PRESS RELEASE

CAPITAL A THIRD QUARTER 2022 FINANCIAL RESULTS

CAPITAL A RECORDS SECOND CONSECUTIVE QUARTER OF EBITDA PROFITABILITY POST-PANDEMIC

HIGHEST GROUP REVENUE GROWTH OF 563% YOY SINCE 2020

3Q22 REVENUE OF RM1,961 MILLION REPRESENTS 64% RECOVERY OF 3Q19 REVENUE WHILE ONLY OPERATING 44% OF FLEET

AVIATION, ADE, SUPER APP AND TELEPORT ACHIEVED EBITDA POSITIVE

SEPANG, 30 November 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 September 2022 ("3Q2022").

Unaudited Consolidated Third Quarter 2022 Results of Capital A

The Consolidated Group[1] posted 3Q2022 revenue of RM1,961 million, up 563% year-on-year ("YoY") and 34% higher quarter-on-quarter ("QoQ"). The Group recorded a positive EBITDA of RM72 million, its **second consecutive quarterly EBITDA profitability since the pandemic** and a marked turnaround from an EBITDA loss of RM276 million a year prior. The result is underpinned by **EBITDA profitability from each of the Group's four biggest business segments** by revenue, namely the airlines businesses under AirAsia Aviation Group (AAAGL); maintenance, repair and overhaul (MRO) business Asia Digital Engineering (ADE); logistics arm Teleport; and airasia Super App.

In 3Q2022, the Group reported net loss of RM1.1 billion **primarily due to one-off items and unrealised foreign exchange losses**. These include non-operating aircraft depreciation and interest expenses of RM239 million, foreign exchange losses of RM364 million (of which RM349 million was unrealised), 76% of share of losses from associates of RM227 million which is attributed to forex losses and one-off maintenance expenses of RM62 million. **Excluding these one-off items, the net operating loss amounted to RM322 million.**

This quarter, the Group also delivered a **positive operating cash flow of RM66 million** in 3Q2022 primarily due to the continuous uptrend of forward bookings from the airline business. Cash balance as at the end of September 2022 stood at RM415 million.

Highlights of 3Q2022

As we move towards pre-pandemic normalcy and see travel resumes across our key markets, the synergies across the Group's portfolio of businesses are manifesting more clearly as all our businesses continue to gain traction and increase market shares in their operating spaces. In 3Q2022:

- AAAGL posted a segmental revenue of RM1,837 million and EBITDA positive of RM107 million as AAAGL saw a strong and encouraging uptrend in performance benefited from the lifting of

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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.

international travel restrictions in most of our core markets, which led to an upsurge in air travel demand for our Asean markets in particular.

- AAAGL achieved 86% load factor (LF) in 3Q2022, exceeding the LF of 84% in the previous corresponding period pre-Covid (3Q2019). Overall, AAAGL has resumed 67% and 34% of pre-Covid capacity for domestic and international sectors respectively in 3Q2022.

- AAAGL also recorded an improved average fare of RM233, up 9% QoQ and 32% as compared to 3Q19. This improvement builds on the average fare increase of 10% seen in 2Q2022. Ancillary revenue grew 1,412% YoY. Combined, higher average fare and better ancillary revenue resulted in an improvement of revenue per ASK ("RASK") of 4% growth.

- As of November 2022, AAAGL as a group of four airlines had a total of 125 operating aircraft back flying. AAAGL expects to end 2022 with 140 aircraft returned to service and the full return of its fleet, totalling 205 aircrafts, by the second quarter of 2023.

- AAAGL has brought back 99% of furloughed staff as of November and expects to bring back everyone by December 2022. The airlines group has also resumed induction of Second Officers and will recommence its cadet pilot program in 2023 in anticipation of increasing manpower needs to cope with robust travel demand in the market. It is also actively organising Cabin Crew recruitment drives across Malaysia.

- ADE posted a record-breaking quarterly segmental revenue of RM79.6 million and also recorded a positive EBITDA for three consecutive quarters, achieving RM19 million and an EBITDA margin of 25% supported by a lean and efficient cost structure. ADE is in progress of securing additional aircraft hangars, of which 2 lines in Johor are on track to be ready in December 2022, making it a total of 7 lines, to ensure it is able to provide more MRO slots and support upcoming base maintenance needs, not only for AirAsia airlines but also other airlines. This is in-line with its long-term strategic objective of diversifying its revenue mix to be at least 50% from third-party airlines.

- Teleport delivered positive EBITDA of RM5.1 million as it completed its transition from a lower-margin model of using passenger planes for cargo-only operations to a more sustainable model of using AirAsia cargo belly space with incremental margins. The logistics business expects profitable growth moving forward despite macro headwinds, riding on improved utilisation across AAAGL's recovering network. Teleport is awaiting delivery of three dedicated freighters beginning from early 2023.

- airasia Super App posted a quarterly segmental revenue of RM101.7 million and achieved a positive EBITDA for the second consecutive quarter of RM15.8 million with an EBITDA margin of 16%. It recorded 9.5 million unique Monthly Active Users (MAU) alongside an improving trend of monthly transacting users since January 2022 and a continued improvement of 6% to 11% conversion rate this quarter. It expects this trajectory to continue in 4Q2022 and into 2023 as it focuses on driving cross-selling opportunities across its core travel and delivery verticals. In particular, airasia Super App's ride-hailing vertical had completed two million rides since it was launched in August 2021.

- BigPay, the Group's fintech business, saw its total user base increase to 1.26 million amid a 48% YoY growth in carded users. Segmental revenue rose steadily by 56% YoY, driven among others by a growing user base, higher individual user spending and an improvement of transaction fees in the payments and remittance businesses. BigPay anticipates capturing more market share in the coming quarters together with the expansion of 35 new remittance corridors into Europe and the UK to further improve the take-up rates in its international payment business.

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

"We continue to move towards pre-pandemic normalcy and it's motivating to see the synergies across our portfolio of businesses drive further growth and market share gains as they leverage off one another.

"For our airlines under AAAGL, we expect improving performance ahead as we anticipate some tailwinds in aviation – oil prices are going down, the Asean currencies are strengthening against the US dollar, and any recession will actually be a positive for us in the low-cost aviation space as people trade down to shorter flights and cheaper flights. It's encouraging to see a continuous upward trend for air travel in the final quarter of 2022 with festive seasons and school holidays approaching. Also encouragingly, China has also begun easing its domestic Covid restrictions, which may indicate early signals of reopening that will further boost air travel demand.

"The resurging air travel demand has benefited all of our digital sectors through the significant boost in travel bookings via the airasia Super App platform and has widened the demand for our MRO services as more airline fleets are rapidly returning aircraft to service. To further leverage on the strong travel vertical surge and our growing customer base, we are exploring the potential commercial synergies between our airasia Super App and BigPay fintech services, supported by features and tools in both products to deliver an extensive set of products that support one another along with a seamless and impeccable user experience.

"As for our Practice Note 17 (PN17) situation, the Group announced that it is seeking an extension of time from Bursa Malaysia Securities Berhad to submit a more holistic regularisation plan to remedy its PN17 status. We aim to announce the regularisation plan in January 2023 and followed by submission for approval targeted in February 2023. We hope to complete the implementation of the plan in July 2023. After the most difficult few years, it's important to note that we have delivered positive EBITDA and positive operating cash flow over the past two consecutive quarters. I have full confidence that we will be in a position soon to remove the PN17 status without involving shareholders' value dilution, subject to necessary approvals including from Bursa Malaysia Securities.

"The plan envisaged will entail the disposal of Capital A's aviation businesses, namely AirAsia Berhad and AirAsia Aviation Group Limited, to AirAsia X Berhad (AAX). The shares consideration, received in exchange for the disposal, will then be distributed to Capital A shareholders, so that they will retain direct interest in the aviation businesses via AAX, following the restructuring. In essence, via this scheme, Capital A's shareholders' value will be preserved. Capital A will be rebranded as an aviation services and digital group, post the disposal and distribution exercises. We envision a separate spin-off listing in the future for the aviation services businesses of Capital A once the PN17 status is resolved.

"Despite the tightening global economy, all our core businesses are gaining traction and growing market share in their respective industries. As we finalise the proposed PN17 regularisation plan, we are confident that the Group will continue to deliver profitability and strengthen our cash flow post-regularisation.

"As the world reopens and we are now recovering from the pandemic, our next key priority is a dedicated commitment to reinforcing our sustainability plan. The Group has formalised its net zero strategy which we aim to achieve by 2050. The plan covers four key strategic areas of focus; fleet management, operational eco-efficiencies, carbon offsetting and utilisation of sustainable aviation fuel ("SAF"). We have already initiated adding SAF to our fuel mix by 2023, while developing our carbon offset strategy and we look forward to updating further developments in this area in the coming quarters."

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