PRESS RELEASE

CAPITAL A SECOND QUARTER 2022 FINANCIAL RESULTS

WE ARE BACK

EXPONENTIAL GROWTH OF 277% YOY IN REVENUE, EXPECTS FURTHER REVENUE RAMP UP IN SECOND HALF OF THE YEAR

FIRST EBITDA POSITIVE SINCE PANDEMIC BOOSTED BY BORDERS REOPENING

SEPANG, 26 August 2022 – Capital A Berhad (formerly known as AirAsia Group Berhad) ("Capital A" or the "Group") today reported its financial results for the quarter ended 30 June 2022 ("2Q2022").

Unaudited Consolidated Second Quarter 2022 Results of Capital A

The Consolidated Group[1] posted 2Q2022 revenue of RM1,465 million, up 277% year-on-year ("YoY") and 81% quarter-on-quarter ("QoQ"). Aviation revenue grew exponentially by 520% YoY and 115% QoQ to RM1,292 million off the back of improved air traffic demand, both domestically and internationally, in conjunction with borders fully reopening in most of the core Asean countries commencing from 2Q2022. The Group's logistics arm, Teleport, reported lower revenue of RM99 million — down by 36% YoY — amid a transition away from using passenger planes for cargo-only use to a more sustainable longer-term model of using AirAsia's belly cargo space. Digital businesses as a whole reported robust revenue growth of 192% YoY, driven by airasia Super App and BigPay. The aviation, logistics and digital businesses contributed 88%, 7% and 5% respectively, of the total revenue in 2Q2022.

Overall, the Group recorded positive EBITDA of RM109 million, which improved 155% YoY and 135% QoQ. During 2Q2022, the Group raised average fares by 10%, successfully implemented a fuel surcharge, and increased ancillary revenue by 495% YoY to mitigate rising costs, namely higher fuel and maintenance costs. In the quarter under review, the Group saw a net loss of RM1.1 billion which includes one-off depreciation and interest expenses for non-operating aircraft of RM256 million, foreign exchange losses of RM345 million and share of losses from associates of RM291 million. Excluding these one-off items, net operating loss amounts to RM235 million.

The Group delivered positive operating cash flow of RM274 million in 2Q2022 off the back of the uptrend in forward bookings from the airline business. The Group is pleased to report that its cash balance as at the end of June 2022 stood at RM632 million, an improvement QoQ.

Segmental Performance Review:

On the airline performance results and outlook, President (Airlines) and Group CEO of AirAsia Aviation Group, (AAAGL) Bo Lingam said:

"AAAGL posted a strong QoQ and YoY upward revenue momentum, benefiting from the reopening of international borders in core operating countries alongside less stringent travel restrictions in many key markets. The Consolidated Group operated 65 aircraft in the quarter, an additional 50 aircraft

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[1]Consolidated Group refers to Malaysia, Indonesia and Philippine airline units and digital subsidiaries. PT Indonesia AirAsia and AirAsia Inc. Group of Companies (Philippines) results were consolidated for financial reporting purposes in accordance with MFRS 10 since 1 January 2017.

compared to the same period last year. This was supported by the strong revival of international air traffic and growing domestic demand. The Consolidated Group achieved a commendable load factor of 84% in 2Q2022, its highest since 2020. The Consolidated Group seat capacity was 6.6 million with 5.6 million passengers flown in 2Q2022.

"The airline business delivered a segmental revenue of RM1,379 million in 2Q2022, up 475% YoY on the back of an increase in average fares from RM194 to RM214, with 456% growth in average seat kilometres ("ASK"), resulting in an improvement of 38% growth in revenue per ASK ("RASK"). The efficiency will grow as stage length grows; average stage length was 1,233 in 2019 and average stage length now is 958. AAAGL achieved its first positive EBITDA since the pandemic, improving significantly to RM151 million from negative EBITDA of RM125 million a year ago, equivalent to an increase of 221% YoY.

"Despite the industry headwinds, the airline business was able to mitigate the effects of the steep rise in jet fuel prices. The fuel cost accounted for 51% of the second quarter aviation segmental revenue. However, the Group has undertaken numerous counter strategies including the implementation of a fuel surcharge, and increasing the ticket fares, together with improved ancillary revenue to help offset the rising cost. The average fuel price per barrel increased by 31% QoQ and 68% YoY to an average of USD151 in 2Q2022. During the quarter, the Group made an impairment loss reversal of RM228 million from the right of use assets as we bring more aircraft back into service. .

"The combination of weaker Asean currencies against the USD and higher maintenance costs incurred by bringing aircraft back into service after two years of hibernation have slightly prolonged the progress of turning the aviation business back to net profit. The same cost effects have also led to losses of our associate airline, AirAsia Thailand in the second quarter.

"While the global travel industry has noticeably experienced manpower shortages across the airline ecosystem over recent times to cope with the sharp rebound in air travel, this was not the case with AAAGL due to our prudent manpower management during the pandemic. This is evidenced by the support from our people to achieve double digit growth in load factor with AirAsia Malaysia at 84%, up by 20 percentage points ("ppts") YoY, AirAsia Indonesia at 74%, up by 10 ppts YoY, AirAsia Philippines at 93%, up by 15 ppts YoY and AirAsia Thailand at 73%, up by 14 ppts YoY.

"During the downtime in flying, AAAGL kept flight crew on furlough and trained many in other parts of the operations to supplement their incomes, including to support our growing digital businesses. Pilot licences were kept active and recurrent training was maintained. Therefore, the Group is able to reestablish our pilots and cabin crew as soon as they are required. Our people are always our biggest asset and we are proud to say that as of August, we have brought back 78% of our furloughed flight staff and expect the balance will be filled by the end of the year.

"The aviation group is looking forward to the continued ramp up of air passenger demand in the second half of the year. We have relaunched 159 international routes in this quarter alone with a very encouraging load factor across the Group. As of August, a total of 108 operating aircraft have returned to the skies and this is expected to increase to 160 by the end of this year to support strong and growing consumer demand. We expect to return to full operations by the second quarter of 2023. Collectively across the Group, jet fuel prices came down from its peak in July and this downward trend is expected to continue until at least next year based on a report by the International Air Transport Association ("IATA"). AAAGL foresees our aviation business performance to continue to improve across all key metrics in the near term provided no further extraneous cost pressures affect the airline industry."

On Asia Digital Engineering (ADE)'s performance and outlook, CEO of ADE, Mahesh Kumar said:

"Asia Digital Engineering (ADE) posted a record-breaking quarterly segmental revenue of RM75 million, impressively improving by 232% as compared to the same period last year. The company has also achieved the highest quarterly EBITDA of RM27 million and an EBITDA margin of 36% in 2Q2022, supported by a lean and cost-efficient, digitally-enhanced and structured operating environment. We are confident of an even further improved business performance in the future, in tandem with the continual lifting of international borders and travel restrictions requiring significantly more planes to undergo a comprehensive suite of maintenance repair and overhaul (MRO) engineering services.

"With three operating aircraft hangars currently, we expect to secure more aircraft hangars to support our aviation group and other third party airlines in the coming quarters. Revenue is expected to grow substantially in the second half of the year as airlines bring more planes back into service to meet the strong resumption of air travel demand."

On airasia Super App's performance and outlook, CEO of airasia Super App, Amanda Woo said:

"In 2Q2022, airasia Super App posted segmental revenue of RM82 million, which is a significant growth of 387% YoY. More importantly, we recorded positive EBITDA of RM0.9 million compared to an EBITDA loss of RM33 million a year ago. The travel vertical benefited by the strong surge in air travel bookings both domestically and internationally on the platform, as well as recognition of breakage income from the rewards vertical. During the quarter, airasia Super App's average monthly active users reached 10.6 million, up by 236% YoY resulting in a 524% increase YoY in the number of transactions.

"Thanks to numerous strategic partnerships, we are already one of Asean's top online travel agents (OTAs) for the best value flights and accommodation offerings. One of airasia Super App's latest high performing lines of business, airasia xpress, has expanded during the quarter to include interstate deliveries to provide customers with more affordable, convenient and even faster alternatives. This parcel delivery service provides door-to-door convenience between the Klang Valley and key cities across the country with plans to expand to other regions in line with demand. Our fast-growing, homegrown ride-hailing platform, airasia ride, was launched in Thailand during the quarter with other key markets such as Indonesia and the Philippines to follow in the coming quarters.

"As all of our travel and lifestyle super app products and services continue to evolve and gain strong growth momentum, we expect the app user base and monthly active users to continue to rapidly grow, leveraging off one another.

"We are optimistic with these latest results and remain confident in the company's future prospects. The number of active app users will continue on an upward trend on the back of the airline business recovery, alongside the increase in more affordable products and services being launched gradually in key cities across Asean. Multiple campaigns and promotions will continue to be rolled out to help stimulate the economy by supporting the revival of the travel, tourism and e-commerce markets."

On Teleport's performance and outlook, CEO of Teleport, Pete Chareonwongsak said:

"Teleport posted a lower segmental revenue of RM99 million in 2Q2022, down by 39% YoY which led to a wider EBITDA loss for the business. The softer revenue was partly due to our transition away from operating passenger planes for cargo-only flights (P2C) to using AirAsia's belly cargo space. This transition away from P2C is due to the discontinuation of support from aviation authorities across the region for P2C operations. Extended lockdowns in China and the escalation in fuel prices also further compounded the impact on revenue.

"On a positive note, Teleport's gross margin for the cargo segment improved by 47% YoY in conjunction with the recovery of the aviation group's passenger flights. In contrast to the winding down of P2C operations, Teleport increased its revenue from belly cargo by 200% YoY, making 50% of cargo revenue in 2Q2022, up from 27% in 1Q2022, supported by the resumption of AirAsia's passenger services. Teleport derived as much as 10% of its 2Q2022 delivery volume through one of our large cargo e-commerce partners, Shopee. Delivery volume increased significantly to 1.15 million or up by 630% YoY in the second quarter of 2022."

On BigPay's performance and outlook, CEO of BigPay, Salim Dhanani said:

"BigPay's total user base in 2Q2022 increased by 62% YoY to 1.2 million carded users, resulting in a 20% higher segmental revenue for the quarter. This was mainly from payments and remittance businesses which observed a higher growth in both usage and volume. This is in line with the travel recovery as well as the launch of Malaysia's national instant payments and transfers (DuitNow) and other international remittance corridors providing a further boost.

"The payments business margins have improved mainly from international payments and the lending business, both experiencing a strong uptake in the quarter. However, this was offset by the rising operating expenses as BigPay heavily invested into, among others, building a more secure, scalable and resilient platform for the future. This investment was crucial to ensure BigPay remains compliant with new regulations governing non-bank financial institutions and to increase robustness in cyber security and risk management. We expect revenue will continue to grow in coming quarters from the rising loan book."

On the Group's outlook, CEO of Capital A, Tan Sri Tony Fernandes said:

"The V-shaped recovery of the travel industry and economy which we previously anticipated, has significantly benefited both our airline and non-airline businesses. As we continue to recover from the impact of the global pandemic, we are pleased to have noted a significant rise in our air passenger traffic, allowing us to significantly grow our MRO business, as well as record breaking e-commerce delivery orders, incremental travel bookings via the airasia Super App platform and improved usage of our fintech BigPay services.

"We are also pleased to have reached a mutual ground between our Malaysian-based airline, AirAsia Berhad, and our medium-to-long-haul affiliate AirAsia X Berhad, to withdraw all legal proceedings against Malaysia Airports Holdings Berhad (MAHB). All parties will work symbiotically to reach an amicable outcome on the resolution of any outstanding matters and will look towards the future to stimulate Malaysia's tourism and economic growth, together.

"We are finalising the PN17 proposals and target to submit to Bursa Malaysia for approval well within the timeframe provided. Additionally, we have successfully restructured our fleet liabilities and finance has been secured including an extension on the lease terms to 2029.

"Throughout the pandemic, Capital A has built a strong broad portfolio of businesses combining aircraft maintenance, strong logistics and fintech services, deliveries, food, e-commerce, ride hailing and more. We are also now a leading online travel agency in the region and we have the unique advantage as the only super app in Asean that owns an airline. We remain committed to bring the best value in all our offerings and expect all of our businesses to become industry leaders in their respective fields in the near future.

We are now a diversified group comprising aviation, aviation services, logistics, fintech and an e-commerce platform, dominated by an underlying travel focus within a deeply integrated ecosystem. This means the recovery and growth of our aviation business post-pandemic will feed into the growth of our other businesses as well while ensuring that our businesses benefit from lower cost, high-value and synergistic marketing benefits. Management teams and business plans are in place and fund-raising is coming together encouragingly.

Capital A is also well-poised to benefit from a rational marketplace for both our digital and aviation businesses. Our philosophy remains anchored on our low-cost DNA and delivering value to our customers. We will continue to drive value creation across our businesses which will ensure our competitive advantage moving forward.

"We are also keeping abreast with the industry's trends and initiatives to ensure that we stay ahead of the sustainability agenda. To this end we have developed a roadmap towards a sustainable future in alignment with the United Nations' and ICAO's aspirations to achieve net zero by 2050. Our successful digital transformation has led to reduced carbon footprint across our lines of businesses. In 2021, our extensive fuel efficiency programme reduced our carbon emissions by 11,175 tonnes of carbon emissions, which is equivalent to planting 186,250 trees. We will also be taking delivery of the new Airbus A321neos from 2024, which will further reduce our emissions per seat by 20% while further driving our business growth. Moving forward, we will continue to increase sustainability awareness not only across our business operations but also among our customers.

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