



**Response to queries raised by Singapore Exchange Securities Trading Limited  
on the Results Announcement for  
the Second Half and Full Year ended 31 March 2022**

The Board of Directors of SATS Ltd. (“**SATS**” or the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to provide the following information in response to the queries raised by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) dated 24 June 2022 in relation to the Company’s announcement dated 30 May 2022 regarding the Group’s results for the second half and full year ended 31 March 2022.

**SGX-ST’s Query 1:**

Please explain why interest income amounted to only \$3.3m during the financial period ended 31 March 2022 when the Group had significant cash and cash equivalents amounting to \$786.0m. The explanation should also include the reason(s) why interest income decreased in a greater proportion compared to cash and cash equivalents between 31 March 2021 and 31 March 2022.

**The Company’s Response**

Cash and cash equivalents as at 31 March 2022 included the consolidation of cash held at Asia Airfreight Terminal Co Ltd (“**AAT**”) (\$159.8m), following SATS’ acquisition of an additional 16% stake in AAT (please refer to company announcement to SGX dated 23 March 2022).

Furthermore, interest income earned for the year decreased as compared to prior year mainly due to lower average monthly cash balances held in FY22<sup>1</sup> (\$687M) vis-à-vis FY21 (\$807M) due to an early repayment of bank loan (\$150m) in the quarter ended 30 June 2021. Excluding the effect of AAT consolidation, the decrease in interest income in FY22 was consistent with the overall lower interest yield during the year.

**SGX-ST’s Query 2:**

Please disclose a breakdown of trade and other payables/other payables amounting to \$458.0m as at 31 March 2022. For other payables, please disclose the aging and nature of these other payables and whether the counterparties are related parties.

**The Company’s Response**

Trade and other payables as at 31 March 2022 (\$458.0m) consist of third-party trade payables (\$248.1m), tender deposits (\$4.3m), accrued expenses (\$180.7m), amount due to related parties (\$2.0m), payables related to purchases of plant and equipment (\$18.0m) and others (\$4.9m). (Please refer to note 26 in the audited financial statements as shown below)

<b>\$’m</b>	<b>31 Mar 2022</b>	<b>31 Mar 2021</b>
Trade payables	248.1	158.8
Tender deposits	4.3	3.6
Accrued expenses	180.7	178.8
Purchase of property, plant and equipment	18.0	16.8
Other payables	4.9	0.1
Amount due to related companies	2.0	0.4
<b>Trade and other payables (current)</b>	<b>458.0</b>	<b>358.5</b>

<sup>1</sup> FY22 and FY21 denote financial year ended 31 March 2022 and 31 March 2021 respectively.

### **The Company's Response (cont'd)**

Included in accrued expenses of \$180.7m were accruals for employee expenses and miscellaneous accrued expenses.

There were no material long overdue balances in the other payables. Amount due to related party was \$2.0m as at 31 March 2022.

### **SGX-ST's Query 3:**

Please provide the reason(s) for the significant trade and other payables of \$458.0m when the Group recorded a cash and cash equivalent of \$786.0m as at 31 March 2022.

### **The Company's Response**

Trade and other payables (\$458.0m) increased by \$99.5m as compared to that recorded as at 31 March 2021 (\$358.5m) largely attributed to the consolidation of AAT (\$49.4m) and increase in total expenditure due to higher business volumes in the second half of FY22 in tandem with travel recovery.

Excluding the effect of AAT consolidation, the Group's trade and other payables and cash balance as at 31 March 2022 would have been \$408.6m and \$626.2m, respectively (compared to FY2021: trade and other payables \$358.5m and cash \$879.9m).

### **SGX-ST's Query 4:**

Please explain why both the trade and other payables/receivables increased in a greater proportion compared to revenue between the period of 31 March 2021 and 31 March 2022. Please clarify whether the Company has changed their trade credit policies, the day payables outstanding as of 31 March 2022, and an assessment of the days payables outstanding as of 31 March 2022 compared with that as of 31 March 2021.

### **The Company's Response**

Included in the Group balance sheet as at 31 March 2022 are the trade and other payables of AAT amounting to \$49.4m and trade and other receivables of AAT amounting to \$22.8m. The consolidation of AAT at the end of March 2022 does not have any significant impact to the revenue and operating expenses of the Group.

Excluding the effect of AAT consolidation, trade and other receivables increased by 25% due to higher business volume and trade and other payables increased by 14% due to higher expenditure in the second half of FY22.

There are no significant changes in the credit terms given to the customers and trade credit policies from the vendors.

### **SGX-ST's Query 5:**

Please describe the nature of the recorded intangible assets, and why there was an increase from \$410.7m to \$553.2m between 31 March 2021 and 31 March 2022.

### **The Company's Response**

Intangible assets include software development, goodwill, license and customer relationships.

The increase in intangible assets of \$142.5m was largely due to recognition of goodwill (\$50.2m) and customer relationships (\$93.1m) arising from the acquisition of subsidiaries namely AAT and SATS Food Solutions (Thailand) Co Ltd during the year.

**SGX-ST's Query 6:**

Please describe what are the underlying assets pertaining to the 'Right-of-use assets', and why there was an increase from \$187.7m to \$312.8m between 31 March 2021 and 31 March 2022.

**The Company's Response**

Right-of-use assets consist of leasehold land and buildings and equipment leases.

The increase in right-of-use assets of \$125.1m was due to additions to leasehold land and building as a result of the acquisition of AAT (\$132.8m).

**SGX-ST's Query 7:**

Please clarify the reason(s) for the increase in secured liabilities from \$204.5m in 31 March 2021 to \$340.2m in 31 March 2022.

**The Company's Response**

Secured liabilities include both secured bank borrowings and lease liabilities.

The increase in secured liabilities of \$135.7m was largely due to additions to lease liabilities as a result of the acquisition of AAT amounting to \$136.6m.

*Note: Summary of selected Group balance sheet items (with AAT balances shown) included in Appendix for reference.*

**BY ORDER OF THE BOARD**

S. Prema  
Company Secretary  
Date: 29 June 2022

**Appendix**

\$'m	<b><u>31 Mar 2022</u></b>	<b><u>31 Mar 2021</u></b>
SATS	626.2	879.9
AAT	159.8	-
<b>Total cash and cash equivalents</b>	<b><u>786.0</u></b>	<b><u>879.8</u></b>
SATS	408.6	358.5
AAT	49.4	-
<b>Total trade and other payables</b>	<b><u>458.0</u></b>	<b><u>358.5</u></b>
SATS	364.9	291.5
AAT	22.8	-
<b>Total trade and other receivables</b>	<b><u>387.7</u></b>	<b><u>291.5</u></b>
SATS	409.9	410.7
AAT – goodwill and customer relationships	4.3	-
SATS Food Solutions (Thailand) Co Ltd - goodwill	139.0	-
<b>Total intangible assets</b>	<b><u>553.2</u></b>	<b><u>410.7</u></b>
SATS	180.0	187.7
AAT	132.8	-
<b>Total right-of-use assets</b>	<b><u>312.8</u></b>	<b><u>187.7</u></b>
SATS	203.6	204.5
AAT	136.6	-
<b>Total secured liabilities (lease liabilities &amp; secured borrowings)</b>	<b><u>340.2</u></b>	<b><u>204.5</u></b>