

CAPITAL A BERHAD
201701030323 (1244493-V)
FOURTH QUARTER REPORT ENDED 31 DECEMBER 2022

ANNOUNCEMENT

The Board of Directors of Capital A Berhad (“Capital A” or “the Company”) hereby announces the following unaudited consolidated results of Capital A and its subsidiaries (collectively known as “the Group”) for the year ended 31 December 2022.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	INDIVIDUAL QUARTER		CUMULATIVE	
		Quarter ended	Quarter ended	Year ended	Year ended
		31/12/2022 RM'000	31/12/2021 RM'000 (Restated)	31/12/2022 RM'000	31/12/2021 RM'000 (Restated)
Revenue:	10				
- Aviation		2,027,376	601,727	5,646,148	1,100,635
- Logistic		132,472	139,262	488,513	551,231
- Digital and others		208,337	80,049	471,594	184,320
		2,368,185	821,038	6,606,255	1,836,186
Operating expenses:					
- Staff costs		(384,697)	(221,268)	(1,268,371)	(795,638)
- Aircraft fuel expenses		(968,925)	(187,895)	(2,961,895)	(393,941)
- Fuel swap losses		-	-	-	-
- Maintenance and overhaul	11(i)	12,215	(317,548)	(656,729)	(480,619)
- User charges and other related expenses		(301,608)	151,907	(837,572)	(186,475)
- Logistic expenses		(135,283)	(374,547)	(459,472)	(574,062)
- Technology and IT related expenses		(63,633)	(97,856)	(227,011)	(267,552)
- Other operating expenses	11(ii)	(48,683)	(165,348)	111,290	(274,640)
Other income	11(iii)	11,041	41,334	54,398	111,704
EBITDA		488,612	(350,183)	360,893	(1,025,037)
Depreciation and amortisation		(32,378)	(54,814)	(137,096)	(164,685)
Depreciation on right of use asset	12(i)	(315,242)	(406,209)	(1,350,252)	(1,655,887)
Finance income	13	42,440	16,513	90,479	35,314
Finance costs - lease liabilities	12(ii)	(260,351)	(156,802)	(757,708)	(500,044)
Finance costs	13	(121,876)	(59,552)	(371,528)	(179,763)
Net operating loss		(198,795)	(1,011,047)	(2,165,212)	(3,490,102)
Foreign exchange gain/(loss)	13	207,722	243,708	(554,276)	(71,084)
Fair value gain on derivatives		-	10,754	45,021	31,377
Share of results of associates/joint venture		166,495	(14,419)	(494,872)	(45,227)
Profit/(loss) before taxation		175,422	(771,004)	(3,169,339)	(3,575,036)
Tax expense	14	(3,381)	(230)	(14,742)	(4,974)
Deferred taxation	14	316	(143,463)	14,998	(140,765)
Net profit/(loss) for the financial period		172,357	(914,697)	(3,169,083)	(3,720,775)
Attributable to:					
- Owners of the company		256,197	(756,591)	(2,480,132)	(2,991,075)
- Non-controlling interests		(83,840)	(158,106)	(688,951)	(729,700)
		172,357	(914,697)	(3,169,083)	(3,720,775)

*The Condensed Income Statement in compliance with MFRS 134.
The comparative figures have been restated due to reclassification of Revenue and Other Income.*

CAPITAL A BERHAD
201701030323 (1244493-V)
FOURTH QUARTER REPORT ENDED 31 DECEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended	Quarter ended	Year ended	Year ended
	31/12/2022 RM'000	31/12/2021 RM'000	31/12/2022 RM'000	31/12/2021 RM'000
Net profit/(loss) for the financial period	172,357	(914,697)	(3,169,083)	(3,720,775)
Other comprehensive income/(expense)				
Remeasurement loss on employee benefits liability, net of tax	(1,392)	(2,624)	2,501	12,776
Fair value reserve	15,579	(18,586)	(15,690)	102,805
Cash flow hedges	1	11,951	(3,860)	42,009
Foreign currency translation differences	1,201,737	26,417	(13,869)	(61,061)
Total comprehensive income/(expense)	1,388,282	(897,539)	(3,200,001)	(3,624,246)
Total comprehensive income attributable to:				
Owners of the Company	1,254,081	(756,005)	(2,729,091)	(2,911,298)
Non-controlling interests	134,201	(141,534)	(470,910)	(712,948)
	1,388,282	(897,539)	(3,200,001)	(3,624,246)

The condensed consolidated income statement and consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

CAPITAL A BERHAD
201701030323 (1244493-V)
FOURTH QUARTER REPORT ENDED 31 DECEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		AS AT 31/12/2022 RM'000	AS AT 31/12/2021 RM'000
	Note		
NON CURRENT ASSETS			
Property, plant and equipment	15	866,514	933,474
Right of use assets	15	10,163,519	9,750,711
Finance lease receivables	15	260,820	266,233
Investment in associates	17	706,351	438,004
Investment in joint venture		203	878
Investment securities	16	113,154	243,323
Intangible assets		831,070	833,450
Deferred tax assets		739,020	738,760
Receivables and prepayments	18	3,451,586	3,599,414
Deposits on aircraft purchase		576,034	610,489
Derivative financial instruments	23	165,397	165,397
		17,873,667	17,580,133
CURRENT ASSETS			
Inventories		206,727	153,600
Receivables and prepayments	18	831,926	608,405
Finance lease receivables	15	116,162	224,144
Amounts due from associates		95,105	67,285
Amounts due from related parties		371,838	134,153
Derivative financial instruments	23	-	-
Tax recoverable		7,937	5,408
Deposits, bank and cash balances		524,600	1,256,753
		2,154,295	2,449,748
CURRENT LIABILITIES			
Trade and other payables	19	2,506,270	2,308,897
Aircraft maintenance provisions and liabilities	20	1,583,471	976,633
Sales in advance		1,419,858	930,510
Amounts due to associates		146,931	43,297
Amounts due to related parties		472,751	129,717
Borrowings	21	494,740	887,228
Lease liabilities	22	4,571,968	3,905,769
Provision of taxation		25,809	21,873
		11,221,798	9,203,924
NET CURRENT LIABILITIES		(9,067,503)	(6,754,176)

CAPITAL A BERHAD
201701030323 (1244493-V)
FOURTH QUARTER REPORT ENDED 31 DECEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		AS AT 31/12/2022 RM'000	AS AT 31/12/2021 RM'000
	Note		
NON CURRENT LIABILITIES			
Trade and other payables	19	280,414	292,691
Aircraft maintenance provisions and liabilities	20	4,856,945	4,860,637
Borrowings	21	2,412,201	1,422,661
Lease liabilities	22	10,439,112	10,389,525
Deferred tax liabilities		154,905	169,477
Derivative financial instruments	23	-	32,785
Provision for retirement benefits		90,078	81,084
		18,233,655	17,248,860
		(9,427,491)	(6,422,903)
CAPITAL AND RESERVES			
Share capital		8,654,977	8,457,172
Merger deficit		(5,507,594)	(5,507,594)
Other reserves		153,041	161,321
Foreign exchange reserve		(132,308)	(118,439)
Retained earnings		(8,943,421)	(6,374,760)
		(5,775,305)	(3,382,300)
Non-controlling interests		(3,652,186)	(3,040,603)
Total equity		(9,427,491)	(6,422,903)
Net assets per share attributable to ordinary equity holders of the Company (RM)		(1.39)	(0.87)

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

CAPITAL A BERHAD
201701030323 (1244493-V)
FOURTH QUARTER REPORT ENDED 31 DECEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company											Non-controlling interests	Total equity
	Number of shares '000	Share Capital RM '000	Merger Deficit RM '000	Foreign exchange reserve RM '000	Share-based payments RM '000	RCUIDS - equity RM '000	Warrant reserve RM '000	Cash flow hedge reserve RM '000	Fair value and other reserves RM '000	Remeasurement loss on employee benefits liability RM '000	Retained earnings RM '000	Total RM '000	
At 1 January 2022	3,898,053	8,457,172	(5,507,594)	(118,439)	5,968	154,360	112,736	(68,499)	(29,914)	(13,330)	(6,374,760)	(3,382,300)	(3,040,603)
Net loss for the financial year	-	-	-	-	-	-	-	-	-	-	(2,480,132)	(2,480,132)	(688,951)
Other comprehensive income	-	-	-	(13,869)	-	-	-	(3,860)	(15,690)	2,501	(218,041)	(248,959)	218,041
Issuance of new shares	263,740	197,805	-	-	-	-	-	-	-	-	197,805	197,805	-
Dilution of interest in subsidiary	-	-	-	-	-	-	-	-	-	-	129,512	129,512	(140,673)
Share-based payment expensed	-	-	-	-	8,769	-	-	-	-	-	-	8,769	-
At 31 December 2022	4,161,793	8,654,977	(5,507,594)	(132,308)	14,737	154,360	112,736	(72,359)	(45,604)	(10,829)	(8,943,421)	(5,775,305)	(3,652,186)
At 1 January 2021	3,341,974	8,023,268	(5,507,594)	(57,378)	-	-	-	(101,222)	(105,506)	(18,640)	(3,447,215)	(1,214,287)	(2,355,507)
Net loss for the financial year	-	-	-	-	-	-	-	-	-	-	(2,991,075)	(2,991,075)	(729,700)
Other comprehensive income	-	-	-	(61,061)	-	-	-	32,723	102,805	5,310	79,777	433,904	16,752
Issuance of new shares	556,079	433,904	-	-	-	-	-	-	-	-	-	433,904	-
Issuance of RCUIDS	-	-	-	-	-	154,360	112,736	-	-	-	-	267,096	-
Dilution of interest in subsidiary	-	-	-	-	-	-	-	-	-	-	145,008	145,008	22,199
Acquisition of non-controlling interests in a subsidiary	-	-	-	-	-	-	-	-	-	-	(108,691)	(108,691)	5,653
Transfer of fair value reserve of disposed investment securities to retained earnings	-	-	-	-	-	-	-	-	(27,213)	-	27,213	-	-
Share-based payment expensed	-	-	-	-	5,968	-	-	-	-	-	-	5,968	-
At 31 December 2021	3,898,053	8,457,172	(5,507,594)	(118,439)	5,968	154,360	112,736	(68,499)	(29,914)	(13,330)	(6,374,760)	(3,382,300)	(3,040,603)

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

CAPITAL A BERHAD
201701030323 (1244493-V)
FOURTH QUARTER REPORT ENDED 31 DECEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	PERIOD ENDED	PERIOD ENDED
	31/12/2022	31/12/2021
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(3,169,339)	(3,575,036)
Adjustments:		
Property, plant and equipment		
- Depreciation	134,611	164,685
- Gain on disposal	(17,307)	(32,921)
- Write Off	2,255	313
Rights of Use Asset		
- Depreciation	1,350,252	1,655,887
Loss on recognition of finance lease receivables	-	41,187
Intangible assets		
- Amortisation	2,485	975
- Impairment	-	-
Provision for retirement benefit	20,458	(3,429)
Aircraft maintenance provisions	-	232,833
Impairment of receivables, related parties, joint ventures and investment securities	102,443	6,148
Reversal of impairment on intercompany	-	14,293
Reversal of impairment loss on right of use asset	(551,511)	-
Fair value gain on derivative financial instruments	(45,021)	(31,377)
Share of results of associates and joint venture	494,872	45,227
Net unrealised foreign exchange losses	494,631	49,996
Share-based payments	7,850	5,968
Interest expense	263,595	179,763
Interest on lease liabilities	874,452	500,044
Interest income	(90,479)	(35,314)
	(125,753)	(780,758)
Changes in working capital		
Inventories	(53,127)	(12,179)
Receivables and prepayments	(84,105)	9,933
Trade and other payables and provisions	(112,166)	(148,079)
Sales in advance	489,348	(2,897)
Intercompany balances	130,637	356,595
Cash generated from/(used in) operations	244,834	(577,385)
Interest paid	(227,044)	(93,917)
Interest received	2,815	1,456
Tax paid, net	-	(4,580)
Retirement benefit paid	(8,544)	(3,273)
Net cash generated from/(used in) operating activities	12,061	(677,699)

CAPITAL A BERHAD
201701030323 (1244493-V)
FOURTH QUARTER REPORT ENDED 31 DECEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	PERIOD ENDED 31/12/2022 RM'000	PERIOD ENDED 31/12/2021 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- Additions	(26,731)	(47,804)
- Proceeds from disposal	1,047	81,209
Addition in intangible assets	-	(2,327)
Acquisition of		
- subsidiaries, net of cash acquired	-	(22,598)
Net movement other investments	-	239,979
Additional subscription of shares in associates	-	(6)
Additional investment in an associate	(176,280)	-
Acquisition of other investments	(4,402)	38,138
Receipt of finance lease receivables	68,618	102,440
Net cash (used in)/generated from investing activities	(137,748)	389,031
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	-	336,464
Proceeds from issuance of RCUIDS	-	974,513
Proceeds from borrowings	1,167,698	771,334
Dividends paid	-	-
Transaction costs on issuance of shares and RCUIDS	-	(23,084)
Repayment of borrowings	(309,485)	(565,102)
Repayment of lease liabilities	(1,448,986)	(423,777)
Net cash (used in)/generated from financing activities	(590,773)	1,070,348
NET DECREASE FOR THE FINANCIAL PERIOD	(716,460)	781,680
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	1,256,753	465,905
CURRENCY TRANSLATION DIFFERENCES	(15,693)	(69,654)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	524,600	1,177,931

The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

CAPITAL A BERHAD
201701030323 (1244493-V)
FOURTH QUARTER REPORT ENDED 31 DECEMBER 2022

NOTES TO THE QUARTERLY REPORT

1. Basis of preparation

The Interim Financial Report is unaudited and has been prepared in accordance with paragraph 9.22 and Appendix 9B of Bursa Malaysia Securities Berhad's ("Bursa Malaysia") Listing Requirements.

The Interim Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2021. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant for understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2021.

2. Summary of significant accounting policies

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the Audited Financial Statements for the financial year ended 31 December 2021. Details of standards, amendments to published standards and interpretations to existing standards that are applicable to the Group with effect from 1 January 2021 or later are provided in the notes to the financial statements in the Audited Financial Statements of the Group for the financial year ended 31 December 2021. The Group did not early adopt any new standards, amendments to published standards and interpretation to existing standards.

For the beginning of the financial year 1 January 2022, the standards that become effective do not have any material impact on the financial statements of the Group and the Company for the year.

3. Auditors' report on preceding annual financial statements

The auditors have expressed an unqualified opinion on the Group and the Company's audited financial statements for the financial year ended 31 December 2021 in their report dated 29 April 2022.

4. Seasonality of operations

The Group's air transportation business is subject to the seasonal demand for air travel. This segment of the Group's business has been severely affected by travel restrictions due to the Covid-19 pandemic.

5. Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and financial period-to-date except for that from the Covid-19 outbreak.

CAPITAL A BERHAD
201701030323 (1244493-V)
FOURTH QUARTER REPORT ENDED 31 DECEMBER 2022

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

6. Changes in composition of the Group

On 2 November 2022, the Company announced the signing of the share purchase agreement to sell the remaining 16.33% equity shares held in AAI by AAAGL to Air India Limited, an affiliate of Tata Sons Private Limited, India. There will be no gain or loss on the disposal as Capital A has marked the remaining 16.33% in AAI to its fair value.

On 19 December 2022, following the restructuring and recapitalisation plan, Asia Aviation Public Company Limited (“AAV”)’s percentage of shareholding in its associate, namely Thai AirAsia Co. Ltd (“TAA”) has decreased from 45% to 43%.

7. Changes in estimates

There were no changes in estimates that have had a material effect on the results of the current quarter and financial period-to-date except as disclosed in note 11 (i).

8. Issues, Repurchases and Repayment of Debt and Equity Securities

During the financial year to date, the Company issued 263,740,340 new ordinary shares at a total value of RM 197,805,255 under the conversion of RCUIDS.

Apart from the above, there are no other issuances, cancellation, repurchase, resale and repayment of debt and equity securities for the year ended 31 December 2022.

9. Dividends paid and proposed

No dividend has been proposed during the year ended 31 December 2022.

10. Revenue

	Quarter ended 31/12/2022 RM million	Quarter ended 31/12/2021 RM million
<u>Aviation revenue</u>		
Passenger revenue		
- seat sales	1,681.1	522.7
- others	318.2	67.3
Aircraft operating lease income	28.1	11.7
	2,027.4	601.7
Logistic	132.5	139.3
<u>Digital & Others revenue</u>		
- airasia Super App	110.4	59.7
- BigPay	10.3	5.7
- Others	87.6	14.6
	2,368.2	821.0

CAPITAL A BERHAD
201701030323 (1244493-V)
FOURTH QUARTER REPORT ENDED 31 DECEMBER 2022

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

11. (i) Maintenance and overhaul

Included in the maintenance and overhaul for the quarter was a reversal of provision of maintenance which amounted to RM 233 million arising from change in estimates, lease restructuring and redelivery of aircraft.

(ii) Other operating expenses

Included in the other operating expenses for the quarter was a reversal of impairment on ROU assets previously provided, which amounted to RM160.8 million and impairment on investment securities and receivables of RM53.3 million.

(iii) Other income

Other income mainly includes commission and advertising income, forfeited revenue, insurance claims and management fee for provision of shared services to associates.

12. (i) Depreciation on right of use asset

	Quarter ended 31/12/2022 RM million	Quarter ended 31/12/2021 RM million
Operating aircraft	220.0	141.2
Non-operating aircraft	93.9	246.6
Others	1.3	18.4
	<u>315.2</u>	<u>406.2</u>

(ii) Finance costs - lease liabilities

	Quarter ended 31/12/2022 RM million	Quarter ended 31/12/2021 RM million
Operating aircraft	168.0	58.1
Non-operating aircraft	92.4	98.7
	<u>260.4</u>	<u>156.8</u>

CAPITAL A BERHAD
201701030323 (1244493-V)
FOURTH QUARTER REPORT ENDED 31 DECEMBER 2022

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

13. Finance income/(costs) and foreign exchange gain/(loss)

	Quarter ended 31/12/2022 RM million	Quarter ended 31/12/2021 RM million	Year ended 31/12/2022 RM million	Year ended 31/12/2021 RM million
(a) Finance income				
Interest income from:				
- deposits with licensed banks	0.8	-	2.1	1.2
- from associates	4.4	2.7	2.8	12.9
- finance lease receivables	37.2	13.8	84.8	16.1
Discounting effect on financial instruments and others	0.1	-	0.8	5.2
	<u>42.4</u>	<u>16.5</u>	<u>90.5</u>	<u>35.4</u>
(b) Finance costs				
Bank borrowings	(28.6)	(44.1)	(109.5)	(101.6)
RCUIDS profit payment	(15.4)	-	(61.9)	-
Discounting effect on financial instruments, bank facilities and other charges	(77.9)	(15.5)	(200.2)	(78.2)
	<u>(121.9)</u>	<u>(59.6)</u>	<u>(371.5)</u>	<u>(179.8)</u>
(c) Foreign exchange gain/(loss)				
- realized	5.9	7.5	(27.0)	(21.1)
- unrealized	201.9	236.2	(527.6)	(50.0)
	<u>207.8</u>	<u>243.7</u>	<u>(554.7)</u>	<u>(71.1)</u>

14. Income tax and Deferred tax

Income tax expense

The current taxation charge for the period to date mainly relates to the corporate income taxes for the subsidiaries in Malaysia. A potential tax liability may arise due to the indemnity provisions agreed in a Sales and Purchase Agreement for the disposal of an investment, the opinion provided by experts indicated that the investee has a defensible position against the tax demand.

Deferred taxation

No deferred tax has been recognised for the period ended 31 December 2022.

CAPITAL A BERHAD
201701030323 (1244493-V)
FOURTH QUARTER REPORT ENDED 31 DECEMBER 2022

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

15. Property, plant and equipment, ROU and Finance Lease receivables

(a) acquisition and disposals

During the period ended 31 December 2022, the Group acquired property, plant and equipment with a total cost of RM26.7 million (period ended 31 December 2021: RM27.2 million).

During the period ended 31 December 2022, proceeds from the disposal of property, plant and equipment amounted to RM1.0 million (year ended 31 December 2021: RM44.7 million).

(b) revaluation

There was no revaluation of property, plant and equipment in the quarter under review or in the same quarter of the prior year.

(c) impairment

There was no impairment of property, plant and equipment and ROU assets in the quarter under review or in the same quarter of the prior year.

During the period ended 31 December 2022, there was a reversal of impairment on ROU assets previously provided, which amounted to RM551.5 million (period ended 31 December 2021: nil).

16. Quoted investments and properties

There was no purchase or disposal of quoted securities for the quarter under review and financial period-to-date.

17. Investments in associates

	As at 31/12/2022 RM million	As at 31/12/2021 RM million
Cost		
Investment	1,850.4	1,087.9
Share of results and reserves	(1,084.8)	(590.7)
Impairment loss	(59.2)	(59.2)
	<u>706.4</u>	<u>438.0</u>

MFRS128 provides that entities discontinue recognising their share of further losses when its share of the losses equals to or exceeds its interest in the associate. As at 31 December 2022, the Group has recognised all losses in these associates.

CAPITAL A BERHAD
201701030323 (1244493-V)
FOURTH QUARTER REPORT ENDED 31 DECEMBER 2022

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

18. Receivables and prepayments

	As at 31/12/2022 RM million	As at 31/12/2021 RM million
<u>Non-current</u>		
Prepayments	3,134.3	3,185.2
Deposits and other receivables	317.3	414.2
	3,451.6	3,599.4
<u>Current</u>		
Trade and other receivables	675.8	438.6
Prepayments	63.2	54.5
Deposits	92.9	115.3
	831.9	608.4

Prepayments include advances for the purchase of fuel as well as prepaid engine maintenance costs to the service provider.

19. Trade and other payables

	As at 31/12/2022 RM million	As at 31/12/2021 RM million
<u>Non-current</u>		
Other payables	280.4	292.7
<u>Current</u>		
Trade payables	887.0	1,306.4
Other payables	410.8	119.8
Accruals for fuel	180.6	77.2
Others	1,027.9	805.4
	2,506.3	2,308.8

Other payables and accruals include accruals for operational expenses and passenger service charges payable to airport authorities.

CAPITAL A BERHAD
201701030323 (1244493-V)
FOURTH QUARTER REPORT ENDED 31 DECEMBER 2022

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

20. Aircraft maintenance provision/ payables

	As at 31/12/2022 RM million	As at 31/12/2021 RM million
Aircraft maintenance provision	1,726.8	1,480.2
Aircraft maintenance payables	2,432.5	2,502.0
Aircraft maintenance reserves	2,281.1	1,855.1
	<u>6,440.4</u>	<u>5,837.3</u>
Current	1,583.5	976.7
Non Current	4,856.9	4,860.6
	<u>6,440.4</u>	<u>5,837.3</u>

- (i) Aircraft maintenance provision relates to contractual obligations by the Group to maintain the aircraft during the lease period until redelivery, based on pre-agreed conditions.
- (ii) Aircraft maintenance payables relate to provision for the Group's contractual obligations, in a sales and leaseback agreement, to incur on the return of an aircraft in a pre-agreed conditions.
- (iii) Aircraft maintenance reserve relates to payments made by the lessee subscribing to the engine maintenance programme for agreed maintenance work that has yet to be carried out.

The liabilities of the aircraft provisions/ payables are covered through the Group's prepaid engine maintenance cost to a service provider as disclosed in Note 18.

21. Borrowings

	As at 31/12/2022 RM million	As at 31/12/2021 RM million
<u>Short term</u>		
Term loans	197.3	332.3
Term loans (Deferred fuel hedge settlements)	-	219.9
Revolving credit	31.8	85.0
Convertible loan note	265.6	250.0
	<u>494.7</u>	<u>887.2</u>
<u>Long term</u>		
Term loans	1,351.8	600.2
Other facility	435.8	-
RCUIDS	624.6	822.4
	<u>2,412.2</u>	<u>1,422.6</u>
Total	<u>2,906.9</u>	<u>2,309.8</u>

CAPITAL A BERHAD
201701030323 (1244493-V)
FOURTH QUARTER REPORT ENDED 31 DECEMBER 2022

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

The currency profile of borrowings are as follows:

	As at 31/12/2022 RM million	As at 31/12/2021 RM million
Ringgit Malaysia	870.9	1,063.1
US Dollar	1,735.1	1,120.2
Philippine Peso	172.8	79.7
Thai Baht	84.2	-
Indonesian Rupiah	43.9	46.8
	<u>2,906.9</u>	<u>2,309.8</u>

On 10th Jan 2022, AirAsia Aviation Group Limited, a wholly owned subsidiary of the Company secured a term loan facility of THB 1,354 million from a financial institution.

On 5th May 2022, AirAsia Berhad, a wholly owned subsidiary of the Company secured a PDP financing at a net borrowing amount of USD 102.5 million from a non-financial institution. On 27 December 2022, an additional USD 20 million was drawn down from a non-financial institution.

On 9th May 2022, AirAsia Capital Limited, a wholly owned subsidiary of the Company secured a term loan facility of USD 75 million from a non-financial institution, On 17 October 2022, an additional USD 50 million was drawn down from another financial institution.

As of 31 December 2022, a total of RM 197.8 million RCUIDS converted into ordinary shares. Further details of RCUIDS as disclosed in Note 24.

22. Lease liabilities

The lease liabilities amounting to RM15.0 billion includes deferred aircraft leases of approximately RM2.4 billion. The lease liabilities are supported by ROU assets of RM10.2 billion and finance lease receivables of RM0.4 billion.

The Group had completed the restructuring of a total of 133 aircraft leases up to the date of this report including the waiver of lease rentals in arrears, as well as reducing future lease rates with a corresponding longer lease term, where necessary, and return of aircraft.

CAPITAL A BERHAD
201701030323 (1244493-V)
FOURTH QUARTER REPORT ENDED 31 DECEMBER 2022

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

23. Derivative financial instruments

(a) Forward Foreign Exchange Contracts

As at 31 December 2022, there is no outstanding amount for forward foreign exchange contracts.

(b) Interest Rate Hedging.

As at 31 December 2022, there is no outstanding amount for interest rate swaps.

(c) Fuel Hedging

As at 31 December 2022, there are no outstanding fuel derivative contracts.

(d) Early redemption option

The RCUIDS issued by the Group, as disclosed in Note 24 below, allows for an option of refinancing the debt at a price of 105% of the principal.

CAPITAL A BERHAD
201701030323 (1244493-V)
FOURTH QUARTER REPORT ENDED 31 DECEMBER 2022

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

24. Status of corporate proposals announced

Renounceable Rights Issue of Redeemable Convertible Unsecured Islamic Debt Securities (“RCUIDS”)

On 12 July 2021, the Company announced that it proposed to undertake a renounceable rights issue of up to RM1,024,058,370 in nominal value of a 7 year RCUIDS of RM0.75 on the basis of 2 RCUIDS, together with 1 free detachable warrant, for every 6 ordinary shares in the Company. Based on the nominal value of the RCUIDS of RM0.75 each, the Proposed Rights Issue will result in the issuance of up to 1,365,411,160 RCUIDS, together with up to 682,705,580 new warrants.

The above proposal was approved by shareholders at an Extraordinary General Meeting held on 11 November 2021.

The salient features of the RCUIDS are as follows:

- (a) The profit rate of the RCUIDS is 8% per annum, computed based on the nominal value of the outstanding RCUIDS, and payable quarterly in arrears. Total profit payment paid in the quarter is as disclosed in Note 13.
- (b) The Company shall redeem annually 25% of the outstanding RCUIDS, which has not been converted or redeemed, commencing on the 4th anniversary from the issue date of the RCUIDS. Therefore, the RCUIDS is classified as long term liabilities as indicated in Note 21.

The proposed utilisation of the proceeds received of RM974.5 million are as follows:

Utilisation of Proceeds	Expected timeframe	Proposed Utilisation RM m	Actual Utilisation RM m	Unutilised Amounts RM m
Fuel Hedging Settlement	5 months	226.7	226.7	-
Aircraft lease and maintenance	Within 12 months	202.8	202.8	-
AirAsia Digital Sdn. Bhd. business units	Within 12 months	73.7	73.7	-
General working capital expenses	Within 12 months	451.0	451.0	-
Estimated expenses	Within 3 months	20.3	20.3	-
		974.5	974.5	-

25. Contingent assets

As at the date of this report, the Group does not have any contingent assets.

CAPITAL A BERHAD
201701030323 (1244493-V)
FOURTH QUARTER REPORT ENDED 31 DECEMBER 2022

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

26. Changes in contingent liabilities since the last annual balance sheet date

There were no material changes in contingent liabilities since the audited financial statements of the Group for the financial year ended 31 December 2021.

27. Capital commitments outstanding not provided for in the interim financial report

Capital commitments for property, plant and equipment:

	As at 31/12/2022 RM million	As at 31/12/2021 RM million
Approved and contracted for	100,166	97,123.8

28. Material related party transactions

Significant related party transactions which were entered into on agreed terms and conditions for the quarter ended 31 December 2022 are set out below:

	Quarter ended 31/12/2022 RM million	Quarter ended 31/12/2021 RM million
1. Transaction of the Group with associates of a subsidiary		
a. Purchase of cargo transportation capacity		
- Thai AirAsia	6.0	0.1
b. Commission charged		
- Thai AirAsia	32.9	7.2
c. Management fees		
- Thai AirAsia	0.1	6.2
2. Transaction of the Group with companies with common directors and shareholders		
a. Purchase of cargo transportation capacity		
- AirAsia X	39.3	83.4
- Thai AirAsia X	13.2	8.4
b. Management fees		
- AirAsia X	0.5	0.3
c. Wet lease payment		
- AirAsia X	6.8	-
d. Commission fees for online flight seat distribution	6.6	-
- AirAsia X		

CAPITAL A BERHAD
201701030323 (1244493-V)
FOURTH QUARTER REPORT ENDED 31 DECEMBER 2022

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

29. Review of Group Performance

The segmental information for the reportable segments for the quarters ended 31 December 2022 and 31 December 2021 are as follows:

	Aviation RM '000	Engineering RM '000	Teleport RM '000	SuperApp RM '000	BigPay RM '000	Others RM '000	Total Segments RM '000	E limination adjustments RM '000	Total RM '000
QTD									
31/12/2022									
Revenue	2,120,275	74,640	132,472	138,174	10,280	35,035	2,510,876	(142,691)	2,368,185
Staff costs	(255,750)	(37,974)	(15,977)	(42,180)	(15,006)	(12,325)	(379,212)	(5,485)	(384,697)
Fuel costs	(969,608)	-	-	-	-	-	(969,608)	683	(968,925)
Maintenance and overhaul	(29,177)	(23,508)	(3,515)	(506)	-	-	(56,706)	68,921	12,215
User charges and other related expenses	(321,857)	-	(106,155)	(36,267)	-	(16,989)	(481,268)	44,377	(436,891)
Other operating expenses	44,159	(7,798)	(3,406)	(59,272)	(24,287)	(84,374)	(134,978)	22,662	(112,316)
Other income	9,978	12	3	116	110	900	11,119	(78)	11,041
EBITDA	598,020	5,372	3,422	65	(28,903)	(77,753)	500,223	(11,611)	488,612
Depreciation & amortisation									(347,620)
Interest expense									(382,227)
Interest income									42,440
Derivative gain									-
Share of results of associates/joint venture									166,495
Segment results									(32,300)
Foreign exchange gain									207,722
Profit before taxation									175,422

CAPITAL A BERHAD
201701030323 (1244493-V)
FOURTH QUARTER REPORT ENDED 31 DECEMBER 2022

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

29. Review of Group Performance (cont'd.)

The segmental information for the reportable segments for the periods ended 31 December 2022 and 31 December 2021 are as follows: (cont'd.)

	Aviation	Engineering	Teleport	SuperApp	BigPay	Others	Total	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	Segments	adjustments	RM'000
							RM'000	RM'000	
QTD									
31/12/2021									
Revenue	473,124	29,717	139,136	98,037	5,702	13,945	759,661	61,377	821,038
Staff costs	(136,862)	(18,556)	(12,682)	(30,148)	(9,473)	(28,208)	(235,929)	14,661	(221,268)
Fuel costs	(187,845)	-	-	-	-	-	(187,845)	(50)	(187,895)
Maintenance and overhaul	(281,785)	(6,110)	10,158	(137)	-	-	(277,874)	(39,674)	(317,548)
User charges and other related expenses	(87,702)	-	(145,222)	(12,377)	-	(49)	(245,350)	22,710	(222,640)
Other operating expenses	(109,371)	(6,098)	(7,745)	(49,628)	(27,014)	(27,249)	(227,105)	(36,099)	(263,204)
Other income	76,702	-	6,967	121	(15,803)	49	68,036	(26,702)	41,334
EBITDA	(253,739)	(1,047)	(9,388)	5,868	(46,588)	(41,512)	(346,406)	(3,777)	(350,183)
Depreciation & amortisation									(461,023)
Interest expense									(216,354)
Interest income									16,513
Derivative loss									10,754
Share of results of associates/ joint venture									(14,419)
Segment results									(1,014,712)
Foreign exchange gain									243,708
Loss before tax									(771,004)

CAPITAL A BERHAD
201701030323 (1244493-V)
FOURTH QUARTER REPORT ENDED 31 DECEMBER 2022

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

29. Review of Group Performance (cont'd.)

Consolidated Group Performance

Driven by the revival of air travel during the period, the Group reported a revenue of RM2,368.2 million for 4Q2022 and RM6,606.3 million for year-to-date (“YTD”) 2022, respectively. The reported revenue was more than double the revenue in the same periods of 2021. The increase was mainly attributed to the relaxation of travel restrictions, including testing, quarantine and entry requirements.

In the fourth quarter, 83% of the Group’s revenue was attributed to the aviation segment while 6% of revenue was derived from the logistics business, 8% from the digital and other businesses and the remaining 3% was contributed by the engineering business. The revenue of Engineering was more than double the revenue in 4Q2021, while Teleport saw an increase in revenue by 17%, mainly due to contribution from international widebody capacity in 4Q2022.

The Group reported a positive EBITDA of RM488.6 million in 4Q2022 as compared to a negative EBITDA of RM350.2 million in 4Q2021, following the reversal of impairment on ROU of RM160.8 million that was related to operating aircraft, impairment on investment securities and receivables of RM53.3 million and improvement in the overall performance of the aviation segment. The Group reported a net profit of RM172.4 million in 4Q2022 as compared to a net loss of RM914.7 million in 4Q2021. The current quarter recorded a share of profit of RM166.5 million from associates and foreign exchange gain of RM207.8 million due to the appreciation of local currencies against the USD during the quarter. For YTD Dec 2022, the Group reported a net loss of RM3,169.1 million, 19% lower compared to the loss of RM3,720.8 million in YTD Dec 2021, mainly due to overall improvement of the businesses, partially offset by the share of losses from associates and foreign exchange losses. The Group was affected by foreign exchange losses of RM554.3 million, due to the depreciation of local currencies against the USD during the year.

Cashflow commentary for current quarter against corresponding quarter

Net Cash Flow	Period ended 31/12/2022 RM million	Period ended 31/12/2021 RM million
Cash from/(to) Operating activities	12.1	(677.7)
Cash from/(to) Investing activities	(137.7)	389.0
Cash from/(to) Financing activities	(590.8)	1,070.3
Net cash flow for the Period	<u>(716.5)</u>	<u>781.7</u>

Operating Cash flow was positive due to overall improvement in the business. Cash flow from investing activities included the additional investment into AAV and utilisation of the proceeds from a term loan as disclosed in Note 21. Cash flow from financing activities for the current period included proceeds of term loans and other facilities, net of payment of debt and aircraft leases.

CAPITAL A BERHAD
201701030323 (1244493-V)
FOURTH QUARTER REPORT ENDED 31 DECEMBER 2022

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

29. Review of Group Performance (cont'd.)

(a) Aviation

Performance indicators

	Oct to Dec 2022	Oct to Dec 2021	Change %	YTD 2022	YTD 2021	Change %
Passengers Carried	7,812,089	2,724,679	187%	24,247,725	4,812,364	404%
Capacity	9,111,309	3,393,618	168%	28,931,734	6,500,182	345%
Seat Load Factor	86%	80%	6	84%	74%	10
RPK (million)	8,547	2,195	289%	24,377	4,149	488%
ASK (million)	9,974	2,786	258%	29,196	5,723	410%
Average Fare (RM)	247	141	76%	218	160	36%
Unit Passenger Revenue (RM)	291	173	68%	257	196	31%
Revenue / ASK (sen)	22.78	16.91	35%	21.33	16.67	28%
Revenue / ASK (US cents)	5.18	4.08	27%	4.84	4.00	21%
Cost / ASK (sen)	22.17	43.86	-49%	27.55	68.64	-60%
Cost / ASK (US cents)	5.04	10.57	-52%	6.25	16.45	-62%
Cost / ASK-ex Fuel (sen)	12.45	37.00	-66%	17.41	61.70	-72%
Cost / ASK-ex Fuel (US cents)	2.83	8.92	-68%	3.95	14.79	-73%
Aircraft (end of period)	155	157	-1%	155	157	-1%
Average Stage Length (km)	1,089	825	32%	1,002	882	14%
Number of Flights	49,594	18,324	171%	157,056	35,350	344%
Fuel Consumed (Barrels)	1,615,846	483,867	234%	4,843,279	990,225	389%
Average Fuel Price (US\$ / Barrel)	136	95	44%	139	89	56%

**CASK excludes reversal of impairment.*

The Aviation Group reported a revenue of RM2,120.3 million for 4Q2022, up 348% compared to the same period last year, in tandem with the upsurge of domestic and international travels. The strong rebound catapulted revenue, achieving 64% of the pre covid period with 54% of current capacity, with EBITDA more than double against 4Q2021. Staff costs increased in tandem with the restoration of flying aircraft and the reinstatement of previous salaries reductions during the furlough period. The high fuel costs environment, as compared to 4Q2021, had resulted in the increase of fuel to be significantly higher than the corresponding increase in revenue.

Overall, the Aviation Group reported an EBITDA of RM598.0 million compared to a loss in the same period last year, backed by higher passengers carried and capacity in tandem with the higher number of operational aircraft and reversal of provision of maintenance.

At 87%, AirAsia Malaysia's 4Q2022 load factor improved by 1 ppt from the preceding quarter and 5 ppts from 4Q2019. Compared to 4Q2021, 38 additional international destinations were resumed in the corresponding period this year, contributing to a surge in seats sold for international flights by 6424% YoY and 26% QoQ. In total, AirAsia Malaysia flew to 17 domestic destinations and 48 international destinations in 4Q2022. For the full year of 2022, AirAsia Malaysia successfully achieved a pre-Covid load factor of 84% while carrying 48% of FY2019 passengers at 16.8 million.

CAPITAL A BERHAD
201701030323 (1244493-V)
FOURTH QUARTER REPORT ENDED 31 DECEMBER 2022

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

29. Review of Group Performance (cont'd.)

AirAsia Indonesia posted a lower load factor of 78% in 4Q2022, down by 3 ppts YoY and 4 ppts QoQ owing to a notable 43% YoY capacity increase in the market. AirAsia Indonesia seats sold on international flights soared sharply by 7397% YoY and 36% QoQ, contributed by 4,896 flights in the quarter owing to higher capacity split for international flights. The Jakarta-Penang route recorded the highest load factor at 96%. The number of seats sold for domestic flights were up by 126% YoY and down by 33% QoQ. For FY2022, AirAsia Indonesia flew 3.25 million passengers with close to 23,000 flights on 16 operational aircraft.

In the final quarter of 2022, AirAsia Philippines recorded a healthy load factor of 87%, up by 2 ppts YoY and down by 2 ppt QoQ, yet still higher than the 4Q2019 load factor of 85%. Passengers carried increased by 307% YoY and capacity increased by 298% YoY which drove robust growth in ASK by 387% YoY. For FY2022, AirAsia Philippines flew 4.2 million passengers, equivalent to 49% of pre-Covid passengers carried, resulting in a load factor of 89%, the highest among all AOCs.

Associate airline, AirAsia Thailand achieved the highest quarterly load factor of 90%, up 14 ppts YoY and 3 ppts QoQ with domestic and international load factors of 91% and 86%. AirAsia Thailand's rapid recovery is evidenced in the sharp climb in seats sold for international flights from 1,413 seats in the same period last year to more than 1 million seats in 4Q2022, leveraging significant pent up demand and numerous new destinations launched. AirAsia Thailand operated 42 aircraft to 24 domestic and 38 international destinations. This is an additional 7 aircraft from the previous quarter, which brings their active fleet to 72% of FY2019 total operating aircraft. AirAsia Thailand's capacity and passengers carried returned to 72% and 75% of 4Q2019 levels respectively.

(b) Asia Digital Engineering (ADE)

Asia Digital Engineering ("ADE") reported a revenue of RM74.6 million in 4Q2022, an increase of 151% QoQ, as travel resumption and increased flights drove the demand for MRO services. ADE provides a comprehensive suite of aviation MRO services, including line and base maintenance services, spare parts, workshop services, engineering maintenance services, component warehousing and digital and innovation services. ADE reported a positive EBITDA of RM5.4 million in 4Q2022, primarily driven by the increase in revenues and its lean and efficient cost structure. Revenue is expected to grow in the coming quarters as ADE secures additional aircraft hangars to support the upcoming base maintenance demand.

(c) Digital

	Oct to Dec 2022	Oct to Dec 2021	change %
SuperApp			
Monthly Active Users (MAU)('000)	11,449	8,113	41.1%
No. of Transactions ('000)**	6,010	3,232	86.0%
Gross Booking Value (RM) ('000)	3,235,721	853,425	279.1%
BigPay			
Total Users (cumulative)	3,657,960	2,766,694	32.2%
Carded Users (cumulative)	1,311,867	1,035,376	26.7%
Teleport			
Tonnage (tonnes)	31,158	24,752	25.88%
Yield (RM/kg)	3.78	5.04	-25.0%
No. of Delivery ('000)	3,158	592	433.1%

*** Adjusted no. of transactions for 4Q22. Reported figures in 4Q22 Operating Statistics Press Release were referring to no. of seats sold for AirAsia flights.*

CAPITAL A BERHAD
201701030323 (1244493-V)
FOURTH QUARTER REPORT ENDED 31 DECEMBER 2022

NOTES TO THE UNAUDITED FINANCIAL STATEMENT

29. Review of Group Performance (cont'd.)

(i) airasia Super App (cont'd.)

airasia Super App's revenue for the quarter was RM137.7 million, a significant 42% increase QoQ driven by the strong revival of domestic travel demand and resumption of international travel in the Asean region.

Airasia Super App's Online Travel Agency (OTA) platform recorded a fivefold increase YoY in average daily bookings in light of the resurgence of travel demand as it continues to strengthen its position as one of Asean's top OTA. In November 2022, airasia Super App launched Best Price Guarantee campaign promoting 200,000 hotels Asean-wide on its various travel platforms.

Airasia Super App's e-hailing service, airasia ride, recorded encouraging results in 4Q2022, with 150% YoY growth in GBV and an increase in revenue by 106% QoQ. In November 2022, airasia Ride officially launched in Indonesia, starting its journey in Bali.

Airasia Food, the food delivery arm of airasia Superapp continues its strong momentum into 4Q2022 with a 104% YoY growth in GMV, and an increase in revenue by 42% QoQ.

In terms of Monthly Active Users ("MAU") airasia Super App achieved 11.4 million average MAU during the quarter, an increase of 41% YoY. This was primarily due to the strong return of travel and increased user acquisition on the mobile app. Additionally, the number of transactions for Q4 increased 259% YoY, which were driven primarily by increased transactions from Flights, airasia ride, FlyBeyond, and SUPER+.

CAPITAL A BERHAD
201701030323 (1244493-V)
FOURTH QUARTER REPORT ENDED 31 DECEMBER 2022

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

29. Review of Group Performance (cont'd.)

(ii) BigPay Group

BigPay's YoY revenue increased by 80%, driven by the recovery in year end seasonal travel, increased activity and spending, and growth of our user base. Our carded users stood at 1.3 million, with a healthy growth of 27% YoY and 4% QoQ. Strong spending growth with the recovery in Airasia flight volume, combined with further improvement in take rates from the payments business, helped drive the acceleration of revenue growth. The remittance business also saw strong growth, reaching the RM1 billion milestone for international remittances. Growth in this business unit further boosted overall unit economics through the quarter.

Continued operational discipline and efficiency measures reduced operating expenses in the quarter EBITDA improved by 38% YoY.

(iii) Teleport

Teleport posted a quarterly segmental revenue of RM 132.5 million due to the return of international widebody capacity. It was a record quarter for e-Commerce achieving an average of 34k daily deliveries, up 16% QoQ on the back of building operational capabilities providing a solid platform for growth in 2023. Teleport reported a positive EBITDA of RM3.4 million in 4Q2022.

30. Variation of results against preceding quarter

The Group recorded a positive EBITDA of RM488.6. million for the quarter under review, against the EBITDA of RM72.3 million in the preceding quarter ended 30 September 2022 primarily due to better performance of the aviation segment.. The Group recorded a net profit of RM172.4 million for the quarter under review, against the net loss of RM1,143.4 million in the immediately preceding quarter mainly due to the improvement in sales, share of profit from associates and foreign exchange gain.

31. Profit forecast

No profit forecast has been issued.

CAPITAL A BERHAD
201701030323 (1244493-V)
FOURTH QUARTER REPORT ENDED 31 DECEMBER 2022

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

32. Commentary on prospects

The steady recovery of the travel and tourism industry is encouraging as it positively impacts our business across all segments, especially in driving the strong momentum in sales across various products and services. The Group is committed to achieving long-term sustainable growth by strengthening our ecosystem of travel, e-commerce, logistics and fintech.

Throughout 2022, as the threat of Covid-19 reduced significantly, the Group was able to focus on recovery. As a result, we have achieved almost 50% of pre-Covid operating level by year end. 2023 will be a year of growth due to resumption of routes and return of our fleet amid easing of travel restrictions and opening of borders around the region. Supported by the recent lifting of China's Zero-Covid policy, we foresee healthy international travel demand, a continuation from a robust demand in the fourth quarter of 2022. We will continue to strengthen our market presence in Asean and aim to have our entire fleet of 204 planes back online by the third quarter of 2023.

Cost optimisation remains our key focus as we are committed to building a sustainable business, while providing low fares to our passengers. Further cost reductions and greater network connectivity is expected from the recent joint venture between AirAsia Aviation Group Limited (AAAGL) and Sivilai Asia to establish AirAsia Cambodia, which will also grant us the access to domestic market and connect the Kingdom of Wonder with other Asean countries and beyond.

To support manpower requirements ahead of the aircraft expansion plan, we have brought back 99% of our furloughed Allstars, actively organising cabin crew recruitment drives across the region, in addition to resuming our cadet pilot program and the induction of Second Officers for our program graduates in 2023. This is in line with the Group's aim to achieve full recovery by the third quarter of 2023.

The outlook for Asia Digital Engineering (ADE) is promising, boosted by the newly launched hangar in Senai and upcoming 14 new lines in KLIA Aeropolis, which is expected to complete construction by the second half of 2024. Additionally, ADE is working towards obtaining approval to expand its scope of service offerings to be able to serve a wider client base, which in the long run will help ADE to achieve a balanced mix of revenue from AirAsia and regional third party airlines.

CAPITAL A BERHAD
201701030323 (1244493-V)
FOURTH QUARTER REPORT ENDED 31 DECEMBER 2022

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

32. Commentary on prospects (cont'd.)

Three new Airbus A321 freighters are scheduled to be delivered to Teleport in stages starting in the second quarter of 2023, in conjunction with the reopening of China, where trade and e-commerce activities are expected to surge tremendously. Additional capacity will be secured through partnership with third party airlines. The return of Intra-Asean belly capacity will result in an upward trend in delivery volumes for Teleport alongside expansion of air and ground delivery capabilities.

In 2023, Super App will realign its focus back on travel verticals in tandem with the recovery in travel demand. The latest partnership with Archipelago International is expected to drive up transaction numbers as the platform strengthens its hotels inventory alongside onboarding more direct airlines for its flights inventory. Additionally, the launch of Community will boost engagement among users through its messaging service, airasia chat and mobile gifting, airasia gifts.

The Group is confident of the commercial synergies between airasia Super App and Bigpay. Henceforth, the Group is exploring various strategies to intensify the existing ecosystem, and ultimately, to offer our users a comprehensive and exclusive suite of products by leveraging on the strong travel segment and customer base.

On top of the Group's net zero strategy by 2050, the Group has cascaded its sustainability agenda and targets to all lines of businesses and departments during the Group's Quarterly Leadership Forum. This approach is to ensure that all entities of Capital A are integrating sustainability into their business strategy. In terms of social, the Group participated in the Bloomberg Gender Equality Index (GEI) 2023 for the first time. Our score which passed the threshold of 60.00 overall GEI score is a reflection of our continued support to promote gender equality in Capital A. Moving forward, we will continue to build, expand and strengthen our sustainability commitments.

With the above in mind, the Board is of the view that the Group's performance will continue to improve in the forthcoming year.

33. Material Litigation

On 11 December 2018, 23 January 2019, 18 July 2019, 10 September 2019, 8 March 2022 and 5 April 2022, Malaysia Airports (Sepang) Sdn. Bhd. ("MASSB"), a wholly-owned subsidiary of Malaysia Airport Holdings Berhad ("MAHB"), filed the suits against the Company's wholly-owned subsidiary, AirAsia Berhad ("AAB"), together with an affiliate of the Company, AirAsia X Berhad ("AAX"), in relation to MASSB's claim for Passenger Services Charges.

Through a series of communications between AAB, AAX and MAHB, the parties agreed to discontinue all civil suits between AirAsia and MAHB, which was effected by appropriate filings in court on 9 August 2022. Save for the mutual agreement to discontinue the legal proceedings, there was no other settlement agreement entered into by the parties.

CAPITAL A BERHAD
201701030323 (1244493-V)
FOURTH QUARTER REPORT ENDED 31 DECEMBER 2022

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

34. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to owners of the Company for the financial period by the weighted average number of ordinary shares in issue during the financial period.

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended	Quarter ended	Year ended	Year ended
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Net profit/(loss) attributable to owners of the Company (RM'000)	256,197	(756,591)	(2,480,132)	(2,991,075)
Weighted average number of ordinary shares in issue ('000)	4,161,793	3,898,052	4,053,123	3,785,670
Basic earnings per share (sen)	6.2	(19.4)	(61.2)	(79.0)

35. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors.

By order of the Board

HARMINDER SINGH A/L JAILA SINGH
(P.C Reg No: 201908001591)(LS0009855)
COMPANY SECRETARY
28 FEBRUARY 2023