.6)
Net cash (used in)/from operating activities		(9.1)	19.0
<u>Cash flows from investing activities</u>			
Capital expenditure		(31.5)	(25.8)
Dividends from associates/joint ventures		21.4	15.7
Proceeds from disposal of property, plant and equipment		0.1	1.2
Proceeds from disposal of interest in a subsidiary		0.3	0.3
Investment in subsidiaries, net of cash acquired	9	(20.2)	–
Interest received from deposits		1.4	3.4
Net cash used in investing activities		(28.5)	(5.2)
<u>Cash flows from financing activities</u>			
Repayments of term loans		(150.0)	(206.4)
Repayments of lease liabilities		(12.1)	(11.3)
Proceeds from borrowings		8.2	478.5
Purchase of treasury shares		–	(1.6)
Dividends paid to non-controlling interest		(2.4)	(3.4)
Net cash (used in)/from financing activities		(156.3)	255.8
Net (decrease)/increase in cash and cash equivalents		(193.9)	269.6
Effect of exchange rate changes		(0.4)	(0.3)
Cash and cash equivalents at beginning of financial period		879.8	549.2
Cash and cash equivalents at end of financial period		685.5	818.5

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONDENSED STATEMENTS OF CHANGES IN EQUITY
For the half year ended 30 September 2021 (in \$ million)

GROUP	Attributable to owners of the Company										Non-controlling Interests	Total Equity
	Share Capital	Treasury Shares	Share-Based Compensation Reserve	Statutory Reserve*	Foreign Currency Translation Reserve	Revenue Reserve	Capital Reserve	Loss on Reissuance of Treasury Shares	Fair Value Reserve	Total		
Balance at 1 April 2021	367.9	(18.8)	9.4	13.5	(150.2)	1,349.0	1.1	(25.7)	0.1	1,546.3	152.5	1,698.8
Profit for the period	—	—	—	—	—	13.2	—	—	—	13.2	(7.2)	6.0
Other comprehensive income for the period	—	—	—	—	10.3	—	—	—	0.6	10.9	0.2	11.1
Total comprehensive income for the period	—	—	—	—	10.3	13.2	—	—	0.6	24.1	(7.0)	17.1
Contributions by and distributions to owners												
Share-based payment	—	—	6.3	—	—	—	—	—	—	6.3	—	6.3
Share awards lapsed	—	—	(2.4)	—	—	2.4	—	—	—	—	—	—
Treasury shares reissued pursuant to equity Compensation plans	—	10.0	(9.4)	—	—	—	—	(0.6)	—	—	—	—
Total contributions by and distributions to owners	—	10.0	(5.5)	—	—	2.4	—	(0.6)	—	6.3	—	6.3
Others												
Capital contributions from non-controlling interest	—	—	—	—	—	—	—	—	—	—	3.1	3.1
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	—	—	(2.4)	(2.4)
Balance at 30 September 2021	367.9	(8.8)	3.9	13.5	(139.9)	1,364.6	1.1	(26.3)	0.7	1,576.7	146.2	1,722.9

* Certain countries in which some of the associates and subsidiaries are incorporated legally require statutory reserves to be set aside. The laws of the countries restrict the distribution and use of these statutory reserves.

CONDENSED STATEMENTS OF CHANGES IN EQUITY (cont'd)
For the half year ended 30 September 2021 (in \$ million)

GROUP	Attributable to owners of the Company										
	Share Capital	Treasury Shares	Share-Based Compensation Reserve	Statutory Reserve*	Foreign Currency Translation Reserve	Revenue Reserve	Capital Reserve	Loss on Reissuance of Treasury Shares	Total	Non-controlling Interests	Total Equity
Balance at 1 April 2020	367.9	(26.0)	9.5	12.1	(147.5)	1,426.0	1.1	(25.6)	1,617.5	188.0	1,805.5
Loss for the period	—	—	—	—	—	(76.9)	—	—	(76.9)	(17.5)	(94.4)
Other comprehensive income for the period	—	—	—	—	(1.2)	(0.2)	—	—	(1.4)	(0.9)	(2.3)
Total comprehensive income for the period	—	—	—	—	(1.2)	(77.1)	—	—	(78.3)	(18.4)	(96.7)
Contributions by and distributions to owners											
Share-based payment	—	—	4.2	—	—	—	—	—	4.2	—	4.2
Treasury shares reissued pursuant to equity compensation plans	—	6.4	(6.4)	—	—	—	—	—	—	—	—
Purchase of treasury shares	—	(1.6)	—	—	—	—	—	—	(1.6)	—	(1.6)
Total contributions by and distributions to owners	—	4.8	(2.2)	—	—	—	—	—	2.6	—	2.6
Others											
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	—	(3.4)	(3.4)
Transfer to statutory reserve	—	—	—	1.4	—	(1.4)	—	—	—	—	—
Balance at 30 September 2020	367.9	(21.2)	7.3	13.5	(148.7)	1,347.5	1.1	(25.6)	1,541.8	166.2	1,708.0

* Certain countries in which some of the associates are incorporated legally require statutory reserves to be set aside. The laws of the countries restrict the distribution and use of these statutory reserves.

CONDENSED STATEMENTS OF CHANGES IN EQUITY (cont'd)
For the half year ended 30 September 2021 (in \$ million)

COMPANY	Share Capital	Treasury Shares	Share-Based Compensation Reserve	Revenue Reserve	Loss on Reissuance of Treasury Shares	Total Equity
Balance at 1 April 2021	367.9	(18.8)	9.4	1,305.3	(25.7)	1,638.1
Profit for the period	–	–	–	21.7	–	21.7
Total comprehensive income for the period	–	–	–	21.7	–	21.7
<u>Contributions by and distributions to owners</u>						
Share-based payment	–	–	6.3	–	–	6.3
Share awards lapsed	–	–	(2.4)	2.4	–	–
Treasury shares reissued pursuant to equity compensation plans	–	10.0	(9.4)	–	(0.6)	–
Total contributions by and distributions to owners	–	10.0	(5.5)	2.4	(0.6)	6.3
Balance at 30 September 2021	367.9	(8.8)	3.9	1,329.4	(26.3)	1,666.1
Balance at 1 April 2020	367.9	(26.0)	9.5	1,307.3	(25.6)	1,633.1
Profit for the period	–	–	–	37.2	–	37.2
Total comprehensive income for the period	–	–	–	37.2	–	37.2
<u>Contributions by and distributions to owners</u>						
Share-based payment	–	–	4.2	–	–	4.2
Treasury shares reissued pursuant to equity compensation plans	–	6.4	(6.4)	–	–	–
Purchase of treasury shares	–	(1.6)	–	–	–	(1.6)
Total contributions by and distributions to owners	–	4.8	(2.2)	–	–	2.6
Balance at 30 September 2020	367.9	(21.2)	7.3	1,344.5	(25.6)	1,672.9

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 30 September 2021 (in \$ million)

1. Significant Accounting Policies

1.1 Corporate Information

SATS Ltd. (the “Company” or “SATS”) is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”). These consolidated financial statements as at and for the six months ended 30 September 2021 comprise the Company and its subsidiaries (collectively, the Group).

The registered office and principal place of business of the Company is located at 20 Airport Boulevard, SATS Inflight Catering Centre 1, Singapore 819659.

The Company is principally an investment holding company. Its other activities include rental of premises and provision of management services to related companies.

1.2 Basis of Preparation

The condensed interim financial statements for the half year ended 30 September 2021 have been prepared in accordance with Singapore Financial Reporting Standards (International) 34 *Interim Financial Reporting* (SFRS(I) 1-34). The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 March 2021. (Group’s Annual Report).

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at 31 March 2021 except for the adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) that are mandatory for financial year beginning on or after 1 April 2021. The adoption of these SFRS(I) has no significant impact on the financial statements.

The condensed interim financial statements are presented in Singapore dollar which is the Company’s functional currency.

1.3 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

1.4 Seasonal Operation

The Group’s businesses are not affected significantly by seasonal or cyclical factors during the financial period.

2. Profit/(Loss) before tax (in \$ million)

Profit/(loss) for the period is arrived at after crediting/(charging) the following items

	Group	
	1st Half	
	30.09.2021	30.09.2020
Foreign exchange gain/(loss), net	0.2	(1.1)
Write-back/(allowance) for doubtful debts	0.3	(7.7)
Write-off for stock obsolescence, net	—	(0.3)
(Loss)/gain on disposal of property, plant and equipment	(0.1)	0.2
Impairment loss on property, plant and equipment, net of grants	(0.4)	(0.2)
Recognition of government grant related to impaired property, plant and equipment	(0.4)	—
Over provision of taxation in respect of prior years	0.2	0.6
Government grants	86.1	152.1
Impairment loss on investment in an associate and long-term Investment	—	(31.6)

3. Segment Reporting

For management purposes, the Group's operating businesses are organised and managed according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and services. The Group has three reportable operating segments as follows:

1. The Food Solutions segment provides mainly inflight and institutional catering, food processing, distribution services and airline laundry services.
2. The Gateway Services segment provides both airport and cruise terminal services. The airport terminal services include airfreight handling services, passenger services, aviation security services, baggage handling services and apron services to the Group's airline customers. On the provision of cruise terminal services, the segment manages and operates Marine Bay Cruise Centre.

The others segment provides rental of premises and other services

BY BUSINESS (in \$ million)

	Food Solutions	Gateway Services	Others	Total
Half year ended 30 September 2021				
Revenue (external)	310.3	257.3	1.9	569.5
Operating (loss)/profit	(21.8)	20.4	5.4	4.0
Net finance expense	(1.7)	(1.9)	(3.4)	(7.0)
Share of results of associates/joint ventures, net of tax	(9.2)	10.1	–	0.9
Other non-operating (expense)/income	(0.7)	(0.5)	0.4	(0.8)
(Loss)/profit before tax	(33.4)	28.1	2.4	(2.9)
Income tax credit/(expense)	8.7	2.8	(2.6)	8.9
(Loss)/profit for the period	(24.7)	30.9	(0.2)	6.0

3. Segment Reporting (cont'd)

BY BUSINESS (in \$ million) (cont'd)

	Food Solutions	Gateway Services	Others	Total
As at 30 September 2021				
Segment assets	498.4	283.2	437.5	1,219.1
Property, plant & equipment, right-of-use assets and investment properties	336.8	249.9	122.6	709.3
Associates/joint ventures	165.1	402.8	–	567.9
Deferred tax assets	28.9	12.2	–	41.1
Intangible assets	209.1	183.3	22.9	415.3
Total assets	<u>1,238.3</u>	<u>1,131.4</u>	<u>583.0</u>	<u>2,952.7</u>
Current liabilities	237.6	163.9	37.0	438.5
Long-term liabilities	189.4	48.6	467.1	705.1
Tax liabilities	10.8	28.8	46.6	86.2
Total liabilities	<u>437.8</u>	<u>241.3</u>	<u>550.7</u>	<u>1,229.8</u>
Capital expenditure	11.7	14.9	5.4	32.0
Depreciation and amortisation charges	23.5	29.4	7.9	60.8
Half year ended 30 September 2020				
Revenue (external)	275.5	159.4	5.6	440.5
Operating (loss)/profit	(33.1)	(9.1)	6.2	(36.0)
Net finance expense	(2.8)	(2.1)	(2.7)	(7.6)
Share of results of associates/joint ventures, net of tax	(24.1)	(20.1)	–	(44.2)
Impairment loss on investment in associates and long-term investment	(19.1)	–	(12.5)	(31.6)
Other non-operating income/(expenses)	–	(0.6)	0.6	–
Loss before tax	<u>(79.1)</u>	<u>(31.9)</u>	<u>(8.4)</u>	<u>(119.4)</u>
Income tax credit/(expense)	15.4	14.1	(4.5)	25.0
Loss for the period	<u>(63.7)</u>	<u>(17.8)</u>	<u>(12.9)</u>	<u>(94.4)</u>
As at 30 September 2020				
Segment assets	524.8	234.6	575.3	1,334.7
Property, plant & equipment, right-of-use assets and investment properties	359.6	282.0	132.6	774.2
Associates/joint ventures	190.2	418.3	–	608.5
Deferred tax assets	21.4	5.9	0.1	27.4
Intangible assets	217.8	195.8	13.5	427.1
Total assets	<u>1,313.8</u>	<u>1,136.6</u>	<u>721.5</u>	<u>3,171.9</u>
Current liabilities	315.5	180.0	42.0	537.5
Long-term liabilities	125.6	42.9	636.8	805.3
Tax liabilities	40.5	39.2	41.4	121.1
Total liabilities	<u>481.6</u>	<u>262.1</u>	<u>720.2</u>	<u>1,463.9</u>
Capital expenditure	13.0	4.1	10.4	27.5
Depreciation and amortisation charges	26.7	32.2	7.9	66.8

3. Segment Reporting (cont'd)

BY GEOGRAPHICAL LOCATION (in \$ million) (cont'd)

Revenue, total assets and capital expenditure information based on the geographical location of the subsidiaries deriving the revenue and owning the assets respectively are as follows:

	<u>Singapore</u>	<u>Japan</u>	<u>Others</u>	<u>Total</u>
Half year ended 30 September 2021				
Revenue	<u>489.0</u>	<u>37.1</u>	<u>43.4</u>	<u>569.5</u>
As at 30 September 2021				
Segment assets	1,111.0	52.1	56.0	1,219.1
Property, plant & equipment, right-of-use assets and investment properties	411.1	142.4	155.8	709.3
Associates/joint ventures	28.9	1.7	537.3	567.9
Deferred tax assets	2.5	27.0	11.6	41.1
Intangible assets	<u>171.0</u>	<u>19.2</u>	<u>225.1</u>	<u>415.3</u>
Total assets	<u>1,724.5</u>	<u>242.4</u>	<u>985.8</u>	<u>2,952.7</u>
Capital expenditure	<u>17.3</u>	<u>–</u>	<u>14.7</u>	<u>32.0</u>
Half year ended 30 September 2020				
Revenue	<u>383.2</u>	<u>29.1</u>	<u>28.2</u>	<u>440.5</u>
As at 30 September 2020				
Segment assets	1,194.0	76.3	64.4	1,334.7
Property, plant & equipment right-of-use assets and investment properties	482.8	165.1	126.3	774.2
Associates/joint ventures	30.5	2.3	575.7	608.5
Deferred tax assets	0.8	19.6	7.0	27.4
Intangible assets	<u>155.2</u>	<u>20.7</u>	<u>251.2</u>	<u>427.1</u>
Total assets	<u>1,863.3</u>	<u>284.0</u>	<u>1,024.6</u>	<u>3,171.9</u>
Capital expenditure	<u>21.0</u>	<u>2.8</u>	<u>3.7</u>	<u>27.5</u>

4. Tax expense (in \$ million)

	Group	
	1st Half	
	30.09.2021	30.09.2020
Current income tax:		
Current year tax credit	1.2	8.7
Over provision in respect of prior year tax expense	<u>0.2</u>	<u>0.6</u>
	1.4	9.3
Deferred income tax:		
Current year tax credit	7.5	15.7
	<u>8.9</u>	<u>25.0</u>

5. Earnings/(Loss) per share

	Group	
	30.09.2021 \$ million	30.09.2020 \$ million
Profit/(loss) attributable to owners of the Company	13.2	(76.9)

	Group	
	30.09.2021	30.09.2020
Weighted average number of ordinary shares in issue used for computing basic earnings per share	1,119,892,866	1,117,876,837
Adjustment for share options, RSP and PSP	4,728,108	4,553,133
Weighted average number of ordinary shares in issue used for computing diluted earnings per share	1,124,620,974	1,122,429,970
Earnings/(loss) per share (cents)		
Basic	1.2	(6.9)
Diluted	1.2	(6.9)

6. Net asset value per share

	Group		Company	
	30.09.2021	31.03.2021	30.09.2021	31.03.2021
Net asset value per ordinary share (cents)	140.5	138.1	148.5	146.3

7. Related party transaction

For the 6 months ended 30 September 2021, the Group has made \$153.3 million (2020: \$91.0 million) of sales and \$8.3 million (2020: \$10.0 million) of purchases with related parties of the Group.

8. Property, plant and equipment (\$ million)

During the 6 months ended 30 September 2021, the Group acquired assets amounting to \$24.0 million (30 September 2020: \$16.9 million) and disposed of assets amounting to \$0.2 million (30 September 2020: \$0.5 million). There were additional assets of \$18.9 million (30 September 2020: nil) from acquisition of Food City.

9. Acquisition of subsidiary Food City Company Limited (“Food City”)

On 8 June 2021, the Group, through its subsidiaries, SATS Investments Pte. Ltd., (“SIPL”) and SATS (Thailand) Co., Ltd. (“SATS Thailand”) entered into a conditional sale and purchase agreement to acquire 85% equity interest in the capital of Food City Company Limited (“Food City”). The acquisition was completed on 9 July 2021 and Food City became a subsidiary of the Group.

Food City’s main asset is a food production facility in Pathumthani, Thailand. Set up in 2016, the facility covers a land area of 30,000 square metres, and benefits from the well-established food ecosystem in Thailand. After the acquisition, the facility will be configured to focus on the production of 90,000 ready-to-eat meals per day.

Fair values measured on a provisional basis

The fair value of material assets acquired has been determined provisionally pending completion of an independent valuation. If new information obtained within one year from the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts or any additional provisions existed at the date of acquisitions, then the accounting for the acquisition will be revised.

The provisional fair value of the identifiable assets and liabilities were:

	July 2021 \$ million
Property, plant and equipment	19.8
Trade and other receivables	0.7
Other current assets	0.3
Cash and bank balances	0.2
	<u>21.0</u>
Other long-term liabilities	0.1
Trade and other payables	0.3
Other current liabilities	0.3
	<u>0.7</u>
Total net identifiable assets at fair value	<u>20.3</u>
Consideration transferred	20.4
Non-controlling interest measured at the non-controlling interest’s proportionate share	3.1
Less: Goodwill arising from acquisition	<u>(3.2)</u>
	<u>20.3</u>

Goodwill arising from acquisition

The provisional goodwill amounting to \$3.2 million arose from the acquisition of 85% equity interest in the capital of Food City collectively through SIPL and SATS Thailand. This was attributable to the scale and food technology capability as well as the potential synergies expected to arise from the partnership.

10. Investment in wholly-owned subsidiary in India – SATS Food Solutions India Private Limited

On 28 June 2021, SATS Investments Pte. Ltd. incorporated a wholly-owned subsidiary known as SATS Food Solutions India Private Limited to establish the Company's first central kitchen in India.

The S\$37 million, 14,000 sqm central kitchen is expected to produce up to 170,000 ready-to-eat meals per day and be operational in 2022. The central kitchen will be located at Kempegowda International Airport, Bengaluru (KIAB/BLR Airport), where SATS has signed a deal for a 27,000 sqm plot with Bengaluru Airport City Limited (BACL) on 26 July 2021.

11. Aggregate amount of group's borrowings and debt securities (\$ million)

Amount repayable in one year or less, or on demand

As at 30.09.2021		As at 31.03.2021	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
29.2	44.4	25.3	134.1

Amount repayable after one year

As at 30.09.2021		As at 31.03. 2021	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
177.1	483.0	179.2	534.8

Details of any collateral

Included in secured borrowings are current lease liabilities of \$18.5 million and non-current lease liabilities of \$177.1 million which are secured over the right-of-use assets of \$185.7 million as well as property, plant and equipment and other assets belonging to a subsidiary in the Group.

12. Share Capital, Options on Shares and Treasury Shares

	Number of ordinary shares Issued Shares Capital	Treasury Shares
As at 1 April 2021	1,124,056,275	4,362,955
Treasury shares transferred pursuant to share plans	–	(2,394,550)
Treasury shares purchased	–	–
As at 30 September 2021	1,124,056,275	1,968,405

As at 30 September 2021, the Company has an issued share capital of 1,124,056,275 ordinary shares (31 March 2021: 1,124,056,275 ordinary shares) of which 1,968,405 (31 March 2021: 4,362,955) were held by the Company as treasury shares.

Treasury Shares

During the 6 months ended 30 September 2021, 2,394,550 (30 September 2020: 1,476,000) treasury shares were reissued pursuant to the equity compensation plans of which 2,089,850 (30 September 2020: 1,476,000) were reissued for the Restricted Share Plan, and 304,700 (30 September 2020: nil) were reissued for the Performance Share Plan.

Employee Share Option Plan

As at 1 April 2021 and 30 September 2021, there was no outstanding share option (30 September 2020: NA).

Restricted Share Plan (“RSP”) and Performance Share Plan (“PSP”)

Management employees may qualify for two share-based incentive plans, the RSP and PSP, which were approved by the shareholders of the Company on 19 July 2005. Both share plans which expired on July 2015 were subsequently approved during the 41st Annual General Meeting held on 23 July 2014 for further extension of 10 years to July 2025.

For grants in FY2016-17 to FY2020-21

The RSP award is subject to the achievement of the pre-determined target over a one-year period and has an equal vesting over a three-year period. The number of restricted shares awarded is based on individual and corporate performance. PSP has a performance period of three years. The number of performance shares awarded is based on individual and corporate performance and the final performance shares awarded could range between 0% and 150% of the initial grant, subject to achievement of the pre-determined targets.

12. Share Capital, Options on Shares and Treasury Shares (cont'd)

Restricted Share Plan ("RSP") and Performance Share Plan ("PSP") (cont'd)

As at 30 September 2021, the number of shares outstanding under the Company's RSP and PSP were 1,670,400 and 2,622,500 (30 September 2020: 1,335,000 and 2,727,500) respectively.

The share awards lapsed of \$2.4 million credited to revenue reserve was due to PSP vested but not awarded last year as conditions not met.

The details of the shares awarded under RSP and PSP are as follows:

RSP

Date of grant	Balance at 1.4.2021 / Date of grant	<u>Number of Restricted Shares</u>			Balance at 30.9.2021
		Vested	Forfeited	Adjustments	
24.06.2019	568,700	(560,400)	(7,100)	–	1,200
20.08.2020	658,200	(338,500)	(5,800)	–	313,900
25.06.2021	2,049,000	(689,500)	(4,200)	–	1,355,300
02.08.2021	435,750	(435,750)	–	–	–
10.08.2021	65,700	(65,700)	–	–	–
	3,777,350	(2,089,850)	(17,100)	–	1,670,400

PSP

Date of grant	Balance at 1.4.2021 / Date of grant	<u>Number of Performance Shares</u>			Balance at 30.9.2021
		Vested	Forfeited	Adjustments [#]	
14.12.2018	695,000	(304,700)	–	(390,300)	–
01.08.2019	635,000	–	–	–	635,000
20.08.2020	1,097,500	–	–	–	1,097,500
02.08.2021	890,000	–	–	–	890,000
	3,317,500	(304,700)	–	(390,300)	2,622,500

[#] Adjustments due to the performance factor at the end of the performance period upon meeting stated performance targets.

13. Fair value management

13.1 Classification of Financial Instruments and fair value

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The following table analyses the financial assets and liabilities in the statement of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis:

<u>GROUP</u>	<u>Amortised costs</u> \$ million	<u>FVOCI</u> \$ million	<u>FVTPL</u> \$ million	<u>Other financial liabilities</u> \$ million	<u>Total</u> \$ million
<u>30 September 2021</u>					
Assets					
Long-term investments	8.4	0.3	6.1	–	14.8
Trade and other receivables	358.0	–	–	–	358.0
Amount due from associates/ joint ventures	0.2	–	–	–	0.2
Cash and cash equivalents	685.5	–	–	–	685.5
	<u>1,052.1</u>	<u>0.3</u>	<u>6.1</u>	<u>–</u>	<u>1,058.5</u>
Total non-financial assets					<u>1,894.2</u>
Total assets					<u>2,952.7</u>
Liabilities					
Amount due to associates/ joint ventures	–	–	–	11.4	11.4
Term loans	–	–	–	238.1	238.1
Note payables	–	–	–	300.0	300.0
Lease liabilities	–	–	–	195.6	195.6
Trade and other payables	–	–	–	339.7	339.7
Deferred consideration	–	–	19.5	–	19.5
	<u>–</u>	<u>–</u>	<u>19.5</u>	<u>1,084.8</u>	<u>1,104.3</u>
Total non-financial liabilities					<u>125.5</u>
Total liabilities					<u>1,229.8</u>

<u>GROUP</u>	<u>Amortised costs</u> \$ million	<u>FVOCI</u> \$ million	<u>FVTPL</u> \$ million	<u>Other financial liabilities</u> \$ million	<u>Total</u> \$ million
<u>31 March 2021</u>					
Assets					
Long-term investments	8.1	0.3	6.1	–	14.5
Trade and other receivables	291.5	–	–	–	291.5
Amount due from associates/ joint ventures	1.3	–	–	–	1.3
Cash and cash equivalents	879.8	–	–	–	879.8
	<u>1,180.7</u>	<u>0.3</u>	<u>6.1</u>	<u>–</u>	<u>1,187.1</u>
Total non-financial assets					<u>1,904.7</u>
Total assets					<u>3,091.8</u>
Liabilities					
Amount due to associates/ joint ventures	–	–	–	11.4	11.4
Term loans	–	–	–	378.1	378.1
Note payables	–	–	–	300.0	300.0
Lease liabilities	–	–	–	195.3	195.3
Trade and other payables	–	–	–	340.6	340.6
Deferred consideration	–	–	18.5	–	18.5
	<u>–</u>	<u>–</u>	<u>18.5</u>	<u>1,225.40</u>	<u>1,243.9</u>
Total non-financial liabilities					<u>149.1</u>
Total liabilities					<u>1,393.0</u>

13. Fair value management (cont'd)

13.2 Fair Values

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

The quoted equity instruments classified as long-term investments are categorised within Level 1 of the fair value hierarchy. Fair value hierarchy Level 1 refers to quoted prices (unadjusted) in active markets for identical assets or liabilities. These quoted equity instruments represent ordinary shares in companies that are traded in an active stock exchange market.

The deferred consideration classified as other payables are categories within Level 3 of the fair value hierarchy. The valuation model considers the present value of the expected future payments, discounted using a risk adjusted discount rate. Significant unobservable inputs will include the expected cash flows as well as the discount rate used in the valuation.

Financial assets and financial liabilities that are classified as measured at amortised cost with carrying amounts being a reasonable approximation of their fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the balance sheet date or the fixed interest rates approximate the market interest rates for such assets/liabilities. These financial assets include trade and other receivables, amount due from associates/joint ventures, loan to subsidiaries and cash and cash equivalents. These financial liabilities include trade and other payables, term loans and finance leases. The carrying amount of the secured loan receivables approximate the fair value of the quoted price of the pledged shares.

14. Subsequent events

There are no known material subsequent events which have resulted in adjustments to this set of interim financial statements

Other Information required by Listing Rule Appendix 7.2
For half year ended 30 September 2021

1. Audit

The condensed consolidated statement of financial position of SATS Ltd. and its subsidiaries as at 30 September 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Auditors' Report

Not applicable.

3. Review of Group Performance

FIRST HALF FY2021-22

Group revenue increased \$129 million, or 29.3% year-on-year, to \$569.5 million, primarily driven by the sequential growth in cargo volume, non-travel revenue and the resumption of ship calls. The increase in non-travel food mitigated the lower aviation volumes for Food Solutions resulting in a revenue increase of 12.6%, or \$34.8 million, to \$310.3 million. Gateway Services' revenue grew 61.4%, or \$97.9 million, to \$257.3 million in the first half of this year over the same period last year, driven by stable cargo growth, increased flights, resumption of ship calls and the expansion of security services.

Group expenditure increased \$89 million or 18.7% year-on-year at \$565.5 million arising from increased business activities. Staff costs increased by \$57.4 million due to the higher volume of activity, the tapering of government grants and higher contract services to manage heightened safety measures at the airport. The increase in cost of raw materials and licence fees were in line with the higher revenue. Depreciation and amortisation fell \$6 million mainly due to impaired assets in last financial year. Group-wide cost containment measures have resulted in a decrease in company premises and utilities expenses of \$3.2 million. Other costs increased \$7.9 million mainly due to higher fuel costs and lower government grants, partly offset by lower provision for doubtful debts.

Operating profit for the Group recorded profit of \$4 million, swung of \$40 million from operating loss of \$36 million in the first six month of last financial year.

Share of results from associates/joint ventures increased \$45.1 million from loss of \$44.2 million to profit of \$0.9 million. The gradual recovery from COVID-19 pandemic has improved performance of most aviation associates and joint ventures of the group.

Other non-operating loss of \$0.8 million was mainly related to impairment made for property, plant and equipment.

Group net profit attributable to owners of the Company ("PATMI") achieved net profit of \$13.2 million, improvement of \$90.1 million or 117.2% from net loss of \$76.9 million year-on-year. Excluding government reliefs, Group PATMI would be a loss of \$65.5 million for the period compared to a total loss of \$211.6 million last year.

GROUP FINANCIAL POSITION REVIEW

Total equity of the Group increased by \$24.1 million to \$1,722.9 million as at 30 September 2021, compared to 31 March 2021. The higher equity was attributable to profit generated and foreign currency translation gains during the period.

Non-current assets increased \$0.9 million mainly due to higher property, plant and equipment, intangible assets, and deferred tax assets, which were partly offset by lower investment in associates. The increase in property, plant and equipment and intangible assets were mainly attributable to the consolidation of Food City in July 2021. The lower investment in associates was mainly due to dividend received during the period.

Current assets of the Group decreased \$140 million largely due to lower cash and short-term deposits and inventories, partly offset by higher trade and other receivables. Cash and cash equivalents fell primarily due to the repayment of term loan \$150 million fully prepaid ahead of its maturity.

Current liabilities decreased \$108 million mainly from lower term loan, income tax payables and trade and other payables. The lower term loan was due to reclassification of JPY \$7.8 billion loan to long term loan upon refinancing.

Non-current liabilities of the Group fell \$55.2 million due to the repayment of term loan of \$150 million partly offset by the reclassification of loan from short-term liabilities.

GROUP CASH FLOWS REVIEW

Net cash used in operating activities for 1HFY2021-22 was lower as compared to corresponding period last year mainly due to the movement in working capital.

Net cash used in investing activities increased mainly due to investment in acquisition of Food City and higher capital expenditure partly offset by higher dividends received from associates in the current half year.

Net cash used in financing activities was cash outflows of \$156.3 million attributable mainly to the prepayment of \$150 million term loan ahead of its maturity whilst the cash inflows in the same period last year was mainly due to the drawdown of credit facilities.

4. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable.

5. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

OUTLOOK

The launch of vaccinated travel lanes by the Singapore government and the easing of border restrictions in the region are starting to boost aviation volumes. While SATS reshaped operations at the start of the pandemic to grow non-travel related revenues, we made sure that we retained deep domain capabilities to support this rebound in travel.

Throughout the pandemic, we continued to invest in mission-critical innovations. For example, we have established dedicated, digitally-connected command centres to enable SATS and our customers to optimise real-time decision-making together by sharing relevant data. In addition, we expanded our market leadership in cargo handling in the region with investments in cargo terminals in Riyadh and Jeddah. The first offering from our brand accelerator programme in food solutions resulted in the well-received launch of famous hawker fare aboard Singapore Airlines.

To serve new customer segments, we are setting up new central kitchens in Tianjin, China and Bengaluru, India, and recently acquired a large-scale food production facility, Food City, in Thailand. Non-travel related revenue grew 15% in the first half YoY and now represents 47% of the total, laying a strong foundation for growth in the non-travel market segments going forward.

6 Dividends

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No.

(c) Date Payable

Not Applicable.

(d) Closure of books

Not Applicable.

7 If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

In light of the significant uncertainties in our operating environment, the Board of Directors believe that it would be prudent not to pay an interim dividend for FY2122. This will allow the company to preserve more jobs and capabilities to support our customers as aviation volumes resume, and to pursue new opportunities outside of aviation.

8 Interested Person Transactions

8.1 The interested person transactions entered into during the half year ended 30 September 2021 are as follows:

<u>Name of interested person</u>	<u>Nature of Relationship</u>	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual)	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than S\$100,000)
		\$'000	\$'000
Transactions for the Sale of Goods and Services			
SIA Engineering Company Limited	An associate of the Company's Controlling Shareholder	–	6,250
Singapore Zoological Gardens	An associate of the Company's Controlling Shareholder	–	554
SMRT Experience Pte. Ltd.	An associate of the Company's Controlling Shareholder	480	–
		<u>480</u>	<u>6,804</u>
Transactions for the Purchase of Goods and Services			
SMM Pte. Ltd.	An associate of the Company's Controlling Shareholder	–	198
ST Engineering Synthesis Pte. Ltd.	An associate of the Company's Controlling Shareholder	–	367
Singapore Telecommunications Limited	An associate of the Company's Controlling Shareholder	–	886
SMRT Experience Pte. Ltd.	An associate of the Company's Controlling Shareholder	410	–
SMRT Trains Ltd.	An associate of the Company's Controlling Shareholder	100	–
		<u>510</u>	<u>1,451</u>

Note: All the transactions set out in the above table were based on records from the Group's Register of Interested Person Transactions for the financial period under review, and include transactions whose durations exceed the financial period under review and/or multiple transactions with the same interested person. The transactions were based on actual or estimated values of the transactions for the entire duration of the relevant transactions in the case of fixed term contracts or annual/periodic values of the transactions in the case of open-ended contracts, taking into account agreed rates.

All the above interested person transactions were done on normal commercial terms.

9 Confirmation that the Issuer has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Prema d/o K Subramaniam
Company Secretary
11 November 2021
Singapore

Singapore Company Registration No: 197201770G

CONFIRMATION BY THE BOARD

We, Euleen Goh Yiu Kiang and Alexander Charles Hungate, being two of the directors of SATS Ltd. (the “Company”), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the half year ended 30 September 2021 financial results to be false or misleading in any material respect.

On behalf of the Board of Directors,

EULEEN GOH YIU KIANG
Chairman

ALEXANDER CHARLES HUNGATE
Executive Director / President and
Chief Executive Officer

Singapore, 11 November 2021