

Description: AIRASIA GROUP BERHAD ("AAGB" or "THE COMPANY") - ISSUANCE OF **UNQUALIFIED AUDIT OPINION** WITH MATERIAL UNCERTAINTY RELATING TO GOING CONCERN IN THE PREPARATION OF AAGB'S AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Pursuant to paragraph 9.19(37) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, kindly note that the Company's external auditors, Ernst & Young PLT, have issued an **unqualified audit opinion** with material uncertainty relating to going concern, in view of the ongoing impact of the COVID-19 pandemic on the economy, the tourism industry, passenger air traffic and our companies' operations, in the preparation of AAGB's audited financial statements for the financial year ended 31 December 2020.

The extract is as follows:

"We draw attention to Note 2.1 and Note 45 to the financial statements, which indicate that the Group has a net loss of RM5,888 million for the financial year ended 31 December 2020 and the current liabilities exceeded its current assets by RM5,902 million. In addition, the Group also reported a shareholders' deficit of RM1,214 million. The Company reported a net loss of RM262 million for the financial year ended 31 December 2020. The global economy, in particular the commercial airlines industry, faces an uncertainty over the expected timing of recovery of the COVID-19 pandemic. The travel and border restrictions implemented by countries around the world has led to a significant fall in demand for air travel which impacted the Group's financial position, financial performance and cash flows. These events or conditions, along with other matters as set forth in Note 2.1 and Note 45 to the financial statements, indicate existence of material uncertainties that may cast significant doubt on the Group's and the Company's ability to continue as a going concern.

The recent development of vaccination against the COVID-19 pandemic and the implementation of national vaccination programmes in countries in which the Group operates as well as elsewhere around the world provide positive outlook for the commercial airlines industry. Nevertheless, the ability of the Group and of the Company to continue as a going concern is dependent on the successful implementation and favorable outcome of various ongoing plans to respond to the conditions above, including ongoing discussions with the financial institutions and investors to obtain required funding, as well as negotiations with its lessors to restructure the existing lease arrangements. Further details are disclosed in Note 2.1 and Note 45 to the financial statements."

None of the Key Audit Matters Disclosed in the Independent Auditors' Report relates to the above.

This announcement is dated 27 May 2021.