Group Chairman and

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Datuk Kamarudin bin Meranun

Non-Independent Executive Chairman

CEO'S Statement

Tan Sri Anthony Francis Fernandes

Non-Independent Executive Director and Chief Executive Officer

Dear Shareholders,

If 2023 was the year we put our recovery in gear, 2024 was when we put the pedal to the metal to fuel the momentum.

And what a year it has been! Our focus was on the same three areas: growing our non-aviation businesses; rebuilding our aviation group post-pandemic; and working on a regularisation plan to exit PN17.

The difference being that there was greater urgency to achieve all three and particularly to finalise a restructuring that would be acceptable to our debtors and the regulators.

We achieved notable successes all around, but nothing beats Bursa Malaysia Securities' approval of our regularisation plan in March 2025.

The High Court's subsequent confirmation of our issued share capital reduction and repayment as part of our Proposed Distribution came a close second.

Chairman and Group CEO's Statement (cont'd.)

REVENUE
RM20.3
BILLION

2023: RM14.7 billion

EBITDA
RM2.7
BILLION

2023: RM1.9 billion

It made the months of toil we had put into the plan worth every second. With this approval, we are within arm's reach of having our PN17 status lifted. While we were always optimistic about achieving this corporate milestone, no words can describe the sense of relief of knowing we are finally almost there.

As to be expected, the year proved to be challenging. Yet, stripping away the one-off costs of reactivating our aircraft, our core operating profit for the year was solid, in line with our expectations. This was anchored on building the non-airline businesses while bringing back as many more aircraft as possible from hibernation, ending the year with 90% in operation.

Since the pandemic, we have built six strong businesses, all with the potential to do in their segments what AirAsia has done in aviation, namely to disrupt their markets through innovation and value creation. These six entities comprise Asia Digital Engineering (ADE), our digital-driven engineering company; AirAsia MOVE, our budget-centric online travel agency (OTA); Teleport, our logistics arm; Santan, our food brand; Abc. International, our branding and licensing venture; and BigPay, our fintech arm.

This line-up has evolved considerably as all are asset-light spin-offs from the AirAsia ecosystem, presenting us the opportunity to experiment with and grow those that meet the needs of our stakeholders while setting aside those that don't. With the knowledge and experience gained from two years of the post-pandemic norm, we have a much better understanding of the businesses that we would like to be in and how best to structure them in our new model going forward.

On the airline side, one by one, we have reopened our stations across our operations and resumed old routes, many that are unique to us, while introducing new ones. As our capacity increased, we also achieved high load factors in all our airline operating companies (AOCs). On the flip side, challenges that surfaced in 2023 continued to hinder our pace of recovery. Supply chain bottlenecks are still delaying aircraft and spare parts delivery, while maintenance, repair and overhaul (MRO) outfits still lack the capacity to handle the volume of aircraft emerging from hibernation. Financially, the substantial cost of reviving our airlines put a dent in our results. As for the cost of Management's time spent on our regularisation plan... this simply cannot be quantified.

Corporate Exercises

Throughout the year, not just the two of us but the entire Management team has focused intently on both our regularisation plan and the disposal of our aviation business to our sister long-haul airline, AirAsia X. In January, we signed a non-binding offer letter with AirAsia X for the proposed disposal of AirAsia Berhad (AAB) and AirAsia Aviation Group Limited (AAAGL). This was followed by a sale and purchase agreement in April. To us, the sale makes financial and strategic sense as it would result in the largest low-cost aviation group offering affordable connectivity between people in Asean and the world.

> Since the pandemic, we have built six strong businesses, all with the potential to do in their segments what AirAsia has done in aviation, namely to disrupt their markets through innovation and value creation.

Our investors were always keen on the idea and demonstrated their confidence recently by supporting our issuance of a USD443 million revenue bond for AirAsia in August. Under this funding programme, Ares Management Corp and Indies Capital Partners, two private credit funds, are to provide USD200 million to reactivate aircraft that have yet to be operationalised, while the remaining USD243 million has been subscribed to by aircraft lessors and will be used to refinance existing lease liabilities.

More importantly, shareholders of Capital A and AirAsia X also voted overwhelmingly in favour of the sale at two separate extraordinary general meetings (EGMs) held in October.

Soon after the second EGM, we submitted our sale proposal to the High Court, followed by the submission of our regularisation plan to Bursa Malaysia in December. The team had worked arduously on the plan which includes various capital reduction initiatives that would lighten Capital A by RM6 billion, simplifying it as much as possible to facilitate its execution. In December 2024, we submitted our proposed regularisation plan to Bursa Malaysia. And on 7 March 2025, as mentioned, we received their response.

Building our Non-Airline Businesses

We're very pleased with the way our non-airline businesses are shaping up, especially the six mentioned above. Many started as service providers within AirAsia itself, but because of their inherent value we have carved them out to enable them to grow as independent entities beyond the airline and eventually beyond the region.

ADE is in a high-growth sector with demand for MRO services far exceeding supply. Nevertheless, it has an edge over other more established players as it is relatively new and therefore able to invest in the latest technologies while its competitors remain saddled with legacy systems. During the year, ADE celebrated the opening of a new 14-line hangar in KLIA which has magnified its capacity two-fold. It is also expanding geographically, opening up in our key markets of Indonesia, the Philippines and Cambodia, with Thailand soon to follow. Growing beyond AirAsia, it has started servicing wide-bodied aircraft in addition to AirAsia's narrow-body A320 series.

AirAsia MOVE holds as much potential as ADE, leveraging AirAsia's huge database of 700 million customers to focus on value inventories that appeal to cost-conscious travellers. Initially serving as AirAsia's booking platform, it has transformed into a full-fledged OTA offering travel on 700 third-party airlines and accommodation in over a million hotels around the world. It may very well be the only OTA in the world to have evolved from an airline, which gives it an enormous advantage of being able to offer the best value deals to our guests.

More than that, AirAsia MOVE has developed a very innovative and intuitive platform using messaging and AI. Another unique selling point is having Ikhlas in its portfolio. Asean has one of the biggest Muslim populations in the world, yet no other OTA caters to this niche. This further strengthens AirAsia MOVE's inclusivity, in addition to its accessibility and affordability.

We have been extolling Teleport's potential for a few years now, recognising the advantage it has over other players in the form of AirAsia's extensive network. Today it is not only transporting cargo with AirAsia, it has a rapidly growing e-commerce segment and is able to offer the largest point-to-point logistics network, saving time and cost, with an expanded capacity including three newly-inducted freighter planes and a growing number of partner (ie third-party airlines). That is how it can promise affordable and reliable next-day delivery within the region. In the space of just five years, it has grown from zero to superseding Singapore Airlines as No. 1 in Asean in terms of cargo tonnage. Teleport is now eyeing global expansion to serve the Middle East, Europe and Africa.

As for Santan, not many among our stakeholders understand why it was created as a brand when no other airline saw the need to do the same for their catering service. We did it because we recognised Santan could be developed into a full-blown food and beverage (F&B) company. We fly about 200,000 guests a day, all of whom are exposed to Santan without any marketing spend on

Chairman and Group CEO's Statement (cont'd.)

our part. We had also created some iconic dishes such as Pak Nasser's Nasi Lemak and Uncle Chin's Chicken Rice. Put together good food at good price points with zero need for marketing and you have an excellent recipe for a successful food business. This is precisely what Santan is leveraging today as it expands from being an inflight caterer to a B2B food distributor to retail chains, hypermarkets and the like.

Our fifth company, Abc. International, is about building and monetising our brands through loyalty and licensing programmes while helping others to grow their brands bigger. We have built an amazing culture and communications platform across Capital A, which are integral to our brands and are aspects of brand-building that other companies could emulate. We've also built a unique rewards programme that feeds into and off our brands. These are all assets that Abc. can leverage for Capital A and third parties. Abc. is still in its early days but has a very exciting future in revolutionising the world of branding and IP through AI. Watch this space!

BigPay has been making steady progress in democratising financial services, especially in the remittance of money by foreigners working in Malaysia back home, facilitating such transactions to several countries across Asean. Going forward, we are looking to making the business profitable in 2025, subsequently to accelerate its growth by partnering with a more established player.

Starting to Fly High Again

The resurgence in global travel demand accelerated in 2024, with international traffic in Asia Pacific up by a remarkable 26% year-on-year — the highest regional growth rate globally.[1]

While the strong rebound was encouraging, we acknowledge that we were not able to fully capitalise on the demand due to industry-wide supply chain constraints — a tough reality that challenges our ambitious growth plans.

Nonetheless, AirAsia made significant strides during the year, successfully adding 10 aircraft to our fleet — including nine new A321neos, known for their fuel efficiency and extended range. At the same time, we continued to right-size our operations, returning two aircraft to lessors. Looking ahead, accelerating aircraft reactivation remains a top operational priority with total of 19 aircraft currently in storage, of which 16 will return to service while three will be returned to lessors.

Our AOCs continued to build on the momentum from 2023, maximising available resources to strengthen both capacity and operational efficiency.

Overall capacity rose to 86% of pre-pandemic levels in 2024, up from 74% at the end of 2023. This enabled us to carry over 63 million guests, achieving a load factor of 89% — surpassing the 86% recorded prior to Covid.

AirAsia Malaysia and AirAsia Thailand delivered exceptional performance during the year. Meanwhile, our AOCs in Indonesia and the Philippines are progressing in their recovery, with AirAsia Indonesia refocusing on the more profitable international sector. Although still in its early stages, AirAsia Cambodia showed promising traction, particularly following the commencement of international routes. We are especially optimistic about connecting Cambodia with China and India — the region's most dynamic markets — as well as strengthening its links with the rest of Asean.

Financial Performance

For the year 2024 (continuing and discontinuing operations), Capital A recorded a 38% increase in revenue year on year (YoY) to RM20.3 billion, of which RM2.8 billion was contributed by the Non-Aviation segment and RM18.9 billion by Aviation. Earnings before income, tax, depreciation and amortisation (EBITDA) for the Group was a healthy RM2.7 billion, marking a 39% increase YoY. Capital A's Non-Aviation businesses accounted for RM342 million of the total, while the Aviation sector made up RM2.3 billion. This year, our Non-Aviation businesses also recorded a healthy profit after tax (PAT) of RM131 million.

Among the Non-Aviation businesses, ADE saw its revenue increase by a significant 24% YoY to RM714 million due to component sales and base maintenance revenue. However, its EBITDA margin was affected by increased staff costs and other upfront costs related to the new 14-line hangar in Sepang, decreasing by six percentage points to 20% while PAT came in at RM72 million.

> "Teleport is now eyeing global expansion to serve the Middle East, Europe and Africa."

AirAsia MOVE recorded RM555 million in revenue, marking a 19% decrease from 2023 due to a strategic pivot; EBITDA margin likewise decreased by three percentage points to 17%. It also achieved a commendable PAT of RM61 million.

Teleport's revenue increased by a substantial 46% YoY to RM1.1 billion, marking a second consecutive year of growth; while its EBITDA margin more than doubled. Its strong results were driven by enhanced scale leading to improved margins, further boosted by discipline in fixed cost management.

Meanwhile, the Aviation Group recorded a solid 39% increase in revenue to RM18.9 billion as it increased its capacity by bringing back into operations more aircraft and carrying more passengers. Along with increased revenue, EBITDA improved by 51% to RM2.3 billion. However, the segment also recorded a loss after tax of RM1.2 billion due to one-off costs, including higher depreciation and interest charges.

[1] *IATA: Global air passenger demand reaches record high in 2024, 30 January 2025*
[2] *IATA: Strengthened profitability expected in 2025 even as supply chain issues persist, 10 December 2024*

Sustainability

Capital A, through AirAsia, is becoming a leading advocate of sustainable operations within Asean. We are often invited to sit on committees and taskforces on sustainability to share our experience and best practices with regard to lowering our carbon emissions and enhancing operational efficiencies. We feel extremely proud of the many successes that our Sustainability Team is charting, especially as climate change is both an inconvenient yet incontrovertible truth. While remaining wary of the viability of sustainable aviation fuel (SAF), we believe strongly that airlines need to explore all possible means to lower our emissions – be it through low-carbon technologies or carbon credit programmes.

This year, we partnered with Smart Airport Systems (SAS) to introduce Combo Units, which offer the dual functionality of ground power units and air condition units to provide the power needs of aircraft before a flight or during transit, in place of the more energy-intensive aircraft auxiliary power units (APU). By replacing APU use with a Combo unit, we can reduce associated emissions by 90%. While we continue to invest in new aircraft and fuel efficiency, we believe that decarbonisation is a shared responsibility and are therefore introducing a mandatory carbon fee starting in the second quarter of 2025. Funds from this fee will support the purchase of high-quality carbon credits, investment in SAF and research and development to advance both solutions.

Beyond environmental concerns, our commitment extends to uplifting the communities we serve as we connect guests across the region. Through the AirAsia Foundation, we support organisations that promote sustainable travel and strengthen climate resilience. Since 2012, the Foundation has provided grants to 35 social enterprises across diverse impact areas. In the coming year, our renewed focus on sustainable travel will enable us to invest in more ventures, offering travellers authentic, community-based tourism experiences across the region.

In response to growing concerns over human trafficking in the region and recognising the risks associated with air travel, we have been actively involved in equipping our Allstars with the knowledge to identify and respond to potential trafficking situations. Our #KnowtheSigns e-learning module has been integrated into Capital A's onboarding programme, ensuring all recruits are also aware and equipped to make air travel safer.

Our own business sustainability has made a significant turnaround with the recent approval of our regularisation plan. Nevertheless, we are putting in place robust succession plans for both of us as this, too, is crucial to Capital A's future. We are content in having built a strong second line of leadership throughout our LOBs, with CEOs like Bo, Mahesh, Pete, Nadia, Catherine and Rudy making a name for themselves as they demonstrate exceptional skills in growing their companies. We are now looking at other aspects of our leadership pipeline and feel certain that, by the time we step down, our work will be done.

Outlook

We live in uncertain times geopolitically, with wars in the Middle East and Ukraine as well as increasing polarisation as superpowers impose sanctions on other nations. But as optimists, we see these tensions creating strategic opportunities, particularly in Asean where we anticipate a rise in inbound investments and tourism. Data has shown air travel will continue to grow, with IATA expecting global passenger numbers to increase by 6.7% year on year and to breach the five billion mark in 2025 for the first time ever.[2] At the regional level, Asia Pacific is expected once again to lead the world in air passenger traffic.

Our focus will be to push ahead to get all our aircraft back into the sky. Together with lower aviation fuel prices, as well as continued efforts to refinance our expensive debts and strengthen our balance sheet, prospects for our aviation business look promising.

There is also a good possibility that the US Federal Reserve will further reduce its interest rates, drawing greater investments into Asean and strengthening local currencies. This would be beneficial to local businesses, including Capital A. Indeed, our regional focus will stand us in good stead over the foreseeable future as Asean is one of the fastest-growing economic markets in the world, presenting us with exciting possibilities to serve the needs of some seven million people living here.

Needless to say, a great deal of our outlook depends on Capital A's organisational structure in 2025. Now that our regularisation plan has been approved by Bursa Malaysia, the path is clear for a "rebirth" of Capital A with a clean balance sheet. This will allow us to accelerate our plans to nurture our baby companies into AirAsia-styled businesses. By this, we mean highly agile and transformative entities that upend convention leveraging data, AI and the latest technologies to offer added value and win the loyalty of customers while generating good margins.

The last remaining hurdle is to lift PN17. We'd like to highlight again – we've always been optimists; the number of times we have proved naysayers wrong is too many to mention. Our optimism this time was proven by the approval of our regularisation plan. We anticipate the same for PN17 within the first half of the year, creating a new dawn for Capital A. We therefore look forward immensely to 2025 being the first year when we can focus on growth as opposed to survival. 2026 will be when we deliver what we're capable of.

It's been a tumultuous time for us since the pandemic, but we're still here and we're raring to go even further. We would like to thank all our amazing Allstars for being there throughout the rollercoaster ride and all our stakeholders for believing in us. AirAsia was always a story of tenacity and dream-building. Today, a new horizon is opening as Capital A takes over, demonstrating greater tenacity and the ability to dream bigger than ever.