



**UNAUDITED RESULTS FOR THE SECOND HALF
AND FULL YEAR ENDED 31 MARCH 2022**

- 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 second half and full year ended 31 March 2022 (in \$ million)

	GROUP			
	2 nd Half		Full Year	
	2021-22	2020-21	2021-22	2020-21
Revenue	607.3	529.5	1,176.8	970.0
Expenditure				
Staff costs	(307.2)	(196.3)	(550.6)	(382.3)
Cost of raw materials	(157.7)	(144.9)	(311.1)	(269.8)
Licence fees	(3.9)	(11.9)	(16.3)	(19.9)
Depreciation and amortisation charges	(58.9)	(63.6)	(119.7)	(130.4)
Company premise and utilities expenses	(40.5)	(28.7)	(73.9)	(65.3)
Other costs	(85.7)	(58.2)	(147.8)	(112.4)
	(653.9)	(503.6)	(1,219.4)	(980.1)
Operating (loss)/profit	(46.6)	25.9	(42.6)	(10.1)
Interest on borrowings	(8.6)	(9.6)	(17.1)	(20.5)
Interest income	1.8	1.5	3.3	4.8
Share of results of associates/joint ventures, net of tax	16.2	(3.8)	17.1	(48.0)
Other non-operating gain/(loss), net	13.0	(40.1)	12.2	(71.7)
Loss before tax	(24.2)	(26.1)	(27.1)	(145.5)
Income tax credit	22.5	11.2	31.4	36.2
(Loss)/profit for the period/year	(1.7)	(14.9)	4.3	(109.3)
Profit/(loss) attributable to:				
Owners of the Company	7.2	(2.0)	20.4	(78.9)
Non-controlling interests	(8.9)	(12.9)	(16.1)	(30.4)
	(1.7)	(14.9)	4.3	(109.3)
Core PATMI (\$'M) ⁽¹⁾	(21.7)	21.4	(8.5)	(23.9)
EBITDA (\$'M) ⁽²⁾	28.5	85.7	94.2	72.3
Return on Equity (%) ⁽³⁾	0.5	(0.1)	1.3	(5.0)

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

	2 nd Half		Full Year	
	2021-22	2020-21	2021-22	2020-21
(i) Write-back of earn-out consideration	–	13.7	–	13.7
(ii) Impairment loss on investment in associates, long-term investment and intangible assets	–	(37.1)	–	(68.7)
(iii) Gain on deemed disposal of an associate (Note 10)	28.9	–	28.9	–

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 FY22 and FY21 would be \$77.1M and \$120.3M respectively while EBITDA for 2nd half FY22 and 2nd half FY21 would be \$12.3M and \$89.5M 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).

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the second half and full year ended 31 March 2022 (in \$ million)

	GROUP			
	2nd Half		Full Year	
	2021-22	2020-21	2021-22	2020-21
(Loss)/profit for the period/year	(1.7)	(14.9)	4.3	(109.3)
Other comprehensive income				
<u>Items that will not be reclassified to profit or loss:</u>				
Actuarial (loss)/gain on defined benefit plan	(5.4)	5.7	(5.4)	5.5
<u>Items that are or may be reclassified subsequently to profit or loss:</u>				
Net fair value changes on financial assets	0.1	0.2	0.6	0.2
Foreign currency translation differences	17.0	(4.6)	27.6	(6.7)
	<u>17.1</u>	<u>(4.4)</u>	<u>28.2</u>	<u>(6.5)</u>
Other comprehensive income for the period/year, net of tax	<u>11.7</u>	<u>1.3</u>	<u>22.8</u>	<u>(1.0)</u>
Total comprehensive income for the period/year	<u>10.0</u>	<u>(13.6)</u>	<u>27.1</u>	<u>(110.3)</u>
Total comprehensive income attributable to:				
Owners of the Company	24.7	0.1	48.8	(78.2)
Non-controlling interests	(14.7)	(13.7)	(21.7)	(32.1)
Total comprehensive income for the period/year	<u>10.0</u>	<u>(13.6)</u>	<u>27.1</u>	<u>(110.3)</u>

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 31 March 2022 (in \$ million)

	Notes	GROUP		COMPANY	
		31.3.2022	31.3.2021	31.3.2022	31.3.2021
Equity attributable to owners of the Company					
Share capital	12	367.9	367.9	367.9	367.9
Treasury shares	12	(8.5)	(18.8)	(8.5)	(18.8)
Share-based compensation reserve	12	4.9	9.4	4.9	9.4
Statutory reserve		13.5	13.5	–	–
Foreign currency translation reserve		(119.5)	(150.2)	–	–
Revenue reserve		1,368.8	1,349.0	1,345.1	1,305.3
Other reserves*		(24.5)	(24.5)	(26.4)	(25.7)
		<u>1,602.6</u>	<u>1,546.3</u>	<u>1,683.0</u>	<u>1,638.1</u>
Non-controlling interests		<u>231.1</u>	<u>152.5</u>	<u>–</u>	<u>–</u>
Total equity		<u>1,833.7</u>	<u>1,698.8</u>	<u>1,683.0</u>	<u>1,638.1</u>
Non-current assets					
Property, plant and equipment	8	589.6	519.7	18.8	18.8
Right-of-use assets		312.8	187.7	59.5	63.3
Investment properties		–	0.5	147.6	173.0
Intangible assets		553.2	410.7	25.0	19.1
Investment in subsidiaries		–	–	923.7	754.0
Investment in associates		393.8	520.8	221.3	335.4
Investment in joint ventures		60.2	57.4	12.0	12.0
Long-term investments		14.6	14.5	6.1	6.1
Loan to subsidiaries		–	–	388.4	360.7
Deferred tax assets		57.4	34.3	–	–
Other non-current assets		14.7	23.5	2.2	–
		<u>1,996.3</u>	<u>1,769.1</u>	<u>1,804.6</u>	<u>1,742.4</u>
Current assets					
Trade and other receivables		387.8	291.5	158.4	82.2
Prepayments and deposits		36.7	20.1	3.2	2.4
Amounts due from associates/joint ventures		2.3	1.3	1.5	0.8
Inventories		83.2	130.0	0.8	0.2
Cash and cash equivalents		786.0	879.8	505.8	761.6
		<u>1,296.0</u>	<u>1,322.7</u>	<u>669.7</u>	<u>847.2</u>
Current liabilities					
Trade and other payables		458.0	358.5	132.7	122.1
Amounts due to associates/joint ventures		11.4	11.4	–	–
Income tax payable		18.1	36.0	9.7	15.1
Term loans	11	101.7	143.3	167.8	264.7
Lease liabilities	11	41.4	16.1	2.8	3.0
		<u>630.6</u>	<u>565.3</u>	<u>313.0</u>	<u>404.9</u>
Net current assets		<u>665.4</u>	<u>757.4</u>	<u>356.7</u>	<u>442.3</u>
Non-current liabilities					
Deferred tax liabilities		90.4	68.7	26.9	27.7
Term loans	11	109.1	234.8	86.7	150.0
Notes payable	11	300.0	300.0	300.0	300.0
Lease liabilities	11	285.7	179.2	58.0	60.7
Other payables		42.8	45.0	6.7	8.2
		<u>828.0</u>	<u>827.7</u>	<u>478.3</u>	<u>546.6</u>
Net assets		<u>1,833.7</u>	<u>1,698.8</u>	<u>1,683.0</u>	<u>1,638.1</u>

* Other reserves consist of gain/(loss) on reissuance of treasury shares, capital reserve and fair value 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 full year ended 31 March 2022 (in \$ million)**

	GROUP	
	Full Year	
	2021-22	2020-21
<u>Cash flows from operating activities</u>		
Loss before tax	(27.1)	(145.5)
Adjustments for:		
Interest expense, net	13.8	15.7
Depreciation and amortisation charges	119.7	130.4
Unrealised foreign exchange loss	–	1.1
Share of results of associates/joint ventures, net of tax	(17.1)	48.0
Gain on disposal of property, plant and equipment	(0.2)	–
Write-back of earn-out consideration	–	(13.7)
Impairment loss on investment in associates, long-term investment and intangible assets	–	68.7
Impairment loss on property, plant and equipment	16.9	24.1
Share-based payment expense	7.6	8.8
Gain on deemed disposal of associate	(28.9)	–
Provision for doubtful debts	11.1	13.7
Other non-cash items	0.8	1.4
Operating cash flows before working capital changes	96.6	152.7
Changes in working capital:		
(Increase)/decrease in receivables	(92.1)	55.2
Decrease in government grants receivables	12.8	16.5
(Increase)/decrease in prepayments and deposits	(15.7)	2.9
Decrease/(increase) in inventories	47.2	(60.9)
Increase in payables	70.4	10.6
Decrease in deferred grants income	(22.4)	(20.2)
(Increase)/decrease in amounts due from/to associates/joint ventures, net	(0.5)	2.6
Cash generated from operations	96.3	159.4
Interest paid to third parties	(17.0)	(20.5)
Income taxes paid	(17.0)	(21.2)
Net cash from operating activities	62.3	117.7
<u>Cash flows from investing activities</u>		
Capital expenditure	(77.9)	(61.5)
Dividends from associates/joint ventures	26.6	26.8
Proceeds from disposal of property, plant and equipment	0.4	1.3
Net proceeds from sale of investments	0.3	0.3
Investment in subsidiaries - cash acquired net of considerations paid for acquisition	80.6	–
Interest received from deposits	3.3	4.8
Loan to associated companies	(2.2)	–
Net cash from/(used in) investing activities	31.1	(28.3)
<u>Cash flows from financing activities</u>		
Repayment of term loans	(182.0)	(209.1)
Repayment of lease liabilities	(26.0)	(29.1)
Proceeds from borrowings	21.1	482.7
Purchase of treasury shares	–	(1.6)
Dividends paid to non-controlling interest	(2.4)	(3.4)
Net cash (used in)/from financing activities	(189.3)	239.5
Net (decrease)/increase in cash and cash equivalents	(95.9)	328.9
Effect of exchange rate changes	2.1	1.7
Cash and cash equivalents at beginning of financial year	879.8	549.2
Cash and cash equivalents at end of financial year	786.0	879.8

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 financial year ended 31 March 2022 (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	Fair Value Reserve	Total	Non-controlling Interests	Total Equity
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/(loss) for the year	–	–	–	–	–	20.4	–	–	–	20.4	(16.1)	4.3
Other comprehensive income for the year	–	–	–	–	30.7	(3.0)	–	–	0.7	28.4	(5.6)	22.8
Total comprehensive income for the year	–	–	–	–	30.7	17.4	–	–	0.7	48.8	(21.7)	27.1
Contributions by and distributions to owners												
Share-based payment	–	–	7.6	–	–	–	–	–	–	7.6	–	7.6
Share awards lapsed	–	–	(2.4)	–	–	2.4	–	–	–	–	–	–
Treasury shares reissued pursuant to equity compensation plans	–	10.3	(9.7)	–	–	–	–	(0.7)	–	(0.1)	–	(0.1)
Total contributions by and distributions to owners	–	10.3	(4.5)	–	–	2.4	–	(0.7)	–	7.5	–	7.5
Others												
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	102.7	102.7
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(2.4)	(2.4)
Balance at 31 March 2022	367.9	(8.5)	4.9	13.5	(119.5)	1,368.8	1.1	(26.4)	0.8	1,602.6	231.1	1,833.7

* 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 financial year ended 31 March 2022 (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	Fair Value Reserve	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 year	–	–	–	–	–	(78.9)	–	–	–	(78.9)	(30.4)	(109.3)
Other comprehensive income for the year	–	–	–	–	(2.7)	3.3	–	–	0.1	0.7	(1.7)	(1.0)
Total comprehensive income for the year	–	–	–	–	(2.7)	(75.6)	–	–	0.1	(78.2)	(32.1)	(110.3)
Contributions by and distributions to owners												
Share-based payment	–	–	8.7	–	–	–	–	–	–	8.7	–	8.7
Treasury shares reissued pursuant to equity compensation plans	–	8.8	(8.8)	–	–	–	–	(0.1)	–	(0.1)	–	(0.1)
Purchase of treasury shares	–	(1.6)	–	–	–	–	–	–	–	(1.6)	–	(1.6)
Total contributions by and distributions to owners	–	7.2	(0.1)	–	–	–	–	(0.1)	–	7.0	–	7.0
Others												
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(3.4)	(3.4)
Transfer to statutory reserve	–	–	–	1.4	–	(1.4)	–	–	–	–	–	–
Balance at 31 March 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

* 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 financial year ended 31 March 2022 (in \$ million)

<u>COMPANY</u>	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 year	–	–	–	37.4	–	37.4
Total comprehensive income for the year	–	–	–	37.4	–	37.4
<u>Contributions by and distributions to owners</u>						
Share-based payment	–	–	7.6	–	–	7.6
Share awards lapsed	–	–	(2.4)	2.4	–	–
Treasury shares reissued pursuant to equity compensation plans	–	10.3	(9.7)	–	(0.7)	(0.1)
Total contributions by and distributions to owners	–	10.3	(4.5)	2.4	(0.7)	7.5
Balance at 31 March 2022	367.9	(8.5)	4.9	1,345.1	(26.4)	1,683.0
Balance at 1 April 2020	367.9	(26.0)	9.5	1,307.3	(25.6)	1,633.1
Loss for the year	–	–	–	(2.0)	–	(2.0)
Total comprehensive income for the year	–	–	–	(2.0)	–	(2.0)
<u>Contributions by and distributions to owners</u>						
Share-based payment	–	–	8.7	–	–	8.7
Treasury shares reissued pursuant to equity compensation plans	–	8.8	(8.8)	–	(0.1)	(0.1)
Purchase of treasury shares	–	(1.6)	–	–	–	(1.6)
Total contributions by and distributions to owners	–	7.2	(0.1)	–	(0.1)	7.0
Balance at 31 March 2021	367.9	(18.8)	9.4	1,305.3	(25.7)	1,638.1

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For second half and full year ended 31 March 2022 (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 year ended 31 March 2022 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 year ended 31 March 2022 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.

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 and for the year ended 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 year.

2. Loss Before Tax (in \$ million)

Loss before tax for the period/year is arrived at after crediting/(charging) the following items

	GROUP			
	2nd Half		Full Year	
	2021-22	2020-21	2021-22	2020-21
Government grants and reliefs	59.5	119.7	145.6	271.8
Foreign exchange loss, net	(0.4)	(0.5)	(0.2)	(1.6)
Allowance for doubtful debts	(11.4)	(6.0)	(11.1)	(13.7)
Write-off for stock obsolescence, net	(0.8)	(1.0)	(0.8)	(1.3)
Write-back of earn-out consideration	–	13.7	–	13.7
Gain/(loss) on disposal of property, plant and equipment	0.3	(0.3)	0.2	–
Impairment loss on investment in associates, long-term investment and intangible assets	–	(37.1)	–	(68.7)
Impairment loss on property, plant and equipment, net of grants	(16.2)	(16.4)	(16.6)	(16.6)
Gain on deemed disposal of associate (Note 10)	28.9	–	28.9	–

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.
3. The Others segment provides rental of premises and other services.

Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation (PO) by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

3. Segment Reporting (cont'd)

BY BUSINESS (in \$ million)

	<u>Food Solutions</u>	<u>Gateway Services</u>	<u>Others</u>	<u>Total</u>
Second half ended 31 March 2022				
Revenue (external)	330.6	275.2	1.5	607.3
Operating loss	(22.3)	(13.7)	(10.6)	(46.6)
Net finance expense	(2.1)	(1.8)	(2.9)	(6.8)
Share of results of associates/joint ventures, net of tax	(6.3)	22.5	–	16.2
Impairment loss on property, plant and equipment, net of grants	(16.2)	–	–	(16.2)
Gain on deemed disposal of associate	–	28.9	–	28.9
Other non-operating (expense)/income	0.6	(0.6)	0.3	0.3
(Loss)/profit before tax	<u>(46.3)</u>	<u>35.3</u>	<u>(13.2)</u>	<u>(24.2)</u>
Income tax credit	9.2	4.7	8.6	22.5
Profit/(loss) for the period	<u>(37.1)</u>	<u>40.0</u>	<u>(4.6)</u>	<u>(1.7)</u>
Capital expenditure	19.4	22.2	5.6	47.2
Depreciation and amortisation charges	20.0	26.6	12.3	58.9
Second half ended 31 March 2021				
Revenue (external)	298.3	230.3	0.9	529.5
Operating (loss)/profit	(13.8)	48.1	(8.4)	25.9
Net finance expense	(1.8)	(1.8)	(4.5)	(8.1)
Share of results of associates/joint ventures, net of tax	(11.4)	7.6	–	(3.8)
Write back of earn-out consideration	13.7	–	–	13.7
Impairment loss on investment in associates, long-term investment and intangibles	(20.8)	(16.3)	–	(37.1)
Impairment loss on property, plant and equipment, net of grants	(8.7)	(7.9)	–	(16.6)
Other non-operating income/(expense)	0.3	(0.7)	0.3	(0.1)
(Loss)/profit before tax	<u>(42.5)</u>	<u>29.0</u>	<u>(12.6)</u>	<u>(26.1)</u>
Income tax credit/(expense)	9.4	(0.3)	2.1	11.2
(Loss)/profit for the period	<u>(33.1)</u>	<u>28.7</u>	<u>(10.5)</u>	<u>(14.9)</u>
Capital expenditure	13.2	13.0	8.9	35.1
Depreciation and amortisation charges	25.5	30.0	8.1	63.6

3. Segment Reporting (cont'd)

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

	<u>Food Solutions</u>	<u>Gateway Services</u>	<u>Others</u>	<u>Total</u>
Financial year ended 31 March 2022				
Revenue (external)	640.9	532.5	3.4	1,176.8
Operating (loss)/profit	(44.1)	6.7	(5.2)	(42.6)
Net finance expense	(3.8)	(3.7)	(6.3)	(13.8)
Share of results of associates/joint ventures, net of tax	(15.5)	32.6	–	17.1
Impairment loss on property, plant and equipment, net of grants	(16.6)	–	–	(16.6)
Gain on deemed disposal of associate	–	28.9	–	28.9
Other non-operating (expense)/income	0.3	(1.1)	0.7	(0.1)
(Loss)/profit before tax	<u>(79.7)</u>	<u>63.4</u>	<u>(10.8)</u>	<u>(27.1)</u>
Income tax credit	17.9	7.5	6.0	31.4
(Loss)/profit for the period	<u>(61.8)</u>	<u>70.9</u>	<u>(4.8)</u>	<u>4.3</u>
Capital expenditure	31.1	37.1	11.0	79.2
Depreciation and amortisation charges	<u>43.5</u>	<u>56.0</u>	<u>20.2</u>	<u>119.7</u>
Financial year ended 31 March 2021				
Revenue (external)	573.8	389.7	6.5	970.0
Operating (loss)/profit	(46.9)	39.0	(2.2)	(10.1)
Net finance expense	(4.6)	(3.9)	(7.2)	(15.7)
Share of results of associates/joint ventures, net of tax	(35.5)	(12.5)	–	(48.0)
Write back of earn-out consideration	13.7	–	–	13.7
Impairment loss on investment in associates, long term investment and intangibles	(39.9)	(16.3)	(12.5)	(68.7)
Impairment loss on property, plant and equipment, net of grants	(8.7)	(7.9)	–	(16.6)
Other non-operating income /(expense)	0.3	(1.3)	0.9	(0.1)
Loss before tax	<u>(121.6)</u>	<u>(2.9)</u>	<u>(21.0)</u>	<u>(145.5)</u>
Income tax credit/(expense)	24.8	13.8	(2.4)	36.2
(Loss)/profit for the year	<u>(96.8)</u>	<u>10.9</u>	<u>(23.4)</u>	<u>(109.3)</u>
Capital expenditure	26.2	17.1	19.3	62.6
Depreciation and amortisation charges	<u>52.2</u>	<u>62.2</u>	<u>16.0</u>	<u>130.4</u>

3. Segment Reporting (cont'd)

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

	<u>Food Solutions</u>	<u>Gateway Services</u>	<u>Others</u>	<u>Total</u>
As at 31 March 2022				
Segment assets	479.0	426.1	420.2	1,325.3
Property, plant & equipment, right-of-use assets and investment properties	308.8	480.6	113.0	902.4
Associates/joint ventures	158.3	295.7	–	454.0
Deferred tax assets	43.1	14.1	0.2	57.4
Intangible assets	208.4	319.8	25.0	553.2
Total assets	<u>1,197.6</u>	<u>1,536.3</u>	<u>558.4</u>	<u>3,292.3</u>
Current liabilities	301.9	256.1	54.5	612.5
Long-term liabilities	115.1	166.6	455.9	737.6
Tax liabilities	18.9	53.0	36.6	108.5
Total liabilities	<u>435.9</u>	<u>475.7</u>	<u>547.0</u>	<u>1,458.6</u>
As at 31 March 2021				
Segment assets	516.7	260.1	583.9	1,360.7
Property, plant & equipment, right-of-use assets and investment properties	329.2	250.9	127.8	707.9
Associates/joint ventures	170.5	407.7	–	578.2
Deferred tax assets	25.2	9.1	–	34.3
Intangible assets	207.2	184.4	19.1	410.7
Total assets	<u>1,248.8</u>	<u>1,112.2</u>	<u>730.8</u>	<u>3,091.8</u>
Current liabilities	245.1	153.4	130.8	529.3
Long-term liabilities	192.7	44.1	522.2	759.0
Tax liabilities	26.2	35.6	42.9	104.7
Total liabilities	<u>464.0</u>	<u>233.1</u>	<u>695.9</u>	<u>1,393.0</u>

BY GEOGRAPHICAL LOCATION (in \$ million)

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:

	GROUP			
	2nd Half		Full Year	
	2021-22	2020-21	2021-22	2020-21
Singapore	516.6	467.2	1,005.6	850.4
Japan	40.4	29.6	77.5	58.7
Others	50.3	32.7	93.7	60.9
Total	<u>607.3</u>	<u>529.5</u>	<u>1,176.8</u>	<u>970.0</u>

3. Segment Reporting (cont'd)

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

	<u>Singapore</u>	<u>Japan</u>	<u>Others</u>	<u>Total</u>
As at 31 March 2022				
Segment assets	1,047.8	33.8	243.7	1,325.3
Property, plant & equipment, right-of-use assets and investment properties	392.5	124.7	385.2	902.4
Associates/joint ventures	28.1	1.5	424.4	454.0
Deferred tax assets	15.3	30.0	12.1	57.4
Intangible assets	174.4	18.9	359.9	553.2
Total assets	<u>1,658.1</u>	<u>208.9</u>	<u>1,425.3</u>	<u>3,292.3</u>
Capital expenditure	<u>41.0</u>	<u>1.6</u>	<u>36.6</u>	<u>79.2</u>
As at 31 March 2021				
Segment assets	1,254.4	60.6	45.7	1,360.7
Property, plant & equipment, right-of-use assets and investment properties	433.3	148.5	126.1	707.9
Associates/joint ventures	29.3	2.0	546.9	578.2
Deferred tax assets	1.8	23.2	9.3	34.3
Intangible assets	166.3	19.3	225.1	410.7
Total assets	<u>1,885.1</u>	<u>253.6</u>	<u>953.1</u>	<u>3,091.8</u>
Capital expenditure	<u>50.9</u>	<u>2.7</u>	<u>9.0</u>	<u>62.6</u>

4. Income Tax Credit (in \$ million)

	Group			
	2nd Half 2021-22	2020-21	Full Year 2021-22	2020-21
Current income tax:				
Provision for the period/year	12.0	19.9	10.8	11.2
(Over)/under provision in respect of prior period/years	(6.6)	0.8	(6.8)	0.2
	<u>5.4</u>	<u>20.7</u>	<u>4.0</u>	<u>11.4</u>
Deferred income tax:				
Movement in temporary differences	(27.9)	(31.4)	(35.4)	(47.1)
Over provision in respect of prior period/years	–	(0.5)	*	(0.5)
	<u>(27.9)</u>	<u>(31.9)</u>	<u>(35.4)</u>	<u>(47.6)</u>
Income tax credit for the period/year	<u>(22.5)</u>	<u>(11.2)</u>	<u>(31.4)</u>	<u>(36.2)</u>

* Amount less than a thousand.

5. Earnings/(Loss) Per Share

	Group			
	2nd Half		Full Year	
	2021-22	2020-21	2021-22	2020-21
	\$ million	\$ million	\$ million	\$ million
Profit/(loss) attributable to owners of the company	7.2	(2.0)	20.4	(78.9)
Weighted average number of ordinary shares in issue used for computing basic earnings per share	1,122,087,870	1,119,411,620	1,120,990,368	1,118,729,203
Adjustment for share options, RSP and PSP	4,174,000	4,028,492	4,449,129	4,290,538
Weighted average number of ordinary shares in issue used for computing diluted earnings per share	1,126,261,870	1,123,440,112	1,125,439,497	1,123,019,741
Earnings/(loss) per share (cents)				
Basic	0.6	(0.2)	1.8	(7.1)
Diluted	0.6	(0.2)	1.8	(7.0)

6. Net Asset Value Per Share

	Group		Company	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
Net asset value per ordinary share (cents)	142.8	138.1	150.0	146.3

7. Related Party Transaction

For the year ended 31 March 2022, the Group has made \$345.3 million (2021: \$234.8 million) of sales and \$33.2 million (2021: \$24.4 million) of purchases with related parties of the Group.

8. Property, Plant and Equipment

During the year ended 31 March 2022, the Group acquired assets amounting to \$62.6 million (31 March 2021: \$37.8 million) and disposed off assets amounting to \$6.3 million (31 March 2021: \$24.2 million). There were additional assets with net book value of \$106.9 million (31 March 2021: Nil) from acquisition of SATS Food Solutions (Thailand) Co., Ltd. ("SFST") and Asia Airfreight Terminal Co. Ltd ("AAT").

9. Acquisition of Subsidiary SATS Food Solutions (Thailand) Co., Ltd.

On 9 July 2021, the Group, through its subsidiaries, SATS Investments Pte. Ltd., (“SIPL”) and SATS (Thailand) Co., Ltd. (“SATS Thailand”) acquired 85% equity interest in the capital of SATS Food Solutions (Thailand) Co., Ltd. (“SFST”) (formerly known as Food City Company Limited) for cash consideration of \$20.4 million. SFST became a subsidiary of the Group upon acquisition.

SFST’s main asset is a food production facility in Thailand. The facility covers a land area of 30,000 square metres, and benefits from the well-established food ecosystem in Thailand. Post-acquisition, the facility will be configured to focus on the production of ready-to-eat meals.

Identifiable assets acquired and liabilities assumed

The fair value of material assets acquired has been determined based on an independent valuation.

The fair value of the identifiable assets acquired and liabilities assumed at the date of acquisition were:

	Jul 2021 \$ million
Property, plant and equipment	18.3
Trade and other receivables	0.7
Other current assets	0.3
Cash and bank balances	0.2
	<u>19.5</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>18.8</u>
Consideration transferred	20.4
Non-controlling interest (‘NCI’) measured at the NCI’s proportionate share	2.8
Less: Goodwill arising from acquisition	(4.4)
	<u>18.8</u>

Goodwill arising from acquisition

Goodwill amounting to \$4.4 million arising from the acquisition was attributable to the scale and food technology capability as well as the potential synergies expected to arise from the partnership.

10. Step-up acquisition of Asia Airfreight Terminal Co. Ltd

Prior to the step-up acquisition, the Company owns 49% of the total issued share capital of Asia Airfreight Terminal Co. Ltd (“AAT”), a cargo terminal operator operating in the Hong Kong International Airport at Chek Lap Kok, Hong Kong.

On 23 March 2022, the Company acquired additional 16.4% equity interest of the total issued share capital of AAT for a cash consideration of \$58.8 million. This brought the Company’s total equity interest in AAT to 65.4%, granting the Company control of AAT. As a result, AAT became a subsidiary of the Company.

The step-up acquisition was accounted for as if there was a disposal of 49% stake, followed by the acquisition of 65.4% stake. A gain on deemed disposal amounting to \$28.9 million was recorded at acquisition.

The acquisition is a part of the Company’s strategy to expand its cargo handling network and accelerate innovation to drive sustainable business growth.

Fair value of identifiable assets acquired and liabilities assumed 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 amounts below or any additional provisions existed at the date of acquisitions, then the accounting for the acquisition will be revised.

The fair value of assets acquired and liabilities assumed at the date of acquisition were:

	March 2022 \$ million
Property, plant and equipment	88.6
Right-of-use assets	132.8
Intangible assets	93.1
Trade and other receivables	22.7
Other current assets	2.5
Cash and bank balances	159.8
	<u>499.5</u>
Other long-term liabilities	(125.6)
Deferred tax liabilities	(15.4)
Trade and other payables	(49.4)
Other current liabilities	(20.5)
	<u>(210.9)</u>
Total net identifiable assets at fair value	<u>288.6</u>
Fair value of existing 49% stake	175.8
Consideration transferred	58.8
	<u>234.6</u>
NCI measured at the NCI’s proportionate share	99.9
Less: Provisional goodwill arising from acquisition	(45.9)
	<u>288.6</u>

10. Step-up Acquisition of Asia Airfreight Terminal Co. Ltd (cont'd)

Provisional goodwill arising from acquisition of AAT

The provisional goodwill amounting to \$45.9 million arose from the acquisition of 16.4% equity interest in AAT. This was attributable to network capabilities as well as the potential synergies in connectivity expected to arise from the acquisition.

11. Aggregate Amount of Group's Borrowings and Debt Securities (\$ million)

Amount repayable in one year or less, or on demand

As at 31.03.2022		As at 31.03.2021	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
54.5	88.6	25.3	134.1

Amount repayable after one year

As at 31.03.2022		As at 31.03. 2021	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
285.7	409.1	179.2	534.8

Details of any collateral

Included in secured borrowings are current lease liabilities of \$41.4 million and non-current lease liabilities of \$285.7 million which are secured over the right-of-use assets of \$312.8 million as well as property, plant and equipment and other assets belonging to a subsidiary in the Group.

12. Share Capital, Treasury Shares and Share-based Compensation Reserve

Share Capital

	Number of ordinary shares	
	Issued Shares	Treasury
	Capital	Shares
As at 1 April 2021	1,124,056,275	4,362,955
Treasury shares transferred pursuant to share plans	–	(2,394,550)
As at 31 March 2022	1,124,056,275	1,968,405

As at 31 March 2022, 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 year ended 31 March 2022, 2,394,550 (31 March 2021: 2,039,400) treasury shares were reissued pursuant to the equity compensation plans of which 2,089,850 (31 March 2021: 2,039,400) were reissued for the Restricted Share Plan, and 304,700 (31 March 2021: nil) were reissued for the Performance Share Plan.

12. Share Capital, Treasury Shares and Share-based Compensation Reserve (cont'd)

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 FY2019-20 to FY2021-22

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.

The share awards lapsed of \$2.4 million and credited to revenue reserve in the financial year ended 31 March 2022 was due to PSP vested but not awarded as conditions were not met.

As at 31 March 2022, the number of shares outstanding under the Company's RSP and PSP were 1,448,600 and 1,417,500 (31 March 2021: 1,226,900 and 2,427,500) respectively.

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 31.03.2022
		Vested	Forfeited	Adjustments	
24.06.2019	568,700	(560,400)	(7,100)	–	1,200
20.08.2020	658,200	(338,500)	(58,300)	–	261,400
25.06.2021	2,049,000	(689,500)	(173,500)	–	1,186,000
02.08.2021	435,750	(435,750)	–	–	–
10.08.2021	65,700	(65,700)	–	–	–
	<u>3,777,350</u>	<u>(2,089,850)</u>	<u>(238,900)</u>	<u>–</u>	<u>1,448,600</u>

PSP

Date of grant	Balance at 1.4.2021 / Date of grant	<u>Number of Performance Shares</u>			Balance at 31.03.2022
		Vested	Forfeited	Adjustments [#]	
14.12.2018	695,000	(304,700)	–	(390,300)	–
01.08.2019	635,000	–	(355,000)	–	280,000
20.08.2020	1,097,500	–	(450,000)	–	647,500
02.08.2021	890,000	–	(400,000)	–	490,000
	<u>3,317,500</u>	<u>(304,700)</u>	<u>(1,205,000)</u>	<u>(390,300)</u>	<u>1,417,500</u>

[#] Adjustments due to the performance factor at the end of the performance period .

13. Fair Value Management (in \$ million)

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>	<u>FVOCI</u>	<u>FVTPL</u>	<u>Other financial liabilities</u>	<u>Total</u>
<u>31 March 2022</u>					
Assets					
Long-term investments	8.2	0.3	6.1	–	14.6
Trade and other receivables	387.8	–	–	–	387.8
Amount due from associates/ joint ventures	2.3	–	–	–	2.3
Cash and cash equivalents	786.0	–	–	–	786.0
	<u>1,184.3</u>	<u>0.3</u>	<u>6.1</u>	<u>–</u>	<u>1,190.7</u>
Non-financial assets					<u>2,101.6</u>
Total assets					<u><u>3,292.3</u></u>
Liabilities					
Amount due to associates/ joint ventures	–	–	–	11.4	11.4
Term loans	–	–	–	210.8	210.8
Notes payable	–	–	–	300.0	300.0
Lease liabilities	–	–	–	327.1	327.1
Trade and other payables	–	–	–	456.7	456.7
Deferred consideration	–	–	20.3	–	20.3
	<u>–</u>	<u>–</u>	<u>20.3</u>	<u>1,306.0</u>	<u>1,326.3</u>
Non-financial liabilities					<u>132.3</u>
Total liabilities					<u><u>1,458.6</u></u>
<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>
Non-financial assets					<u>1,904.7</u>
Total assets					<u><u>3,091.8</u></u>
Liabilities					
Amount due to associates/ joint ventures	–	–	–	11.4	11.4
Term loans	–	–	–	378.1	378.1
Notes payable	–	–	–	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>
Non-financial liabilities					<u>149.1</u>
Total liabilities					<u><u>1,393.0</u></u>

13. Fair Value Management (in \$ million) (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 full year ended 31 March 2022**

1. Audit

The condensed consolidated statement of financial position of SATS Ltd. and its subsidiaries as at 31 March 2022 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 second half and full year ended and certain explanatory notes have not been audited or reviewed.

2. Auditors' Report

Not applicable.

3. Review of Group Performance

A breakdown of Group's revenue and profit after tax for the first half year and second half year.

		GROUP		
		2021-22 \$ million	2020-21 \$ million	Variance %
(a)	Revenue reported for first half year	569.5	440.5	+ 29.3
(b)	Profit/(Loss) after tax before deducting non-controlling interest reported for first half year	6.0	(94.4)	+ 106.4
(c)	Revenue reported for second half year	607.3	529.5	+ 14.7
(d)	Loss after tax before deducting non-controlling interest reported for second half year	(1.7)	(14.9)	+ 88.6

Second Half FY2021-22

Group revenue rose \$77.8 million or 14.7%, to \$607.3 million, from increased business volumes as a result of air travel recovery. Food Solutions revenue increased by 10.8%, or \$32.3 million, to \$330.6 million driven by higher aviation volumes whilst Gateway Services revenue grew 19.5%, or \$44.9 million, to \$275.2 million over the same period last year with increased flights managed and cargo growth.

Group expenditure increased \$150.3 million or 29.8%, to \$653.9 million. Staff costs increased \$110.9 million from increased headcount, higher contract services and tapering of government grants. Raw material costs grew in tandem with higher business volume in Food Solutions. Licence fees declined due to adjustment for rebates while depreciation and amortisation fell \$4.7 million mainly due to impaired assets in the last year. Company premises and utilities expenses increased due to higher tariffs and usage. Other costs increased \$27.5 million mainly due to higher fuel costs and provision for doubtful debts, besides lower government grants.

Operating loss recorded was \$46.6 million, a decline of \$72.5 million from operating profit of \$25.9 million in the same period last year.

Share of results from associates/joint ventures improved \$20 million from loss of \$3.8 million to profit of \$16.2 million as travel recovery has improved performance in most aviation associates and joint ventures of the Group.

Other non-operating gain (net) of \$13.0 million was related to the accounting gain of \$28.9 million as a result of revaluation of the existing stake in Asia Airfreight Terminal Co. Ltd. ('AAT') upon acquisition of AAT, partially offset by impairment of property, plant and equipment.

Group net profit attributable to owners of the Company ("PATMI") recorded net profit of \$7.2 million, increased \$9.2 million or 460% from net loss of \$2 million year-on-year. Excluding government reliefs, Group PATMI would be a loss of \$46.6 million for the period compared to a loss of \$109.2 million last year.

Full Year FY2021-22

Group revenue grew \$206.8 million, or 21.3% year-on-year, to \$1,176.8 million, with growth in both Food Solutions and Gateway Services. Volume increase across both aviation and non-aviation markets for Food Solutions contributed to revenue increase of 11.7%, or \$67.1 million, to \$640.9 million. Gateway Services revenue grew 36.6%, or \$142.8 million, to \$532.5 million, driven by stable cargo growth, increased flights handled, resumption of ship calls and expansion of security services.

Group expenditure increased \$239.3 million or 24.4% year-on-year at \$1,219.4 million. Staff costs increased \$168.3 million due to reduced government grants and higher staff deployment arising from higher business volume. Raw materials costs grew in tandem with the higher business volumes in Food Solutions whilst lower licence fee was due to adjustment for rebates. Depreciation and amortisation fell \$10.7 million mainly due to impaired assets in the last financial year. Company premises and utilities expenses rose \$8.6 million mainly due to higher utilities usage and increased tariffs. Other costs rose \$35.4 million from higher fuel costs and lower government grants, partly offset by lower provision for doubtful debts.

Operating loss for the Group increased \$32.5 million or 321.8%, from \$10.1 million last year to \$42.6 million in the current financial year.

Share of results from associates/joint ventures improved \$65.1 million from a loss of \$48 million to a profit of \$17.1 million as both Gateway and Food associates and joint ventures registered better performance due to aviation recovery.

Other non-operating gain (net) of \$12.2 million was related to the gain from step-up acquisition in AAT as a result of revaluation of existing stake, partly offset by impairment for property, plant and equipment.

Group net profit attributable to owners of the Company ("PATMI") of \$20.4 million reflected a year-on-year improvement of \$99.3 million from a net loss of \$78.9 million last year. Excluding government reliefs, Group PATMI would be a loss of \$112.2 million for the year compared to a loss of \$320.8 million last year.

GROUP FINANCIAL POSITION REVIEW

Total equity of the Group increased \$134.9 million to \$1,833.7 million as at 31 March 2022. The higher equity was due to profit generated in the financial year, foreign currency translation gains and consolidation of AAT and SFST as subsidiaries during the year.

Non-current assets increased \$227.2 million mainly due to higher property, plant and equipment, right-of-use assets, intangible assets, and deferred tax assets, which were partially offset by lower investment in associates. The increase in property, plant and equipment, right-of-use assets and intangible assets were mainly contributed by the consolidation of SFST and AAT. The lower investment in associates was mainly due to dividend received during the year as well the transfer of investment in AAT from associate to subsidiary.

Current assets decreased \$26.7 million due to lower inventories and cash and short-term deposits, partially offset by higher trade and other receivables. The lower cash and short-term deposits are largely due to the repayment of term loans offset by the net cash from the acquisition of new subsidiaries.

Current liabilities increased \$65.3 million mainly from higher trade and other payables and lease liabilities. The higher lease liabilities, both non-current and current, was due to consolidation of AAT. These were partly offset by lower income tax payable and lower term loan due to reclassification of loan to non-current liabilities upon refinancing.

Non-current liabilities increased marginally by \$0.3 million due to the repayment of term loan of \$150 million partly offset by the reclassification of JPY loan to non-current liabilities upon refinancing.

GROUP CASH FLOWS REVIEW

Net cash from operating activities were lower as compared to the corresponding year mainly due to lower grant receipt during the year partially offset by improved business performance as seen in higher EBITDA excluding government grant.

Net cash from/(used in) investing activities increased due to the consolidation of SFST and AAT net of payment made for the acquisitions, offset by higher capital expenditure.

Net cash (used in)/from financing activities was cash outflows of \$189.3 million for the current year attributable mainly to the repayment of \$150 million term loan ahead of its maturity whilst the cash inflows in the 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

Borders reopening and pent-up demand have led to a continuing surge in travel volume. SATS responded swiftly by ramping up our operations and working across the value chain to mitigate the impact of the labour crunch, maintaining Singapore's global aviation hub reputation.

While mass vaccination has enabled COVID-19 to be treated as a form of endemic flu, leading to relaxed border restrictions in many cities, a sudden surge in infection has caused some cities to lock down, restricting movements, travel and the supply chain. As at 31 March 2022, cargo has reached pre-pandemic volumes, flights and passengers handled are at 44% and 25%, respectively, while meals served across all segments recovered to 59%. We expect mobilisation costs, inflation, higher wages and reduced government support to put pressure on our operational costs in the short term as aviation continues to recover.

At SATS, we are proactively investing in initiatives that will ensure the long-term sustainability of our business. For example, we are investing in production automation in SATS Food Hub to reduce our dependence on labour to handle higher volumes of production. The nerve centre of SATS' gateway operations, SATS Integrated Operations Command, has been upgraded with new systems that incorporate Artificial Intelligence with Machine-Learning to handle disruptions more seamlessly.

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.

The Board of Directors believe that it would be prudent not to pay a final dividend for FY2021-22 as the Company continued to report operating loss excluding the government grant and relief. This will allow the Company to preserve cash as we ramp up operations 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 financial year ended 31 March 2022 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	–
Singapore Airlines Limited	An associate of the Company's Controlling Shareholder	–	18,860
Scoot Tigerair Pte Ltd	An associate of the Company's Controlling Shareholder	–	212
		<u>480</u>	<u>25,876</u>
Transactions for the Purchase of Goods and Services			
SMM Pte. Ltd.	An associate of the Company's Controlling Shareholder	–	25,988
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>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) \$'000	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
Certis CISCO Consulting Services Pte Ltd	An associate of the Company's Controlling Shareholder	–	440
ST Engineering Aerospace Company Pte Ltd	An associate of the Company's Controlling Shareholder	–	2,461
Grid Communications Pte Ltd	An associate of the Company's Controlling Shareholder	–	3,093*
		<u>510</u>	<u>33,235</u>

* This includes the value of the transactions entered into between SATS Ltd. and Grid Communications Pte Ltd for the period from 1 April 2020 to 31 March 2021.

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 or which commenced before 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.

10 Report of persons occupying managerial positions who are related to a director, chief executive officer or substantial shareholder.

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Company confirms that, to the best of its knowledge, belief and information, none of the persons occupying managerial positions in the Company or in any of its principal subsidiaries is a relative of a director, the chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Prema d/o K Subramaniam
Company Secretary
30 May 2022
Singapore

Singapore Company Registration No: 197201770G