



## UNAUDITED RESULTS FOR HALF YEAR ENDED 30 SEPTEMBER 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 half year ended 30 September 2022 (in \$ million)

	Notes	GROUP	
		1st Half	
		2022-23	2021-22
<b>Revenue</b>	3	804.5	569.5
<b>Expenditure</b>			
Staff costs		(426.7)	(243.4)
Cost of raw materials		(157.7)	(153.4)
Licence fees		(18.2)	(12.4)
Depreciation and amortisation charges		(84.0)	(60.8)
Company premise and utilities expenses		(54.2)	(33.4)
Other costs		(106.0)	(62.1)
		<u>(846.8)</u>	<u>(565.5)</u>
<b>Operating (loss)/profit</b>		(42.3)	4.0
Interest on borrowings		(10.7)	(8.5)
Interest income		3.1	1.5
Share of results of associates/joint ventures, net of tax		17.6	0.9
Other non-operating loss, net		(15.9)	(0.8)
<b>Loss before tax</b>	2	<u>(48.2)</u>	<u>(2.9)</u>
Income tax credit	4	7.6	8.9
<b>(Loss)/profit for the period</b>		<u>(40.6)</u>	<u>6.0</u>
<b>(Loss)/profit attributable to:</b>			
Owners of the Company		(32.5)	13.2
Non-controlling interests		(8.1)	(7.2)
		<u>(40.6)</u>	<u>6.0</u>
<b>Core PATMI (\$'M) <sup>(1)</sup></b>		<b>(34.4)</b>	<b>13.2</b>
<b>EBITDA (\$'M) <sup>(2)</sup></b>		<b>59.3</b>	<b>65.7</b>
<b>Return on Equity (%) <sup>(3)</sup></b>		<b>(2.0)</b>	<b>0.8</b>

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

	1st Half	
	2022-23	2021-22
(i) Gain from disposal of interest in an associate	1.9	–

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 1HFY23 and 1HFY22 would be \$41.7M and \$64.8M 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).

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the half year ended 30 September 2022 (in \$ million)**

	<b>GROUP</b>	
	<b>1st Half</b>	
	<b>2022-23</b>	<b>2021-22</b>
<b>(Loss)/profit for the period</b>	(40.6)	6.0
<b>Other comprehensive income</b>		
<u>Items that will not be reclassified to profit or loss:</u>		
Actuarial gain on defined benefit plan	0.1	–
<u>Items that are or may be reclassified subsequently to profit or loss:</u>		
Net fair value changes on financial assets	(0.3)	0.5
Foreign currency translation differences	(1.2)	10.6
<b>Other comprehensive income for the period, net of tax</b>	(1.4)	11.1
<b>Total comprehensive income for the period</b>	(42.0)	17.1
<b>Total comprehensive income attributable to:</b>		
Owners of the Company	(35.2)	24.1
Non-controlling interests	(6.8)	(7.0)
<b>Total comprehensive income for the period</b>	(42.0)	17.1

**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 2022 (in \$ million)**

	Notes	GROUP		COMPANY	
		30.9.2022	31.3.2022	30.9.2022	31.3.2022
<b>Equity attributable to owners of the Company</b>					
Share capital	11	369.2	367.9	369.2	367.9
Treasury shares	11	(0.9)	(8.5)	(0.9)	(8.5)
Share-based compensation reserve	11	2.4	4.9	2.4	4.9
Statutory reserve		13.9	13.5	–	–
Foreign currency translation reserve		(122.0)	(119.5)	–	–
Revenue reserve		1,336.0	1,368.8	1,377.1	1,345.1
Other reserves*		(24.7)	(24.5)	(26.3)	(26.4)
		<u>1,573.9</u>	<u>1,602.6</u>	<u>1,721.5</u>	<u>1,683.0</u>
<b>Non-controlling interests</b>		<u>205.7</u>	<u>231.1</u>	<u>–</u>	<u>–</u>
<b>Total equity</b>		<u>1,779.6</u>	<u>1,833.7</u>	<u>1,721.5</u>	<u>1,683.0</u>
<b>Non-current assets</b>					
Property, plant and equipment	8	595.0	589.6	18.7	18.8
Right-of-use assets		325.1	312.8	77.1	59.5
Investment properties		–	–	136.1	147.6
Intangible assets		544.6	553.2	28.5	25.0
Investment in subsidiaries		–	–	927.6	923.7
Investment in associates		386.0	393.8	221.3	221.3
Investment in joint ventures		64.0	60.2	12.0	12.0
Long-term investments		14.8	14.6	6.0	6.1
Loan to subsidiaries		–	–	418.5	388.4
Deferred tax assets		57.1	57.4	–	–
Other non-current assets		14.8	14.7	3.8	2.2
		<u>2,001.4</u>	<u>1,996.3</u>	<u>1,849.6</u>	<u>1,804.6</u>
<b>Current assets</b>					
Trade and other receivables		511.9	387.8	226.5	158.4
Prepayments and deposits		42.0	36.7	4.1	3.2
Amounts due from associates/joint ventures		3.1	2.3	2.1	1.5
Inventories		82.3	83.2	0.8	0.8
Cash and short-term deposits		689.3	786.0	418.6	505.8
		<u>1,328.6</u>	<u>1,296.0</u>	<u>652.1</u>	<u>669.7</u>
<b>Current liabilities</b>					
Trade and other payables		539.3	458.0	145.3	132.7
Amounts due to associates/joint ventures		11.4	11.4	–	–
Income tax payable		19.6	18.1	12.9	9.7
Term loans	10	108.5	101.7	129.5	167.8
Lease liabilities	10	43.9	41.4	2.8	2.8
		<u>722.7</u>	<u>630.6</u>	<u>290.5</u>	<u>313.0</u>
<b>Net current assets</b>		<u>605.9</u>	<u>665.4</u>	<u>361.6</u>	<u>356.7</u>
<b>Non-current liabilities</b>					
Deferred tax liabilities		86.7	90.4	26.9	26.9
Term loans	10	107.2	109.1	77.3	86.7
Note payables	10	300.0	300.0	300.0	300.0
Lease liabilities	10	294.6	285.7	77.5	58.0
Other payables		39.2	42.8	8.0	6.7
		<u>827.7</u>	<u>828.0</u>	<u>489.7</u>	<u>478.3</u>
<b>Net assets</b>		<u>1,779.6</u>	<u>1,833.7</u>	<u>1,721.5</u>	<u>1,683.0</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 half year ended 30 September 2022 (in \$ million)**

	Notes	GROUP	
		1st Half	
		2022-23	2021-22
<b><u>Cash flows from operating activities</u></b>			
Loss before tax		(48.2)	(2.9)
Adjustments for:			
Interest expense, net		7.6	7.0
Depreciation and amortisation charges		84.0	60.8
Unrealised foreign exchange gain		(0.1)	(0.3)
Share of results of associates/joint ventures, net of tax		(17.6)	(0.9)
(Gain)/loss on disposal of property, plant and equipment		(0.7)	0.1
Impairment loss on property, plant and equipment		–	0.7
Share-based payment expense		6.1	6.3
Gain from sale of an associate	9	(1.9)	–
Write-back for doubtful debts		–	(0.3)
Other non-cash items		0.4	–
Operating cash flows before working capital changes		29.6	70.5
Changes in working capital:			
Increase in receivables		(76.3)	(48.5)
Increase in government grants receivables		(10.1)	(14.9)
Increase in prepayments and deposits		(5.3)	(0.3)
Decrease in inventories		0.4	11.5
Increase in payables		46.4	4.3
Increase/(decrease) in deferred grants income		0.8	(8.3)
(Increase)/decrease in amounts due from associates/joint ventures, net		(2.4)	1.0
<b>Cash generated from operations</b>		<b>(16.9)</b>	<b>15.3</b>
Interest paid to third parties		(10.7)	(8.5)
Income taxes refund/(paid)		0.9	(15.9)
<b>Net cash used in operating activities</b>		<b>(26.7)</b>	<b>(9.1)</b>
<b><u>Cash flows from investing activities</u></b>			
Capital expenditure		(60.7)	(31.5)
Dividends from associates/joint ventures		13.9	21.4
Proceeds from disposal of property, plant and equipment		2.6	0.1
Proceeds from disposal of interest in a subsidiary		–	0.3
Proceeds from disposal of interest in associate	9	3.1	–
Investment in subsidiaries, net of cash acquired		–	(20.2)
Investment in joint venture		(0.1)	–
Interest received from deposits		3.0	1.4
<b>Net cash used in investing activities</b>		<b>(38.2)</b>	<b>(28.5)</b>
<b><u>Cash flows from financing activities</u></b>			
Repayments of term loans		–	(150.0)
Repayments of lease liabilities		(31.7)	(12.1)
Proceeds from borrowings		16.1	8.2
Dividends paid to non-controlling interest		(18.6)	(2.4)
<b>Net cash used in financing activities</b>		<b>(34.2)</b>	<b>(156.3)</b>
Net decrease in cash and cash equivalents		(99.1)	(193.9)
Effect of exchange rate changes		2.4	(0.4)
Cash and cash equivalents at beginning of financial period		786.0	879.8
<b>Cash and cash equivalents at end of financial period</b>		<b>689.3</b>	<b>685.5</b>

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 2022 (in \$ million)

	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			
<b>GROUP</b>													
Balance at 1 April 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	
Loss for the period	–	–	–	–	–	(32.5)	–	–	–	(32.5)	(8.1)	(40.6)	
Other comprehensive income for the period	–	–	–	–	(2.5)	0.1	–	–	(0.3)	(2.7)	1.3	(1.4)	
Total comprehensive income for the period	–	–	–	–	(2.5)	(32.4)	–	–	(0.3)	(35.2)	(6.8)	(42.0)	
<b>Contributions by and distributions to owners</b>													
Share-based payment	–	–	6.1	–	–	–	–	–	–	6.1	–	6.1	
Treasury shares reissued pursuant to equity compensation plans	–	7.6	(7.3)	–	–	–	–	0.1	–	0.4	–	0.4	
New shares issued pursuant to equity compensation plans	1.3	–	(1.3)	–	–	–	–	–	–	–	–	–	
Total contributions by and distributions to owners	1.3	7.6	(2.5)	–	–	–	–	–	–	6.5	–	6.5	
<b>Others</b>													
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(18.6)	(18.6)	
Transfer to statutory reserve	–	–	–	0.4	–	(0.4)	–	–	–	–	–	–	
Balance at 30 September 2022	369.2	(0.9)	2.4	13.9	(122.0)	1,336.0	1.1	(26.3)	0.5	1,573.9	205.7	1,779.6	

\* 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 2022 (in \$ million)**

<b>GROUP</b>	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 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
<b>Contributions by and distributions to owners</b>												
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
<b>Others</b>												
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 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 2022 (in \$ million)**

<b><u>COMPANY</u></b>	Share Capital	Treasury Shares	Share-Based Compensation Reserve	Revenue Reserve	Loss on Reissuance of Treasury Shares	Total Equity
Balance at 1 April 2022	367.9	(8.5)	4.9	1,345.1	(26.4)	1,683.0
Profit for the period	–	–	–	32.0	–	32.0
Total comprehensive income for the period	–	–	–	32.0	–	32.0
<b><u>Contributions by and distributions to owners</u></b>						
Share-based payment	–	–	6.1	–	–	6.1
Treasury shares reissued pursuant to equity compensation plans	–	7.6	(7.3)	–	0.1	0.4
New shares issued pursuant to equity compensation plans	1.3	–	(1.3)	–	–	–
Total contributions by and distributions to owners	1.3	7.6	(2.5)	–	0.1	6.5
Balance at 30 September 2022	<u>369.2</u>	<u>(0.9)</u>	<u>2.4</u>	<u>1,377.1</u>	<u>(26.3)</u>	<u>1,721.5</u>
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
<b><u>Contributions by and distributions to owners</u></b>						
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	<u>367.9</u>	<u>(8.8)</u>	<u>3.9</u>	<u>1,329.4</u>	<u>(26.3)</u>	<u>1,666.1</u>

## **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS** **For the half year ended 30 September 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 six months ended 30 September 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 half year ended 30 September 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 2022. (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 2022 except for the adoption of Singapore Financial Reporting Standards (International) (“SFRS(I)”) that are mandatory for financial year beginning on or after 1 April 2022. 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 2022.

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. Loss before tax (in \$ million)

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

	<b>Group</b>	
	<b>1<sup>st</sup> Half</b>	
	<b>2022-23</b>	<b>2021-22</b>
Foreign exchange gain, net	2.4	0.2
Write-back for doubtful debts	–	0.3
Write-off for stock obsolescence, net	(0.4)	–
Gain/(loss) on disposal of property, plant and equipment	0.7	(0.1)
Impairment loss on property, plant and equipment, net of grants	–	(0.4)
Recognition of government grant related to impaired property, plant and equipment	–	(0.4)
Over provision of taxation in respect of prior years	2.0	0.2
Government grants	22.8	86.1

## 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.

### BY BUSINESS (in \$ million)

	<b>Food Solutions</b>	<b>Gateway Services</b>	<b>Others</b>	<b>Total</b>
<b>Half year ended 30 September 2022</b>				
Revenue (external)	402.6	401.9	–	804.5
Operating (loss)/profit	(24.5)	(20.6)	2.8	(42.3)
Net finance expense	(2.1)	(3.2)	(2.3)	(7.6)
Share of results of associates/joint ventures, net of tax	(1.6)	19.1	0.1	17.6
Other non-operating income/(expense)	2.9	(0.7)	(18.1)	(15.9)
Loss before tax	(25.3)	(5.4)	(17.5)	(48.2)
Income tax credit/(expense)	4.4	4.1	(0.9)	7.6
Loss for the period	(20.9)	(1.3)	(18.4)	(40.6)

**3. Segment Reporting (cont'd)****BY BUSINESS (in \$ million) (cont'd)**

	<b>Food Solutions</b>	<b>Gateway Services</b>	<b>Others</b>	<b>Total</b>
<b>As at 30 September 2022</b>				
Segment assets	537.2	348.1	472.9	1358.2
Property, plant & equipment and right-of-use assets	315.9	473.0	131.2	920.1
Associates/joint ventures	152.1	297.9	–	450.0
Deferred tax assets	42.7	14.4	–	57.1
Intangible assets	199.3	316.8	28.5	544.6
Total assets	<u>1,247.2</u>	<u>1,450.2</u>	<u>632.6</u>	<u>3,330.0</u>
Current liabilities	356.4	250.6	96.1	703.1
Long-term liabilities	119.1	158.1	463.8	741.0
Tax liabilities	17.1	49.5	39.7	106.3
Total liabilities	<u>492.6</u>	<u>458.2</u>	<u>599.6</u>	<u>1,550.4</u>
Capital expenditure	24.8	30.4	6.9	62.1
Depreciation and amortisation charges	19.7	55.0	9.3	84.0
<b>Half year ended 30 September 2021</b>				
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	<u>(33.4)</u>	<u>28.1</u>	<u>2.4</u>	<u>(2.9)</u>
Income tax credit/(expense)	8.7	2.8	(2.6)	8.9
(Loss)/profit for the period	<u>(24.7)</u>	<u>30.9</u>	<u>(0.2)</u>	<u>6.0</u>
<b>As at 30 September 2021</b>				
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

**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>
<b>Half year ended 30 September 2022</b>				
Revenue	<u>642.7</u>	<u>37.8</u>	<u>124.0</u>	<u>804.5</u>
<b>As at 30 September 2022</b>				
Segment assets	1,145.3	33.1	179.8	1,358.2
Property, plant & equipment and right-of-use assets	391.2	110.9	418.0	920.1
Associates/joint ventures	25.8	1.4	422.8	450.0
Deferred tax assets	15.0	28.6	13.5	57.1
Intangible assets	<u>181.0</u>	<u>16.6</u>	<u>347.0</u>	<u>544.6</u>
Total assets	<u>1,758.3</u>	<u>190.6</u>	<u>1,381.1</u>	<u>3,330.0</u>
Capital expenditure	<u>21.5</u>	<u>0.1</u>	<u>40.5</u>	<u>62.1</u>
<b>Half year ended 30 September 2021</b>				
Revenue	<u>489.0</u>	<u>37.1</u>	<u>43.4</u>	<u>569.5</u>
<b>As at 30 September 2021</b>				
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>

**4. Income tax credit (in \$ million)**

	<u>Group</u>	
	<u>1<sup>st</sup> Half</u>	
	<u>2022-23</u>	<u>2021-22</u>
<b>Current income tax:</b>		
Current year tax (expense)/credit	(3.1)	1.2
Over provision in respect of prior year tax expense	2.0	0.2
	<u>(1.1)</u>	<u>1.4</u>
<b>Deferred income tax:</b>		
Current year tax credit	8.7	7.5
	<u>7.6</u>	<u>8.9</u>

**5. (Loss)/Earnings per share**

	<b>Group</b>	
	<b>1st Half</b>	
	<b>2022-23</b>	<b>2021-22</b>
	<b>\$ million</b>	<b>\$ million</b>
(Loss)/profit attributable to owners of the Company	(32.5)	13.2
	<b>30.09.2022</b>	<b>30.09.2021</b>
Weighted average number of ordinary shares in issue used for computing basic earnings per share	1,122,946,828	1,119,892,866
Adjustment for share based compensation	4,325,167	4,728,108
Weighted average number of ordinary shares in issue used for computing diluted earnings per share	1,127,271,995	1,124,620,974
<b>(Loss)/earnings per share (cents)</b>		
Basic	(2.9)	1.2
Diluted	(2.9)	1.2

**6. Net asset value per share**

	<b>Group</b>		<b>Company</b>	
	<b>30.09.2022</b>	<b>31.03.2022</b>	<b>30.09.2022</b>	<b>31.03.2022</b>
Net asset value per ordinary share (cents)	140.0	142.8	153.1	150.0

**7. Related party transaction**

For the 6 months ended 30 September 2022, the Group has made \$315.7 million (2021: \$153.3 million) of sales and \$17.0 million (2021: \$8.3 million) of purchases with related parties of the Group.

**8. Property, plant and equipment**

During the 6 months ended 30 September 2022, the Group acquired assets amounting to \$50.9 million (30 September 2021: \$24.0 million) and disposed of assets amounting to \$1.9 million (30 September 2021: \$0.2 million).

**9. Disposal of 49% interest in an associate, Brahim's SATS Investment Holdings Sdn. Bhd.**

During the 6 months ended 30 September 2022, the Group disposed 49% interest in an associate, Brahim's SATS Investment Holdings Sdn. Bhd. for proceed of \$3.1 million and recorded gain on disposal of \$1.9 million.

**10. Aggregate amount of Group's borrowings and debt securities (\$ million)**

Amount repayable in one year or less, or on demand

<b>30.09.2022</b>		<b>31.03.2022</b>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
59.5	92.9	54.5	88.6

Amount repayable after one year

<b>30.09.2022</b>		<b>31.03. 2022</b>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
294.6	407.2	285.7	409.1

**Details of any collateral**

Included in secured borrowings are current lease liabilities of \$43.9 million and non-current lease liabilities of \$294.6 million which are secured over the right-of-use assets of \$325.1 million as well as property, plant and equipment and other assets belonging to a subsidiary in the Group.

**11. Share Capital and Treasury Shares**

	Number of ordinary shares	
	Issued Shares Capital	Treasury Shares
As at 1 April 2022	1,124,056,275	1,968,405
Treasury shares transferred pursuant to share plans	–	(1,770,100)
Issuance of new shares	326,200	–
As at 30 September 2022	<u>1,124,382,475</u>	<u>198,305</u>

As at 30 September 2022, the Company has an issued share capital of 1,124,382,475 ordinary shares (31 March 2022: 1,124,056,275 ordinary shares) of which 198,305 (31 March 2022: 1,968,405) were held by the Company as treasury shares.

Issuance of New Shares

During the 6 months ended 30 September 2022, 326,200 (30 September 2021: nil) new shares were issued for the Restricted Share Plan.

Treasury Shares

During the 6 months ended 30 September 2022, 1,770,100 (30 September 2021: 2,394,550) treasury shares were reissued pursuant to the equity compensation plans of which 1,593,600 (30 September 2021: 2,089,850) were reissued for the Restricted Share Plan, and 176,500 (30 September 2021: 304,700) were reissued for the Performance Share Plan.

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 41<sup>st</sup> Annual General Meeting held on 23 July 2014 for further extension of 10 years to July 2025.

**11. Share Capital and Treasury Shares (cont'd)**

For grants in FY2019-20 to FY2022-23

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.

As at 30 September 2022, the number of shares outstanding under the Company's RSP and PSP were 2,255,000 and 1,256,300 (30 September 2021: 1,670,400 and 2,622,500) respectively.

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

**RSP**

Date of grant	Balance at 1.4.2022 / Date of grant	Number of Restricted Shares			Balance at 30.9.2022
		Vested	Forfeited	Adjustments	
24.06.2019	1,200	(1,200)	–	–	–
20.08.2020	261,400	(260,300)	(1,100)	–	–
25.06.2021	1,186,000	(640,800)	(21,600)	–	523,600
24.06.2022	2,701,900	(930,500)	(40,000)	–	1,731,400
10.08.2022	87,000	(87,000)	–	–	–
	4,237,500	(1,919,800)	(62,700)	–	2,255,000

**PSP**

Date of grant	Balance at 1.4.2022 / Date of grant	Number of Performance Shares			Balance at 30.9.2022
		Vested	Forfeited	Adjustments <sup>#</sup>	
01.08.2019	280,000	(176,500)	–	(103,500)	–
20.08.2020	647,500	–	(92,500)	–	555,000
02.08.2021	490,000	–	(85,000)	–	405,000
20.06.2022	296,300	–	–	–	296,300
	1,713,800	(176,500)	(177,500)	(103,500)	1,256,300

<sup>#</sup> Adjustments due to the performance factor at the end of the performance period upon meeting stated performance targets.

## 12. Fair value management

### 12.1 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:

GROUP	Amortised costs \$ million	FVOCI \$ million	FVTPL \$ million	Other financial liabilities \$ million	Total \$ million
<u>30 September 2022</u>					
<b>Assets</b>					
Long-term investments	8.4	0.3	6.1	–	14.8
Trade and other receivables	511.9	–	–	–	511.9
Amount due from associates/ joint ventures	3.1	–	–	–	3.1
Cash and cash equivalents	689.3	–	–	–	689.3
	<u>1,212.7</u>	<u>0.3</u>	<u>6.1</u>	<u>–</u>	<u>1,219.1</u>
Total non-financial assets					<u>2,110.9</u>
Total assets					<u><u>3,330.0</u></u>
<b>Liabilities</b>					
Amount due to associates/ joint ventures	–	–	–	11.4	11.4
Term loans	–	–	–	215.7	215.7
Note payables	–	–	–	300.0	300.0
Lease liabilities	–	–	–	338.5	338.5
Trade and other payables	–	–	–	537.9	537.9
Deferred consideration	–	–	16.6	–	16.6
	<u>–</u>	<u>–</u>	<u>16.6</u>	<u>1,403.5</u>	<u>1,420.1</u>
Total non-financial liabilities					<u>130.3</u>
Total liabilities					<u><u>1,550.4</u></u>
<u>31 March 2022</u>					
<b>Assets</b>					
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>
Total non-financial assets					<u>2,101.6</u>
Total assets					<u><u>3,292.3</u></u>
<b>Liabilities</b>					
Amount due to associates/ joint ventures	–	–	–	11.4	11.4
Term loans	–	–	–	210.8	210.8
Note payables	–	–	–	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>
Total non-financial liabilities					<u>132.3</u>
Total liabilities					<u><u>1,458.6</u></u>

## 12. Fair value management (cont'd)

### 12.2 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.

## 13. 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 2022**

**1. Audit**

The condensed consolidated statement of financial position of SATS Ltd. and its subsidiaries as at 30 September 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 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 FY2022-23**

Group revenue increased \$235 million, or 41.3% year-on-year, to \$804.5 million, driven primarily by growth in cargo volume and recovery in travel demand. Food Solutions' revenue increased \$92.3 million, or 29.7%, to \$402.6 million while Gateway Services' revenue grew \$144.6 million, or 56.2%, to \$401.9 million in the first half of the financial year over the same period last year. The consolidation of Asia Airfreight Terminal Co. Ltd ("AAT"), a subsidiary of the Group from March 2022, contributed \$62.1 million to revenue of Gateway Services.

Group expenditure increased \$281.3 million or 49.7% year-on-year to \$846.8 million arising from increased business activities as well as consolidation of AAT. Staff costs increased \$183.3 million due to the ramp-up of hiring ahead of demand in support of the higher volume of passenger operations and meal production, coupled with lower government grants. The rise in cost of raw materials, licence fees, company premises and utilities expenses was in line with higher revenue growth and increased utility tariffs and consumption. Depreciation and amortisation increased \$23.2 million mainly due to the consolidation of AAT in the first half of the financial year. Other costs increased \$43.9 million mainly due to higher fuel costs and maintenance expenses as well as lower government grants. Excluding the consolidation of AAT, Group expenditure would have recorded a lower increase of \$214 million.

The Group recorded operating loss of \$42.3 million, lower by \$46.3 million from operating profit of \$4 million in the first half of last financial year.

Share of results from associates/joint ventures increased from \$0.9 million to \$17.6 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 \$15.9 million was mainly due to professional fees incurred.

Group net profit attributable to owners of the Company ("PATMI") was at a net loss of \$32.5 million, decrease of \$45.7 million from a net profit of \$13.2 million year-on-year. Excluding government reliefs, Group PATMI would be a loss of \$51.7 million for the period compared to a loss of \$65.5 million last year.

## GROUP FINANCIAL POSITION REVIEW

Total equity of the Group decreased by \$54.1 million to \$1,779.6 million as at 30 September 2022, compared to 31 March 2022. The lower equity was attributable to loss during the period.

Non-current assets increased \$5.1 million mainly due to higher property, plant and equipment and right-of-use assets, which were partly offset by lower intangible assets and investment in associates. The lower investment in associates was mainly due to dividend received during the period.

Current assets of the Group increased \$32.6 million largely due to higher trade and other receivables due to higher business volume, partly offset by lower cash and short-term deposits.

Current liabilities increased \$92.1 million mainly from higher trade and other payables. Increase in trade and other payables was due to higher business volume.

Non-current liabilities of the Group decreased marginally by \$0.3 million.

## GROUP CASH FLOWS REVIEW

Net cash used in operating activities for 1HFY2022-23 was higher at \$26.7 million, as compared to corresponding period last year mainly due to lower EBITDA.

Net cash used in investing activities increased to \$38.2 million, mainly due to higher capital expenditure and lower dividend received from associates in the current half year offset by absence of investment in subsidiary compared to the same period last year.

Net cash used in financing activities was lower at \$34.2 million attributable mainly due to the absence of term loan repayment in the current half year compared to the same period last year.

**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 global rebound in passenger travel has been evident and the positive trend is expected to continue through the winter travel season into 2023, underpinning earnings growth across SATS' network of operations. Ahead of the expected full recovery in travel, SATS has been ramping up capacity and capabilities, which are essential to maintaining Changi's leading air hub status and providing customers with excellent service quality during this critical period.

This includes:

- Reopening Inflight Catering Centre 1 in Singapore;
- Replicating cold chain capabilities in Hong Kong through its subsidiary AAT; and
- Setting a new international benchmark for safer aviation travel and supply chain, SATS has attained the world's first accreditation by IATA for the Group's competency in handling lithium batteries, which are becoming the preferred energy source for consumer products.

Air cargo demand remains broadly positive despite macro headwinds, the conflict in Ukraine and pandemic controls in China. To meet global customer demand, and tap into longer-term industry trends, SATS on 28 September 2022 announced the proposed acquisition of Worldwide Flight Services ("WFS"), to become the leading global air cargo handler.

## **ACQUISITION AND FUNDING UPDATE**

To meet global customer demand, and tap into longer-term industry trends, SATS on 28 September 2022 announced the proposed acquisition of WFS, to become the leading global air cargo handler. The deal positions SATS at the heart of global trade flows for air cargo and creates a business that is geographically diversified across Asia, EMEA and the Americas, and has earnings resilience against structural industry dynamics and competitive forces.

SATS is at an advanced stage of finalising its funding plan for the proposed acquisition of WFS. With a total acquisition cost of \$1.8 billion, the proposed rights issue will not exceed \$800 million and the balance will be funded primarily through a combination of term loans and internal cash. SATS has received term loan proposals from the Company's principal bankers at favourable market terms.

Given current market conditions, the Company believes that this funding mix is optimal. SATS will continue to assess the merit of issuing hybrid securities to strategic investors and/or long-term financial investors, but this funding option shall only be considered and sequenced if it is favourable and adds long-term strategic value to the business and stakeholders.

The rights issue is targeted to be launched after an Extraordinary General Meeting ("EGM"), which is expected to be convened in January 2023. Further details of the funding plan will be announced prior to the EGM.

In support of SATS' strategic acquisition of WFS, Temasek (via its indirect wholly-owned subsidiary, Venezia Investments Pte. Ltd.) has provided an irrevocable undertaking to vote in favour of the transaction as announced on 28 September 2022. Temasek believes that SATS will benefit from an expanded network and capabilities that will bring significant growth opportunities and enhanced resilience to its business. SATS has also received Temasek's confirmation that Venezia intends, subject to the terms of the rights issue to be finalised, to subscribe for its pro rata entitlement to the rights issue.

## **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 ongoing post-pandemic recovery, the Board of Directors believes it would be prudent to not pay a dividend until SATS restores profitability without government reliefs. This will enable the Company to continue investing in building capabilities and leveraging opportunities for profitable and sustainable growth.

**8 Interested Person Transactions**

8.1 The interested person transactions entered into during the half year ended 30 September 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
<b>Transactions for the Sale of Goods and Services</b>			
KRISSHOP PTE.LTD.	An associate of the Company's Controlling Shareholder	–	2,550
Singapore Airlines Limited	An associate of the Company's Controlling Shareholder	–	778
SG IPF PTE. LTD.	An associate of the Company's Controlling Shareholder	–	211
		–	3,539

<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
<b>Transactions for the Purchase of Goods and Services</b>			
SYGNIA PTE. LTD.	An associate of the Company's Controlling Shareholder	–	281
GRID Communications Pte Ltd	An associate of the Company's Controlling Shareholder	–	2,816
SMRT Trains Ltd.	An associate of the Company's Controlling Shareholder	–	400
SIA Engineering Company Ltd	An associate of the Company's Controlling Shareholder	–	653
Singapore Telecommunications Limited	An associate of the Company's Controlling Shareholder	–	1,891
Stellar Lifestyle Pte. Ltd.	An associate of the Company's Controlling Shareholder	950	–
Powergas Limited	An associate of the Company's Controlling Shareholder	206	–
		<u>1,156</u>	<u>6,041</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

Ian Chye  
Company Secretary  
9 November 2022  
Singapore

Singapore Company Registration No: 197201770G

## CONFIRMATION BY THE BOARD

We, Euleen Goh Yiu Kiang and Kerry Mok Tee Heong, 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 2022 financial results to be false or misleading in any material respect.

On behalf of the Board of Directors,

EULEEN GOH YIU KIANG  
Chairman

KERRY MOK TEE HEONG  
Executive Director / President and  
Chief Executive Officer

Singapore, 9 November 2022