

capital 

Connecting **People**
Transforming **Lives**

ANNUAL REPORT
2022



WITHSTANDING THE TEST OF TIME

Your trusted provider for energy price risk management

Mitsui Bussan Commodities is a commodity price market-maker, delivering value-added services and hedging solutions around the clock.

Backed by years of experience in financial risk management, energy and power markets, we help our customers with hedging strategies to manage their specific business risks.



MITSUI BUSSAN COMMODITIES 



SCAN ME

Mitsui Bussan Commodities Ltd is authorised and regulated by the Financial Conduct Authority to conduct designated investment business. Please see the firm's entry in the Financial Conduct Authority's Financial Services Register for details: <http://fca.org.uk/register/>

About This Report

Capital A's Annual Report for the year 2022 has been designed to present a balanced and accurate narrative of the Group's financial and non-financial performance as we mitigate risks and leverage opportunities in our operating environment to create short, mid and long-term value in the new post-pandemic norm. The report is intended primarily for providers of financial capital, but is also relevant to all stakeholders who would like to understand how we balance our vision for growth against environmental and social imperatives while upholding good corporate governance.



CONNECTING PEOPLE, TRANSFORMING LIVES

In 2022, when the pandemic finally came to an end, we were able once again to fly people to 106 destinations across Asia Pacific. As our flight operations picked up, so did the entire ecosystem of our digital and other non-airline businesses, all anchored on travel, leveraging off each other to provide the best value and most seamless experience to our guests, including our ride hailing service, logistics offerings, travel fintech, e-commerce and others. Being in the business for more than 21 years, we are no longer just an airline, but a way of life, transforming lives in Asean and beyond. Enabling them to live their dreams more affordably than ever.

MATERIALITY

Contents of this report reflect matters that we have identified as being relevant or of material interest to our stakeholders. These material matters have been determined by extensive stakeholder engagement as well as internal evaluation. Together, they reflect existing and emerging risks and opportunities which could affect our ability to create value.

REPORTING FRAMEWORK

In preparing this report, we have been guided by the principles and requirements of the following:

- Integrated Reporting Framework (IRF) issued by the International Financial Reporting Standards (IFRS) Foundation
- Main Market Listing Requirements issued by Bursa Malaysia
- Corporate Governance Guide (3rd Edition) issued by Bursa Malaysia
- Malaysian Code on Corporate Governance (MCCG) 2021 issued by Securities Commission Malaysia
- Companies Act 2016
- Malaysian Financial Reporting Standards (MFRS)

SCOPE AND BOUNDARY

Disclosures in this report relate primarily to key activities and events concerning Capital A and its subsidiaries covering the year from 1 January 2022 – 31 December 2022, unless stated otherwise. Material events that took place up to the Board's approval date of 28 April 2023 are also included.

COMBINED ASSURANCE

Contents of the main report have been approved by our Board of Directors, our internal auditors and Ernst & Young PLT in its capacity as our external auditor.

FORWARD LOOKING STATEMENTS

This report contains certain forward-looking statements relating to future performance. Such statements are premised on current assumptions and circumstances which could change, hence they may necessarily involve uncertainty. Various factors could cause actual results to differ materially from those expressed or implied by these forward-looking statements.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of Capital A acknowledges responsibility for ensuring the integrity of this Annual Report 2022. In our opinion, the report presents a fair assessment of the Group's performance and addresses all key matters that are material to our ability to create value. This report was approved by the Board on 28 April 2023.

FEEDBACK

We welcome all inquiries, comments and feedback on our Annual Report in order to clarify issues and to further improve our reporting. Please communicate with us through:

Tel: (603) 8660 4333

Email: capitala_ir@airasia.com

OUR SUSTAINABILITY REPORT

Details on our Sustainability Report contained within this book are provided within the Sustainability Report itself.

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WH WE ARE

In early 2022, we changed our name to 'Capital A', a dynamic corporate identity that embodies the Group's evolution from an airline to a digital travel and lifestyle brand. Our diverse business verticals include Aviation, Aviation Services (Asia Digital Engineering, Santan, Ground Team Red, AirAsia Consulting, among others), airasia Super App (airasia ride, IKHLAS, among others), fintech portfolio company BigPay, logistics venture Teleport, as well as Ventures (airasia academy, airasia grocer).

OUR

VISION

To become a world leading travel and lifestyle brand serving the underserved, connecting communities and transforming lives in Asean and beyond

Allstar Values

- Dare To Dream
- Make A Difference
- Change The Game
- Win As One
- Celebrate All Individuals

MISSION

- To become a globally recognised Asean brand focused on delivering sustainable value to the economy, society and environment.
- To provide the highest quality and great value services in travel, financial and lifestyle products.
- To care for all of our external and internal stakeholders from guests, business partners, investors and Allstars to communities, regulators and governments.
- To continuously seek new growth opportunities which embrace technology to improve efficiency, reduce cost and enhance service levels.

Corporate Information

(GRI 2-1)

BOARD OF DIRECTORS

Datuk Kamarudin bin Meranun
Non-Independent Executive Chairman

Tan Sri Anthony Francis Fernandes
(widely known as Tan Sri Tony Fernandes)
Non-Independent Executive Director and Chief Executive Officer

Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar
Non-Independent Non-Executive Director

Dato' Fam Lee Ee
Senior Independent Non-Executive Director

Dato' Mohamed Khadar bin Merican
Independent Non-Executive Director

Surina binti Shukri
Independent Non-Executive Director

AUDIT COMMITTEE

Chairman
Dato' Mohamed Khadar bin Merican

Members
Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar

Dato' Fam Lee Ee

NOMINATION AND REMUNERATION COMMITTEE

Chairman
Dato' Fam Lee Ee

Members
Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar

Surina binti Shukri

RISK MANAGEMENT AND SUSTAINABILITY COMMITTEE

Chairman
Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar

Members
Surina binti Shukri

Dato' Mohamed Khadar bin Merican

SAFETY REVIEW BOARD

Chairman
Dato' Fam Lee Ee

Member
Dato' Mohamed Khadar bin Merican

COMPANY SECRETARY

Harminder Singh a/l Jaila Singh
(SSM Practicing Certificate No.: 201908001591)
(LS0009855)

AUDITORS

Ernst & Young PLT
[Registration No.: 202006000003
(LLP0022760-LCA) & AF 0039]
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Wilayah Persekutuan

Tel : (603) 7495 8000
Fax : (603) 2095 5332

REGISTERED OFFICE

Capital A Berhad
[Registration No.: 201701030323
(1244493-V)]
RedQ, Jalan Pekeliling 5
Lapangan Terbang Antarabangsa
Kuala Lumpur
64000 KLIA
Selangor Darul Ehsan, Malaysia

Tel : (603) 8660 4333
Fax : (603) 8660 7711

HEAD OFFICE & INVESTOR RELATIONS

Capital A Berhad
[Registration No.: 201701030323
(1244493-V)]
RedQ, Jalan Pekeliling 5
Lapangan Terbang Antarabangsa
Kuala Lumpur
64000 KLIA
Selangor Darul Ehsan, Malaysia

Tel : (603) 8660 4333
Fax : (603) 8660 7777
E-mail : capitala_ir@airasia.com
Website : www.capitala.com
Social Media :

Twitter
twitter.com/airasia
Facebook
facebook.com/flyairasia
Instagram
Instagram.com/airasiasuperapp/
Instagram
instagram.com/flyairasia/
TikTok
tiktok.com/@flyairasia
TikTok
tiktok.com/@airasiasuperapp
YouTube
<https://www.youtube.com/@airasia>

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn. Bhd.
[Registration No.: 197101000970
(11324-H)]
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan

Tel : (603) 2783 9299
Fax : (603) 2783 9222
E-mail : is.enquiry@my.tricorglobal.com
Website : www.tricorglobal.com

Tricor's Customer Service Centre:
Unit G-3, Ground Floor, Vertical Podium
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan

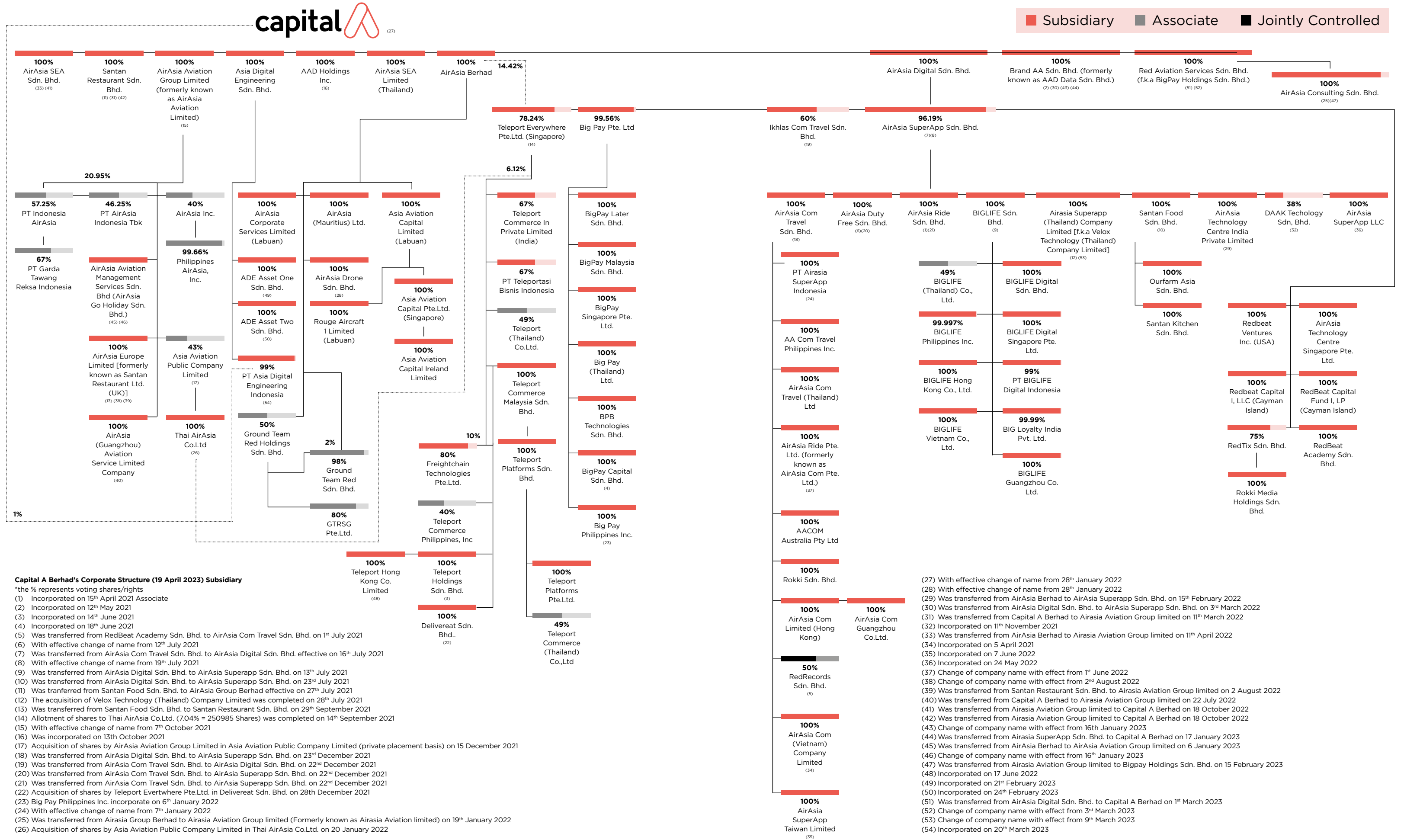
STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Listing Date : 16 April 2018
Stock Name : CAPITALA
Stock Code : 5099



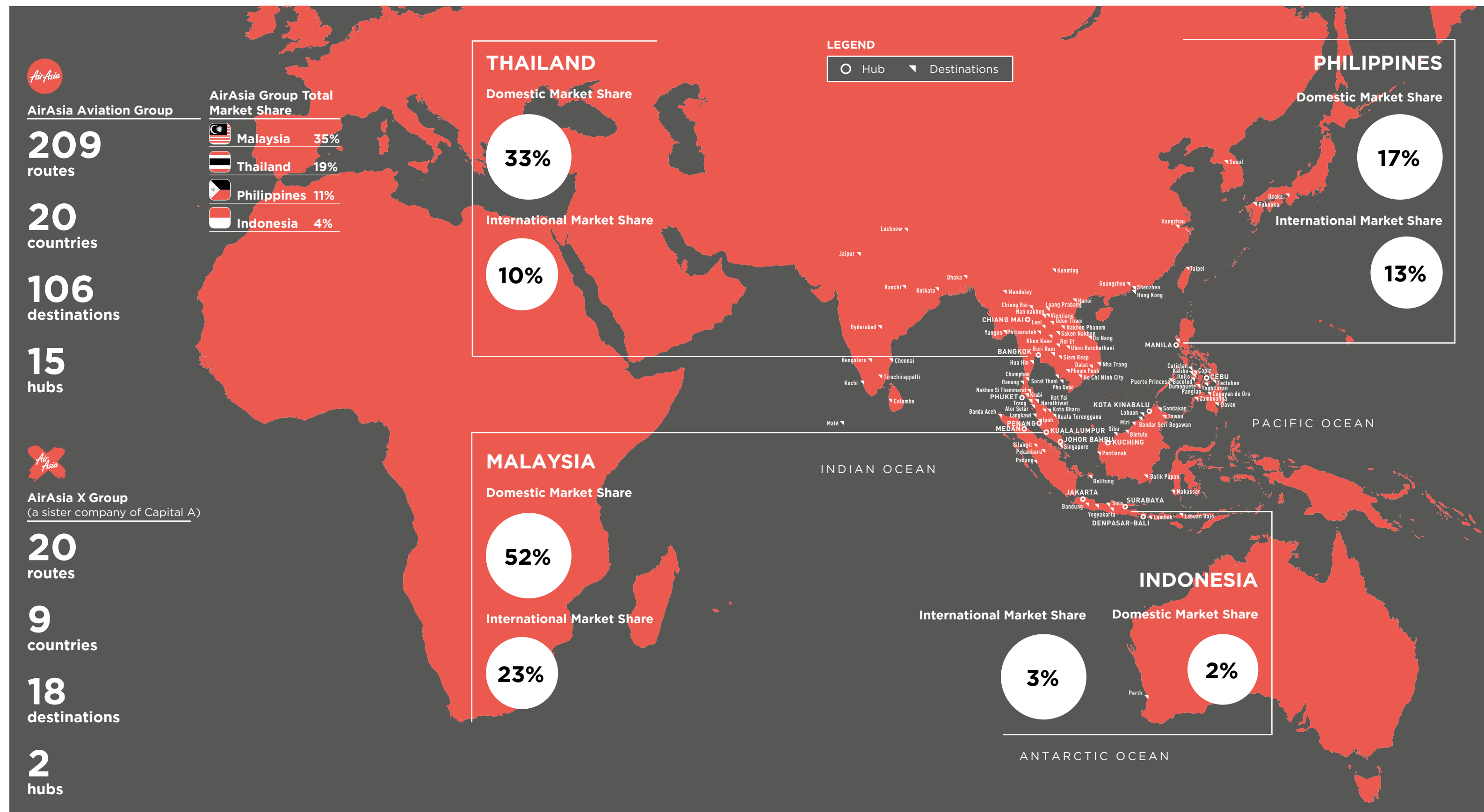
Corporate Structure

(GRI 2-1, 2-6)



Flying High

Our Aviation Group Network & Statistics



A Digital Lifestyle Company

Our Digital Statistics

 Average Monthly Gross Booking Value

RM626
million

 No. of Transactions

19.9
million

 Monthly Active Users (MAU)

12.04
million in December 2022

 Remittance to

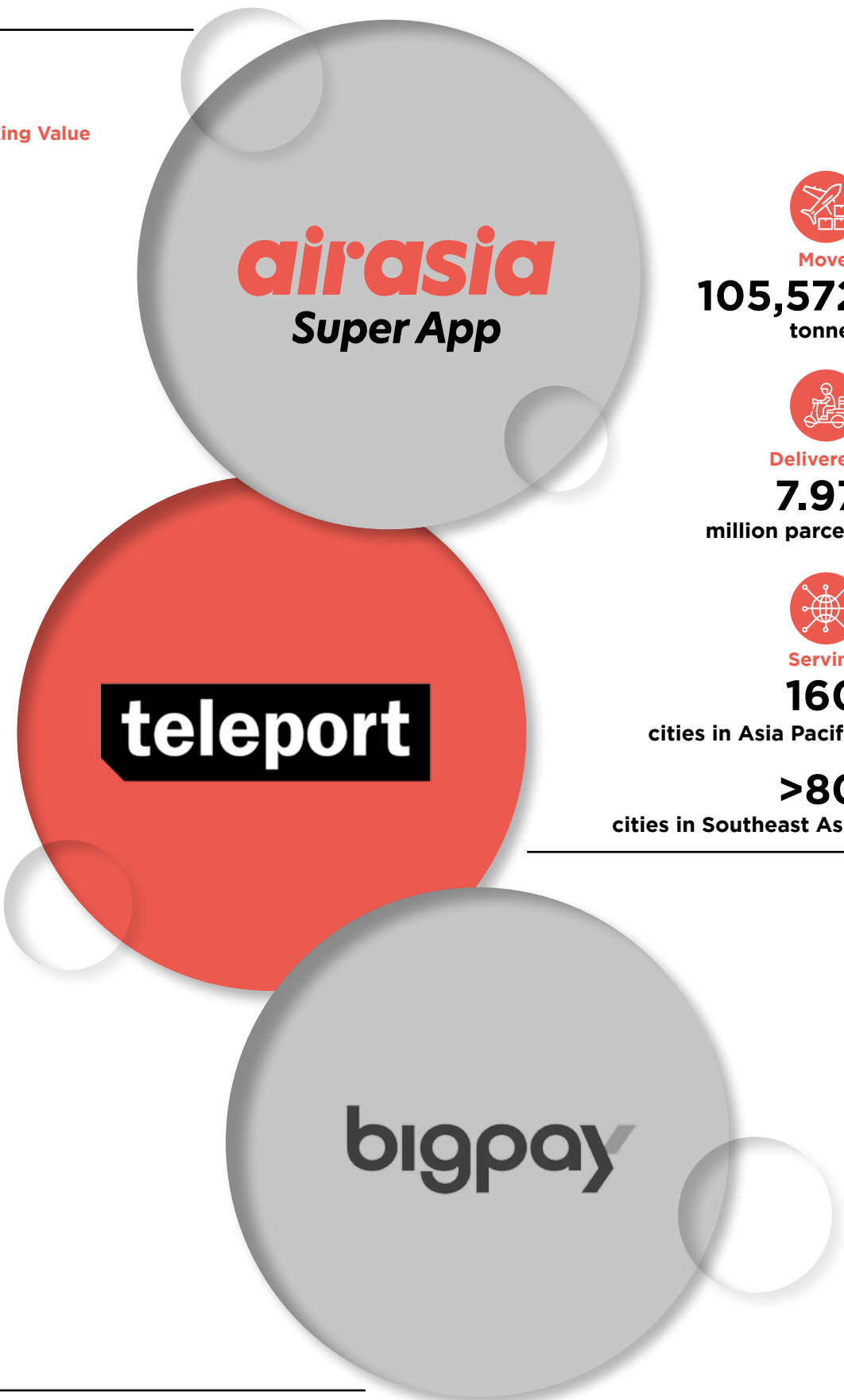
48
Countries

 Total Apps Downloaded

>3
million

 Carded Users


1.3
million



airasia
Super App

teleport

bigpay

 Moved
105,572
tonnes

 Delivered
7.97
million parcels

 Serving
160
cities in Asia Pacific
>80
cities in Southeast Asia

Our Social Media Statistics



Our Performance at a Glance

Business Performance

Record breaking sale –
500,000
seats sold in
48 hours



Teleported
7.97 million
parcels and
105,572
tonnes of cargo



Teleport raised
USD50 million
in funding through large
institutional credit investors



ADE launched
AEROTRADE
aviation marketplace and
recorded the sale of more than
33,000 items



BigPay achieved
1.3 million
carded users



RM2.8 million
loans disbursed to BigPay users



Completed over
2 million
e-hailing rides



Sold over
1 million
non-AirAsia flights on our OTA platform



Joint venture agreement between
AirAsia Aviation Group and
Sivilai Asia to establish
AirAsia Cambodia



airasia Super App launched
**airasia transport,
holidays and travelmall**



Sustainability Performance

ENVIRONMENTAL

Avoided
54,360 tonnes
of CO₂ emissions from fuel
efficiency initiatives



Recycled
4,160kg
of office waste



Disclosed
Scope 3
greenhouse gas emissions



Set
internal carbon price
to determine cost of carbon offsetting



SOCIAL

Increased female representation
at Board level to
17%



Participated in
**Bloomberg
Gender-Equality Index**



Received Safety Rating and
Covid-19 Star Rating of
7/7



6.6%
women pilots, above the
global average of 5.8%



GOVERNANCE

Published our
Sustainability Policy



Official supporter
of the Task Force on Climate-related
Financial Disclosures (TCFD)



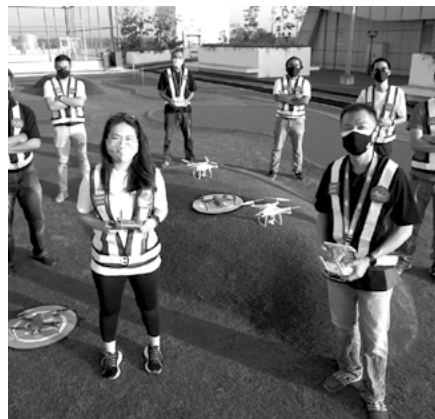
Chief Sustainability Officer was appointed by the Civil Aviation Authority of Malaysia (CAAM) to
lead the national taskforce on CORSIA
implementation



We're Back: Our Diary 2022

10 January 2022

AirAsia secures CAAM licence to conduct remote drone flying training



11 January 2022

AirAsia Foundation calls for flood recovery grant proposals



16 January 2022

airasia Super App announces Deliverat founder Tan Suan Sear will be part of the team



27 January 2022

AirAsia Thailand supports Department of Health to deliver breast milk to infants across Thailand



27 January 2022

Teleport invests in Indonesia's largest trucking marketplace, Kargo Technologies



28 January 2022

AirAsia Group is now Capital A



7 February 2022

AirAsia achieves top 7/7 safety rating



15 February 2022

Asia Digital Engineering to build integrated state-of-the-art MRO facilities at KLIA Aeropolis



22 February 2022

airasia kicks off #TimeToListen campaign to hear the voices of the marginalised



25 February 2022

AirAsia successfully migrates 95% of guests to contactless self-check-in via app, website



26 February 2022

AirAsia Philippines recognised as outstanding institutional partner by Operation Smile Philippines



28 February 2022

Teleport launches 12 destinations in March with its cargo-only network



3 March 2022

BigPay launches the first fully digital, and fastest personal loan product in the market



3 March 2022

AirAsia Thailand among Top 3 Most On-Time Low Cost Carriers in Cirium's 2021 On-Time Performance Awards



15 March 2022

AirAsia Foundation celebrates its 10th anniversary with call for grant applications for post-flood reconstruction



16 March 2022

airasia ride launches Community Drivers feature, starting with LadiesONLY



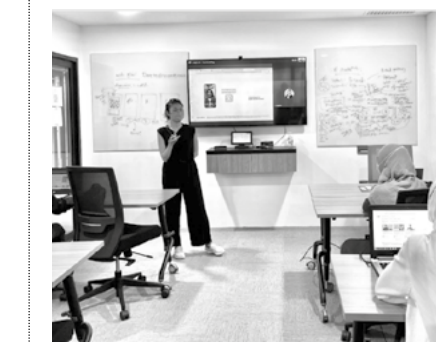
17 March 2022

airasia academy partners with Youth NGO to provide education platform for marginalised children in Kuala Lumpur



31 March 2022

airasia academy launches #RatuTech campaign to empower women to acquire tech skills



We're Back: Our Diary 2022 (cont'd)

1 April 2022

AirAsia welcomes international travellers as borders reopen



8 April 2022

airasia Super App and Google Cloud forge strategic collaboration to unlock digital growth and democratise digital convenience across Southeast Asia



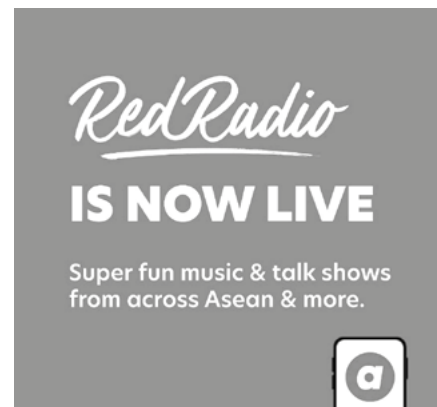
14 April 2022

airasia Super App further expands OTA capabilities by partnering with Trip.com



18 April 2022

airasia Super App launches RedRadio



27 April 2022

airasia ride hits one million completed rides



28 April 2022

airasia grocer takes famed Perlis Harumanis mangoes to international markets



4 May 2022

AirAsia Philippines launches alwaysREdy relief efforts in Capiz to aid Typhoon Agaton victims



12 May 2022

Newly established AirAsia Consulting offers airline management consultancy services to Bangladesh's Fly Dhaka



17 May 2022

airasia Super App introduces its first SUPER Travel Fest



23 May 2022

AirAsia Philippines to launch cargo operations in Zamboanga, aims to propel city's economic recovery



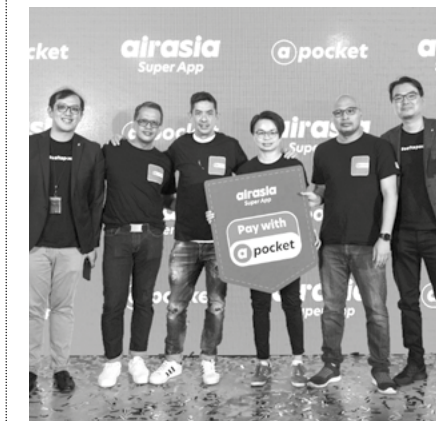
2 June 2022

AirAsia to reduce 221 tonnes of CO2 emissions per aircraft per year via new Flight Operations optimisation solution



17 June 2022

airasia Super App launches closed-loop e-wallet platform for seamless in-app payment experience



7 July 2022

airasia academy launches On-Demand Learning, partners Ministry of Higher Education to advance Malaysia as a digitally-driven nation



27 July 2022

Santan unveils 'best nasi lemak in town' with convenient new packaging and affordable prices



4 August 2022

airasia Super App offers gig riders in Malaysia full-time employment - first in the region



15 August 2022

Travel giants AirAsia Philippines and Airbnb team up to further promote interzonal travel in the PH



5 September 2022

Indonesia AirAsia together with Capital A make a commitment to support tourism and community empowerment around Lake Toba



12 September 2022

Teleport to add three A321 Freighters to its cargo fleet



We're Back: Our Diary 2022 (cont'd)

13 September 2022

airasia ride marks first year in operations by offering full-time employment to all drivers



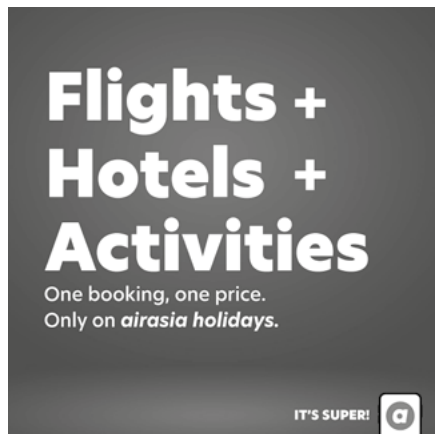
13 September 2022

Tourism Authority of Thailand joins AirAsia to unveil Amazing New Chapters aircraft livery, promoting new destinations in Thailand



14 September 2022

airasia Super App launches airasia holidays



15 September 2022

AirAsia is back painting Changi Terminal 4 red!



19 September 2022

AirAsia returns with biggest ever FREE SEATS* Sale



21 September 2022

AirAsia is back stronger than ever! Record 500,000 seats sold in 48 hours!!



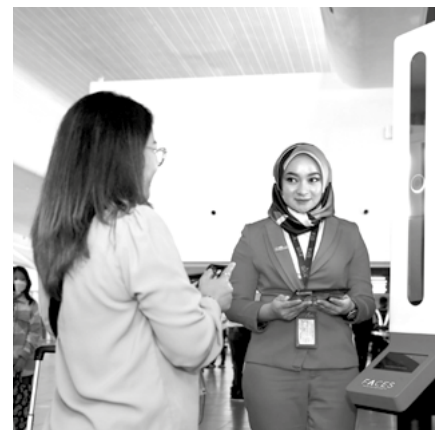
24 September 2022

AirAsia voted World's Best Low Cost Airline for 13th straight year



3 October 2022

AirAsia elevates contactless journey with enhanced FACES at klia2



14 October 2022

Yayasan Peneraju, airasia academy partner to nurture tech talents from stigmatised minorities



20 October 2022

Capital A officially launches IKHLAS, Shariah-compliant lifestyle platform especially for Muslims



2 November 2022

AirAsia sells remaining equity shares in AirAsia India to Air India, strengthening its focus on Asean



2 November 2022

airasia Super App completes Asean expansion with official launch of platform in Indonesia



12 November 2022

AirAsia party in the sky



5 December 2022

Go Unlimited with the brand new SUPER+ by airasia Super App



7 December 2022

Celebrating airasia academy's Graduating Class of 2022



9 December 2022

AirAsia back to growth phase with the launch of a new low-cost airline in Cambodia



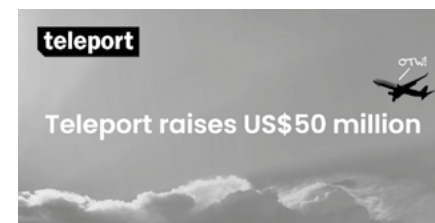
12 December 2022

Capital A unveils vision of creating airasia Republic with the launch of Community on airasia Super App



14 December 2022

Teleport raises USD50 million to build leading air logistics company in Southeast Asia



Awards & Accolades 2022

14 January 2023

AWARDEE
AirAsia (Airline)

AWARD/ACCOLADE
• Putra Brand Awards



17 December 2022

AWARDEE
AirAsia Indonesia

AWARD/ACCOLADE
• Top GCG Awards 2022



8 December 2022

AWARDEE
Capital A

AWARD/ACCOLADE
• IR Magazine Forum & Awards South East Asia 2022



24 November 2022

AWARDEE
AirAsia (Airline)

AWARD/ACCOLADE
• Strongest Airline Brand by Kantar Brandz



12 November 2022

AWARDEE
AirAsia (Airline)

AWARD/ACCOLADE
• World Travel Awards (WTA) 2022



24 October 2022

AWARDEE
airasia Super App

AWARD/ACCOLADE
• World Travel Tech Awards



14 October 2022

AWARDEE
AirAsia Thailand

AWARD/ACCOLADE
• Thailand Sustainability Investment (THSI) list for 2022



5 October 2022

AWARDEE
airasia Super App

AWARD/ACCOLADE
• IDC Future Enterprise Awards



26 September 2022

AWARDEE
AirAsia (Airline)

AWARD/ACCOLADE
• Skytrax World Airline Awards 2022



8 September 2022

AWARDEE
AirAsia (Airline)

AWARD/ACCOLADE
• 29th World Travel Awards 2022



14 August 2022

AWARDEE
airasia rewards

AWARD/ACCOLADE
• Best Card-Based Loyalty Programme (Bronze)
• Best Loyalty Programme (E-commerce) (Silver)



9 June 2022

AWARDEE
airasia Super App

AWARD/ACCOLADE
• FTE World Ancillary Awards 2022



9 June 2022

AWARDEE
AirAsia Philippines

AWARD/ACCOLADE
• 16th Asia Pacific Tambuli Awards



21 April 2022

AWARDEE
AirAsia Philippines

AWARD/ACCOLADE
• Ninth annual Asia-Pacific Stevie Awards



AirAsia

FLY FOR NON-STOP ADVENTURES

FLY AIRASIA



AirAsia

THANK YOU FOR CHOOSING US

FLY AIRASIA





Air logistics optimised. teleport it.

Optimise your air logistics to save your
business time, money and effort.

@teleportasia    

teleport.asia 

2022 Financial & Investor Calendar

27 January

4Q2021 Operating Statistics
Release

Virtual

28 February

FY2021 Financial Results
Announcement & Earnings Call

Virtual

2 March

Maybank IBG Virtual ASEAN
Logistics Corporate Day

Virtual

28 April

1Q2022 Operating Statistics
Release

Virtual

26 May

1Q2022 Financial Results
Announcement & Earnings Call

Virtual

8 June

CITI 3rd Annual Pan-Asia Regional
Investor Conference

Virtual

16 June

Annual General Meeting

Virtual

29 June

Company Visit: CLSA x airasia
Super App

RedStation, KL Sentral

25 July

2Q2022 Operating Statistics
Release

Virtual



26 August

2Q2022 Financial Results
Announcement & Earnings Call

Virtual

26 October

3Q2022 Operating Statistics
Release

Virtual

27 November

2022 Investor Day of icapital.biz
Berhad

Kuala Lumpur

30 November

3Q2022 Financial Results
Announcement & Earnings Call

Virtual

6 December

CGS-CIMB ASEAN Travel & Tourism
Day

Virtual

6 December

MY Tourism with Maybank

Virtual



7 December

Company Visit: Ambank x ADE
Subang Hangar Visit

Subang, Selangor

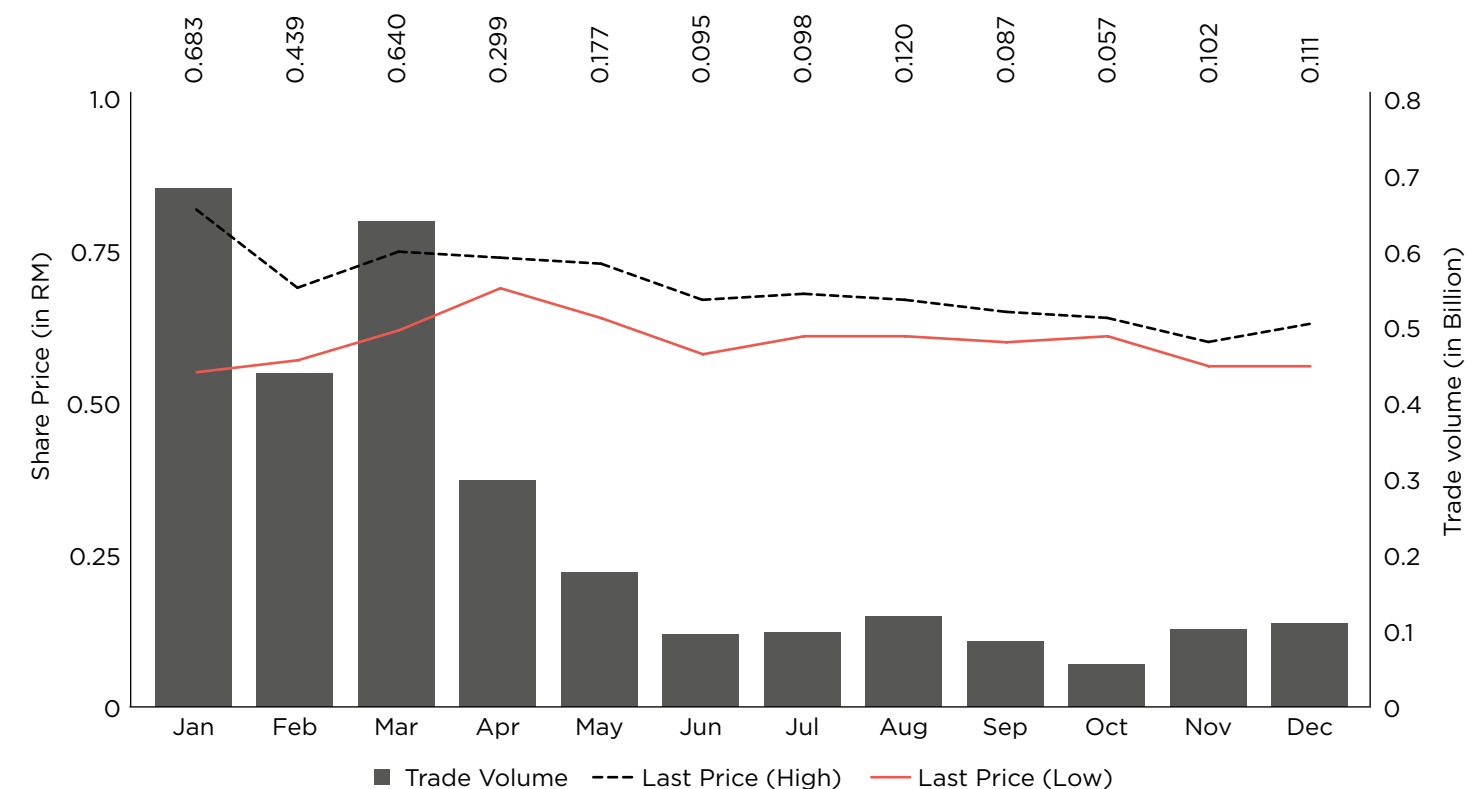
Five-Year Financial & Operating Highlights

(RM MILLION, UNLESS STATED OTHERWISE)	2018	2019	2020	2021	2022
INCOME STATEMENT					
				Restated	
Revenue	10,638	11,860	3,274	1,683	6,437
Net total expenses	9,419	11,136	8,697	4,529	7,831
Operating profit/(loss)	1,219	725	-5,422	-2,846	-1,394
Profit/(loss) before taxation	1,335	-522	-5,551	-3,575	-3,304
Taxation	360	238	-337	-146	-0.51
Net profit/(loss)	1,695	-283	-5,888	-3,721	-3,304
BALANCE SHEET					
Deposits, cash and bank balances	3,327	2,588	533	1,257	470
Total assets	18,550	25,595	19,866	20,030	19,928
Net debt (Total debt - Total cash)	287	-2,159	756	1,053	2,467
Total equity	6,185	2,911	-3,570	-6,423	-9,517
CASH FLOW STATEMENTS					
Cash flow from operating activities	353	2,081	-2,168	-678	-282
Cash flow from investing activities	9,049	4,660	489	389	-210
Cash flow from financing activities	-8,087	-7,584	-412	1,070	-314
Net Cash Flow	1,316	-842	-2,091	781	-806
FINANCIAL PERFORMANCE (%)					
Return on total assets	9.1	-1.1	-29.6	-18.6	-16.6
Return on total equity	27.4	-9.7	N/A	N/A	N/A
R.O.C.E. (EBIT/(Net Debt + Equity))	30	34	N/A	N/A	N/A
Operating profit margin	11.5	6.1	-165.6	-169.1	-21.7
Net profit margin	15.9	-2.4	-179.8	-221.1	-51.3
OPERATING STATISTICS					
Passengers carried	44,437,381	51,559,070	13,309,353	4,812,364	24,247,725
Capacity	52,536,954	60,884,616	17,941,988	6,500,182	28,931,734
Load factor (%)	85	85	74	74	84
RPK (million)	55,962	63,382	14,268	4,149	24,378
ASK (million)	66,261	74,642	19,121	5,723	29,196
Aircraft utilisation (hours per day)	13.3	13.0	9.6	6.2	12
Average fare (RM)	173	178	175	160	195
Revenue per ASK (sen)	14.71	15.60	15.06	16.67	19.43
Cost per ASK (sen)*	14.80	15.02	35.24	69.62	25.71
Cost per ASK - excluding fuel (sen)*	8.90	9.39	24.96	62.68	15.58
Revenue per ASK (USc)	3.64	3.77	3.61	4.00	4.41
Cost per ASK (USc)*	3.67	3.62	8.45	16.69	5.83
Cost per ASK - excluding fuel (USc)*	2.20	2.27	5.98	15.03	3.54
Number of stages	290,461	335,399	98,259	35,350	157,056
Average stage length (km)	1,253	1,225	1,070	882	1,002
Size of fleet at year end (Group)	226	246	247	213	209
Number of employees at year end (Group)#	18,122	21,059	18,848	14,778	16,149
RM-USD average exchange rate	4.04	4.14	4.21	4.17	4.41
Segmental revenue					
a) Airlines	-	-	-	58	86%
b) Digital	-	-	-	42	14%

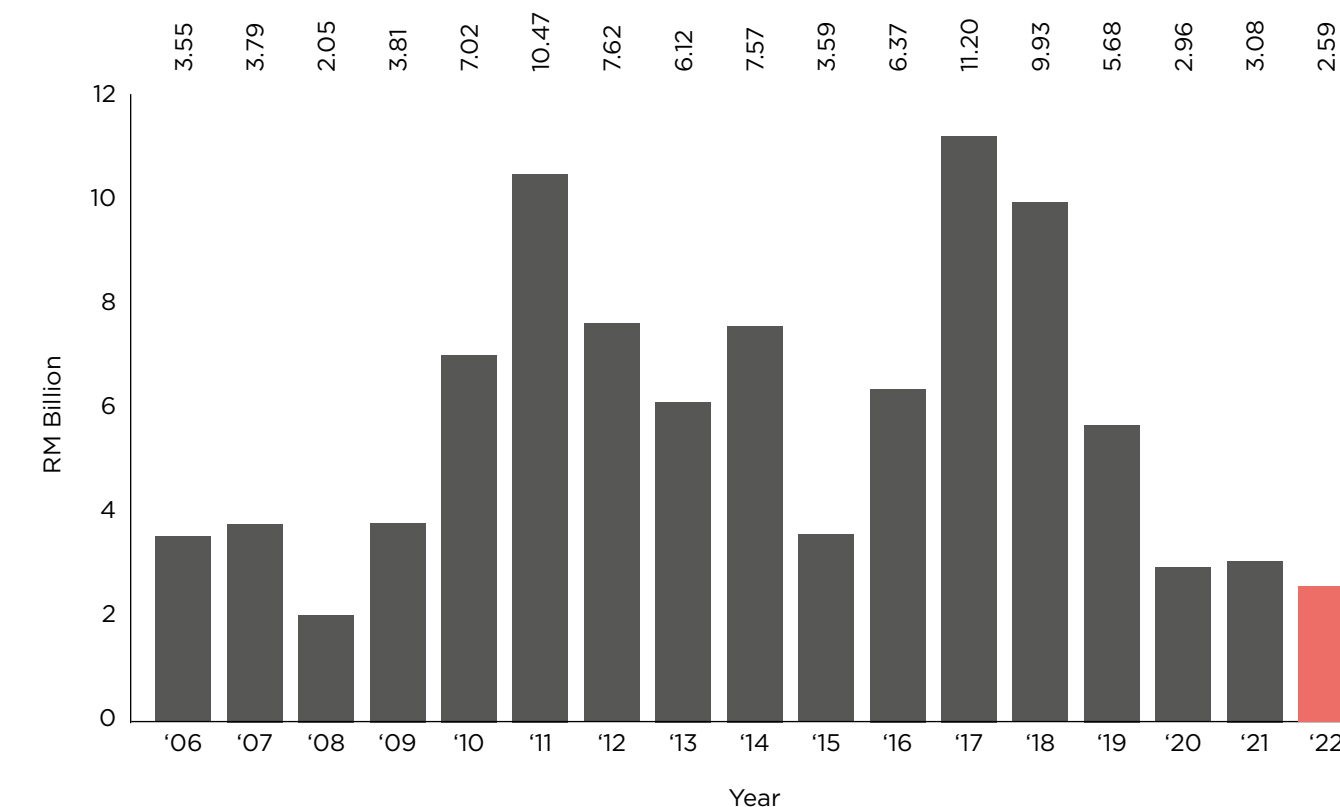
* excluding one-off items

including subsidiaries and associates

2022 Share Performance



Market Capitalisation (As at 31 December of Respective Years)



Our Investment Case

(GRI 2-6)



We serve the underserved across a broad range of portfolio businesses which leverage off each other including air travel, aircraft MRO, ride-hailing, delivery, fintech, e-commerce, logistics, edutech and others.



AVIATION GROUP



- Our four airlines spanning across Malaysia, Thailand, Indonesia, and the Philippines making air travel accessible to the masses through our well-known slogan 'Now Everyone Can Fly.'
- Transforming its mainly Airbus A320 aircraft fleet to the higher-capacity, more fuel-efficient A321neo commencing 2024.
- Extensive network of over 106 destinations across the region.
- Recognised as World's Best Low Cost Airline by Skytrax 13 years in a row.



LOGISTICS

teleport

by airasia

- Fast growing Asean air logistics venture of Capital A, with the largest cargo network in Asean.
- This comes from a combination of Teleport's freighter capacity and its exclusive access to AirAsia's passenger flight cargo belly space, with extended connectivity into APAC.
- Optimises air logistics to help freight forwarders, eCommerce marketplaces, third-party logistics players and consumers save time, money and effort.
- Aims to move things across Asean better and faster than any other provider.



AVIATION SERVICES



- Over 20 years of engineering experience servicing the world's best low-cost carrier at the best value with highest quality & safety standards.
- Operations are driven by big data and leverage digital technologies to reduce silos, enhancing the customer experience.
- Proven track record of managing low operational costs while providing the best customer experience and value for money, prioritizing aircraft safety and quality.
- Strong presence in Asean, leveraging AirAsia's vast coverage of line maintenance infrastructure in Southeast Asia.
- A one-stop centre offering a broad range of services, including line and base maintenance, components and tools, technical support, and digital solutions



- Offers comprehensive coverage of ground handling services.
- Embraces digitisation to enhance air cargo movements, communication exchanges and logistics processes.
- Expanding its range of services and capabilities to support the Group's ecosystem by working with AirAsia affiliate airlines.
- Growing its third-party airline customer base.



- Leveraging over 21 years of low-cost airline (LCC) expertise to offer tailored consulting services for global LCC airlines and investors, covering everything from start-up to managed services, including business plan development, fleet evaluation, network expansion, fuel saving initiatives, crew planning, regulatory support, and implementation of LCC best practices.
- Appointed by investors of Fly Dhaka, a low-cost carrier start up in Bangladesh, to provide end-to-end airline consulting services to launch the airline.
- Spearheaded key activities, including feasibility study and business plan creation, financial projection and capital requirement analysis, airport evaluation, and joint venture contract finalisation with shareholders, resulting in the successful launch of AirAsia Cambodia, AirAsia's fifth airline unit in Asean.



- Offering Asean's culinary secrets to the world, having served more than 579 million guests from various countries.
- Now serving food both in the air and on the ground via nine Santan restaurants and cafes.
- Provides a launchpad for young entrepreneurs to start their careers in the Food & Beverages industry through a unique franchise model.



DIGITAL



- One of the fastest growing travel and lifestyle super apps in Asean leveraging the Capital A ecosystem with over 11 different products and services supporting each other
- The only super app to be linked to the world's best low-cost airline with the most extensive network in Asean
- Strong travel vertical which not only offers flights on AirAsia, but also some 700 third-party airlines
- With an increasing range of hotels in its inventory, airasia Super App is a formidable online travel agent (OTA)



- Supports Muslim communities around the world by providing unparalleled access to faith-based lifestyle products and services
- Serves the Muslim community with more value and affordable choice in line with their religious needs
- Building communities and giving back to the community through Sadaqah service platform
- Supporting over 32,000 deserving families through 70 active donation campaigns that raised RM2.42 million



FINANCIAL SERVICES



- Champions financial well-being and literacy by providing accessible, transparent, affordable, simple and secure digital financial services for the underserved and underserved in Southeast Asia
- Offers a full suite of financial products and services for over 1.3m carded and transacting users, including e-money accounts with a Visa debit card for domestic and international spend, international bank transfer, first-of-its-kind fully digital personal loan product, savings, spending analytics, and more



VENTURES

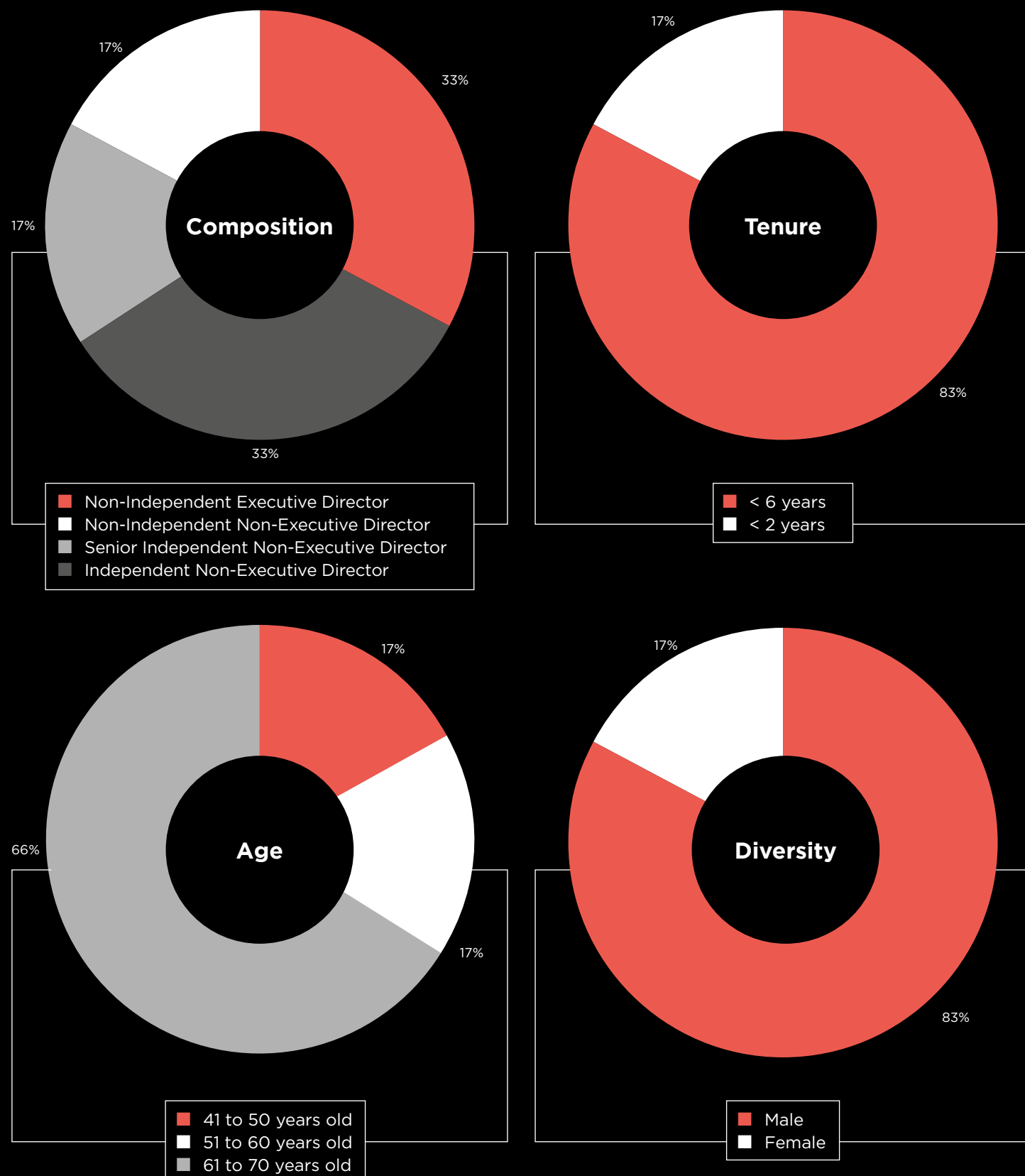


- Digital learning platform making edutech affordable, accessible and inclusive for everyone, including AirAsia Allstars, B40s and SMEs
- Mission to train the Asean workforce to be workforce ready for the digital future
- Delivers affordable, quality education for everyone, providing job-ready skills via hundreds of high quality courses, specially curated by industry experts
- Reskilling and upskilling gig economy workers with new tech talents such as coding and digital marketing to reinvent their careers



- Enables farmers, producers & importers to enjoy better margins by cutting out middlemen, matching businesses directly with consumers
- Provides farmers with stronger distribution channels and effective logistics solutions leveraging Capital A's vast land and air connectivity

Board At A Glance



Directors' Profiles

(GRI 2-9, 2-10, 2-11, 2-12, 2-13, 2-17)



DATUK KAMARUDIN BIN MERANUN

61, Male, Malaysian
Non-Independent Executive Chairman

Date of Appointment:
30 March 2018

Membership of Board Committees:
None

Qualifications:

- Diploma in Actuarial Science, University Technology MARA (UiTM), Malaysia
- BSc majoring in Finance with Distinction (Magna Cum Laude), Central Michigan University, US
- Master of Business Administration (MBA), Central Michigan University, US

Experience and Achievements:

- Non-Independent Executive Chairman of AirAsia Berhad (AAB), taking the lead in engaging with the government, aviation regulators and airport authorities of Malaysia
- In December 2001, together with Tan Sri Tony Fernandes, Dato' Pahamin Ab Rajab and Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar, acquired struggling domestic airline AirAsia and, with the help of Conor McCarthy, relaunched it as a pioneer of budget travel in Asia, building AirAsia into the world's best low-cost carrier
- Appointed Executive Director of Intrinsic Capital Management Sdn. Bhd. in 1994 and subsequently acquired shares of the joint venture partner thereof
- Worked at Arab-Malaysian Merchant Bank from 1988 to 1993 as a Portfolio Manager, managing institutional and high net-worth individual clients' investment funds

Other Current Board Positions:

- Non-Independent Non-Executive Director of AirAsia X Berhad
- Director of the Red Giants Football Club

Awards:

- Darjah Panglima Jasa Negara (PJN) carrying the title Datuk from the Malaysian King, November 2013



TAN SRI ANTHONY FRANCIS FERNANDES

59, Male, Malaysian
Non-Independent Executive Director and Chief Executive Officer

Date of Appointment:
30 March 2018

Membership of Board Committees:
None

Qualifications:

- Fellow Member, Association of Chartered Certified Accountants (ACCA)
- Member, Institute of Chartered Accountants in England and Wales (ICAEW)

Experience and Achievements:

- One of Asia's most recognisable entrepreneurs, best known for co-founding low-cost carrier AirAsia and democratising air travel in the region
- In December 2001, together with Datuk Kamarudin Meranun, Dato' Pahamin Ab Rajab and Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar, acquired struggling domestic airline, AirAsia, and with the help of Conor McCarthy, relaunched it as a pioneer of budget travel in Asia, building AirAsia into the world's best low-cost carrier
- Began his career in Virgin Group before returning to Malaysia as Warner Music Group's Vice President for Southeast Asia. Subsequently ventured into the airline business

Other Current Board Positions:
None

Awards:

- Commander of the Order of the British Empire, conferred by Her Majesty Queen Elizabeth II in 2011
- Commander of the Legion d'Honneur, awarded by the French Government for outstanding contributions to the economy of France through the aviation industry
- Panglima Setia Mahkota (PSM), conferred by Yang Di Pertuan Agong Tuanku Mizan Zainal Abidin, carrying the title Tan Sri

Directors' Profiles (cont'd)

**DATO' ABDEL AZIZ @ ABDUL AZIZ BIN ABU BAKAR**

69, Male, Malaysian
Non-Independent Non-Executive Director

Date of Appointment:
30 March 2018

Membership of Board Committees:

Audit Committee
Nomination and Remuneration Committee
Risk Management and Sustainability Committee
(*Chairman*)

Qualifications:

- Diploma in Agriculture, Universiti Pertanian Malaysia
- BSc in Agriculture Business, Louisiana State University, US
- Master of Business Administration (MBA), University of Dallas, US

Experience and Achievements:

- In December 2001, together with Datuk Kamarudin Meranun, Tan Sri Tony Fernandes and Dato' Pahamin Ab Rajab, acquired struggling domestic airline, AirAsia, and with the help of Conor McCarthy, relaunched it as a pioneer of budget travel in Asia, building AirAsia into the world's best low-cost carrier
- Served as Chairman of Performance and Artistes Rights Malaysia Sdn. Bhd. (PRISM) and the Academy of Malaysian Music Industry Association (PAIMM) for more than 10 years
- Joined BMG Music and was General Manager from 1989 to 1997, and Managing Director from 1997 to 1999
- Executive Director of Showmasters (M) Sdn. Bhd. from 1981 to 1983

Other Current Board Positions:

- Director of Yayasan Astro Kasih
- Independent Non-Executive Chairman of Pegasus Heights Berhad, and member of its Audit, Nomination and Remuneration Committee

**DATO' FAM LEE EE**

61, Male, Malaysian
Senior Independent Non-Executive Director

Date of Appointment:
30 March 2018

Membership of Board Committees:

Audit Committee
Nomination and Remuneration Committee (*Chairman*)
Risk Management and Sustainability Committee
(*resigned effective 28 February 2022*)
Safety Review Board (*Chairman*)

Qualifications:

- BA (Hons), University of Malaya
- LLB (Hons), University of Liverpool, England

Experience and Achievements:

- Practising law since 1991 upon obtaining his Certificate of Legal Practice in 1990
- Currently a Senior Partner at Messrs Gan & Zul
- Member of the Board of Trustees of Yayasan PEJATI from 1996 to 2007
- Legal advisor to the Chinese Guilds and Association and charitable organisations such as Yayasan SSL Haemodialysis Centre in PJ since 2001
- Honorary Advisor of the Perlis Chinese Chamber of Commerce and Industry

Other Current Board Positions:

- Non-Independent Non-Executive Director of AirAsia X Berhad
- Director of the Malaysia-China Business Council

**DATO' MOHAMED KHADAR BIN MERICAN**

66, Male, Malaysian
Independent Non-Executive Director

Date of Appointment:
30 March 2018

Membership of Board Committees:

Audit Committee (*Chairman*)
Risk Management and Sustainability Committee
Safety Review Board

Qualifications:

- Fellow, Institute of Chartered Accountants in England and Wales (ICAEW)
- Chartered Accountant, Malaysian Institute of Accountants (MIA)

Experience and Achievements:

- Held various senior management positions in the then Pernas International Holdings Berhad, a company listed on Bursa Malaysia, between 1988 and April 2003, including those of President and Chief Operating Officer
- Auditor and consultant in an international accounting firm, before joining a financial services group in 1986

Other Current Board Positions:

- Independent Non-Executive Chairman of BNP Paribas Malaysia Berhad
- Director of Iris Corporation Berhad and Rashid Hussain Berhad (In Members' Voluntary Liquidation)
- Independent Non-Executive Chairman of Tune Protect Group Berhad, a company listed on Bursa Malaysia
- Director of Asia Aviation Public Company Limited, a company listed on the Stock Exchange of Thailand

Awards:

- Named "Chairman of The Year" by the Minority Shareholders Watch Group at its Asean Corporate Governance Index Awards 2013, in his capacity as the Chairman of RHB Capital

**SURINA BINTI SHUKRI**

47, Female, Malaysian
Independent Non-Executive Director

Date of Appointment:
31 January 2022

Membership of Board Committees:

Nomination and Remuneration Committee
Risk Management and Sustainability Committee
(*appointed effective 28 February 2022*)

Qualifications:

- Bachelor of Science in Economics, The Wharton School & Bachelor of Applied Sciences in Systems Engineering, School of Engineering and Applied Sciences - Management & Technology dual degree, University of Pennsylvania, US

Experience and Achievements:

- Spent the bulk of her career in New York City, US, before returning to Malaysia in 2019
- Chief Executive Officer of Malaysia Digital Economy Corporation (MDEC), the lead government agency for digital economy development in Malaysia, where she played a central role in developing programmes to nurture Malaysia's digital ecosystem and advised the government on digital economic policy and economic recovery plans
- Globally recognised and respected thought leader in digital transformation, innovation and diversity; and a fierce advocate of women empowerment

Other Current Board Positions:

- Independent Non-Executive Director of CIMB Investment Bank Berhad
- Director of Accelerate Global, a social enterprise aimed at tackling youth unemployment worldwide

Awards:

- Named among the World's 50 Most Influential People Revolutionising Governance in Agile 50 by Apolitical and World Economic Forum's Global Future Council on Agile Governance

Our Senior Management Team

TAN SRI TONY FERNANDES

Non-Independent Executive Director and Chief Executive Officer, Capital A
Nationality: Malaysian

Tan Sri Tony Fernandes also sits on the Board of Capital A Berhad. For more information on his profile, please refer to page 33.

BO LINGAM

President (Aviation), Capital A and Group Chief Executive Officer of AirAsia Aviation Group Limited
Nationality: Malaysian

Tharumalingam Kanagalingam, better known as Bo Lingam, 58, joined Capital A in 2001 as a Ground Operations Manager, responsible for the implementation of the low-cost concept in operations and procurement. Since then, he has held several key senior management positions including Purchasing and Supplies Senior Manager, Regional Guest Services Director, and President & Group Chief Operating Officer, where he supervised AirAsia's operations in Malaysia, Thailand, Indonesia and the Philippines, drove process improvement and set up new airlines in the region for the Group.

Prior to joining Capital A, and upon completing his Sijil Pelajaran Malaysia, he worked extensively in the publication and music industry at various production houses, including as Production Controller at EMI Music Malaysia as well as Operations Manager and Promotions Manager at Warner Music Malaysia.

As Group CEO of AirAsia Aviation Group Limited, Bo leads Capital A's Airline businesses, overseeing the four airlines in the Group (AirAsia Malaysia, AirAsia Philippines, AirAsia Thailand and AirAsia Indonesia) as well as related shared services divisions including AirAsia Consulting, corporate services division, the Santan food group and the ground handling services joint venture business Ground Team Red.

COLIN CURRIE

President (Commercial), Capital A and Chief Executive Officer of airasia Digital
Nationality: Malaysian

Colin Currie, male, 54, is responsible for the development and implementation of the Group's five-year strategy which will drive and maximise the Group's revenue and profitability across Capital A's broad portfolio of airlines and digital businesses.

He oversees the overall brand and sales performance across the airline and digital businesses and drives supporting functions of Tech, Data and Communications in order to accelerate and solidify Capital A's success as a leading digital tech and lifestyle company in Asean.

Colin was the former Managing Director of Adidas Asia-Pacific and Greater China, covering regions such as South Korea, Japan, Southeast Asia and Pacific. He was responsible for making Adidas one of the hottest consumer brands, as well as Asia-Pacific and Greater China the largest and most profitable region within the group.

Prior to Adidas, Colin worked in the music and entertainment industry as Managing Director of Sony BMG Music Malaysia. Colin was also previously in key senior marketing positions with Citibank, Ansett Australia and Telstra Mobile in Hong Kong and Australia.

Colin received a Bachelor's degree in Hospitality Management from Leeds Metropolitan University and a post-graduate diploma in Marketing from Schiller International University.

AIREEN OMAR

President (Investments & Ventures), Capital A and Chief Executive Officer, RedBeat Capital, airasia academy
Nationality: Malaysian

Aireen Omar, female, 49, is responsible for Capital A's investment and fund raising initiatives including its venture builder arm, RedBeat Capital, which incubates, develops and accelerates leading innovative new businesses and solutions across AirAsia's businesses and markets, while promoting innovation throughout the Group. Aireen is also the Chief Executive Officer of airasia academy, an edutech platform that is currently disrupting the education space in Asean.

Aireen joined Capital A in January 2006 as Director of Corporate Finance. Her portfolio expanded rapidly to include Treasury, Fuel Procurement, Insurance and Investor Relations functions. Taking on these roles, she was instrumental in shaping the development of AirAsia into one of the fastest growing and most highly-acclaimed airlines globally.

In 2012, Aireen was appointed as AirAsia Berhad's Executive Director and Chief Executive Officer. In 2018, Aireen moved up to the Group and was responsible for the digital transformation where she oversaw strategic Group-wide digital initiatives to help transform AirAsia into a global cloud and data-driven platform company. At Airasia Digital, Aireen was also pivotal in incubating and growing the Group's digital and fintech businesses such as airasia Super App, airasia rewards, BigPay and Teleport.

Under her leadership, AirAsia was awarded Digital Transformer of the Year in Malaysia at the IDC Digital Transformation Awards (DXa) 2019.

Aireen is an Economics graduate from the London School of Economics and Political Science and holds a Master's in Economics from New York University.

She is also a Non-Executive Director of Tune Protect Group Berhad.

Our Senior Management Team (cont'd)

PATTRA BOOSARAWONGSE

Chief Financial Officer, Capital A
Nationality: Thai

Pattra Boosarawongse, female, 53, is responsible for Group Finance, Internal Audit, Group Procurement, and Group Tax.

Pattra has over eight years of extensive experience in managing multicultural teams in Capital A, she joined Capital A in March 2014 as the Chief Financial Officer of AirAsia Thailand and Asia Aviation PCL; and was appointed as Capital A Group's Chief Financial Officer on 1 September 2016. She successfully implemented Oracle ERP supports by shared service center to the whole Capital A and aggressively drives wide standardisation of financial policy, management reporting, eSourcing, boosting finance and procurement's role in managing data, data engineering and data visualisation by implementing dashboards to support all finance and procurement functions via technology, AI and robotic process automation (RPA). Pattra supports Capital A's CEO on investment strategies to generate value for the entities under Capital while also leading tax strategy and planning.

In 2019, Pattra was named Asia's Best CFO at the 9th Asian Excellence Recognition Awards.

Pattra is a Certified Public Accountant, having started her career as a senior auditor at Ernst & Young. She then joined Sony Music as its Finance Director and rose to become its General Manager. Pattra graduated from Thammasat University in Thailand with a Master's in Finance and Accounting.

ROZMAN OMAR

Group Head of Corporate Finance and Director of Asia Aviation Capital Limited
Nationality: Malaysian

Rozman Omar, male, 60, serves as a director of Asia Aviation Capital Limited (our captive aircraft leasing subsidiary in Labuan) and AirAsia SEA Limited (our International Business Centre in Thailand) and is currently based in Bangkok. He also sits on the boards of Asia Aviation PCL and Thai AirAsia Limited. In his present role, Rozman oversees the Group treasury, aircraft and corporate finance functions for Capital A Berhad and its companies.

He joined Capital A on a full-time basis in 2004 as the Chief Financial Officer of PT Indonesia AirAsia having prior involvement with the group such as the acquisition of AirAsia by Tune Air Sdn Bhd (2001), the listing of AirAsia Berhad (on the then KLSE, now Bursa Malaysia) in 2004 and the launch of our joint-venture airlines namely, Thai AirAsia Limited and PT Indonesia AirAsia.

Prior to joining Capital A, Rozman gained extensive experience in investment banking since 1984 having past stints with institutions such as Arab-Malaysian Merchant Bank Berhad (now AmInvestment Bank), Bumiputra Merchant Bankers Berhad and Innosabah Corporate Services Sdn Bhd.

Rozman is a Fellow of the Association of Chartered Certified Accountants.

JOANNA IBRAHIM

Chief Corporate Development and Ventures, Capital A
Nationality: Malaysian

Joanna, female, 43, was appointed as Chief Corporate Development and Ventures for Capital A in Jan 2023, she is a seasoned executive with over 15 years of experience in management consulting, aviation, travel, telecommunications, energy and private equity. She previously led airasia grocer as Chief Executive Officer, where she led her team to establish a fresh produce and food grocery supply chain business.

Prior to that, Joanna was instrumental in leading investment and fundraising for the digital ventures in RedBeat Capital, as well as promoting innovation and encouraging collaboration between startups and AirAsia. Joanna joined Capital A in 2010 as Group Head of Strategy, focused on developing and implementing the Group's business plan and turnaround initiatives. She also played a significant role in various joint venture projects and acquisitions at AirAsia, including Big DutyFree (now known as airasia shop), Tune Money (now known as BigPay) and Rokki. Joanna also spearheaded the turnaround effort as Chief Commercial Officer and Chief Financial Officer of AirAsia Indonesia, which ultimately led to the listing of the company in 2017.

She has an undergraduate degree in Electrical and Electronic Engineering from Imperial College, London, and a postgraduate degree in Operational Research from the London School of Economics. Joanna has now taken on a new role as Chief Corporate Development and Ventures for Capital A.

YAP MUN CHING

Chief Sustainability Officer, Capital A and Executive Director of AirAsia Foundation
Nationality: Malaysian

Yap Mun Ching, female, 46, was appointed as Chief Sustainability Officer for Capital A in May 2022. She also serves as the Executive Director of AirAsia Foundation, the philanthropic arm of Capital A, effectively juggling two important roles within the organisation. She started her career in aviation as AirAsia's route planner before becoming the Head of Strategic Planning, overseeing AirAsia's fleet planning, route planning, route development and scheduling portfolios. She helped grow AirAsia's network into one that spanned the region, and played a part in the liberalisation of the Malaysian domestic aviation sector and in AirAsia's exciting expansion into China. As head of AirAsia Foundation, she developed an extensive programme to support social entrepreneurship growth in Asean and raised over USD4 million to fund innovative post-disaster resilience projects.

In her role as Chief Sustainability Officer (commencing 6 May 2022), Mun Ching aims to put in place a framework for AirAsia to achieve its net-zero target well ahead of international timelines while ensuring that the airline's carbon offset contributions go towards supporting environmental programs that protect Asean biodiversity. She is also committed to increasing the number of women in aviation and advancing policies that support their recruitment and retention. Mun Ching currently serves as the Chairperson of Malaysia's National Task Force on CORSIA, where she is tasked to lead industry stakeholders in strengthening the country's commitments to global aviation carbon reduction and offsetting.

In her previous roles, Mun Ching was a journalist at Malaysiakini and Special Officer to the Malaysian Minister of International Trade and Industry. Mun Ching holds a Master of Science (MSc) in International Relations from the London School of Economics and Political Science (LSE), which she completed with Distinction in 2009 as a recipient of the UK Chevening Scholarship. Prior to that, Mun Ching was a Wolfson Press Fellow at the University of Cambridge in 2004. She earned her Bachelor of Science (BSc) degree in Economics with First Class Honours from the London School of Economics and Political Science (LSE) in 1999.

Our Senior Management Team (cont'd)

HARRY JAILA

Head, Group Company Secretary and Managing Counsel, Capital A
Nationality: Malaysian

Harminder Singh A/L Jaila Singh, or fondly known as Harry Jaila, male, 59, was appointed as the Group Company Secretary of Capital A in October 2020. Harry is responsible for providing counsel and advice on Board duties and responsibilities to ensure that Capital A complies with relevant laws and regulatory requirements. He also liaises between the Board and its key stakeholders both in Malaysia and in the Group's regional operations, ensuring that a corporate governance framework is deployed in a manner that supports the Group's vision and aspirations.

He began his career as an advocate and solicitor at several legal firms from 1989 to 2000. Subsequently, he served in various in-house roles, including as Legal Manager at DiGi Telecommunications Sdn Bhd, Head of Legal (Senior Legal Advisor) at Gleneagles Hospital (Kuala Lumpur) Sdn Bhd, Kuala Lumpur, Assistant Director, Legal Services and Agreements Division, ASEAN Secretariat in Jakarta, Indonesia, and Head of Legal (Senior Legal Counsel) and Company Secretary with Prince Court Medical Centre Sdn Bhd.

Apart from his legal experience, Harry is also an Adjunct Professor of Medical Jurisprudence with the Faculty of Medicine, MAHSA University, Malaysia. He holds memberships with the Honourable Society of Lincoln's Inn, London, the Malaysian Bar from 1989 to 2000, and Institute of Corporate Directors Malaysia (ICDM). Harry graduated with a Bachelor of Laws (LLB Hons.) from the University of Wolverhampton, United Kingdom in July 1987. He was called to the English Bar in July 1988 as a Barrister of Lincoln's Inn, London and was also called to the Malaysian Bar in May 1989 as an Advocate and Solicitor of the High Court of Malaya. He later earned an MBA from the International Islamic University of Malaysia (IIUM) in 2001.

MARYANNA MINJUNG KIM

Head, Corporate Communications & Consumer Affairs, Capital A
Nationality: Korean

Maryanna Minjung Kim, female, 43, is responsible for developing and implementing the communications strategy for all businesses under Capital A to promote the Group's identity and mission. She leads the profiling of CEOs and other top executives for strategic positioning of corporate brands in key media outlets and industry conferences. She also oversees internal communications to ensure Allstars are well informed of corporate news and announcements. As head of consumer affairs, Maryanna is also responsible for monitoring and managing the issues that might hurt the brand and reporting potential threats to top management to craft messaging to mitigate risk. She and her team manage social media platforms to monitor and gauge the conversations around the brand.

Prior to joining the Group, Maryanna was a journalist for over 15 years at Korea's Arirang TV, covering international news and high-profile interviews. Maryanna holds a Bachelor's Degree and Masters Certificate from Korea University, specialising in Korean Language and Education Administration respectively.

INTAN SHAHIRA MOHD SHAHRU

Head, People, Capital A
Nationality: Malaysian

Intan Shahira, female, 41, is responsible for Human Capital in Capital A.

Intan joined AirAsia in August 2018 as Group Head, Talent & Rewards. She has assumed many roles over the past five years focusing on building the Human Resource architecture and framework, continuously working with the leadership team on the organisational design and change management through people and technology and transforming HR to be more automated and digital.

Prior to joining Airasia, Intan was a Human Resource Director at the Central Bank of Malaysia for six years and prior to that she was a Management Consultant with a global management consultancy firm, KornFerry International for nine years focusing on the Financial Services Sector. Intan holds a Bachelor of Commerce with a double major in Law & Management from the University of Wollongong, Australia.

ATTILA EMAM

Head, Culture, Capital A
Nationality: Malaysian

Attila Emam, male, 54, is responsible for ensuring that Capital A's goals and the day-to-day business practices of its portfolio of companies are consistent with its stated purpose, vision and values. A significant part of his role involves driving continuous improvement of the employee experience with the aim of creating a workplace where Allstars can grow themselves, understand how they contribute to the organisation's strategic goals and enjoy collaborating with each other.

Attila joined Capital A in 2013 to set up the Group enterprise risk management function and manage Asean affairs. Before Capital A, he was Head of Risk and Strategy for the capital markets regulator working on, among other things, international regulatory standards and systemic risk assessment. He began his career as an economist with the Central Bank of Malaysia, and read economics at the London School of Economics and Political Science, and at Birkbeck College London, as a Chevening Scholar.

Our CEOs

BO LINGAM

President (Aviation), Capital A and Group Chief Executive Officer of AirAsia Aviation Group Limited
Nationality: Malaysian

Bo Lingam is part of Capital A's Senior Management. For more information on his profile, please refer to page 36.

MAHESH KUMAR

CEO, Asia Digital Engineering
Nationality: Malaysian

Mahesh Kumar, male, 38, was appointed as Chief Executive Officer of Asia Digital Engineering in September 2020. In this role, he leads the transformation of Capital A's Engineering department into a comprehensive Maintenance, Repair and Overhaul (MRO) service provider driven by data and technology serving AirAsia and third-party commercial airlines in the region.

Prior to this appointment, Mahesh was the Head of Fleet & Technical Asset Management at AirAsia. During that time, AirAsia sealed two major aircraft portfolio deals with BBAM and Castlake LP for a combined value of USD3.6 billion which won the 2018 Air Finance Journal Award and 2019 APAC Airline Economics Award. In 2015, he was appointed as a pioneering Senior Vice President, Technical of the newly set up Asia Aviation Capital Limited, the aircraft leasing arm of AirAsia.

Mahesh joined AirAsia's Engineering department in 2009 and since then has been involved in various engineering projects including defining and selection of aircraft and engine type, setting up AirAsia India Engineering and transforming Zest Airways into AirAsia Philippines.

Mahesh holds a Bachelor's in Aeronautical Engineering.

MOHAMAD 'MO' HAFIDZ

Acting Chief Executive Officer, airasia Super App
Nationality: Malaysian

Mohamad Hafidz, fondly known as 'Mo', male, 53, was appointed as the Acting Chief Executive Officer (CEO) of airasia Super App effective 1 April 2023.

He was previously the Chief Fintech Officer where he led the travel super app's FinTech transformation. As the CEO, he will continue to drive the company's fintech vision across enterprise payments, financial services and wealth that will further help to boost the Super App users' choices and bring more revenue to the business.

Mo has over 30 years of experience in the payments industry. He started at Citi and later joined VISA as their Asia Pacific Head of E-commerce. He advised regulators in China, India, Japan, and Asean on authentication technologies, and launched Indonesia's first in-cloud issuer authentication platform. He was responsible for the redesign and implementation of MasterCard's domestic processing network in Tokyo and helped The Reserve Bank of India develop a low-cost acceptance solution during the India Demonetization. He jointly patented an IoT payments solution and was responsible for the adoption of MasterCard's Tap2Phone and Global Network Installments solutions.

He pursued his studies at the Royal Melbourne Institute of Technology in Australia and graduated with a Bachelor of Business in Economics and Finance and also holds a Masters of Finance.

PETE CHAREONWONGSAK

Chief Executive Officer, Teleport
Nationality: Thai

Pete Chareonwongsak, male, 35, is Chief Executive Officer of Teleport, the Asean air logistics provider, on a mission to move things across Southeast Asia better than anyone else.

Pete began his career in the Group as AirAsia's Group Head of Business Development, where he led the establishment of airlines in India and Japan, various joint venture efforts as well as mergers & acquisitions covering Indonesia, Japan, South Korea and India markets. In 2016, he was appointed AirAsia's Regional Chief Operating Officer, where he successfully turned around AirAsia Philippines. He was subsequently appointed Chief Executive Officer of Teleport in 2018.

He previously served in CIMB Investment Banking, and was the official advisor to the Thailand Trade Representative Office, tasked with promoting inbound and outbound international trade and investment.

Pete holds the Bachelor's and Master's Degrees in Chemical Engineering from University of Cambridge, where he was a Cambridge Overseas Trust Scholar. He also holds a Master's (ALM) in Finance from Harvard University. He is one of the 40 under 40 Honoree from ZICO ASEAN, recognising outstanding individuals driving positive change and creating impact in this region. He is currently a Board member of Teleport, Freightchain Technologies and EasyParcel.

ZUBIN RADA KRISHNAN

Chief Executive Officer, BigPay
Nationality: Malaysian

Zubin Rada Krishnan, male, 39, was appointed as Chief Executive Officer of BigPay in April 2023, focused on giving Southeast Asians the financial services they need to level up their lives, one transaction at a time.

Zubin joined BigPay in 2022 as Country Head of Malaysia and to lead International Expansion, driving growth initiatives in Malaysia and Southeast Asian market entry, especially Thailand.

Zubin spent most of his last 20 years across banking and financial services. Prior to BigPay, he was a partner at the Boston Consulting Group. At BCG, Zubin led the design and execution of digital strategy, launched new digital products, and ran digital transformation and large-scale change efforts. He supported banks, fintechs and investors mainly in Singapore, Indonesia, Vietnam and Malaysia

Before BCG, Zubin co-founded Tuas Capital Partners, a private equity house catalysing nascent businesses across Malaysia. He also spent time in Hong Leong Bank, where he executed the strategic agenda - including setting up and winning the licence for the Vietnamese bank; and aiding Malaysia's last major retail bank merger. Zubin started his career in KPMG Business Advisory, advising players in emerging & frontier markets on financial risk and strategy.

Zubin holds a Bachelor of Arts in Philosophy, Politics and Economics from the University of Oxford.

AIREEN OMAR

President (Investment & Ventures), Capital A and Chief Executive Officer, RedBeat Capital
Nationality: Malaysian

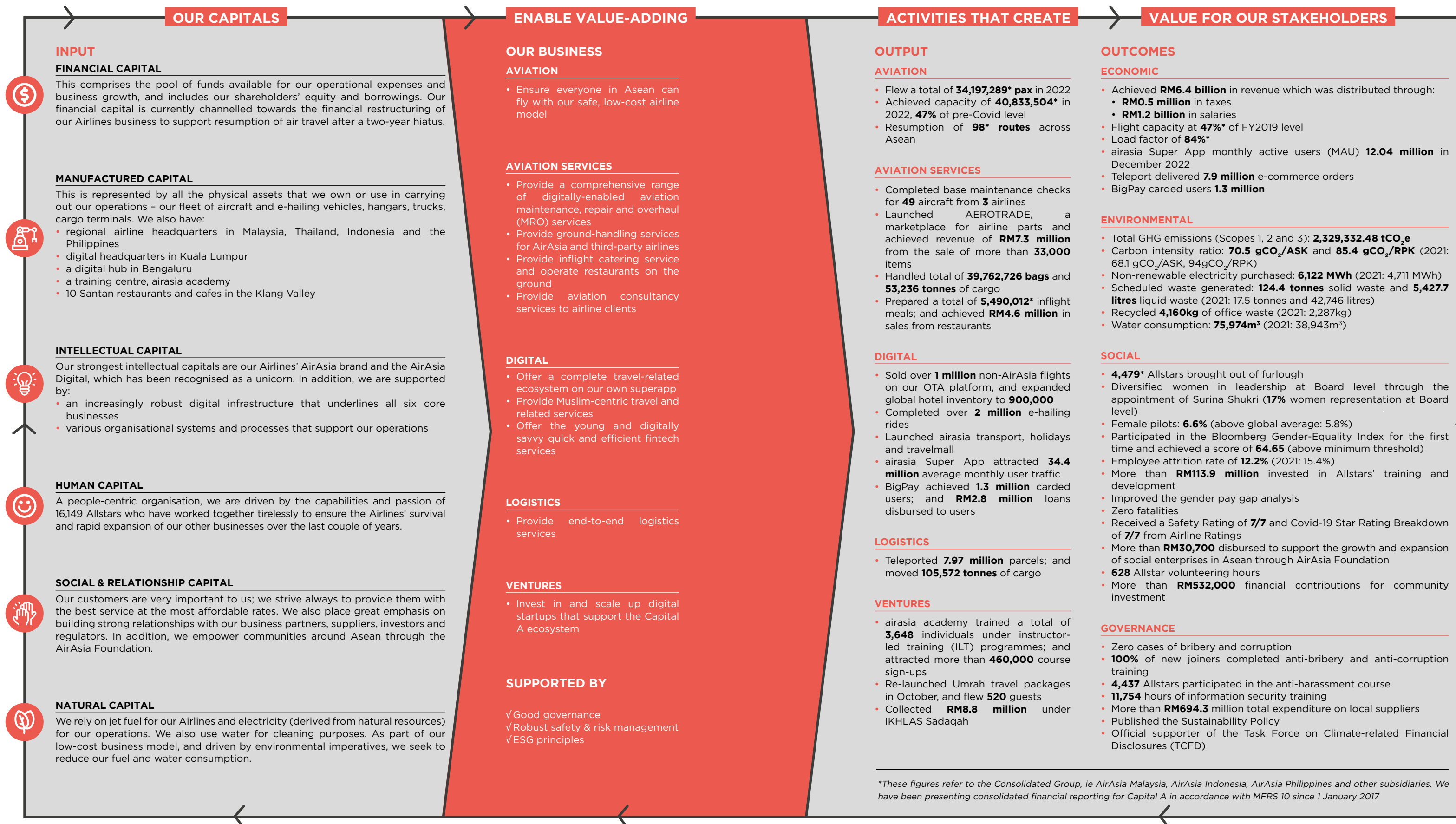
Aireen is part of Capital A's Senior Management. For more information on her profile, please refer to page 37.

Strategic Review

Our Business Model

HOW WE CREATE VALUE

We create value by leveraging our key resources, or capitals – financial, manufactured, intellectual, human, social and relationship and natural – in supporting our key Airlines, Aviation Services, Digital, Logistics and Ventures businesses. Our objective is to democratise services by making them affordable and accessible to everyone. This is premised on reducing our costs so as to pass on the benefits to our customers.



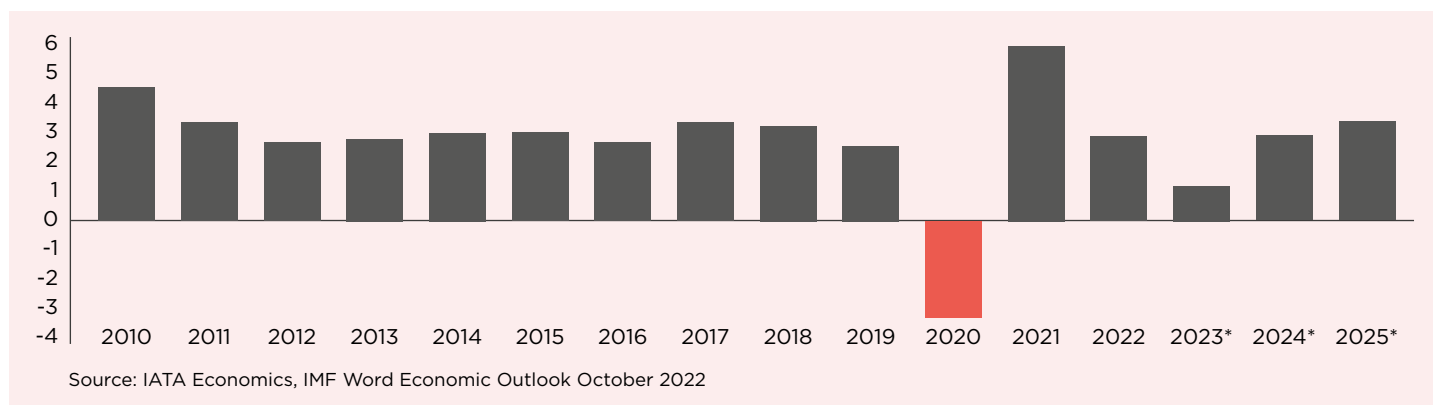
Strategic Review (cont'd)

Our Operating Environment

Our operations and performance are influenced and impacted by various external factors, most pertinently economic growth, regulatory requirements, stakeholder expectations and consumer behaviours. We monitor these macro and microeconomic trends to identify both risks and opportunities which influence our overall business direction and strategies.

STRONG ECONOMIC GROWTH IN ASEAN

Chart 1: Global GDP growth, year-on-year %



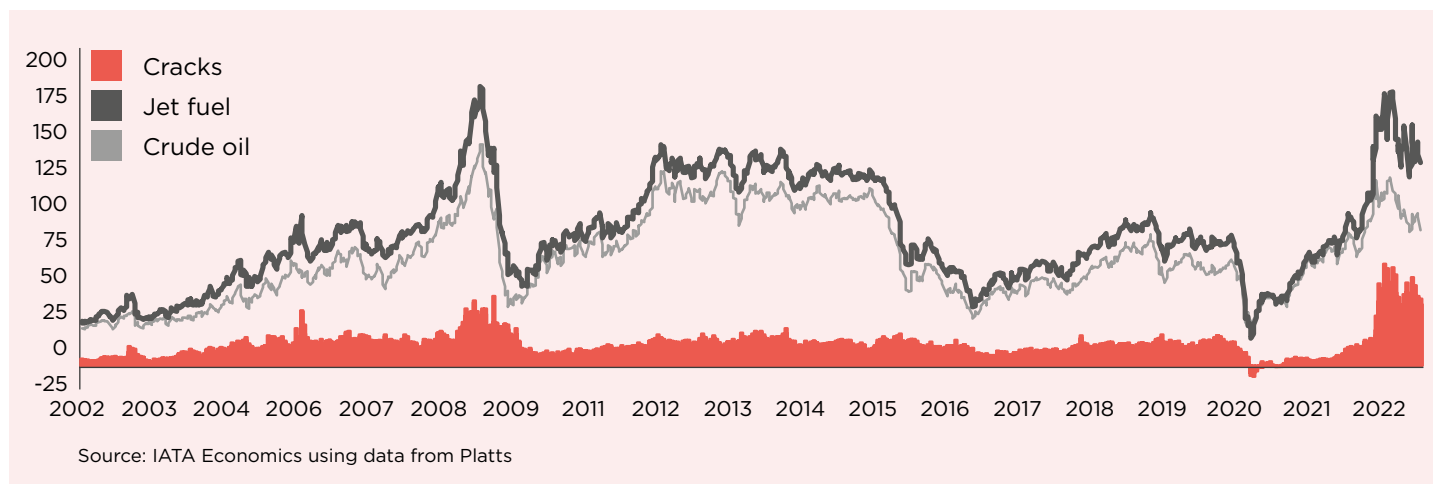
Note: * Forecast number

Global economic growth slowed down to 3.2% in 2022 following a sharp uptick to 6% in 2021 due to various headwinds including recurrent lockdowns in China, Russia's invasion of Ukraine, and widespread inflation. Conversely, Asia as a whole has enjoyed strong growth from a later start in easing pandemic conditions and containment measures, with the economy predicted to expand by 4.2% in 2022, increasing to 4.6% in 2023. Buoyed by robust consumption and tourism recovery, growth in Asean specifically has been forecast at 5.5% for 2022, moderating to 4.7% in 2023.

INCREASING JET FUEL PRICE

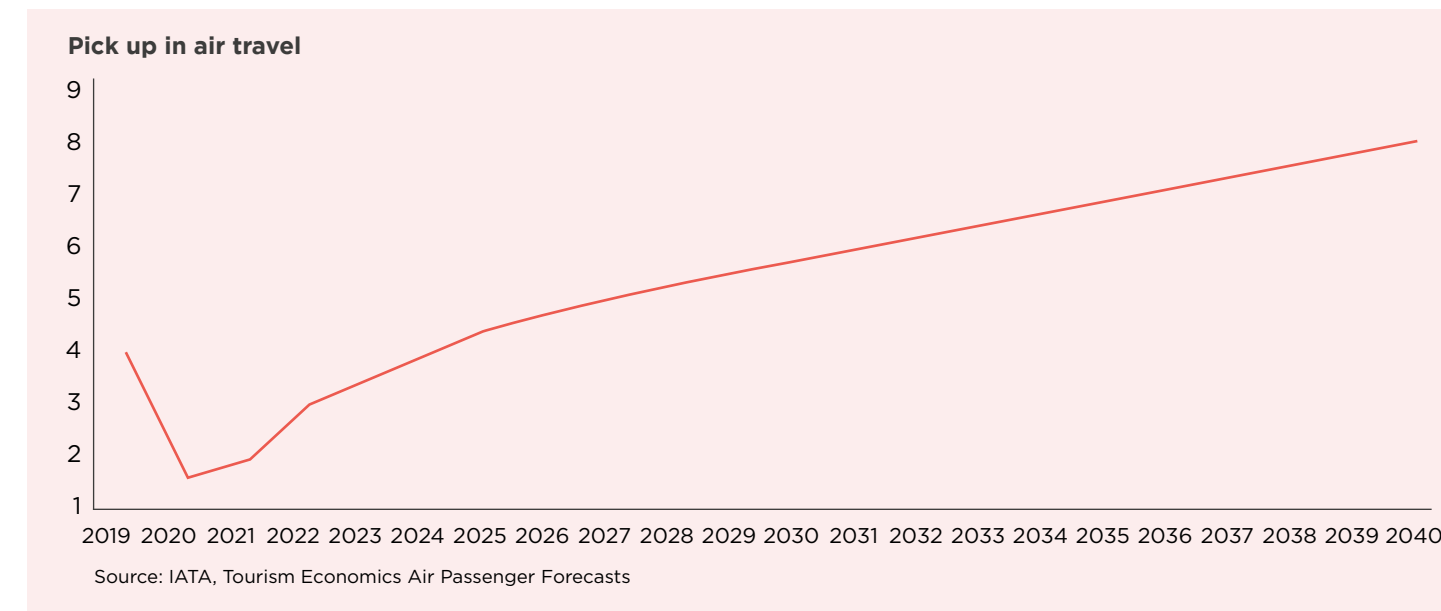
The year 2022 was marked by volatile oil prices, which increased sharply after Russia's invasion of Ukraine which sparked fears concerning stability of its production, subsequently decreasing in the second half of the year as economic contraction curbed demand. For the year as a whole, the Brent price averaged USD101.3 per barrel, the highest in three years and a 42.7% increase from the average of USD71 per barrel in 2021. Aviation fuel prices mirrored this trend, increasing in the first half of the year then decreasing in the second half, averaging at USD138.8 per barrel. The price of jet fuel has been higher than that of crude because of insufficient refining capacity. Net global refining capacity fell for the first time in 2021, but is expected to increase in 2022 and 2023.¹

Chart 2: Brent and jet fuel price, USD per barrel, and the crack spread²



In 2023, oil prices are expected to stabilise, with Brent crude averaging USD92.3 per barrel and jet kerosene averaging USD111.9 per barrel. The premium charged for jet fuel (crack spread) is predicted to remain at near historical highs.³

Chart 3: Global air passengers, past and forecast, billions



The global aviation industry has been recovering since 2021; however recovery in Asia lagged behind some other regions due to a later dismantling of restrictions commencing in 2022, with China maintaining strict Covid-19 policies until early January 2023. Consequently, in 2022, Asia-Pacific saw one of the fastest global recovery rates year on year. In October 2022, airlines in the region carried 440% more passengers than they did in October 2021 with capacity rising 166% and the load factor inching up 39.5 percentage points to 77.7%. IATA expects passenger traffic in the region to recover to about 73% of 2019 levels by end 2022. Although China's reopening will spur further growth of travel in the region in 2023, IATA expects the year to end with total capacity in Asia-Pacific still 25% lower than its pre-pandemic level.⁴

Globally, the air transport industry is expected to post a loss of nearly USD7 billion in 2022 and deliver a profit of USD4.7 billion in 2023. This is significant considering the industry's loss of USD138 billion in 2020.⁵

Sources: ¹ IATA's Global Outlook for Air Transport, December 2022
² The difference between the price of crude oil and the prices of refined products — gasoline and distillates (diesel and jet fuel), is referred to as a crack spread. It is referenced as a crack spread due to the refining process that "cracks" crude oil into its major refined products.
³ www.iata.org/en/pressroom/2022-releases/2022-12-06-01/
⁴ www.flightglobal.com/airlines/how-far-through-recovery-are-asia-pacific-airlines/151405.article
⁵ IATA's Global Outlook for Air Transport, December 2022

Strategic Review (cont'd)

Our Operating Environment

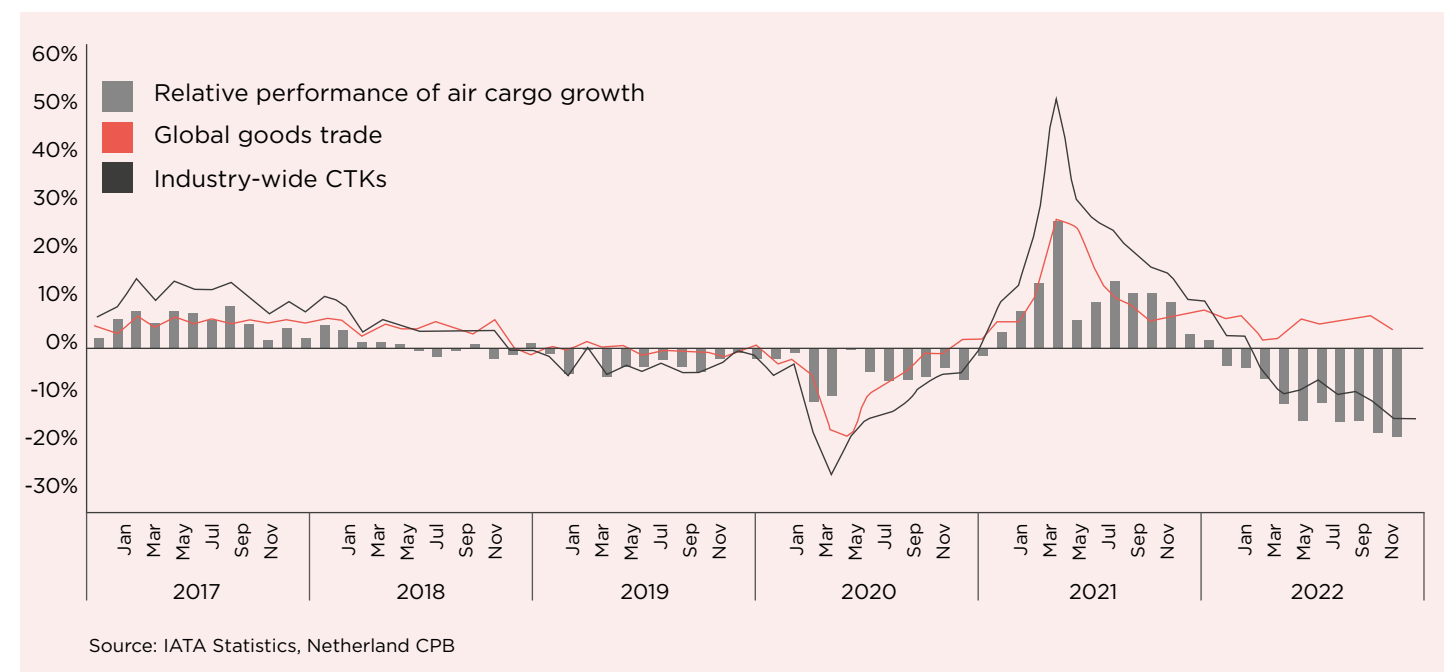
ROUGH PATCH FOR CARGO

Overall air cargo demand, measured by cargo tonne kilometres (CTK), dropped compared to 2019 levels in April 2020, soon after the pandemic broke out. It then rose steadily until Q1 2022 to exceed pre-pandemic levels. Since Q2 2022, demand has dropped but remains close to 2019 levels. Cargo demand in Asia-Pacific has been impacted more than in other regions, mainly as a result of reduced trade and manufacturing activity as well as supply chain disruptions arising from China's zero-Covid policy.

IATA expects CTK to fall by 8% year on year in 2022, and to continue to contract but at a slower rate of 4% in 2023. This is based on expectations of softer global economic growth, higher inflation and interest rates, all of which will affect international trade. In tandem with the drop in demand plus an increase in capacity, cargo yields are expected to decrease by 22.6% in 2023. Nevertheless, yields will still be higher than they were in 2019 following 52.5% growth in 2020, 24.2% in 2021 and 7.2% in 2022. Capacity is set to increase with the delivery of 50 dedicated freighters in 2022 and close to another 50 in 2023.

The e-commerce segment of cargo, however, is expected to continue to increase. IATA estimates that cross-border e-commerce sales will increase 13% year-over-year in 2023, with 80% of the items being shipped by air (e-commerce accounts for 18%-20% of air cargo). Over the next four years, e-commerce retail sales are forecast to grow by 50% to USD7.4 trillion, with Asia-Pacific region leading this growth.

Chart 4: Growth in global goods trade and CTks (% year-on-year)



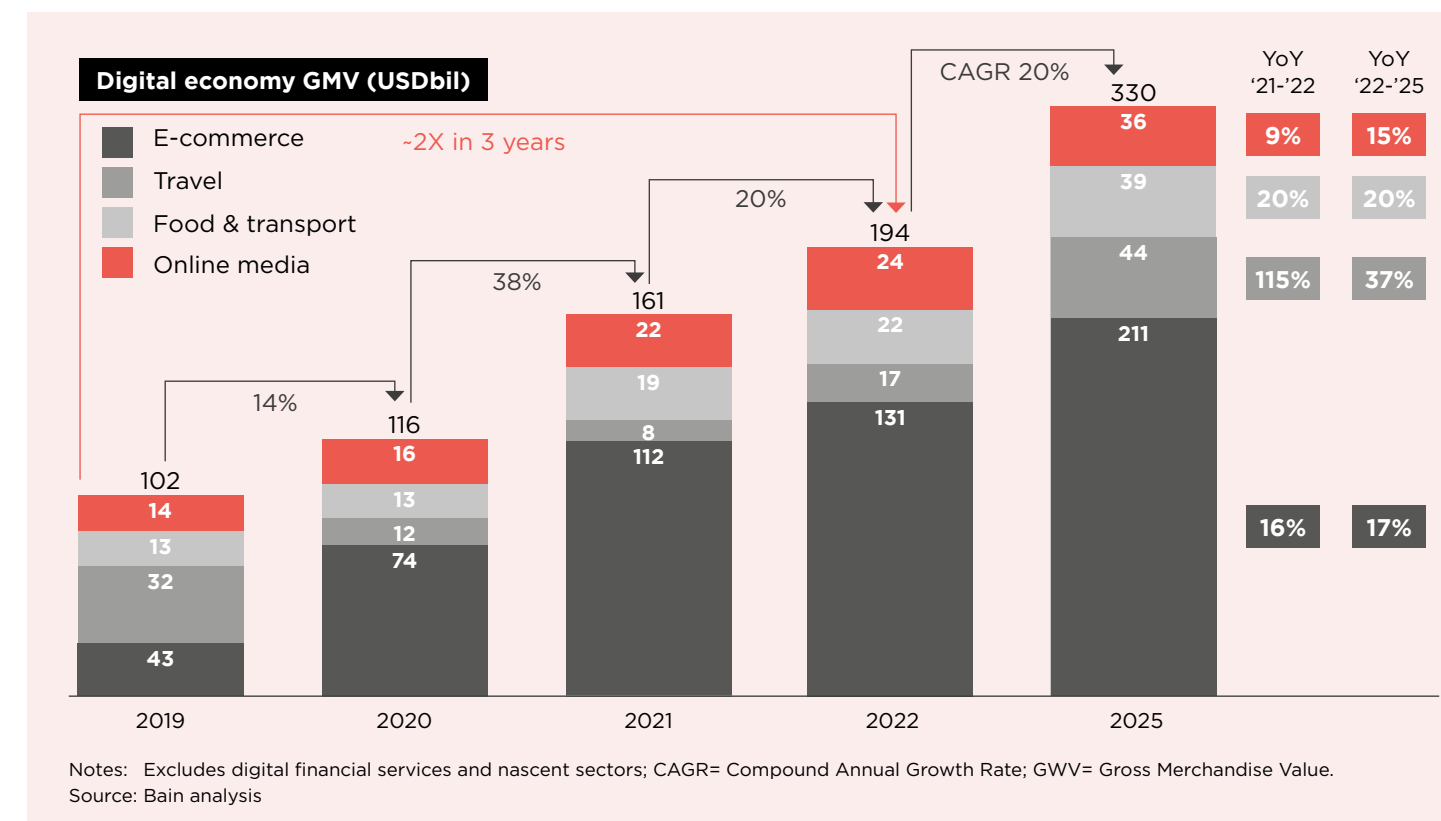
DIGITAL ECONOMY

Despite rising interest rates and inflationary pressure impacting consumer demand, the digital economy in Asean is anticipated to hit USD200 billion in gross merchandise value (GMV) in 2022, three years earlier than expected. The number of people making digital transactions continues to increase, albeit at a slower pace than during the pandemic. An interesting aspect of this burgeoning sector is that investments in digital financial services, or fintechs, has overtaken that for e-commerce. There is also increasing interest in emerging markets such as Vietnam and the Philippines, as well as nascent sectors such as software as a service (SaaS) and Web3. A key challenge moving forward is access to quality talent, and the ability of platform players to reach out successfully to 'budget consumers' and suburbanites.⁶

Key highlights:

- All aspects of digital financing – payments, remittance flow, lending, investment and insurance – have grown as more people are adopting online banking – with payments accounting for the lion's share of activities.
- As offline shopping is returning to normal, there is still scope to increase e-commerce by focusing on underserved segments.
- Food delivery is expected to grow at a CAGR of 13% from 2022 to 2025.
- Ride hailing is expected to grow at a CAGR of 40% up to 2025, with a currently low penetration of only 1%-3% of the total transport market in Asean.
- Online air travel – including airline, hotel and rental bookings – will grow at a CAGR of 37% up to 2025.

Chart 5: SEA's digital economy is closing in on USD200 bil, growing 20% YoY



Sources: ⁶ e-Economy SEA 2022, by Google, Temasek and Bain and Company

Strategic Review (cont'd)

Key Risks and Mitigation

All business operations carry inherent risks. Capital A, having evolved from being a leading Asean airline to a digital travel and lifestyle company, brings along a new set of risks and challenges. The Board and Management of Capital A are committed to maintaining a robust risk culture aligned with the effective management of the Group's risks.

The year 2022 was marked by a resumption of international travel and growth of Capital A's digital businesses, which brought associated risks. Some of the key risks experienced by Capital A are listed below, along with residual risk ratings (1-5) according to their probability of occurrence and potential severity (with 5 being the most severe).

Pandemic Risk: Financial/Liquidity

From mid-2022, the Aviation segment was on a fast recovery path, transitioning in a post-pandemic environment with added impetus from rapid resumption of international travel. While restrictions on air travel, specifically international air travel, continue to ease, AirAsia is still experiencing operating cash flow challenges and operating losses due to the spillover effects from the previous years.

Mitigation:

The Group has outlined restructuring plans to deliver cash flow, undertake cost optimisation, secure fundraising and loans, and negotiate lease/payment terms with vendors. We are also cashing in on pent-up demand for travel and actively strategising our next steps accordingly.

Rating:

★★★★

Cybersecurity Risks

Data is the new oil, ie one of the most critical resources of the Group. However, corporate data is increasingly subject to cybersecurity threats such as ransomware, phishing, data leakage, hacking as well as inside threats. These could cause significant damage and loss to the Group. AirAsia was, in fact, the target of a ransomware attack in late 2022; however, it was only on a system that had been made redundant.

Mitigation:

The Group has a dedicated information security team that focuses on detecting, containing and remediating cyber threats as cyber resilience is a core element of business resilience. We have adopted a robust information security system that revolves around the ISO/IEC 27001 principles and methodology to secure all our systems. Meanwhile, infosec awareness training has been made mandatory for all employees, and penetration tests and source code reviews are performed to ensure cyber resilience.

Rating:

★★★★

Supply Chain Disruption

The aftermath of the pandemic and the current geopolitical situation has put a lot of pressure on the global supply chain. Delays in obtaining aircraft spare parts and equipment required for maintenance works would reduce the rate of aircraft coming out of hibernation while also grounding aircraft that are already operational, impacting the Group's schedule and operations.

Mitigation:

The Group has been working on further enhancing our vendor management initiatives by engaging with key vendors to ensure minimal disruption to the supply chain. The planning and warehouse team constantly monitor their plans and ensure adequate stocks to mitigate operational disruptions.

Rating:

★★★

Safety Risk

As our airlines resume flight operations, once again expanding their routes and attracting greater passenger volumes, our exposure to operational safety hazards will increase.

Mitigation:

Threats and hazards are identified through the Safety Management System, which are mitigated using Root Cause Analysis methodology. The Safety Review Board (SRB) further monitors our processes and procedures to ensure safety targets are met through strict compliance with safety and quality standards. The Safety department captures data regularly for safety risk analysis and improvement via digital tools. Operations and aircraft are subject to routine mandatory safety audits and checks. For the current year, the Group has completed all IATA Operational Safety Audits with the relevant certifications for Malaysia, Thailand, Indonesia and the Philippines - which is the global benchmark for upholding the highest standards of operational integrity at all times.

Rating:

★★

Regulatory Risks

Non-compliance or breach of local laws, regulations, industry guidelines or consumer authority requirements of multiple jurisdictions could lead to operational delays and restrictions.

Mitigation:

The Group's Compliance function has developed a master repository that monitors compliance requirements. This risk is further addressed by maintaining high level engagement with the regulators of each jurisdiction so that all regulatory requirements are adhered to consistently. The Group monitors all local regulatory landscapes for new or amended regulations that affect the Group.

Rating:

★★

Manpower Risks

Recruiting and retaining talent is a universal challenge experienced by many organisations, especially in the digital business. For AirAsia Digital business, this remains a key risk as demand for digital skill sets exceeds supply mainly due to the high pace of technological change in the business environment.

Mitigation:

The Group conducts succession planning, salary benchmarking and job upskilling as part of our talent retention initiatives. Our strong and visible brand, moreover, serves to continuously attract required talent.

Rating:

★★★

Strategic Review (cont'd)

Our Strategy/Blueprint

UNITING ASEAN AND BEYOND

2022 ACHIEVEMENTS

10 KEY PRIORITIES FOR THE NEXT 5 YEARS

2023 FOCUS

Brought back 99% of furloughed Allstars



1 airasia, 1 brand, 1 people, 1 culture



Accelerating high performance culture among Allstars

Introduced Community and SUPER+; integrated airasia rewards into airasia Super App



Full integration of all services onto a single consumer facing platform



Integrate Muslim-friendly travel and lifestyle platform into airasia Super App; increase collaboration between airasia Super App and BigPay

Completed airasia Super App Asean expansion



Connecting and making available our products in all cities across Asean



Expand aviation group into Cambodia; Asia Digital Engineering into Philippines and Indonesia; and Teleport's delivery network coverage

Named World's Best Low Cost Airline for the 13th consecutive year at Skytrax World Airline Awards 2022; Asia's Leading Low-Cost Airline Cabin Crew for the sixth consecutive year and Asia's Leading Low-Cost Airline for the seventh year in a row, at the 29th World Travel Awards 2022; Best IR Website at the IR Magazine Forum & Awards South East Asia 2022; World's Best Low-Cost Airline App 2022 & World's Best Low-Cost Airline Website 2022 at World Travel Tech Awards



Offer the best customer experience across all channels



Introduce Ask Bo to provide a proactive, attentive and hassle-free customer service with personalised experiences

Innovated and enhanced existing systems such as FACES and Super App features to provide seamless travel experience



Be the most efficient in everything we do



Simplify details update process for guests through advanced Ask Bo features; improve airlines' on-time performance

2022 ACHIEVEMENTS

10 KEY PRIORITIES FOR THE NEXT 5 YEARS

2023 FOCUS

Introduced AirAsia Consulting to promote low-cost airline business model to interested clients in the aviation industry



Become the lowest-cost producer in all lines of business



Leverage the return of capacity and airlines' network to optimise cost for non-aviation businesses

Operating loss is decreased by 51% leading to an improvement in the operating profit for FY2022



Grow profits



Fully restore entire fleet of 205 aircraft and aviation services in 2023; digital businesses to capitalise on the return of pre-Covid capacity

airasia Super App achieved 34.4 million average monthly user traffic



Become a top-10 airline globally, driving traffic onto our platform, 75% via our Super App



Drive up conversion rate from new customers to AirAsia customers through low-cost and personalised offerings

Grew learning centre of excellence within Capital A ecosystem through airasia academy; grew our inhouse data consultancy team



Enhance data competencies and capabilities of our people, processes and systems across the Group



Onboard more content providers in airasia academy platform to enable Allstars to access the best courses around the region

Digital businesses continued to record encouraging quarterly performance leading to 14% of revenue contribution from non-airline revenue in 2022



Grow revenue with the aim of achieving 50:50 contributions from our airline and non-airline businesses



Aviation services paired with logistics and digital business foreseen to grow in tandem with return of full capacity in 2023

Strategic Review (cont'd)

Our Strategy/Blueprint



AVIATION

AIRASIA AVIATION GROUP

To be among the Top-10 global airlines and continue to be the best and the largest airline group in Asean

Mission:
To connect over 1 billion people throughout Asean by 2026



AVIATION SERVICES

ASIA DIGITAL ENGINEERING

To be the best & largest Maintenance, Repair & Overhaul (MRO) service provider in Southeast Asia by providing high quality, innovative products and services at competitive rates

Mission:
To provide best-in-class MRO services and the best digital solutions in Asean and beyond

GROUND TEAM RED

To be Asean's first choice ground handling service provider

Mission:

- To create a globally recognised Asean brand through innovation, value and passion
- Maintain the highest quality product, embracing technology to improve productivity and enhance service delivery quality



AIRASIA CONSULTING

Our vision is to be the preferred, world class aviation consulting firm globally, recognised for our commitment in delivering exceptional results that drive growth, profitability and operational excellence for our clients.

Mission:
To provide the best in class consulting services by leveraging our aviation industry expertise, hands-on experience, passion and deep understanding of the low cost airline business.

SANTAN

To be the leading Asean fast food chain, bringing nasi lemak to the world

Mission:
To provide the best value for money Malaysian and Asian favourites including nasi lemak in the air and on the ground



LOGISTICS

TELEPORT

The go-to choice to move anything for everyone in Southeast Asia

Mission:
To move things across Southeast Asia better than anyone else



DIGITAL

AIRASIA SUPER APP

To be the superapp of choice in Asean

Mission:
To connect our customers with everything, everywhere & to provide our customers with value, togetherness, affordability, accessibility and inclusivity

BIGPAY

To be the lifelong best value financial partner for Southeast Asians

Mission:
Giving Southeast Asians the financial services they need to level up their lives, one transaction at a time

IKHLAS

To become the leading global Shariah lifestyle platform

Mission:
To enrich the lives of Muslims through focusing on improving communities, convenience, education, affordability and also support through digitalisation



VENTURES

REDBEAT CAPITAL

To be a venture arm that builds and nurtures new businesses with the goal of enhancing the value of the ecosystem in Capital A

Mission:
To develop, incubate and accelerate leading innovative products and services for the Capital A ecosystem & to transform Capital A Group into a global digital corporation by building businesses through innovations and connecting with tech startups across the globe

AIRASIA ACADEMY

To be the leading edutech provider in Asean

Mission:
Fulfilling all of your education and employment needs on one platform. Disrupting education across Asean

AIRASIA GROCER

To be a RM0.5 billion revenue company by end of 2026

Mission:
Asia's leader in cross-border airflown food trade

Performance Review

Chairman & Group CEO's Statement

RESILIENT PERFORMANCE

Dear stakeholders

Two words characterise our sentiments during the year 2022: relief and gratification.

As we celebrated Capital A's 21st anniversary, we were immensely relieved to see light at the end of the tunnel for our airline business – the reopening of international borders and rapid travel recovery bringing fresh hope that we can put the pandemic behind us once and for all.

Simultaneously, we were gratified by the fact that Capital A has maintained the entrepreneurial spirit that got AirAsia off the ground from the very start. We returned to the skies stronger than ever as more than just an airline; we are now also an aviation services and travel lifestyle group with diversified businesses that leverage off each other and are growing fast in line with the resurgence in air travel.

We have reviewed every aspect of our airline operations to rebuild and recover faster and stronger than others in our category, creating a robust platform for future success. We are once again focused on Asean, our home ground where we have the strongest network, presence and brand. At the same time, embracing the new technology age with greater clarity and vision, we are emerging not only as the World's Best Low Cost Airline 13 years in a row, but also a one-stop super app focusing on travel, industry-disrupting fintech, best-value logistics provider, fast-growing aircraft maintenance provider, online edutech service provider, and more.

With our non-airline segments, we have fine-tuned our business propositions to ensure the creation of optimum value for customers at the lowest possible cost while delivering new revenue streams for the Group. Reflecting the maturity of our operations as well as our commitment to integrity and transparency, we have also appointed independent directors to the boards of each major company in our portfolio, ensuring they create as much value for our stakeholders as they do for Capital A.

Right

DATUK KAMARUDIN BIN MERANUN
Non-Independent Executive Chairman

Left

TAN SRI ANTHONY FRANCIS FERNANDES
Non-Independent Executive Director and Chief Executive Officer



Performance Review (cont'd)

Chairman & Group CEO's Statement

Another very exciting development during the year was signing a joint venture agreement with Sivilai Asia to establish AirAsia Cambodia.

In all, it has been an amazing year that has renewed our faith in everything that Capital A stands for – people, passion and the creation of real value for our customers. It is thanks to our Allstars that AirAsia has survived this pandemic. Their dedication, grit and agility prove yet again that we have what it takes to face any adversity. The fact that our non-airline segments are gaining momentum by the day, with airasia Super App and Asia Digital Engineering (ADE) achieving positive full year earnings before income tax, depreciation and amortisation (EBITDA), is a clear indicator that they are doing what AirAsia has done in the aviation space – democratising services and giving people what they want, always at the best value.

AVIATION: BACK WITH A VENGEANCE

Our airline business is now more streamlined and Asean-centric, following the cessation of AirAsia Japan in late 2020, and the Group relinquishing all equity in AirAsia India in December 2022. Focused on resuming the most popular and profitable routes first, all four remaining airlines based in Malaysia, Indonesia, the Philippines and Thailand have grown quarter by quarter to end the year with very promising results. The Group's load factor for the full year 2022 stood at a healthy 84% while our average fare was RM195. These compare favourably against the load factor of 85% and average fare of RM179 for the full year 2019, indicating a steady return to pre-pandemic performance.

For the year as a whole, we flew 34.2 million guests, 46% of the number flown in 2019, while our total capacity was 47% of that pre-pandemic. As of March 2023, 157 aircraft were activated, of which 142 were back in to the skies, and 15 were spares. We expect all 205 aircrafts to be in service by 3Q 2023. Bullish about the huge rebound in travel, we are also in negotiations to lease 15 additional aircraft. These leased aircraft are in addition to 362 Airbus A321neo aircraft currently in our order book, which are to be delivered from 2024 onwards.

Another very exciting development during the year was signing a joint venture agreement with Sivilai Asia to establish AirAsia Cambodia. Setting up a new airline in Cambodia is something we have been planning

for some years, given the immense potential that a hub in Phnom Penh will have to connect Asean with North Asia. We hope to launch our inaugural flight from Cambodia in the last quarter of 2023, and to fly at least one million guests into the Kingdom of Wonder within the first year, with many expansion opportunities in the region and across Asean.

DIGITAL: GROWING TRACTION

Even before the pandemic, we recognised the value of the data we had accumulated from operating as a digital focused airline for over two decades, and set up a number of businesses leveraging this goldmine. During the enforced grounding of airlines from early 2020 till early 2022, we focused intently on building these businesses. The resurgence of



air travel in 2022 helped to accelerate their growth momentum as all are linked directly or indirectly with AirAsia Aviation Group airlines. Using the same cost-efficient principles we developed with AirAsia, while extracting maximum value from Group synergies, we have been able to offer customers great value as well as quality through these companies. There is huge potential for all of them to become leaders in their respective fields in the future.

We were proud to see airasia Super App capitalising its unique strength of being the only super app in the region to be linked with an airline. The close relationship between the airasia Super App and AirAsia airlines allows it to offer customers best value travel-related deals, from access to thousands of hotels to discounts on airasia ride, to name a few. It's great to see airasia ride perform exceptionally well, completing two million rides within a year of its launch in August 2021, the number increasing to three million by early February 2023. Emulating AirAsia's low-cost model, it offers the lowest rates to passengers in the Klang Valley, and the highest commissions to its drivers. Further disrupting the ride hailing sector, this year we also offered our drivers full-time employment, entitling them to all the benefits Allstars enjoy including the much valued 90% discount on travel with AirAsia.

BigPay is proving to be unstoppable. In 2022, it launched more products catering to the underserved, making financial services more affordable and inclusive. Of note, the personal loan offering introduced in March 2022 was the first in Malaysia to be fully digital, allowing anyone to apply for a loan and have it approved within minutes using the app. To date, BigPay has disbursed RM2.8 million in loans to its users. It also crossed the RM1 billion mark for international remittance during the year.

We flew

34.2
million
guests in 2022

46%

of the
number
flown in
2019

As of March 2023

157
AirAsia aircraft
were activated

FY22 load
factor
84%

Performance Review (cont'd)

Chairman & Group CEO's Statement

RedBeat Capital, meanwhile, has continued to grow numerous start-up companies such as IKHLAS and airasia academy. Set up as a Muslim-friendly travel and lifestyle platform, IKHLAS had to suppress the travel component of its business during the pandemic. When it finally launched its Umrah packages in October 2022, these attracted close to 100% passenger loads on its Jeddah flights due to extremely strong pent-up demand. In 2023, the team expects to fly no less than 30,000 guests to Mecca. IKHLAS performed so well in 2022 that it will soon graduate from RBC and will operate as a subsidiary of airasia Super App. airasia academy's performance has been no less impressive. Starting off as a digital training centre, it is today a content-agnostic edutech platform, bringing together educators and learners in a dynamic marketplace that seeks to democratise learning, making it possible for everyone to be digital savvy in the new technology era. During the year, the number of sign-ups for its courses increased 40 times, which proves the market's appetite for on-demand learning. Serving the underserved is a cornerstone of our brand so it's also great to see how our academy is helping the differently abled to upskill themselves.



LOGISTICS & ENGINEERING

It has also been a phenomenal year for Teleport, our logistics arm, with the return of AirAsia belly space enabling the team to capitalise on its unique advantage - access to the widest air cargo network in Asean, and the ability to move cargo faster and more efficiently than any other player in the

region. Along with the explosion in e-commerce, its business has grown so rapidly that Teleport has now leased a dedicated freighter with three more in the pipeline. This marks a turning point for Teleport which is expanding beyond the AirAsia ecosystem, and beyond our expectations.

We are also very upbeat about Asia Digital Engineering (ADE), which provides maintenance, repair and overhaul (MRO) services to AirAsia and third-party airlines at the best value and quality in Asean and beyond. With the V-shaped recovery in air travel, airlines worldwide have been clamouring to return their aircraft to service, a process that requires them to fulfil complex mandatory checks following the two-year enforced hibernation. ADE was able to capitalise on this demand by increasing its hangar capacity by four lines in 2022; and the number is set to increase with the completion of 14 more lines in KLIA Aeropolis in 2024.

STRONGER FINANCIAL PERFORMANCE

Reflecting the increasing momentum of travel recovery, we achieved a 282% growth in revenue year on year (YoY) to RM6.4 billion, which was a commendable 54% of revenue in 2019. Furthermore, as jet fuel prices stabilised towards year end, our EBITDA for the full year stood at RM48 million versus a loss of RM1.0 billion in 2021.

In the Aviation business, pent-up demand for air travel contributed to an average load factor of 86% in the fourth quarter, exceeding that in the fourth quarter of 2019, at 82%. This, together with a 17% increase in revenue per available seat kilometre (RASK) in 2022 compared to 2021, led to our core business recording a 259% increase in revenue to RM5.64 billion. The improvement in RASK was driven by a 22% increase in average fare for the year to RM195. Improved metrics all round contributed to a positive full-year Aviation EBITDA of RM393 million.

While Aviation's turnaround stole the thunder in 2022, we were very pleased with the uptick in performance of all our non-aviation businesses.

Despite an increase in staff costs with the opening of two new lines for base maintenance in Senai, ADE recorded profits for every quarter in its first full year of operations, ending 2022 with an EBITDA of RM61.4 million. Revenue, meanwhile, grew by 182% YoY to RM286 million. Additionally, Teleport achieved a remarkable improvement in its financial performance in 2022, as evidenced by a reduction in EBITDA losses from RM69 million to RM27 million - with 2023 prospects looking very bright along with China's reopening, full recovery of the AirAsia fleet and delivery of its first A321 Freighter.

airasia Super App has been growing phenomenally, recording positive EBITDA at RM8.1 million on the back of a 167% increase in revenue YoY to RM400 million. This has been supported by the surge in air travel, with flight ticket sales and SUPER+ transactions increasing by the day. airasia Super App has also seen its conversion rate grow to 11%.

BigPay is catching up with the other lines of business, its full year revenue increasing by 48% YoY to RM32 million, backed by a 30% growth in carded users to 1.3 million. This contributed to significant growth in transaction fees and international remittance, the latter hitting RM1 billion in the fourth quarter.

ALLSTARS: ALWAYS OUR HEROES

Recognising that happy staff make happy customers which make happy shareholders, we have always placed Allstars at the heart of everything we do. From the beginning, our vision was to create an organisation that was different, by not just democratising travel but also the way we work. While being selective in bringing on board people who have the passion and drive to contribute to our success, we have also consistently broken down barriers to empower our Allstars, encouraging them to step out of their comfort zones in order to realise their dreams. This has resulted in a can-do culture that has contributed to Capital A's non-stop evolution. In 2022, the same never-say-no attitude saw us emerge intact from the darkest period in commercial aviation history, ready to take off again bigger and stronger

than ever as more than just an airline. We could not have done this without the unrelenting commitment of our Allstars across the region to the success of our ongoing journey.

SUSTAINABILITY: PN17 AND EMISSIONS

Similar to airlines the world over, in the last three years, one of the most critical issues we have had to manage has been our own financial sustainability due to the unprecedented and ongoing effects of the pandemic. Losses from the grounding of aircraft placed Capital A under tremendous financial strain, leading to Practice Note (PN) 17 classification by Bursa Malaysia in early 2022.

Since then, we have been working assiduously on a PN17 regularisation plan. We seek to obtain Bursa Malaysia's approval of this plan by mid 2023, following which we hope to complete the transaction by the end of 2023.

As we return to the skies our sustainability strategy is back on track as a key priority. We will continue to be a leader in the region and support the International Civil Aviation Organization (ICAO)'s Carbon Offsetting and Reduction Scheme for International Aviation (CORSA), which has set the target for the aviation industry to achieve net zero carbon emissions by 2050.

AirAsia has always sought to be fuel efficient as part of our low-cost model, with fuel accounting for about 50% of our operational expenditure. Our

BigPay disbursed

RM2.8
million
in loans

1.3
million
carded users

Our EBITDA for the full year stood at RM48 million versus a loss of RM1.0 billion in 2021.

Performance Review (cont'd)

Chairman & Group CEO's Statement



choice of building a young and single type fleet of Airbus A320 aircraft was partly based on this aircraft family's reputation for fuel and operational efficiency. We are now gradually switching to the new specification A321neo model, which will further reduce our emissions per seat by up to 20%. Supplementing our fuel-efficient fleet, we have been reducing our consumption through various flight-related practices including the one-engine taxi, idle reverse landing and required navigation performance-authorisation required (RNP-AR)

approach. In 2022, when the oil price increased by 70% compared to 2019, we invested in a new aircraft software modification, Descent Profile Optimiser (DPO), which reduces the time spent in descent (a particularly fuel-intensive phase) enabling reductions in the region of 100kg of CO₂ per flight.

To achieve net zero emissions, however, we will need to intensify our carbon reduction initiatives as well as invest in efficient offsetting mechanisms. We are currently focused on numerous

measures including managing the emissions from our supply chain and Allstars' work-related activities, even down to their commute to work and business travel. These indirect Scope 3 emissions require more effort to track, but we have already made numerous initial steps in the right direction. At the same time, we are exploring different forms of carbon credits and will be offering our guests the option of reducing their travel-related carbon footprint through offsetting platforms from the second quarter of 2023.



The outlook for our airlines and all of our associated businesses is looking bright with the pace of recovery established in 2022 set to accelerate in 2023, especially with the opening of China which is one of our biggest and most important markets.

OUTLOOK

Finally we see blue skies ahead. The outlook for our airlines and all of our associated businesses is looking bright with the pace of recovery established in 2022 set to accelerate in 2023, especially with the opening of China which is one of our biggest and most important markets.

To fully leverage the expected spike in travel, we are determined to get our planes back flying as quickly as possible with the entire fleet in the air by the third quarter 2023. After more than two years of travel restrictions, we are already experiencing huge pent-up demand which we are confident will continue throughout the year. Together with a general capacity shortage in the market, we expect to enjoy very healthy load factors as well as increasingly higher and more rational fares. All else being equal, this should lead to Capital A building on our fourth quarter performance in 2022 to end 2023 in a much better position.

This will be supported by continued growth of all our other businesses within the Capital A ecosystem, with all the companies creating greater

synergies by supporting each other. airasia Super App and BigPay for example will collaborate closely to offer guests unbeatable hotel and airline rates. Teleport will continue to leverage our belly space to ride on the e-commerce boom. After ensuring AirAsia aircraft are returned to servcability as soon as possible, ADE will shift its focus to third-party airlines, capitalising on the new approvals it has obtained to broaden its customer and revenue base around Asean.

Meanwhile, having invested in numerous digital systems and innovations, flying with AirAsia will be more contactless, convenient and seamless. Our guests' satisfaction continues to be our top priority. Accordingly, we will do what it takes to bring back their trust and confidence in AirAsia's commitment to delivering the very best in terms of safe, affordable and on-time service consistently.

Business Review

AVIATION

Our airlines reside under two main entities - AirAsia Aviation Group Limited (AAAGL) and AirAsia Berhad (AAB), together known as the Aviation Group. AAAGL is the holding company for AirAsia Indonesia (IAA), AirAsia Philippines (PAA) and AirAsia Thailand (TAA). Meanwhile, AirAsia Malaysia (MAA) is operated under AAB.

AirAsia is not only the largest low-cost Asean airline, we are also the world's best low-cost airline as voted by customers 13 years in a row, connecting close to 700 million people in the region with each other. Prior to the pandemic, we were operating 243 aircraft out of six country bases and flying over 83 million guests in a year. In the two Covid-19 years during which aviation ground to a standstill, we reviewed every aspect of our operations to focus on Asean, our home ground where our brand and network foothold are strongest. Today, as borders have reopened, we are taking to the skies again with a more robust platform for future success from four country hubs - Malaysia, Thailand, Indonesia and the Philippines.

2022 OVERVIEW

The opening of international borders in 2022 has seen a V-shaped recovery for the aviation industry. Although this has been a boon to airlines, taking to the skies after a long hiatus comes with its own challenges. Many global airlines are facing a workforce shortage following lay-offs, while the queues for maintenance are growing due to the sheer volume of aircraft requiring the necessary checks. Added to this, oil prices have been volatile and increasing.



For the year as a whole, AirAsia flew a total of

34.2 million
guests

Whilst impacting many other airlines globally, for AirAsia, the workforce shortage was not an issue as we had only laid off a minimal number of pilots and cabin crew while ensuring those with us kept current with their training during the downtime. Some Allstars were upskilled and reskilled to support other areas of the business, such as customer service and Capital A's digital businesses. As at the end of 2022, about 99% of our flight crew were back flying once again. In anticipation of a continued increase in demand, we have resumed the induction of second officers and will recommence our cadet pilot programme in early 2023. We are also actively organising cabin crew recruitment drives across the region.

In 2022, the oil price averaged at USD139 per barrel, a 56% increase from 2021. We are managing the higher price environment through strict cost control measures as well as increasing yields, boosting our ancillary offerings and leveraging other lines of business. Driven by necessity, for the first time since 2015 we have also re-introduced a fuel surcharge. Ancillary revenue increased by 413% year on year (YoY) to RM952 million, while the fuel surcharge led to a 22% increase in average fares. Nevertheless, bookings continue to grow due to significant pent-up demand as reflected in a 17% improvement in revenue per available seat kilometre (RASK). For the year as a whole, AirAsia flew a total of 34.2 million guests, 343% more than in 2021. While capacity increased by 278% YoY, our passenger loads also increased, from an average of

72% in 2021 to 84% in 2022. Overall, our capacity has reached about 65% and 25% of pre-Covid capacity for domestic and international flights respectively. We aim to hit pre-Covid levels before end 2023.

To overcome the bottlenecks in aircraft maintenance facilities, we are using the services of as many MRO operators as possible and have succeeded in operationalising a total of 126 aircraft across the Group, compared to 74 at the end of 2021. While returning our full fleet into service, we continue to prioritise the most popular and high-margin routes to achieve profitability as soon as possible. We are already heading in the right direction, with our aviation group achieving its first positive EBITDA since the pandemic, and maintaining the upward trend till year end.

Our guests have always been our priority, and we continue to innovate to enhance their experience. During the year, we rolled out the use of our facial biometric recognition system FACES across more guest touchpoints and launched our new AI powered chat bot Ask Bo, an improved version of AVA, to answer guests' queries and help them enjoy a seamless journey.

Determined to expand our footprint and connect even more places in Asean, we signed an agreement with Sivilai Group of Cambodia to set up an AOC in Cambodia, where we are already the largest operating foreign airline. We are currently working on all the necessary approvals and expect to start flight operations out of Phnom Penh in the last quarter of 2023.

Business Review (cont'd)

Aviation

OPERATIONAL HIGHLIGHTS

- Healthy load factor of 84% in FY22, alongside an average fare of RM195, 22% higher YoY.
- Carried 34.2 million guests in FY22, resulting in an available seat kilometre (ASK) of 29,196 million, recovering 39% of pre-pandemic levels.
- Flew a total of 209 routes connecting 106 destinations with a balanced mix of domestic and international routes.



AirAsia Malaysia

Air travel in Malaysia picked up as of 1 April 2022, when borders were re-opened for those vaccinated. Focused on resuming routes that were the most profitable while looking at new underserved routes, MAA ended the year flying to 65 destinations, of which 48 were international. It is operating 53 aircraft at the end of December and expects to be flying its entire fleet of 100 aircraft by 3Q23.

Key Initiatives & Achievements

- No. of guests carried increased by 435% YoY to 16.8 million (2021: 3.1 million) and overall capacity increased by 384% YoY to 20.1 million (2021: 4.1 million).
- FY22 load factor of 84% (at par with pre-Covid levels), with several international routes achieving load factors >90% such as Penang-Indonesia and Kuala Lumpur-Chiang Mai.
- Integrated FACES with Malaysia Airports Holdings Berhad (MAHB)'s single token biometric solutions EZPaz, enabling guests who have enrolled with FACES to use MAHB e-gates and passenger reconciliation system (PRS) at boarding gates.



AirAsia Indonesia

It has been a year of significant recovery for IAA, which has seen a revival of travel for tourism, business and studies. To capture this demand, IAA has reopened all of its most popular domestic and international routes while launching nine new domestic routes. It is also continuing to build on its charter business, and enabling guests to benefit from the Group's digital innovations.

Key Initiatives & Achievements

- Ended the year with the same number of domestic routes (20) as pre-Covid, and 71% of the pre-Covid number of international routes (2022: 17; 2019: 24).
- Achieved 65% of pre-Covid domestic capacity, and 30% of pre-Covid international capacity, resulting in a total capacity that was 43% of pre-Covid.
- Introduced self check-in and booking through the airasia Super App.



AirAsia Philippines

As travel restrictions rescinded, PAA stoked demand for domestic travel while reinforcing the AirAsia brand by partnering stakeholders to organise tourism fiestas, using these to open up new holiday destinations such as Roxas and Dumaguete. To facilitate international travel, it kept potential travellers informed of changing travel requirements. As a community-centric airline, PAA also ramped up its corporate responsibility programme alwaysREDy: anytime, anywhere. Overall, it was a year of rekindling relationships to create win-win outcomes with various stakeholders.

Key Initiatives & Achievements

- By year end, PAA was flying 15 aircraft (2019: 24 aircraft, 2021: 6 aircraft), achieving a pre-pandemic aircraft utilisation rate and a higher load factor of 89% than in 2021 (80%) and even 2019 (88%).
- Reactivated 26 pre-Covid routes and introduced five new routes.
- Flew a total of 4,219,552 guests, close to quadruple the number flown in 2021.
- Launched the airasia Super App, which will stimulate greater travel demand.
- Launched the Stellar Awards, recognising media, industry and celebrity partners who support the aviation and tourism industry.



AirAsia Thailand

As demand for travel started accelerating from 2Q22, TAA has been able to capture a significant share of the domestic market to regain its leadership in this segment. International travel, however, continued to be affected by China's prolonged zero-Covid policy which effectively shut its doors to inbound and outbound tourists. Making up for this loss, TAA trained its focus on the second largest Asian market, India.

Key Initiatives & Achievements

- Regained 29% of the domestic travel market, flying a total of 7,938,962 domestic guests (2021: 2,913,271).
- Re-launched six routes and introduced one new route to India, achieving an average load factor of 86% to these destinations.
- By year end, was flying a total of 33 domestic routes (2019: 34) and 34 international routes (2019: 61).
- As at end-2022, was flying 42 aircraft from a total fleet of 54 aircraft (2019: 58 aircraft, 2021: 25 aircraft).
- Total seat capacity in 2022 was 11.9 mil (2021: 4.3 mil; 2019: 26.1 mil).
- Achieved an on-time performance of 92%.



Business Review (cont'd)

Aviation



OUTLOOK

The outlook for 2023 is very promising for AirAsia Airlines, particularly with the reopening of China, a strengthening of Asean currencies against the US dollar and an expectation of lower oil prices. While we have made a good post-pandemic start in 2022, we expect to build on the momentum in 2023 and achieve pre-pandemic levels across the most important key metrics such as capacity, route network, number of operating aircraft and passenger load factor in the coming year. This will be reflected in a return to profitability as soon as possible.

We look forward to launching AirAsia Cambodia, which will give us greater access to the domestic Cambodian market while connecting the country to other markets across Asean, North Asia and beyond. We also plan to introduce some exciting longer-haul routes such as Istanbul. All of this will be achieved without the delivery of any new aircraft from Airbus. We still have 362 aircraft on order, mainly for the fuel-efficient and bigger capacity Airbus A321neo, which will gradually replace our entire fleet allowing us to deliver greater efficiencies and an enhanced guest experience. These will be delivered in phases starting from 2024.

While waiting for our new specification fuel-efficient aircraft, we will push ahead with other initiatives planned as part of our sustainability agenda. We have announced our commitment to becoming a net zero organisation by 2050 and will be forging ahead with our strategy moving forward.

AVIATION SERVICES

Asia Digital Engineering (ADE)

ADE is a digitalised aviation maintenance, repair and overhaul (MRO) player established in September 2020, leveraging more than 20 years of experience in engineering expertise from the world's best low-cost airline: AirAsia.

2022 OVERVIEW

Based in KLIA, our base maintenance hangars are strategically located in KLIA and Subang, both in Selangor; and, as of 2022, in Senai, Johor. We aspire to establish ourselves as a prominent MRO provider in the region via an integrated facility spanning over 380,000 square feet at KLIA which is currently under construction. While offering a comprehensive suite of traditional MRO services, namely Engineering Maintenance Services (EMS), Engineering Support Services (ESS), and Component & Warehouse Services (CWS), ADE differentiates ourselves with significant focus on industry leading digital technology, led by Digital & Innovation Services (DIS) as an enabler to provide high value added products and services to customers. We aim to synergise our operations under one digital ecosystem to enable an enterprise-wide solutions package that will benefit our internal operations and our customers' user experience. Currently our digital ecosystem of products comprises an aviation B2B marketplace, an aircraft health monitoring application and a productivity management solution.

Unlike other businesses in aviation, the MRO segment was not severely impacted by the pandemic because aircraft, though grounded, were still required to undergo routine checks and maintenance. Nevertheless, once air travel recovered in 2022, demand for MRO services rocketed. Airline customers also expected quicker turnarounds as competition to get aircraft flying again intensified.

Fortunately, we had used the downtime in flying in 2020 and 2021 to upskill our engineers, enhancing their capabilities to undertake increasingly more intensive checks, and completing them efficiently, in good time. In 2022, we continued to build on our capabilities, both in MRO and the digital space, to meet market demand.



Business Review (cont'd)

Asia Digital Engineering (ADE)

Key Initiatives

- We expanded our hangar capacity from three to seven, with the addition of two lines each in Subang and Senai. We have also started construction of 14 lines in KLIA Aeropolis, which are expected to be completed in 3Q 2024.
- In the digital space, we launched AEROTRADE, a marketplace for airline parts, and our productivity management application CASCADE while soft-launching the aircraft health monitoring app ELEVADE.
- We have also started to work on securing the approvals from Boeing in order to expand the scope of our service offerings to include the Boeing 737 (for line maintenance) in addition to the Airbus A320 and A330 family aircraft. We expect to get the Boeing 737 line maintenance approval by 2023.
- To overcome an industry shortage of licensed aircraft engineers, we partnered with a leading cadet training school establishing a steady pipeline of talent.
- CWS and ESS have started to serve AirAsia's AOCs and third parties. CWS is also making use of AEROTRADE to sell its surplus inventory.

Key Achievements

- Secured several country approvals including India, Nepal and Singapore, bringing our network to seven countries, ie Malaysia, the Philippines, Indonesia, Cambodia, India, Nepal and Singapore.
- Conducted our first six-year C check.
- Performed base maintenance for Transnusa Airlines and Himalaya Airlines, line maintenance for Scoot, and engineering support for Pakistan International Airlines.
- Onboarded more than 30 companies – airlines, MRO players and part distributors – onto AEROTRADE, which was 100% developed inhouse.
- Soft-launched ELEVADE, the aircraft health management application.

LOOKING FORWARD

As we finalise a USD100 million financing programme, we seek to accelerate our growth in 2023 via enhanced capabilities and product range as well as securing a broader range of service approvals. Among others, we are expanding our digital offerings to include EDUCADE, a learning management platform; and ACTIVATE, a document management system. We are also working to establish ourselves as a Virtual and Augmented Reality (VR and AR) training services provider to the aviation industry. Geographically, we will look to begin line maintenance operations in the Philippines, Indonesia, Cambodia and Bangladesh.



Aviation Services: Ground Team Red

Ground Team Red (GTR), established in late 2017, provides ground handling services for AirAsia and third-party airlines. We operate out of 16 airports across Malaysia, offering Guest Services, Baggage Services, Ramp Services, Load Control & Flight Operations, and Cargo Services.

2022 OVERVIEW

Demand for ground-handling services increased significantly in 2022, in tandem with recovery of the aviation industry. This required service providers such as GTR to rapidly ramp up our resources and coordinate effectively with various stakeholders, including airport authorities, to ensure handling procedures adhere to revised travel protocols. The cargo sector also grew, albeit at a slower pace than in 2021, partly as a result of the availability of more passenger aircraft belly space across the industry.

Key Initiatives & Achievements

- Leveraged effective forecasting and judicious reviews to manage our ramp-up activities efficiently.
- Focused on quality standards to meet travellers' service delivery expectations.
- Fine-tuned our plans to construct new cargo terminals in Penang and Kota Kinabalu, the latter which is targeted to be completed and operational in early 2024.

OUTLOOK

The positive recovery trajectory is expected to continue as more aircraft return to the skies. Leveraging the growth in demand, we will resume our expansion plans by building more cargo terminals across key Malaysian airports, developing our customer base, and growing our business verticals. Given the positive outlook, we are optimistic of strong financial performance in 2023.



Business Review (cont'd)

Aviation Services: Santan

Santan is our inflight catering business which started ground operations in 2019 through owned and franchise outlets. We currently have seven Santan Restaurants and three Santan Cafes, all in the Klang Valley.

2022 OVERVIEW

The reopening of borders in April 2022 delivered a drastic increase in demand for inflight food and beverage, while the dismantling of social restrictions saw more customers walk into our restaurant outlets. While these were positive developments, it required Santan to quickly restore SOPs and ramp up central kitchen food production capacity amid a global manpower shortage and inflationary pressure on the price of raw materials. In our outlets, However, we continued to improve our operational efficiencies and menu variety, leading to a strong financial recovery.

OUTLOOK

Ramping up our menu and products in line with guest feedback in 2022 has prepared us well for a full comeback in 2023. At the same time, we stand to benefit from the cost-efficiency initiatives implemented which will go a long way towards maximising profits despite tight manpower controls. In our restaurants, we will continue to improve our menu and operations to perfect our recipes and service, while exploring even more sales channels to make Santan an even stronger household name.



Key Initiatives & Achievements

- To boost restaurant sales, we are expanding into the retail business space and have made available Santan products at convenience stores while also supplying the inflight sales channel.
- Ran a campaign for nasi lemak on-the-go, placing the product from our restaurants in convenience stores and inflight.
- In December, AirAsia Malaysia closed RM9.9 million in F&B sales, breaking our record for the highest inflight revenue per passenger at RM5.20.
- Santan achieved RM8.7 million in gross profit for the year.



Aviation Services: AirAsia Consulting



Established in 2021, our new aviation consulting arm leverages AAAGL's vast experience, best-in-class performance and expertise to offer a wide range of services to clients and partners in the aviation industry.

These services include: new airline start-up and entry into service support, airline consulting and business plan development and operations consulting (ie fuel efficiency programme, on-time performance and turnaround time optimisation, etc).

AirAsia Consulting made its debut in the international space in 2022 providing consulting services to support the launch of Fly Dhaka, a new low-cost airline based in Bangladesh.

Business Review (cont'd)

LOGISTICS

Teleport

Established in 2018 by integrating the belly capacity of all AirAsia airlines under one network, Teleport is building a leading air logistics platform to connect Asean on top of the unused belly space of wide- and narrow-body AirAsia aircraft.



key advantage, namely AirAsia belly space. During the pandemic, when aircraft were grounded and belly capacity was restricted, we shifted towards the passenger-to-cargo (P2C) model and strengthened our on-ground capabilities to offer first-to-last-mile e-commerce delivery solutions. Today, as we refocus on mid-mile logistics leveraging AirAsia, we are ensuring capacity on key lanes by collaborating with partner airlines and other freighter operators, allowing us to connect cargo and shipments from key production hubs such as Hong Kong to primary and secondary cities such as Jakarta and Medan. The results speak for themselves. We now serve 15 of the top global players and recorded close to 900% increase in parcels teleported. This is an impressive achievement despite cargo volumes showing a decline year on year for intra-Asean and intra-APAC markets (by 13% and 16% respectively), and the e-commerce industry volume showing a slower growth rate of 6% from the previous year in Malaysia.

Importantly, reflecting our resolute determination to capture the market at scale, Teleport have achieved notable improvement in the company's financial performance, with losses significantly reduced as compared 2021.

With our presence in Malaysia, Thailand, Indonesia, the Philippines, India, Singapore and China, we strive to become the preferred player for the fastest and most efficient air logistics solutions across Asean. Our goal is to "teleport it" across Asean faster and more affordably than anyone else.

Zalora; and, as of 2022, consumers. We assist our customers in moving everything from hard freight and large volume cargo such as machinery to small parcels for e-commerce and consumers – between airports and end to end – tailored to their requirements.

Today, we proudly serve three key segments – global freight forwarders such as Kuehne Nagel, Nippon Express and Maersk; e-commerce marketplaces Shopee, Lazada and

2022 OVERVIEW

The year marked a rebound for Teleport, with the recovery in air travel allowing us once again to access our

Key Initiatives

- Experience gained from operating the P2C model during the pandemic gave us sufficient insights to supplement our extensive passenger belly network with the induction of three Airbus A321 Freighters (A321F). The new freighters, each with a capacity of 27 tonnes, are to be delivered in stages between 2023 and 2024 to cater for strong forecast demand.
- We initiated interlining partnerships with players such as Emirates, Lufthansa, Air New Zealand and Etihad Airways.
- Extending our mid-mile advantage through the AirAsia network to a wider audience, we introduced a consumer-to-consumer service called Teleport Pink. This affordable and easy-to-use next-day international parcel delivery service was launched with the Kuala Lumpur to Singapore lane, and will be extended across many more lanes throughout Asean.
- We invested in a pre-Series B partnership with Kargo Technologies, connecting its trucking network to our infrastructure to expand our mid-mile capabilities beyond air cargo in Indonesia, where reliable access to road network infrastructure plays a critical role in the ability to deliver seamless logistics connectivity for customers.
- Returning to our original model, we have wound down the domestic on-demand delivery business developed during the pandemic to focus on what we do best, namely optimising air logistics solutions for our customers.

Key Achievements

- Teleported 7.9 million parcels of which 5.5 million parcels (2021: 1.2 mil) were delivered from West to East Malaysia, testifying to the strength of our network reach and accessibility in East Malaysia.
- Moved 105,600 tonnes of cargo (2021: 101,200 tonnes) and grew our intra-Asean cargo market share from 2% in 2021 to 11% at the close of December 2022, inching very close to the current market leader with approximately 15% of the pie.¹
- The top 15 global freight forwarders made up approximately 17% of our total cargo revenue as of December 2022.
- Expanded our e-commerce ground delivery capabilities with 17 hubs in Malaysia, eight of which are in East Malaysia and two each in Singapore and Bangkok, achieving over 99% ground network coverage in Malaysia, Singapore, Thailand and Jakarta, and 46% coverage in the Philippines.
- Raised USD50 million in funding through large institutional credit investors to support the expansion of our on-ground operations in Indonesia, the Philippines and Malaysia; and to further invest in technology to strengthen our cross-border delivery capabilities in all key Southeast Asian markets.

- Achieved a significant enhancement in 2022 financial performance with a decrease in EBITDA losses from RM69 million to RM27 million.

LOOKING FORWARD

The operating environment in 2023 is expected to be challenging for logistics players due to an anticipated economic slowdown. Nevertheless, we believe the best way to prepare for the challenges ahead is to leverage various opportunities to attain market leadership in 2023.

Three things are expected to play in our favour. Firstly, AirAsia is likely to have its entire fleet flying before the end of 2023, enabling us to realise its network advantage for the first time since prior to the pandemic. In addition, we will be inducting three A321F freighters, and further expanding our capacity in partnership with other airlines. Secondly, China's earlier-than-expected reopening is expected to stimulate trade and cross-border e-commerce movement regionally. Lastly, since our model is already profitable, we will be aggressively consolidating market share in an environment where others may be focused on reducing their cost structure or burn rate.



Business Review (cont'd)

DIGITAL

airasia Super App

Established in 2020, airasia Super App is now an online travel agency (OTA) that not only offers travel products but also a wide range of lifestyle services that are relevant to travellers. We are the only super app to be linked to an airline, let alone the world's best low-cost airline with the most extensive network in and beyond Asean.

We continue to attract many non-AirAsia users across our travel and lifestyle super app platform – for example ride hailing passengers and travellers who book on FlyBeyond – who represent a captive audience to cross-sell seats on our AirAsia airline.

We have a very strong Travel vertical ecosystem which not only offers flights on AirAsia, but also some 700 third-party airlines (on FlyBeyond). Furthermore, we intend to develop this vertical by linking all of our affiliated other lines of business with Travel to become the most comprehensive lifestyle super app. Our Delivery vertical, for example, is anchored on airasia ride, which started off as another e-hailing service but is now pivoting towards supporting and complementing the Travel ecosystem. With comprehensive data on flight take-offs and landing, we know just when to offer our ride hailing service to guests. Similarly, airasia food was launched as a delivery service when air travel was suspended. Now, we are shifting our focus to be more of a discovery service, enabling travellers to search for the best local delicacies or restaurants in their vicinity, especially in key tourist destinations

such as Bangkok, Kuala Lumpur, Bali and more.

As a highly social organisation, we are also developing a third vertical – Community – to connect like-minded people and provide a space for them to share their interests. Community is a key engagement tool, creating a strong base of followers who are drawn by our content, information and entertainment; and who eventually are likely to become AirAsia guests. Binding the entire ecosystem together is airasia rewards, where members can earn and spend airasia points across all products and services offered on the broad-based travel and lifestyle platform.

We are extremely proud of the super app which has been built completely inhouse, and has transformed what was previously AirAsia's web into one of Malaysia's top rating unicorns.

2022 OVERVIEW

The economic recovery and resumption of travel in 2022 were positive developments for airasia Super App, especially for our Travel vertical which benefited from a

surge in the number of bookings. Capitalising on demand, we launched SUPER+, offering unlimited travel for a year on all AirAsia AOCs for a fixed fee. This product proved incredibly popular, attracting a phenomenal pick-up rate. While all our lines of business performed well, travel and ride were the clear stars, the latter growing significantly as we provide our drivers unbeatable perks and fees. Notably, we created a first in the industry and region, by offering our airasia ride drivers and airasia food delivery riders full-time employment.

A key challenge for airasia Super App has been the perception that we are just an airline app. To create awareness of our broader range of travel-related products and services, we ran a number of campaigns drawing users' and consumers' attention to our delivery and community services. We also extended our geographic reach by completing our Asean expansion plan, opening in Thailand in February, the Philippines in April and Indonesia in December.

The team's efforts during the year were rewarded by a YoY monthly active users (MAU) growth of 76%



from seven million in December 2021 to 12.4 million in December 2022, while the total number of transactions grew by 99% from three million to 19.9 million. Financially, the year marked a milestone as we achieved a positive EBITDA in FY2022 with RM8.1 million.

TRAVEL

Key Initiatives

- Onboarded over 65 direct airline partners onto our OTA platform, while increasing our flight inventory to 700 global carriers through other partners such as Kiwi.com, Travelport and more.
- Further developed the OTA infrastructure to ensure the best user experience with the objective of converting up to 30% of passengers to hotel booking customers as well.
- Launched airasia transport in October 2022, allowing users to book tickets for buses, trains, and ferries. As of January 2023, this service is available in Malaysia, the Philippines, Indonesia and Singapore.
- Launched two versions of SUPER+: SUPER+ Asean in March 2022, and the SUPER+ Unlimited Lite (short-haul flights only) and SUPER+ Unlimited Premium (including AirAsia X long-haul flights) in December 2022.
- Launched airasia Travelmall in Malaysia, the Philippines and Indonesia featuring over 15,000 duty-free and other items. Guests can now pre-book duty-free products before their flight and either have their purchased items delivered to their seats while flying or personally collect them at designated locations in airports.
- We have also engaged with numerous third-party duty-free players to list their products on our platform. These products can be collected from our duty-free partners' airport outlets, in addition to the two channels mentioned above.

Business Review (cont'd)

Digital: airasia Super App

Key Achievements

- Sold over one million non-AirAsia flights via our OTA platform in 2022, with close to 20% of bookings on our OTA platform being routes that are not operated by AirAsia.
- Attracted over 124,000 subscribers to SUPER+ in 2022, with over 620,000 flight redemptions made.
- Grew our hotel inventory to over 900,000 via direct-sourced hotel partners across the region, as well as channel managers and aggregator partners.
- Achieved a beat rate of 80%, meaning that 80% of OTA rates offered on the super app are the lowest offered by any platform.

DELIVERY

Key Initiatives

- Announced full-time employment for airasia ride and airasia food delivery riders who meet all the requirements.
- Offer discounts on airasia ride for travellers who book flights on the super app – another way in which the super app is adding value to Capital A.
- Completed airasia ride expansion across all states in Malaysia where AirAsia the airline operates, as well as to Bangkok and Bali.
- Introduced a cross-border feature so that guests returning from overseas can book their rides home in advance. The service is currently available in Malaysia and Thailand, and soon in Singapore followed by the Philippines.

- Introduced intercity food delivery under airasia food, starting in Thailand (from Chiang Mai and Phuket into Bangkok) in early 2022, followed by Malaysia (from Penang into the Klang Valley) in August.

Key Achievement

- In August 2022 airasia ride completed two million rides within a year of operations in Malaysia; as of January 2023, it is approaching three million rides.

COMMUNITY

Key Initiatives

- We announced airasia Republic in December 2022, a community space where members will be rewarded for their activities – from booking flights, hotels or rides to ordering food or engaging in one-to-one conversations with friends and family – through a gamified experience.
- Partnered COOP Marketing Group, a South Korean mobile voucher industry leader, to launch airasia gifts, the first cross-border mobile gifting feature by a travel superapp.
- Partnered with GoPro to produce inspired travel content featuring Asean destinations.
- Continued to build airasia chat, which now has 20 interest-based community groups. About 80,985 users have joined communities and exchanged an average of 3,199 messages monthly.

Key Achievement

- airasia chat's average MAU stands at 805,946, representing a healthy 28% conversion of users who visited airasia Super App to use airasia chat.



AIRASIA REWARDS

Key Initiatives

- Launched Super members' week campaign every third week of the month offering special redemption rates and increasing bonus points by 5x for each transaction across the platform.
- Added four new partners onto our points exchange platform: DTAC and Krungthai Bank from Thailand, GetPlus from Indonesia, and United Overseas Bank.
- Introduced Milk Coins into our exchange ecosystem via MiL.k app in partnership with Korea's blockchain-based loyalty platform.
- Continued to innovate to be the universal points hub powered by blockchain technology, enhancing airasia xchange from two-way conversion to three-way conversion, reinforcing airasia points as a universal digital loyalty currency.

Key Achievements

- 4.5 million new members signed up during the year, leading to our total membership crossing 29 million, while active members grew by 2.3x year on year.
- About 30%-40% of total revenue is from third-party partners.
- Strong FY2022 EBITDA performance, maintaining three consecutive years of positive EBITDA.

LOOKING FORWARD

airasia Super App has made great strides in the last couple of years, and we expect to continue to build on the momentum as the travel market opens further. There is much potential to dial up the super app in secondary markets to become the leading travel super app in Asean. At the same time, we are eyeing Australia as a potential base, given the strong travel links between Australia and Indonesia. We are also exploring Korea and Japan, and will definitely roll out our platform in Cambodia, to complement AirAsia's new AOC. Supporting our growth will be a continuously enhanced portfolio of products as well as user experience combined with the lowest priced quality travel inventories.



Business Review (cont'd)

Digital: IKHLAS

IKHLAS is Capital A's Muslim-friendly travel and lifestyle platform offering convenience, affordability and accessibility for Muslims to perform their religious obligations as well as enhance their Shariah-compliant lifestyle.

Under our travel platform, we organise packages for Umrah as well as leisure travel to destinations that are popular with Muslims, such as Seoul, Busan, Bali, Phuket, Bangkok and Krabi.

Our lifestyle platform, meanwhile, comprises mainly digital access to faith-based practices such as qurban and zakat as well as other Shariah-compliant services including aqiqah, fidyah and sadaqah. Under 'Shop with IKHLAS', we also offer more than 1,000 products such as prayer paraphernalia, groceries, fashion, books, jewellery and household items.

2022 OVERVIEW

The reopening of international borders in 2022 meant that IKHLAS could finally put into motion the travel plans that had been developed at the time of our inception at the end 2019, pre-pandemic. The year was therefore a watershed as it saw our inaugural Umrah flights take off, all with more than 90% passenger loads, given huge pent-up demand after an enforced two-year hiatus. At the same time, we continued to build on our religious services, which have gained traction.

Key Initiatives

- Signed an agreement with AirAsia X to sell tickets on its flights to Jeddah starting November 2022.
- Held an official re-launch of our travel packages in October 2022, to create visibility of our Muslim-centric brand and travel service offerings.

- Working to transform our app into an Islamic pocket companion, where people can look for halal food, religious events and destinations - everything related to a halal lifestyle.
- Partnered with hotels in Jeddah to accommodate the surge in number of guests.

Key Achievements

- Flew 520 guests during the year, and target 3,000 guests by end February 2023. We already have bookings for 2,000 guests for January and February.
- Collected a total of RM8,820,925.31 under IKHLAS Sadaqah, enabling us to distribute 102,025 meals and support 81,558 families.
- Performed 6,919 qurban (sacrificial ceremonies) in 35 countries, distributing the meat to 36,753 families.



- Collected RM14,655,286.00 in total zakat, which was distributed to marginalised families.
- Collected a total of RM568,440.00 in fidyah.

LOOKING FORWARD

Given the incredibly high demand for Umrah packages, we are extremely positive about our outlook for 2023, and are targeting to carry no less than 30,000 guests during the year. Catering to more discerning travellers, we are working on a new portfolio to enable them to customise their packages, choosing their dates, hotels, etc. This is to be launched by 3Q 2023.

Meanwhile, we will continue to grow all our other Muslim-friendly lifestyle and travel offerings and explore more travel destinations, including Tokyo, Istanbul, as well as cities in Asean and China.

We also expect to establish a presence in Indonesia in 3Q 2023, enabling us to tap into the world's largest Muslim population. To further expand our zakat service, we will be appointing direct agents to serve the Negeri Sembilan, Kedah, Perlis and Kelantan markets.

Digital: BigPay

BigPay Group, established in 2017, is a Southeast Asian fintech that gives Southeast Asians the financial services they need to level up their lives, one transaction at a time.

We offer a Visa prepaid card, local and international money payment and transfers, micro-insurance, mobile phone top-ups, bill payments, budgeting tools, and more. We currently serve over 1.3 million users in Malaysia and Singapore and are expanding into other Asean markets. Our laser-focus on providing transparent, simple and secure digital financial services has contributed to BigPay becoming one of the fastest-growing fintechs in the region.

2022 OVERVIEW

Despite various macroeconomic challenges, including inflation and the increase in interest rates, the year was extremely successful for BigPay. Having secured up to USD100 million in investment from SK Group at the end of 2021, we were able to scale up our operations, improve our technology infrastructure, launch more products, and prepare for market expansion. We ended the year with strengthened key metrics in terms of user numbers, average revenue per user (ARPU), and gross profit margins, enjoying 10 straight months of revenue growth from March onwards. Celebrating five full years of operations, we reviewed our user base, identified their needs, then developed products fulfilling their requirements.

Key Initiatives

- Launched the first-of-its kind fully digital personal loan in Malaysia to unlock credit for over 40% of first-time creditors within three months. Leveraging our data-based credit scoring, we offer competitive interest rates, with applications and approvals under minutes. The loan dashboard



features a repayment schedule with a transparent breakdown of repayment instalments and an auto-payment option for ease of repayment.

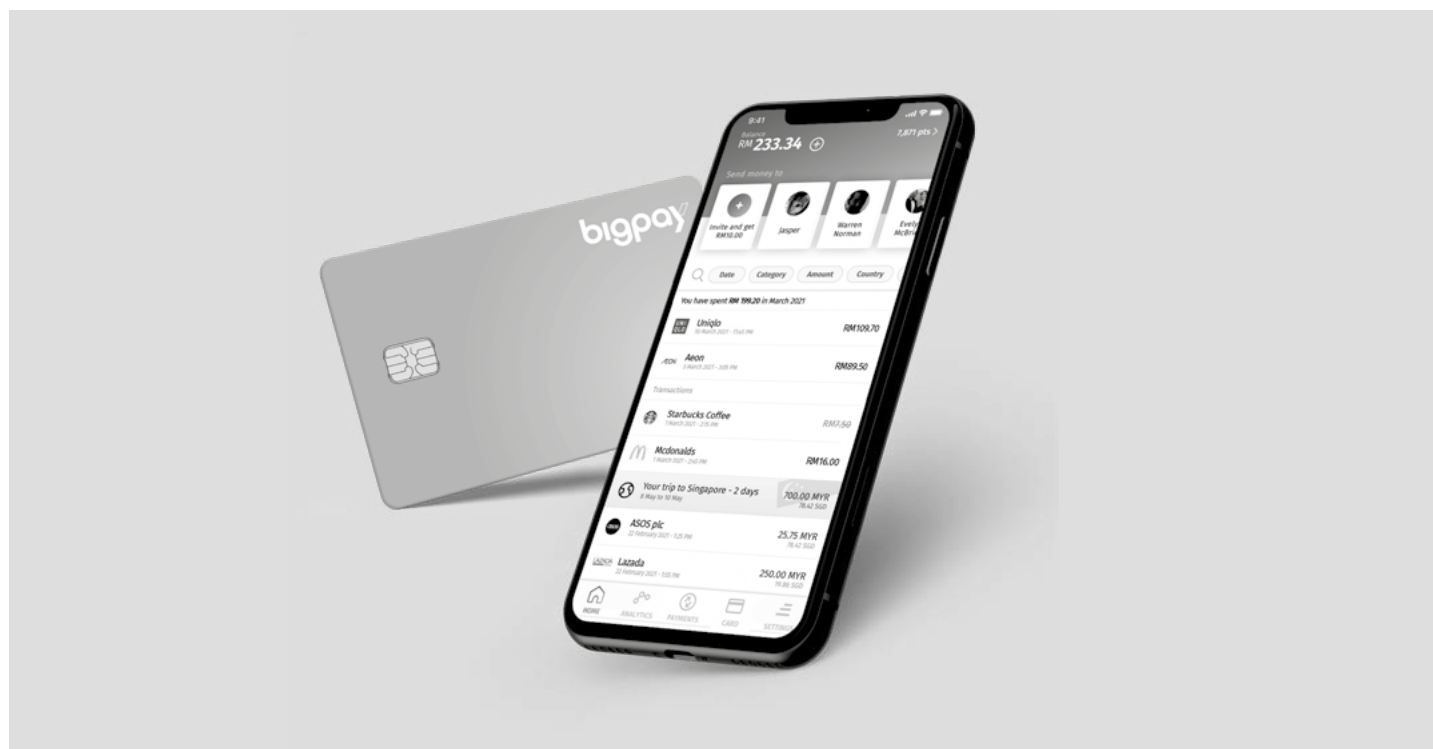
- Launched Stashes to provide users a simple way to reach their saving goals by simply rounding up their payments to the nearest ringgit and transferring the difference into their personalised Stash. Within the first month of launch, BigPay users accumulated over 100,000 Stash and round-up transactions.
- Partnered with TripleA, licensed by the Monetary Authority of Singapore (MAS), to introduce Crypto top-up, a new top-up method for BigPay Singapore users

to conveniently convert their crypto assets into cash to spend via their BigPay cards.

- Added 38 new remittance corridors across the United Kingdom and Europe, including France, Germany, Italy, Belgium and Spain. In November 2022, BigPay's international remittance feature crossed RM1 billion in gross transaction value (GTV).
- With ever-accelerating growth in our user base, we continuously enhance our security features while educating our customers on fraud prevention to significantly reduce account takeover cases.

Business Review (cont'd)

Digital: BigPay



Key Achievements

- We have been successful in sustaining our growth while maintaining focus on our discipline to build a healthy and sustainable model to drive strong profitability for our shareholders. We have a good trajectory in the coming quarters, and hope to further accelerate this as travel rapidly approaches pre-pandemic levels.
- BigPay was selected by the Malaysian Government to be one of the official e-wallet partners for the ePemula initiative, where users can claim RM150 ePemula credit and up to additional RM1,500 of bonus offers from AirAsia, airasia academy, Zalora and more.
- BigPay was awarded three new services to our Major Payment Institution (MPI) licence, issued by MAS for account issuance service, domestic money transfer, and e-money issuance service in Singapore.
- Increased our user base by 27% year on year to 1.3 million carded users.
- Increased our ARPU by 85% and our total revenue by 47% year on year.
- Received approval from the Ministry of Finance for an e-money licence to launch BigPay in Thailand.

LOOKING FORWARD

2022 has seen us set our foundations to further accelerate our growth in 2023. As we take BigPay to Thailand, our potential user base will more than triple from slightly over 30 million to over 100 million. Concurrently, as travel takes off, we will be collaborating more intensely with the AirAsia ecosystem to provide travellers with seamless payment and other financial services they need. We will continue to innovate and find new ways to be the most accessible and supportive financial partner for Southeast Asians looking to level up their lives.

VENTURES

RedBeat Capital

RedBeat Capital (RBC) was established to build and nurture startups with the goal of eventually incorporating them into the Capital A ecosystem.

Through these startups, we aim to develop innovative products that contribute towards the Group's transformation into a global digital corporation. To date, RBC has achieved success stories with airasia Super App, BigPay, Teleport and IKHLAS, with IKHLAS soon to graduate from RBC to operate as a subsidiary of airasia Super App.

Currently, the companies with greatest visibility within the RBC fold are our edutech platform airasia academy and food marketplace airasia grocer. Both have been growing from strength to strength over the years, and made significant progress in 2022. airasia academy became operationally profitable while airasia grocer experienced rapid expansion to connect food markets across Asean.



Business Review (cont'd)

Ventures: airasia academy

airasia academy started out as a tech reskilling and upskilling institution to build a talent pipeline feeding into Capital A's ecosystem.

We subsequently opened up to the public to help address the dearth of tech talent in Malaysia, critical to success in IR4.0. Today, we have created an innovative marketplace that brings together educational institutions and on-demand learning (ODL) content providers catering to learners of all ages and backgrounds. To assist our business partners – academic institutions, government agencies and corporations – to track and better manage their learning and development processes, we also offer a Learning Management System (LMS). Our goal is to democratise learning, making it accessible and affordable for everyone.

2022 OVERVIEW

airasia academy's growth increased exponentially in 2022. Starting the year

with 12,000 plus signups, we ended with more than 473,000 signups, performing full reskilling for over 1,000 individuals. This growth stems from filling a gap in the education sphere. Having discovered an inherent need for easily accessible and affordable education, we have fine-tuned our business model to meet this in the most cost-effective manner.

Key Initiatives

- Streamlined our product offerings to enhance profitability by converting various instructor-led training (ILT) programmes and courses, including the BINA digital programme and Digital Fundamentals pre-reskill programme, into fully on-demand learning. Hence ILT now focuses on premium face-to-face reskilling

(with programmes such as Data Analytics, Software Engineering, Digital Marketing, Cybersecurity, Cloud Infrastructure), while ODL is growing rapidly with inhouse courses as well as content from third parties. The latter includes well-known names such as the Asia School of Business (ASB), ECornell and UNITAR International University (UNITAR). ODL also includes niche courses in Halal certification, leadership, soft skills development and even tuition classes for Standard 1 to Form 5 students.

- Implemented features such as course consumption tracking and automated assessment to ensure sufficiently high interactivity on the ODL platform to make the transition from ILT feasible.
- Launched our LMS, which consolidates learning taxonomies and paths into a single platform, making it highly beneficial to corporates and academic institutions.
- Launched #RatuTech campaign to reduce the gender gap within the nation's tech workforce. Close to 200 women from marginalised backgrounds have been successfully reskilled all over the country.
- Started Job Placement services, resulting in strong confidence from funding bodies providing scholarships for students.

Key Achievements

- Secured numerous large-scale reskilling contracts from government agencies such as MOSTI, MOHE, Yayasan Peneraju Pendidikan Bumiputera, SCENIC, MBlnc and SDEC; and private companies including Etiqa.

- More than 80% of our graduates have entered tech professions with the rest running their own businesses or furthering their studies. The participants' average income uplift ranges from RM1,500 to RM6,000 per month.
- Encouraging performance with consistent growth throughout the year.

LOOKING FORWARD

The focus in 2023 will be to stimulate further growth of our LMS and ODL offerings. The onboarding of numerous institutions as bulk subscribers as well as opening to all content providers will allow subscribers to get the best courses from around the region in a one-price-covers-all edu-buffet. We are also exploring business expansion opportunities within the Asean region.



Business Review (cont'd)

Ventures: airasia grocer

The idea of airasia grocer germinated during the pandemic when farmers were unable to sell their produce due to logistics and distribution disruptions.

Leveraging Capital A's extensive land and air connectivity, and with the support of the Ministry of Agriculture and Food Security (MAFS), we stepped in to provide the missing links. From connecting primary producers such as farmers and fishermen to retailers, F&B outlets and consumers, we are now a full-blown food trader bringing together importers, distributors, supermarket chains, hotels, restaurants, central kitchens and non-governmental organisations (NGOs).

2022 OVERVIEW

The year 2022 marked significant growth for airasia grocer as demand for food picked up, and the re-establishment of regional flights allowed

us not only to serve Santan, AirAsia's inflight caterer, but also to capitalise on Teleport services to feed an expanding export customer base. A key development was the re-emergence of the business segment, which had been severely curtailed during the pandemic, with sales via this channel increasing almost six-fold from a monthly revenue of about RM175,000 to about RM1 million. To cater to this segment, we opened new markets in Penang, Kota Kinabalu, Sandakan, Tawau, Kuching, Miri, Bintulu and Labuan, as well as further afield in the Maldives, Hong Kong and Singapore. Meanwhile to streamline operations within the Capital A ecosystem, we shifted our business to consumer (B2C) segment to airasia food. With sharpened business focus, we were able to increase our gross margin to 11.5%.



Key Initiatives

- Established partnerships with World Food Chain and Hyundai Corporation to develop the Singapore and Korea markets, respectively.
- Obtained sole distributorship for cakes and brownies in Borneo from Dejavu.
- Expanded the market for Perlis' famed Harumanis mango from East Malaysia previously to include Singapore and Hong Kong.
- Created a new line of export for frozen satay, anchovies, Sabasco to Hong Kong.
- Secured the licence to import and export fruits, vegetables and seafood; and to store and trade rice, flour, sugar, cooking oil and alcohol.
- Signed a Letter of Intent (LOI) with the Indonesian Trade Ministry to explore cross-border trade to and from Indonesia.

- Went live with our Alibaba platform in June 2022, greatly enhancing lead generation.
- Established partnerships with various NGOs to serve underserved communities.

Key Achievements

- Utilising warehouse at full capacity by also supporting Santan, inflight and airasia food's weekly inter-city delivery operations.
- Hit RM1 million sales in July and maintained this monthly level until the end of the year.
- Obtained licence to import meat into Sabah, provide warehousing services for rice, flour and oil, and export seafood.
- Built a strong network of large retail buyers in East Malaysia.

LOOKING FORWARD

airasia grocer is looking to build on the momentum of growth established in 2022 to further deepen our domestic and regional networks leveraging the best rates from Teleport. Our focus will be to grow our buyer base while establishing import channels from countries such as Indonesia, Thailand and Vietnam. As our current warehouse in Petaling Jaya, Selangor, is rapidly reaching full capacity, we plan to open a second warehouse in Kota Kinabalu, Sabah, to cater for the growing Borneo and North Asia markets. In collaboration with the Ministry of Agriculture and Food Security and with the support of MATRADE we also look forward to expanding our export business into markets like China, India and UAE. As we have done with Harumanis, we seek to develop another five hero products as well as introduce co-branded products to build the airasia grocer brand and enhance our visibility across Asean.



Introduction

(GRI 2-1, 2-2, 2-3)

ABOUT THIS REPORT

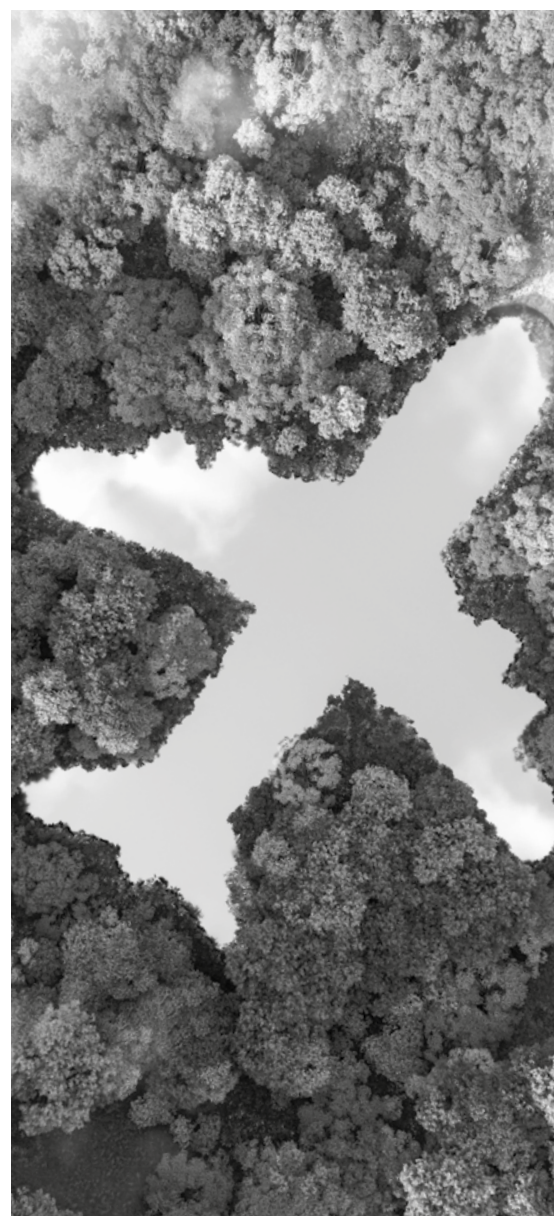
Capital A Berhad (Capital A or the Group)'s Sustainability Statement 2022 marks the 10th year of our sustainability journey and provides a retrospective view of our achievements and the challenges we face.

This report provides an overview of our economic, environmental and social (EES) approach, performance and achievements to create long-term sustainable value for our stakeholders. We demonstrate our ability to diligently manage pertinent sustainability risks and opportunities that impact our business operations and stakeholders.

This year, we are reinforcing our foundations and commitments through the introduction of our sustainability strategy, the Sustainability Redbook, which outlines the Group's sustainability objectives and direction in the short, medium, and long term. We also expanded our reporting scope to include more lines of business (LOBs) to better reflect the Group's performance. To strengthen our commitment in climate-related disclosures, we are officially a supporter of the Task Force on Climate-related Financial Disclosures (TCFD). Overall, the Report provides detailed information on our progress and achievements in our journey to create long-term sustainable value for all.

Reporting Framework & Guidelines

This Report was developed based on sustainability guidelines and standards including Bursa Malaysia Securities Berhad (Bursa Malaysia)'s Main Market Listing Requirements on Sustainability Statements in Annual Reports with guidance from its Sustainability Reporting Guide (3rd Edition). We have also prepared this report with reference to the Global Reporting Initiative (GRI) Standards.



Other frameworks and guidelines taken into consideration include:

- FTSE4Good Bursa Malaysia (F4GBM) Index
- Dow Jones Sustainability Index (DJSI)
- Task Force on Climate-related Financial Disclosures (TCFD)
- United Nations' Sustainable Development Goals (UN SDGs)

Reporting Scope and Boundaries

This Report covers the sustainability performance of Capital A and its subsidiary companies for the reporting period of 1 January 2022 to 31 December 2022, unless stated otherwise. Throughout the report, the terms 'we' or 'the Group' refer to Capital A while each subsidiary is referred to by its own name, and the airlines collectively are referred to as 'AirAsia'. Where relevant and available, this Report provides comparative historical data.

Disclosures for airlines only include AirAsia Malaysia (MAA), AirAsia Indonesia (IAA) and AirAsia Philippines (PAA). AirAsia Thailand (TAA) is not included in this Report for consistency with the financial reporting scope. For more information on TAA's sustainability performance, TAA has a standalone sustainability

report that readers can find on its website: www.aavplc.com/en/document/sustainability-reports

All monetary values in this report are expressed in Ringgit Malaysia (RM), consistent with the Malaysian Financial Reporting Standards.

Forward-Looking Statements

This report contains forward-looking statements which reflect the Group's expectation of future value creation as well as financial and non-financial performance. Such forward-looking statements are based on current assumptions and circumstances which could change, hence necessarily involve uncertainties. Unforeseen events and risks may arise beyond the Group's control, leading to actual results differing from those stated in the forward-looking statements.

Assurance

To ensure the accuracy and integrity of our disclosures, this Report has been reviewed by Capital A's Sustainability Working Group (SWG), and endorsed by the Board of Directors. The Board has, further, validated the Report's relevance to the Group's business and performance. Moving forward, we aim to obtain internal assurance from our Group Internal Audit department to

further strengthen the credibility of the Sustainability Statement.

Contact Us

In order to continuously improve our reporting and sustainability efforts, we welcome all feedback, ideas and comments from our stakeholders. Please direct enquiries, feedback or comments on Capital A's Sustainability Statement 2022 via the following email: sustainability@airasia.com.

ENVIRONMENT

SOCIAL

GOVERNANCE

Introduction (cont'd)

Our Sustainability Journey

2002

- AirAsia goes ticketless
- Employed first female pilot, Captain Janet Chen Nyuk Jin

2003

- Extension of cabin crew retirement age to 55 years

2005

- First batch of cadet pilots completed their two-year training programme
- Received first Airbus A320neo that reduces carbon intensity by 15% per seat
- Launched mobile bookings

2006

- First in the region to have Airbus A320 full-flight simulators at the new AirAsia Academy
- Hosted first EU-Malaysia civil aviation safety conference

2007

- Employed first inhouse counsellor

2008

- Introduced ambulift facility for guests with limited mobility

2010

- Introduced self check-in kiosks

2012

- AirAsia Foundation established to contribute to Asean community-building
- First airline in the world to operate the Airbus A320 with Sharklet wingtips that boost lift and reduce emissions

2013

- Launched Malaysia's first baggage self-tagging service
- First to adopt the Required Navigation Performance Authorisation Required (RNP-AR) procedure to cut short landing approaches

2014

- Raised USD2.17 million through 'To Philippines with Love' campaign to aid reconstruction efforts in Typhoon Haiyan affected areas
- Introduced INTERPOL's I-Checkit system to enhance international travel security
- Launched onboard Wi-Fi service to increase connectivity

2015

- e-boarding pass available for all flights

2016

- First airline in Asean to fly the Airbus A320neo aircraft, saving up to 666 litres of fuel per flight

2017

- Launched anti-human trafficking training, #KnowtheSigns
- Introduced electronic flight bags to cut paper weight onboard, thus saving 1.3kg of fuel and 4.2kg of CO₂ per flight

2018

- Opened a creche at RedQ to support Allstar parents
- Launched Malaysia's first airport facial recognition system, Fast Airport Clearance Experience System (FACES)
- Debuted newer and lighter Mirus Hawk seats that avoids 200 tonnes of carbon dioxide emissions per aircraft per year

2019

- Received the first Airbus A321neo, the latest generation aircraft that reduces carbon intensity by 20%
- Launched artificial intelligence (AI) powered chatbot, AVA, to improve the customer experience
- Published the Group's Environmental Policy
- Opened the first social enterprise hub, Destination GOOD

2020

- Listed on FTSE4Good Bursa Malaysia (F4GBM) Index for the first time
- Revised and strengthened the Anti-Bribery and Anti-Corruption Policy

2021

- Announced goals towards net zero carbon emissions by 2050
- Formation of the Risk Management and Sustainability Board Committee (RMSC)
- Aligned with the Task Force on Climate-related Financial Disclosures (TCFD) for the first time
- Published the Group's gender pay gap analysis and Anti-Harassment Policy

2022

- Appointed first Chief Sustainability Officer
- Became an official TCFD supporter
- Published the Group's Sustainability Policy and Sustainability Redbook
- Scored above threshold in first submission to the Bloomberg Gender Equality Index
- Introduced Digital Trip Files to reduce paper printing and manual workflow on the ground

ONWARDS
#Never Stop

Introduction (cont'd)

Looking to the Future with Our Sustainability Redbook

(GRI 2-22)

The year 2022 marked a cornerstone for Capital A where we faced the challenges of resuming operations whilst advancing our efforts towards sustainability. Despite various obstacles, we remained resilient and adaptable moving forward as the world started to open up.

Through the years, we have progressively laid the foundations to embed sustainability in our business by implementing initiatives to address our material matters, strengthening our information security and cultivating sustainability knowledge among our Allstars. This year we broadened and deepened our agenda by incorporating sustainability practices into our strategic priorities.



We developed the Sustainability Redbook, a short and medium-term plan, which sets out our economic, environmental and social objectives and goals until 2035. This will serve as a guide towards delivering positive value for Capital A, the environment, our people and communities in which we operate. We champion the idea of doing more with less to drive the message of positive sustainable action using the resources we have.

Our Vision

Be the brand for sustainable business setting industry standards to strengthen our competitive advantage

Our Mission

Think (and be) sustainable by integrating sustainability into our corporate DNA

Our sustainability roadmap is underpinned by six strategic drivers:



The Sustainability Redbook was designed to complement the Group's business strategy. The Redbook, outlining a roadmap to achieve our sustainability objectives. We have set internal time-bound targets for key environmental and social material areas in order to measure and track our progress towards our goals. As the sustainability landscape is dynamic, the Sustainability Redbook is a living document that will be continually updated as we learn more and gain better understanding on how we can better to align our business objectives with the global sustainability agenda.

In the immediate term (until 2026), we are focusing on four environmental and social areas for better impact:

Our Ambitions For 2026

Environmental



Net Zero Emissions

- Cap emissions at 85% of 2019 levels
- Investment in Sustainable Aviation Fuel for utilisation in the near future
- Utilise bio-fuels to operate ground vehicles
- Explore and purchase suitable carbon offsets for residual carbon emissions
- 15% of power consumption mix to be renewable energy
- All new buildings to be Green certified and utilise at least 30% renewable energy
- Achieve full paperless operations
- Convert all on-site servers to cloud-based servers



Circular Economy

- Reduce waste to landfill by 10% per annum
- Zero single-use plastics
- Cap food waste at 15%
- 30% of total procurement to be from ESG-compliant suppliers
- 10% of materials to be biodegradable or recycled

Social



People and Talent

- Achieve a minimum of 30% women representation across all employee levels including the Board
- Support women in STEM by achieving a minimum of 10% women pilots and engineers, and 30% women in tech
- Invest 2% of total manpower budget into training & development
- Achieve 1.5 human capital return on investment ratio



Communities

- Positively impact 100 million people
- Generate RM12 million revenue per annum from social and Micro, Small & Medium Enterprises (MSMEs)

Our Sustainability Policy was approved by the Risk Management and Sustainability Board Committee and AirAsia Aviation Group Limited Sustainability Committee in the first quarter of 2023, further strengthening our commitment towards advancing our sustainability agenda. Moving forward, we will continue to internalise and work towards our Sustainability Redbook targets whilst increasing awareness of sustainability across our operations to Win As One.

For more information on our Sustainability Policy, please visit https://www.capitala.com/misc/Capital_A_Sustainability_Policy_2023.pdf

Introduction (cont'd)

Sustainability Governance

(GRI 2-9, 2-10, 2-11, 2-12, 2-13, 2-14)



Integrating sustainability at every level of our business is important for the governance and accountability of our sustainability commitments. Starting from the top, Capital A’s Board of Directors has overall responsibility for the Group’s sustainability strategy and performance for long-term value creation. The Board also oversees working groups and teams that are responsible for specific sustainability areas.

Formalised in December 2021, the Risk Management and Sustainability Committee (RMSC) provides Board-level oversight and assesses the Group’s strategic direction, policies, principles and practices on sustainability and risk management matters. The Terms of Reference for the RMSC, finalised and approved in February 2022, state that the committee is to meet every quarter to review the Group’s sustainability strategies, sustainability report, and progress on sustainability-related initiatives.

In the first quarter of the year, we appointed the Group’s first Chief Sustainability Officer (CSO) to head our Sustainability Department and spearhead Capital A’s sustainability efforts through execution of the Group’s sustainability strategies and initiatives. The department’s tasks include reporting, identifying key sustainability risks and opportunities, assessment of material issues, stakeholder engagement, and implementation of sustainability initiatives. The department also provides regular updates on sustainability progress to the RMSC and Board of Directors and supports the RMSC in making informed decisions that incorporate sustainability perspectives into business decisions.

The CSO also chairs the Sustainability Working Group (SWG), a cross-functional committee comprising heads of department (HoDs) and sustainability representatives from all LOBs. At quarterly SWG meetings, the SWG enables the Sustainability team to update functional heads on the latest sustainability developments including assessment outcomes, new reporting requirements and relevant best practices. The SWG also allows all HoDs and sustainability representatives to raise for discussion any planned new initiatives and outcomes of ongoing initiatives.

During the reporting year, the SWG and the RMSC convened to discuss the following matters:

- 

Sustainability strategy, targets and initiatives
- 

Sustainability performance and updates
- 





Participation and results from sustainability ratings
- 

Finalisation of the Group’s sustainability policy and Sustainability Redbook targets

Stakeholder Engagement






(GRI 2-29)

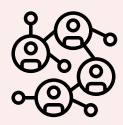
Our stakeholders are important to us as they impact our business operations and activities. We identify and understand the needs and expectations of our stakeholders in order to create long-term value for all. We do this through active and regular communication across multiple platforms.

Stakeholder Group	Engagement Channels	Areas of Interest	How We Respond
 Board of Directors	<ul style="list-style-type: none"> Board meetings Annual General Meetings Corporate events Extraordinary General Meetings 	<ul style="list-style-type: none"> Financial performance Corporate governance (CG) & strategies Business development & partnerships Human capital management Environmental practices 	<ul style="list-style-type: none"> Focus on enhancing our branding and expanding lines of business Sustainability practices
 Employees (Allstars)	<ul style="list-style-type: none"> Social media Employee appraisals Community engagement Online surveys Townhalls Quarterly Leadership forums Cultural, sports, well-being & appreciation events Open office layout Google Spaces channel to receive company updates and address any enquiries 	<ul style="list-style-type: none"> Diversity, inclusion & equal opportunity Corporate Governance (CG) practices Training & career development Work-life balance Financial performance Fair remuneration & compensation Security, safety & welfare Mental health support system 	<ul style="list-style-type: none"> Foster inclusivity and positive relationships through employee engagement programmes Provide frequent updates on the Group’s performance and changes in policies and procedures Provide various training and skills enhancement opportunities Ensure fair compensation Provide safe and healthy working environment Daycare centre/creche/lactation room
 Business Partners	<ul style="list-style-type: none"> Regular meetings Financial institutions & aircraft investor credit roadshows Workshops & seminars Global aviation finance conferences Technical support based in RedQ Commercial support with GE based in KL & Airbus based in Singapore 	<ul style="list-style-type: none"> Agreeable contracts and terms Service delivery and cost Risk management Regulatory compliance 	<ul style="list-style-type: none"> Strengthen partnerships with agreeable terms and contracts
 Customers (Guests)	<ul style="list-style-type: none"> Continuous customer satisfaction surveys Online submissions Customer support live chat channels Social media channels Messenger channels AirAsia sales offices, travel & service centres 	<ul style="list-style-type: none"> Customer experience Process efficiency Competitive pricing & experience throughout physical/digital journey Data privacy & security Safety & well-being Loyalty rewards 	<ul style="list-style-type: none"> Provide fast and prompt attention to customer needs Continue to increase customer satisfaction through process efficiency Protect customers’ data as well as their health and safety

Introduction (cont'd)

Stakeholder Engagement

Stakeholder Group	Engagement Channels	Areas of Interest	How We Respond
 Investors	<ul style="list-style-type: none"> Investor meetings & conference calls Annual General Meetings & Extraordinary General Meetings Investor Relations website Investor briefings by Senior Management Annual Reports 	<ul style="list-style-type: none"> Financial performance CG practices Long-term business strategy Brand management Operational performance Occupational health & safety Customer relationship management Innovative initiatives Environmental management 	<ul style="list-style-type: none"> Actively communicate with investors Provide timely updates of business performance & strategies Focus on enhancing our branding and expanding lines of business Ensure safe & healthy working environment Sustainability practices
 Market Analysts	<ul style="list-style-type: none"> Analyst briefings Analyst meetings & conference calls Media interviews & releases Investor Relations website Annual Reports 	<ul style="list-style-type: none"> Financial performance CG practices Long-term business strategy Brand management Operational performance Guest experience Environmental management Data privacy & security 	<ul style="list-style-type: none"> Continued engagement with analysts Timely updates of business performance & strategies Focus on enhancing our branding and expanding lines of business Sustainability practices
 Regulators/ Governmental Bodies	<ul style="list-style-type: none"> Regular dialogue through face-to-face meetings & official correspondence Parliamentary sessions Formal meetings with government officials initiated by Capital A Tours and familiarisation visits to Capital A premises 	<ul style="list-style-type: none"> CG practices Policy & regulatory compliance Risk & crisis management Data privacy & security Environmental management 	<ul style="list-style-type: none"> Engage closely with regulators and governmental bodies Announce or report relevant information in a timely manner Maintain standards and certifications
 Social Enterprises	<ul style="list-style-type: none"> Corporate community programmes Funding of social enterprises through AirAsia Foundation Regular dialogue 	<ul style="list-style-type: none"> Ethics & integrity Innovation Job creation Economic development 	<ul style="list-style-type: none"> Create support system for social enterprises Actively communicate with social entrepreneurs Increase employability and job creation
 Suppliers	<ul style="list-style-type: none"> Regular dialogue and reviews One-to-one meetings 	<ul style="list-style-type: none"> Agreeable terms and contracts Service efficiency, value, delivery & cost Health & safety 	<ul style="list-style-type: none"> Ensure consistent communication with suppliers on contracts and supplier code of conduct Compliance with required policies Provide safe and healthy workplace

Stakeholder Group	Engagement Channels	Areas of Interest	How We Respond
 Local Communities	<ul style="list-style-type: none"> Community development programmes Corporate social responsibility initiatives Partnerships and employee volunteerism Websites and social media platforms 	<ul style="list-style-type: none"> Community engagement Rural development & empowerment Environmental impact 	<ul style="list-style-type: none"> Undertake empowerment programmes, volunteerism and donations Provide humanitarian assistance and post-disaster relief

Membership of Associations (GRI 2-28)

Malaysia

Capital A has been a member of the CEO Action Network (CAN) since 2020. This coalition is a peer-to-peer informal network of CEOs that focuses on sustainability advocacy, capacity building, action and performance. Through this working group, corporate leaders across various sectors are able to forge partnerships and share their knowledge and best ESG practices.

In October 2022, our Chief Sustainability Officer was appointed by the Civil Aviation Authority of Malaysia (CAAM) to lead the national taskforce on Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). We also support the Malaysian Ministry of International Trade and Industry (MITI) in its efforts to develop a domestic biofuels industry to power a future of sustainable aviation. Two meetings of the Task Force for Exploration of Sustainable Aviation Energy Sources in Malaysia were organised and chaired by MITI in 2022.

ADE is a member of the Aviation Suppliers Association (ASA), a global trade association of suppliers that supports aviation through critical logistics programmes, purchasing efforts, and distribution of aircraft parts worldwide.

Indonesia

We engage closely with the Directorate General of Civil Aviation of Indonesia (DGCA) and Indonesia Air Carriers Association (INACA) on aviation related initiatives and activities. In October 2022, the Head of Government Relations of AirAsia Indonesia (IAA) was appointed as an Expert for the INACA. INACA focuses mainly on creating a competitive business environment for the aviation industry in Indonesia including advocacy on aviation fuel pricing, streamlining spare parts importation and strengthening air connectivity to support tourism recovery in Indonesia.

In April 2021, IAA's Head of Government Relations was elected as President of the ASEAN Tourism Association (ASEANTA) for the period 2021-2023. ASEANTA is a non-profit tourism association comprising public and private tourism sector organisations from Asean countries. Initiatives during his tenure cover interoperability of health applications and vaccine certificates within Asean to support safe travel, advocacy on borders reopening, and establishing a digital platform to support ASEANTA's activities.

Philippines

We engage closely with the Civil Aviation Authority of the Philippines on aviation related matters. We are a member of the Philippine Chamber of Commerce and Industry, Cebu Chamber of Commerce and Industry and Davao City Chamber of Commerce and Industry. Additionally, we cooperate in tourism promotions with the business chambers, hotel and restaurant associations and travel agency associations of all the domestic destinations that we fly to.

Introduction (cont'd)

Materiality

(GRI 3-1, 3-2)

Based on benchmarking of global and industry trends as well as assessment of Capital A's business objectives, we deemed that the material matters identified in 2021 were still relevant to our business in 2022. Our materiality assessment in 2021 was conducted through a comprehensive materiality survey which included engagement with 472 internal and external stakeholders in order to better understand what they expect from us. We identified nine material matters through the process below:

01

Identify

An internal review of our 10 material matters from FY2020 was carried out. This was followed by research on current and emerging issues, as well as an analysis of the potential risks and opportunities to our businesses. A total of nine material sustainability matters were identified.

02

Prioritise

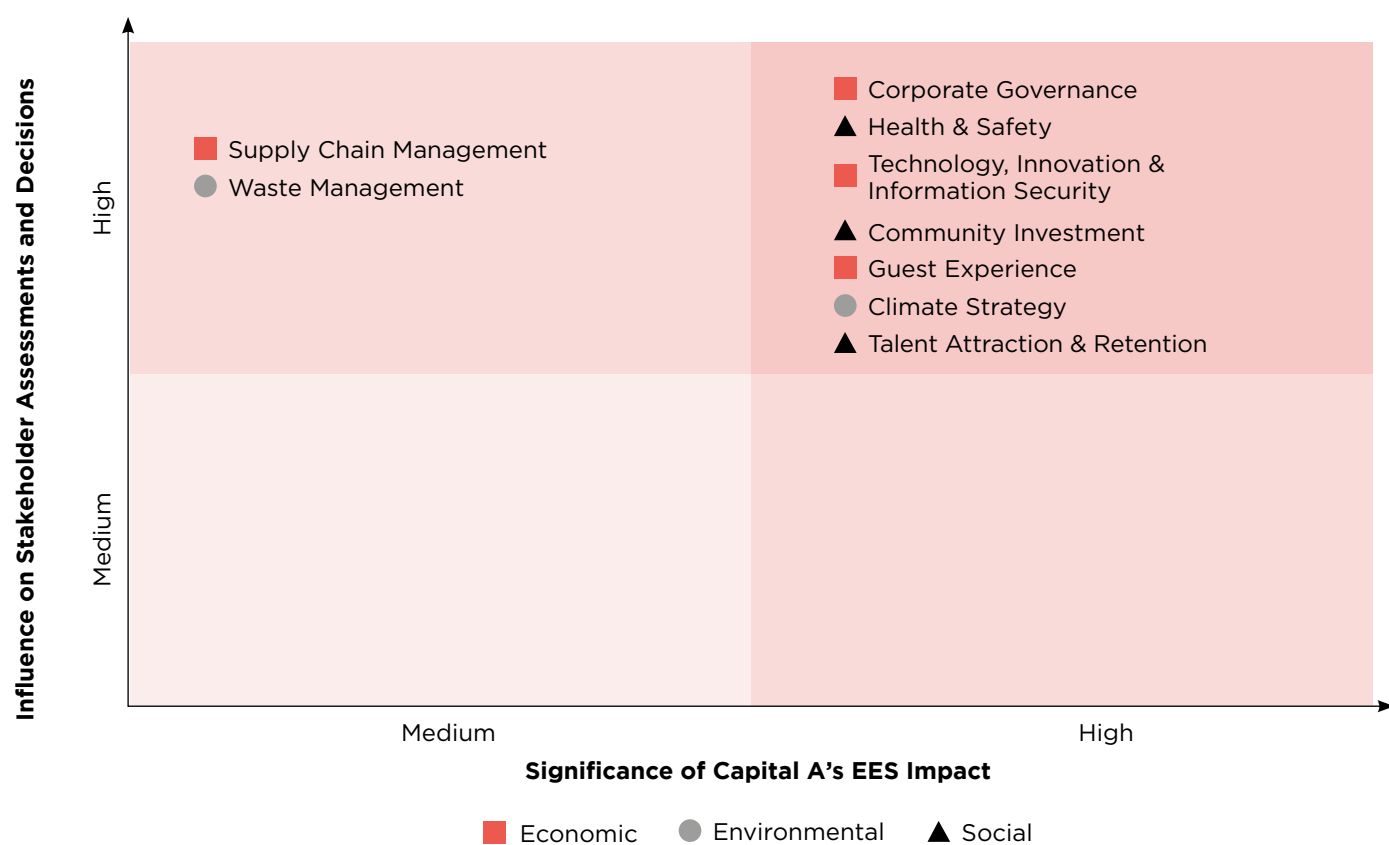
An online materiality assessment survey was distributed to internal and external stakeholders, inviting them to rank our nine identified material matters based on the level of importance to them as well as our performance thus far. Results of the assessment were plotted on a materiality matrix graded from medium to high importance.

03

Validate

The final list of material matters, stakeholder feedback and materiality matrix were presented to the Board of Directors for review and validation.

Materiality Matrix



We will be refreshing our materiality matters in 2023 as we recognise the dynamic nature of stakeholders' and the Group's concerns. Through this process, we strive to gain feedback from our stakeholders whilst advancing the Group's agenda to create long-term sustainable value.

Commitment to the UN Sustainable Development Goals

OUR CONTRIBUTIONS TO THE UN SUSTAINABLE DEVELOPMENT GOALS





Since the launch of the UN SDGs in 2015, we have recognised its importance and realised the global agenda through the years. This year, we are expanding our focus from six SDGs previously to include SDGs 16 and 17 as well. In the table below, we align the eight SDGs to our initiatives in 2022.

SDG	SDG Targets	Our Progress in 2022
5 GENDER EQUALITY	5.2 Eliminate all forms of violence against women & girls, including trafficking & other types of exploitation 5.5 Women's full and effective participation & equal opportunities for leadership at all levels	<ul style="list-style-type: none"> Participated in the Bloomberg Gender Equality Index 17% of our Board of Directors are women Enhanced our gender pay gap analysis Published the Terms of Reference for the Diversity, Equality and Inclusion management committee 313 B40 women have graduated from the airasia academy #RatuTech campaign on technical reskilling
8 DECENT WORK AND ECONOMIC GROWTH	8.2 Achieve higher levels of economic productivity through diversification, technological upgrading & innovation 8.3 Encourage the growth of micro-, small- and medium-sized enterprises 8.4 Improve global resource efficiency in consumption & production, and endeavour to decouple economic growth from environmental degradation 8.5 Achieve full & productive employment and decent work for all 8.7 Take effective measures to eradicate forced labour, end modern slavery & human trafficking 8.8 Protect labour rights & promote safe and secure working environments for all 8.9 Devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture & products	<ul style="list-style-type: none"> Provided employment for 11,662 Allstars Created new jobs for 3,409 new Allstars More than RM113.9 million invested in training and development 1,067 Allstars participated in #KnowTheSigns Human Trafficking awareness course First in Asia to provide full-time employment to gig riders for airasia ride
9 INDUSTRY INNOVATION AND INFRASTRUCTURE	9.1 Develop quality, reliable, sustainable & resilient infrastructure to support economic development and human well-being, with a focus on affordable & equitable access for all 9.3 Increase the access of small-scale industrial & other enterprises to financial services, including their integration into value chains & markets 9.4 Upgrade infrastructure & retrofit to make them sustainable, with increased resource-use efficiency and greater adoption of clean & environmentally sound technologies 9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors by encouraging innovation	<ul style="list-style-type: none"> FACES integrated with Malaysia Airports Holdings Berhad's EZPaz system at klia2 for AirAsia guests to enjoy contactless end-to-end journey More than RM30,700 distributed to support the growth and expansion of social enterprises in Asean through AirAsia Foundation

We will be refreshing our materiality matters in 2023 as we recognise the dynamic nature of stakeholders' and the Group's concerns. Through this process, we strive to gain feedback from our stakeholders whilst advancing the Group's agenda to create long-term sustainable value.

Introduction (cont'd)

Commitment to the UN Sustainable Development Goals

SDG	SDG Targets	Our Progress in 2022
	<p>11.2 Provide access to safe, affordable, accessible & sustainable transport systems to all</p> <p>11.4 Strengthen efforts to protect & safeguard the world's cultural and natural heritage</p> <p>11.5 Reduce the number of deaths & the number of people affected, and decrease the direct economic losses relative to global gross domestic product caused by natural disasters</p>	<ul style="list-style-type: none"> • More than RM518,169 distributed to rebuild for climate resilience • Safety Management System in place ensures operational risks are proactively managed with relevant procedures to prevent serious incidents • #AllstarsDoGood programmes
	<p>12.2 Achieve sustainable management & efficient use of natural resources</p> <p>12.3 Halve per capita global food waste at the retail & consumer levels, and reduce food losses along production & supply chains</p> <p>12.5 Reduce waste generation through prevention, reduction, recycling & reuse</p> <p>12.6 Encourage companies to adopt sustainable practices & integrate sustainability information into their reporting cycle</p> <p>12.7 Promote public procurement practices that are sustainable, in accordance with national policies & priorities</p>	<ul style="list-style-type: none"> • 4,160kg of waste from offices recycled • Repurposed 1,395 old life jackets into everyday accessories with Soggy No-More products • Recycled 2,110kg of old cabin crew uniforms and merchandise into processed engineered fuel (PEF) • Invested 48% of expenditure on local suppliers • Research and piloting of environmentally-friendly food packaging for Santan's food catering
	<p>13.2 Integrate climate change measures into strategies & planning</p> <p>13.3 Improve education & awareness-raising on climate change mitigation, adaptation, impact reduction & early warning</p>	<ul style="list-style-type: none"> • Actively engaged with relevant partners for sustainable aviation fuel and carbon offsetting options • Sustainable fleet management by ordering the latest aircraft type Airbus A321neo and actively engaging with vendors to develop zero-emissions aircraft • Monitoring, Reporting and Verification (MRV) of carbon emissions • All AOCs participating in CORSIA • Published net zero by 2050 strategy • Officially signed up as a TCFD supporter • Started tracking Scope 3 emissions • Disclosed Scopes 1, 2 and 3 emissions
	<p>16.2 End abuse, exploitation, trafficking and all forms of violence against and torture of children</p> <p>16.5 Substantially reduce corruption and bribery in all forms</p> <p>16.6 Develop effective, accountable and transparent institutions at all levels</p> <p>16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels</p> <p>16.8 Broaden and strengthen the participation of developing countries in the institutions of global governance</p> <p>16.10 Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements</p>	<ul style="list-style-type: none"> • Established Board oversight of sustainability through Risk Management and Sustainability Committee (RMSC) • 100% employees acknowledged the Anti-Bribery and Anti-Corruption Policy with zero cases of non-compliance • Zero tolerance for child and forced labour

SDG	SDG Targets	Our Progress in 2022
	<p>17.16 Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilise and share knowledge, expertise, technology and financial resources, to support the achievement of SDGs in all countries, in particular developing countries</p> <p>17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships</p>	<ul style="list-style-type: none"> • More than 23,200 suppliers and vendor partners across the globe • Partnership with MITI on SAF development • Collaboration with CAAM on CORSIA taskforce

Economic


Corporate Governance

(GRI 3-3)

Maintaining high standards of corporate governance and ethical conduct at all levels at Capital A is crucial for our business resilience and growth. We conduct our business with integrity underpinned by strong leadership, robust risk management practices and internal controls. Responsibility, accountability and transparency form the cornerstone of our operations, building our stakeholders' trust and confidence in our ability to create long-term value.

2022 Performance Overview

<p>100% of new joiners completed ABAC training</p> 	<p>Zero cases of bribery and corruption</p> 	<p>4,437 Allstars participated in the anti-harassment course</p> 
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<p>Our Management Approach</p> <ul style="list-style-type: none"> • Code of Conduct and Ethics • Anti-Bribery and Anti-Corruption Policy • Whistleblowing Policy • Conflict of Interest Policy • Disciplinary Policy • Remuneration Policy • Board Diversity Policy • Enterprise Risk Management Policy • ISO 31000:2018 - Risk management 	<p>Supporting the UN SDGs</p>  
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ETHICS AND INTEGRITY (GRI 2-23, 2-24, 2-27, 205-2, 205-3)

At Capital A, we work diligently to conduct our business at the highest standards of ethics and integrity with comprehensive internal controls and robust risk management. We are guided by the following codes and policies:

Code of Conduct and Ethics
Allstars are expected to uphold our reputation by maintaining integrity in their dealings with all stakeholders, guided by our Code of Conduct and Ethics (the Code). The Code addresses key ethical principles including bribery and corruption, confidentiality of information, conflicts of interest, money laundering/insider trading, whistleblowing and the preservation of safety, health and the environment.

2022 Performance
100% of new joiners completed live training on the Code as part of their onboarding. They were also required to acknowledge that they accept and will uphold its standards.

We are working to create e-learning modules on the Code and our Disciplinary Policy in 2023 to be incorporated as part of the onboarding programme.

Anti-Bribery and Anti-Corruption Policy
Capital A conducts our business responsibly with zero tolerance for bribery and corruption, as clearly articulated in our Anti-Bribery and Anti-Corruption (ABAC) Policy. The policy complies with Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009, which introduced corporate liability, as well as other similar laws and regulations in the countries where we operate.

ABAC is introduced to all new Allstars during their onboarding, with live sessions conducted by PAC and our Regional Fraud Investigation Team. New recruits are also required to complete their ABAC online training on the Group's task management platform. Additionally, new cabin crew receive a two-hour 'Do it Right' training, which includes an ABAC component. The policy is available on our intranet, RedDocs, for easy reference at any time.

2022 Performance
100% of new joiners were trained on and acknowledged the ABAC Policy as part of their onboarding.

Zero cases of anti-bribery and corruption

Grievance Mechanisms (GRI 2-16, 2-25, 2-26)

We have in place several channels for internal and external stakeholders to raise any concerns they may have relating to misconduct or improprieties.

AskPAC

Allstars are encouraged to report any incident that does not adhere to the principles of the Code through our AI chatbot in the askPAC system. These concerns are picked up by the employee relations team which then assigns a personnel to investigate and resolve the issues raised. All concerns raised are treated with utmost confidentiality. In 2022, we received a total of 190 reports related to harassment, fraud, misappropriation, and abuse of company benefits. Each case was thoroughly investigated as part of the due diligence process with escalations undertaken where necessary. Cases are resolved with either a warning, debriefing note or dismissal. We constantly strive to improve our internal processes and emphasise our zero tolerance for improprieties.

- 1 Case received**
Case reported through the grievance channels.
- Assessment of case severity**
If the case is deemed to be of minor severity by the superior, an inquiry will be conducted followed by appropriate disciplinary action. If a case is deemed of major severity, an investigation will be conducted.
- Investigation**
Investigations are led by the Head of Department, People and Culture department, and investigator. If the case involves any form of misconduct, a Notice To Explain (NTE) will be issued to the employee concerned.
- Resolution**
Once an NTE is issued, the employee concerned is subject to disciplinary action. The employee can appeal his or her NTE where it will be reviewed based on the severity of the offence. Once disciplinary action is issued, the case will be closed.

Economic (cont'd)

Corporate Governance

Whistleblowing

2

We promote secure channels for internal and external stakeholders to raise concerns about unethical, illegal or inappropriate business conduct. As per our Whistleblowing Policy, the identity of those making reports is kept confidential or strictly on a need-to-know basis to protect the whistleblower from any possible reprisal or negative reaction from persons implicated.

Concerns can be raised through the following channels:

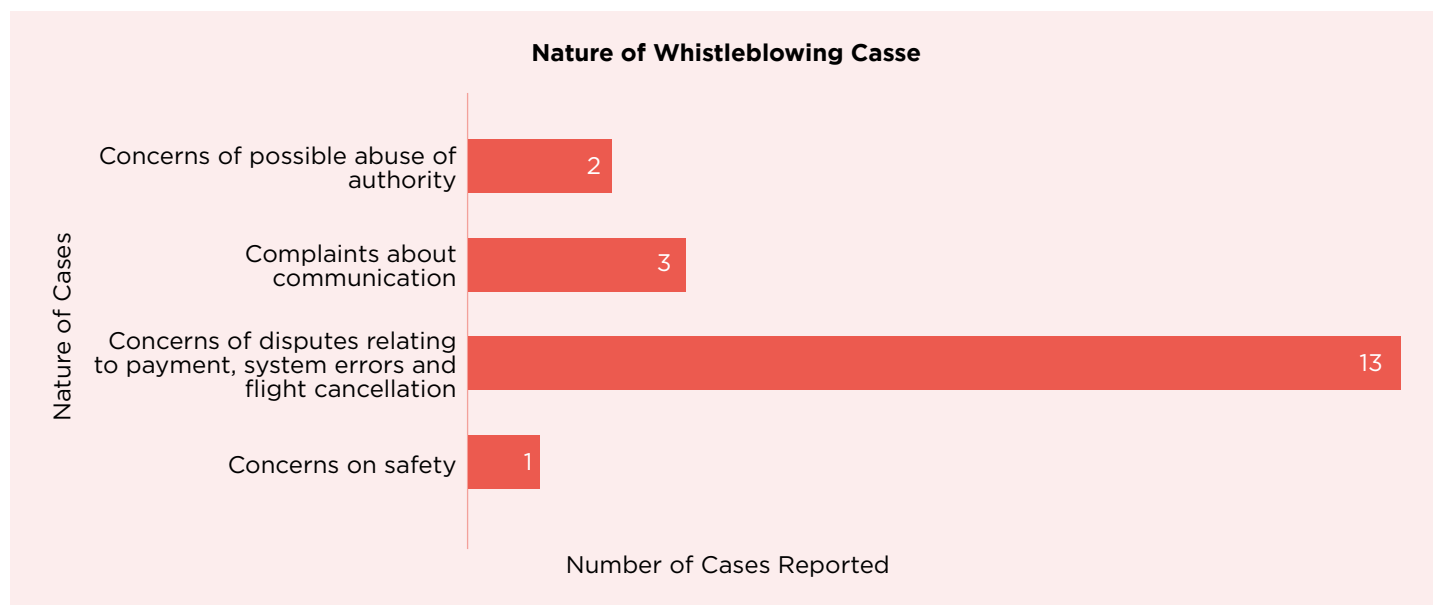


Email:
whistleblower@airasia.com



E-form:
www.capitala.com/whistleblowing_form.html

In 2022, we received a total of 19 reports through the whistleblowing channel, most of which concerned payments, system errors and flight cancellation. Every report was thoroughly investigated by the respective departments and resolved appropriately with follow-up actions.



RISK MANAGEMENT

Risk identification, monitoring and management are critical to the long-term viability of our business. We are guided in this regard by our Enterprise Risk Management Policy which is in line with ISO 31000:2018 standards. Our risk management practices are integrated into the Group's business processes and operations, driving risk accountability and ownership. The Policy is currently being enhanced for alignment with the Group's growth and business diversification, as well as to embed environment, social and governance (ESG) elements. We strive to improve our systems and ensure all appropriate policies and internal controls are in place to support effective risk management.

Our Enterprise Risk Management (ERM) policy outlines a standardised approach identifying, evaluating and managing risks as well as updating the risk register, analysis on business impact, and reporting on risk exposure across the Group. We have

digitised our ERM system through an online system that enables the alignment of performance management and strategic planning with risk management in an integrated framework. The Group's ERM methodology is depicted below:



Recognising the criticality of addressing our sustainability matters and ESG risks, we expanded the scope of our Board Risk Management Committee (RMC) to incorporate ESG risk management. The committee was renamed the Risk Management and Sustainability Committee (RMSC) and was formalised in December 2021. The RMSC meets every quarter and is responsible for Capital A's risk strategies, policies and processes as well as ensuring the ERM framework is implemented. Following each RMSC meeting, its Chairman updates the Board on decisions made.

Capital A's risk culture is driven by a strong tone from the top, strengthened by the middle and executed at the bottom to assure good risk management behaviour at all levels of the organisation. Our three lines of defence promote robust risk governance and internal controls:



For more information on our risk management processes and initiatives in 2022, please refer to the Statement on Risk Management & Internal Control within this Annual Report 2022 on page 207.

Managing Our ESG Risks

This year, we have taken steps to capture and manage our ESG risks through the introduction of specific ESG risk categories on People, Safety, Health and Environment on our web-based ERM system. Our enhanced practice will enable us to drive sustainable outcomes through the identification, evaluation, monitoring, and management of material ESG risks that may arise and affect the objectives of Capital A.

Moving forward into 2023, the Group's Risk Management Policy is being enhanced to incorporate ESG risk management which will guide the Group in continuous strengthening of our ability to manage material ESG risks.

Economic (cont'd)

Corporate Governance

Addressing Our Climate-Related Risks

As climate-related risks become more urgent, we are guided by the TCFD framework to identify specific risk categories to facilitate process owners in assessing and reporting risks they face in the risk management system. Climate-related risks are also on our Business Continuity Plan activation watchlist where they are constantly monitored to ensure zero disruption to our operations. The likelihood and impact of climate-related risks are measured by the different entities across the Group based on geolocation variables.

As a signatory of the TCFD, we also identified and discussed the potential financial impacts of our physical and transition risks while outlining mitigation strategies to address them. This is highlighted in the Environmental section on page 94 of this Sustainability Statement.

For more information on our climate-risk analysis and TCFD report in 2022, please refer to the Environmental section within this Sustainability Statement 2022 on pages 128-149.

Inculcating a Culture of Risk Awareness

For optimum risk management, our Allstars need to understand the risks we face and be part of actions to manage and mitigate them. We therefore seek to cultivate a strong risk culture among Allstars throughout the Group. Engagement sessions are organised with key management in the various entities and the RMD to keep Allstars abreast of important risk matters and to strengthen the overall risk ecosystem. In 2022, the RMD engaged with all lines of business. Parallel to this, new Risk Officers (ROs) and Business Continuity Officers (BCOs) are provided regular hands-on training while existing personnel undergo refresher training. In 2022, 99% of our ROs and BCOs completed their training on our web-based risk management system.

Business Continuity Management

Business Continuity Management complements risk management by ensuring the ability of an organisation to withstand unexpected shocks without any interruption to operations. Capital A has a Business Continuity Plan (BCP) under which key functions are assessed using a Business Impact Analysis (BIA). The BIA clearly outlines the functionality of people, processes and systems, and evaluates the impact of any failure in these functionalities. All key functional heads review the BCP on a quarterly basis.

In the wake of increasing cyber threats, during our regular BIA in 2022, we migrated our on-premise Disaster Recovery hot sites to cloud solutions which, in addition to strengthening our business continuity, minimises electricity usage. Future plans include incorporating climate-related disasters into the BCPs. We recognise the severity of extreme weather events and have identified the need to update and implement more robust BCPs. In 2023, we plan to include the following into our BCPs:



Heatwave

As heatwaves could have a significant impact on airside operations, their BCPs will include adjusting working hours, providing additional cooling measures and ensuring adequate water supplies for ground Allstars.



Flood

With increased precipitation and rising sea levels, flooding is becoming a more significant threat to our business operations. Flood BCPs may include measures such as moving equipment to higher ground, developing emergency communication plans, and ensuring safe evacuation routes for Allstars.



Wildfire

In wildfire-prone areas, businesses may need to develop BCPs that include measures such as creating defensible spaces around buildings, ensuring adequate water supplies, and developing evacuation plans for Allstars and customers.

Guest Experience

(GRI 2-29, 3-3)

Capital A strives constantly not just to meet but to exceed the needs and expectations of our guests and customers through the delivery of quality service and products. As we expand into digital ventures, we enhance the experience of our customers and guests through new products and offerings in our travel and lifestyle airasia Super App. Using data, we seek to deepen our understanding of customers' needs so that we can create meaningful experiences at every point of their journey with us.

2022 Performance Overview

<p>>16.8 mil guests performed self check-in</p>	<p>>750,000 active FACES guests</p>	<p>>473,000 online learners utilised on-demand learning platform to upskill</p>
<p>77% on-time performance</p>	<p>84% load factor for short-haul flights</p>	<p>90.9% customer satisfaction score for BigPay</p>
<p>93% customer satisfaction score for airasia academy</p>	<p>Our Management Approach</p> <ul style="list-style-type: none"> ISO 10002:2018 (Quality Management - Customer Satisfaction) AirAsia Complaints Handling Policy Statement 	<p>Supporting the UN SDGs</p>

CUSTOMER ENGAGEMENT

As a trusted brand, we seek to improve our services across all our customer touchpoints while maintaining open lines of communication with our customers in order to identify opportunities to improve our services. We leverage big data and predictive analytics to analyse and predict our customer behaviours for a better customer journey with us. Guests are encouraged to visit our website for more information about Capital A and the services/products we offer. They can then select from the digital channels that we offer as consumer touchpoints. These include social media platforms (Twitter, Facebook, Instagram), messaging platforms (WeChat, WhatsApp, Messenger), live chat, chatbots and email.

Upon receiving an enquiry, our Customer Happiness team is responsible for addressing questions and concerns raised to serve guests better, faster and more seamlessly. The team maintains efficiency and timeliness of our guest engagement using a three-pronged approach:

- ✓ Leveraging AI to personalise our AirAsia Chat service by identifying patterns and needs
- ✓ Building a new chatbot flow for more effective enquiry resolution
- ✓ Improving our speed of communication

Economic (cont'd)

Customer Engagement

Enhancing Guest Experience

A Seamless, Contactless Travel Journey

As part of our digital transformation, we are constantly seeking ways to utilise innovative solutions to enhance the customer experience. To create a seamless journey with AirAsia, we put in place various solutions to enable guests to carry out travel requirements independently. One of many positive results has been reducing or entirely eliminating their queuing time at check-in counters.

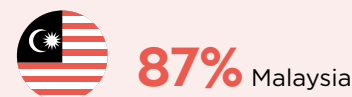
Upgrading airasia Super App

This year, we added the following new features to our airasia Super App:

- automatic update of boarding pass for any delayed or retimed flights as well as change in boarding gate.
- automatic change of document verification status once documents are confirmed by counter staff.
- check-in of multiple guests in a passenger name record (PNR) on the mobile app so that e-boarding passes can be easily downloaded or shared with other travellers on the same travel itinerary.



Due to the success and convenience of the technologies introduced, self check-in has almost become the default option in Malaysia, and is gaining traction in Thailand and Indonesia, where the service was launched later. In 2022, approximately 16.8 million guests performed self check-in in 2022 in Malaysia, Indonesia and the Philippines.



Approximately
16.8 million
guests
performed self check-in 2022



Fast Airport Clearance Experience System (FACES)

AirAsia introduced the use of its biometric facial recognition technology, FACES, in 2021 to enable a contactless check-in experience including baggage drop, identity validation and pre-security clearance. The main objective is to leverage innovation and technology to digitise our processes and tighten our security measures for a safe and seamless travel experience. AirAsia also worked with Malaysia Airports Holdings Berhad (MAHB) to integrate FACES with MAHB's facial recognition based token registration technology, EZPaz at klia2 for improved pre-security clearance measures. This year alone, we had 750,000 active guests using FACES out of 54.8 million guests at klia2 from the check-in counters to pre-security areas, and boarding gates.



What Travel Guests Can Look Forward To in 2023

- ✓ Rebranding of AVA chatbot to Ask Bo system featuring enhanced AI and machine learning (ML) capabilities to improve navigation features to address customer concerns
- ✓ Launch of Travel Buddy to remind guests to check-in, inform them of travel requirements, and notify them of any flight disruption
- ✓ App notification for baggage accepted at the check-in counter or self-baggage drop
- ✓ Counter check-in or Galaxy Suite check-in will be able to push the boarding pass to guests' mobile app
- ✓ Online receipts of any payment made at the check-in counters. Priority tags will be made available as a self-print option for Premium flex guests

Delivering Superb Service with airasia Super App

Throughout 2022, airasia Super App developed multiple initiatives with riders, drivers and direct airline partners, channel managers and aggregator partners of the online travel agency (OTA) business. To achieve its goal of becoming the preferred travel superapp in the region, the team works continuously to enhance the customer experience across all its platforms. Below are key recent enhancements:

Platform	Initiative	2022 Progress
Flight OTA	Post-booking message	→ Ensure that customers who book other airlines on our OTA platform receive clear communication regarding their booking confirmation and travel journey.
	Creating service level agreements (SLA) with suppliers	→ Worked with travel agency partner, Kiwi.com, to create SLAs on booking processes to manage and minimise customer complaints.
	Email notification	→ Instant email notifications are delivered to customers to update them on their booking status.
Delivery: Ride	Training for riders and drivers	→ 70% of the drivers received training on ethics, customer service and career advancement opportunities.
	Increase density of riders and drivers in peak locations	→ airasia Super App directs 'contracted' and 'employed' drivers to peak locations when necessary.
	Increase up-to-date communication through app push notifications	→ Up-to-date news alerts on weather and transportation disruptions encourage users to use airasia ride.

Economic (cont'd)

Customer Engagement

Providing Accessible Financial Services through BigPay

BigPay is one of the fastest-growing fintech apps in the region, providing a host of products and solutions that help customers manage their daily financial needs. In 2022, several new initiatives were added to the range of products offered on the app.

Stashes

Stashes is a convenient savings and budgeting solution that enables users to organise their funds separately from their wallet balances. The next evolution of Stashes, planned for 2023, will provide wealth management/investment solutions to enable users to manage their savings.



Personal Loans

BigPay's fully digital personal loans are part of its suite of financial services offerings that benefit underserved communities. The personal loan is designed to be accessible to all customers including those working in the gig economy who may find it challenging to access financial services from traditional institutions. This product resonates with BigPay's vision of financial inclusion.



In-app Messaging and Self-Service Advancements

For increased user ease and convenience, BigPay moved its Live Chat to in-app messaging. With Live Chat, if a session is disrupted or closed, users need to open a new session, join the chat queue again and get assigned to a new agent. With in-app messaging, no chat will be disrupted, reducing overall wait time.

BigPay has also implemented "flow-builder" to provide users with inquiry options to categorise their inquiries for faster problem-solving. Users are either:

1. directed to a specific help page article enabling them to solve their own hurdle; or
2. provided relevant data input field specifically to help solve their particular inquiry; or
3. connected to chat with a live agent.

In 2023, BigPay aims to provide a more comprehensive support system through strengthened self-service capabilities. This is to be achieved via a more dynamic application program interface (API) integration, illustrating a detailed flow of the users' app, and improving the visibility of customer touchpoints.

Making Quality Education Accessible to All with airasia academy

airasia academy places great importance on the learning experience of its students. To make learning accessible and convenient, it launched an on-demand learning (ODL) platform this year with a fully asynchronous self-learning resource consisting of 16,000 video content modules with quizzes, forums and more. This is made available to all instructor-led training reskill students so that they are able to revise and obtain supplementary learning material. airasia academy plans to integrate goal-setting as part of the ODL to allow for guided learning paths that deliver the best learning outcomes. In 2022, over 473,000 online learners utilised the ODL platform to upskill themselves.

Using a unique compression algorithm, the academy ensures its resources and videos are accessible even to learners with lower internet bandwidth without compromising the quality and resolution of the learning materials.



Razlin Rahmat

- Assistant Manager in the Marketing team at the airasia academy
- Former Training Disruption Planner in Flight Operations

Spotlight: Securing Futures Through Reskilling

Razlin Rahmat joined AirAsia as a flight operator in 2018. While she enjoyed her job, when Covid-19 broke out she quickly identified the need to diversify her skillset to prepare for any potential repercussions of the pandemic. She enrolled in airasia academy's Digital Marketing course, attending classes after her 12-hour shift, for two months. Upon completion, she secured an internship with airasia academy for three months and was offered a permanent role, allowing her to transition from flight operations to digital marketing.

Razlin completed her digital tech reskilling journey within six months and is now a successful assistant manager in the academy's marketing department. Her current role allows her to use her newly acquired skills as she manages the academy's digital marketing campaigns to encourage other learners to reskill and secure their futures.

MEASURING CUSTOMER SATISFACTION (GRI 418-1)

We recognise that our customers' using the goods and services of one business can impact the likelihood of them using other services offered in the Group. As a result, we measure customer satisfaction levels in all LOBs and set targets for improvement. This is the first year that we are disclosing customer satisfaction for businesses other than our airlines to present a more holistic view of how customers rate their experience within the Capital A ecosystem.

Airlines

Our Customer Happiness team conducts customer satisfaction surveys to gauge the Net Promoter Score (NPS) and customer satisfaction (CSAT) level for services offered across the Group. The airlines and Super App teams use NPS to assess operational and commercial performance whilst CSAT is used to assess customer satisfaction on AirAsia's schedule sanctity, pricing, service delivery at various touchpoints and other interactions with the Customer Happiness team. Surveys are sent to guests once they complete their bookings, and when they complete their journey. The survey is initiated automatically by our customer relationship management system and is conducted inhouse, with controlled access to data to ensure anonymity, confidentiality and credibility. The survey measures how satisfied our guests are with our service and where we stand in relation to key competitors.

Accountability for our NPS and CSAT lies with the CEOs of the airline and Super App teams. The Customer Happiness department shares the NPS and CSAT results with all AOC CEOs during monthly strategy meetings as well as through monthly NPS reports that are sent to Group CEOs for all AOCs. Reviews are done monthly at the Customer Experience Steering Board meetings.

We received over 2.4 million responses to our NPS survey achieving an NPS score of 36; and over 280,000 responses on our customer satisfaction survey achieving a customer satisfaction rate of 47%. We acknowledge a sharp deterioration in our scores compared to 2021 as we come out of Covid-19 hibernation. We expect our NPS scores to remain below pre-pandemic levels for another year as we navigate the challenges of rebuilding our network in the face of industry-wide shortages. However, we expect the situation to improve as our operations stabilise and as our new AI tools to speed up case handling take effect.

Economic (cont'd)

Customer Engagement

Santan

Feedback on Santan restaurants is obtained from customers filling surveys at the restaurants as well as from channels such as Google and Shopee Food reviews and online surveys. In 2022, we received 260 comments with most being positive about the food and customer service. Nevertheless, 21% of the comments were to do with enhancing our meal portions and price. We also conduct a mystery shopper programme to assess our service, which encourages staff at outlets to perform optimally at all times. For inflight catering, we receive feedback from guests through cabin crew and customer care support.

BigPay

BigPay set a target of achieving a CSAT score of at least 90% and surpassed this goal in 2022 with a score of 90.9%, a 2.9 percentage point improvement from 2021.

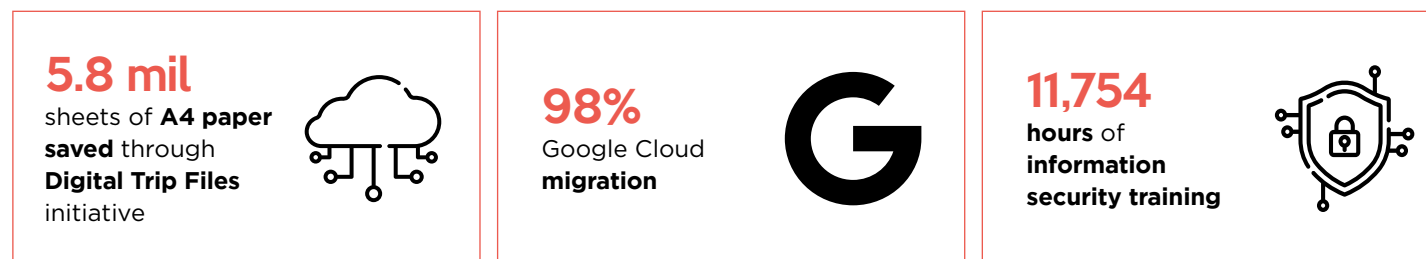
airasia academy

At airasia academy, feedback forms are sent to participants of instructor-led training programmes whereas on-demand learning subscribers are free to use the forum to give feedback and make requests. The academy set out to achieve a CSAT of 80% and exceeded this goal with a score of 93% in 2022, a three percentage point improvement from the previous year. airasia academy continues to deliver accessible and quality education to learners.

Technology, Innovation and Information Security

(GRI 3-3)

2022 Performance Overview



Our Management Approach

- Information Security Policy
- Data Governance Policy
- Access Control Policy
- ISO/IEC 27001:2022 Information security, cybersecurity and privacy protection — Information security management systems

- Personal Data Protection Act 2010
- ISO27701 Privacy Information Management

Supporting the UN SDGs



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



16 PEACE, JUSTICE AND STRONG INSTITUTIONS

The silver lining of the pandemic was acceleration in the pace of technology adoption, not only by companies but also consumers. More than ever, companies that provide innovative products and digital solutions are those that will gain a competitive edge. Capital A was able to transition seamlessly to a digital workplace supporting work from home and on a hybrid arrangement because of the early investments made into moving our data storage onto cloud-based systems as well as to automate all our key internal functions from performance measurements to procurement.

Starting with our airlines from the beginning, we subsequently adopted the same digital-centric approach in our other LOBs, enabling them to make a quick transition to e-commerce and offering our products and services on a single airasia Super App interface.

Digitalisation brings multiple efficiency benefits such as easing data storage, extraction and analysis, while improving information sharing for cross-functional collaborations. We have also been able to avoid printing millions of sheets of paper, thereby cutting our carbon emissions by thousands of tonnes while also reducing the need for documentation storage spaces. Conversely, digitalisation comes with its own set of challenges with phishing, scams and malware attacks being just some of the issues that we have to confront.

In this year's report, we are revamping this section to first provide a more comprehensive picture of the use of advanced technologies and innovation to drive business across the Group; followed by a section on Information Security where we discuss how we are constantly working to strengthen our cybersecurity systems to support our growth ambitions. This will provide a more holistic view of the ESG touchpoints of Capital A in our transition from an airline into a digital lifestyle company.

Economic (cont'd)

Technology, Innovation and Information Security

DIGITAL AT THE CORE OF OUR OPERATIONS

In 2020, we launched a major three-year project to transition our entire operations to the cloud as part of our airasia 2.0 shift beyond airlines into a digital platform that connects millions of AirAsia customers to multiple new product and service providers.

This took place through two major transformations. The first was in our consumer-facing interfaces. While we once operated airasia.com as an e-commerce site exclusive to selling airasia flights and ancillary airline products, starting late 2019, we partnered with Kiwi.com to enable customers to purchase flights on other airlines providing them the choice to make their own selections and connections. We also expanded airasia.com as a lifestyle e-commerce platform where customers can purchase a variety of goods and services from food to ride-hailing.

The launch of airasia Super App in October 2020 enabled us to reach a new generation of consumers who conduct most of their activities on their mobile devices. Other than flight and hotel bookings, airasia Super App offers food and parcel delivery, ride-hailing, financial services and more, anchored by an integrated rewards programme and a mobile wallet. Having developed an extensive suite of products, in 2022 airasia Super App expanded geographically taking its offerings across Asean. In December 2022, airasia Super App officially launched in Bali, Indonesia, together with airasia ride, enabling end-to-end travel booking convenience for users. The team's efforts were rewarded by year-on-year (YoY) monthly active users (MAU) growth of 76% from 7 million in December 2021 to 12.4 million in December 2022, with transactions concentrated predominantly in travel verticals including Flights (AirAsia), FlyBeyond (Non-AirAsia flights), Hotels, SNAP, Transport and Holidays.


The second major shift was in moving our entire data storage system onto Google Cloud, starting with internal systems and communications channels. One of the primary benefits of cloud computing is the ability to scale resources up and down based on demand, which means we do not need to invest in additional hardware or servers when launching extensive promotions such as our low-fare or free seat campaigns. This ultimately helps us to save approximately 30% of our cost as compared to using on-premise infrastructure.

In April 2022, airasia Super App and Google Cloud announced a five-year strategic collaboration that aims to combine core competencies of both organisations around the following four pillars:

-  Fostering an agile culture and co-innovation talent engine
-  Ensuring seamless user access anytime and anywhere, on any device
-  Unlocking data-driven insights to fuel growth of micro-, small- and medium-sized enterprises (MSMEs)
-  Empowering partners and developers to co-innovate and contribute

The partnership builds on our existing relationship with Google to transform our workplace into an integrated community which allows Allstars to access the entire Google Suite of tools, the latest being Google Spaces which was launched in June 2022 across the Capital A group of companies. This has boosted productivity by streamlining communications, reducing server downtime and facilitating collaboration. As of end 2022, we had successfully migrated 98% of our data storage onto Google Cloud, up from 87% at the end of 2021. Our approach as we move into 2023 is to continue with our Cloud First Policy where we prioritise solutions that support cloud-hosting.




Since the onset of Covid-19 from the first quarter of 2020, Capital A has experienced minimal loss in staff productivity as our cloud transition enabled Allstars to work remotely and communicate easily with each other. With the return to normalcy, we have retained the flexibility of hybrid arrangements as it cuts Allstars' commute time and helps us reduce our Scope 3 emissions. Each entity has its own work schedule, with Super App exercising a 2+3 hybrid working arrangement of two days in the office and three days at home. As for the emissions reduction from less road travel, an assessment carried out showed that Allstars' commute to RedQ and RedHouse offices contributes to 0.8% of our total Scope 3 emissions.

 For more information on our Scope 3 emissions, please refer to the Climate Strategy section in this Sustainability Statement on page 140.

In addition, we plan to emulate Google in terms of reducing our Scope 2 emissions via migration to the cloud. Google has been carbon neutral since 2007, offsetting all emissions through the use of renewable energy and purchase of carbon credits.









Key digital innovations across Capital A introduced in 2022 that are enhancing the consumer experience while cutting our carbon footprint are described below:

Airlines

Initiative	Description	Results
Digital Trip Files (DTR)	Trip files are sets of documents filed by Ground Operations to record flight arrivals. Each file contains an average of 20 sheets of A4 documents. DTR enables direct upload of trip files to a secure cloud platform, cutting printing and man-hours required to perform these functions.	Regulatory approval secured from the civil aviation authorities of Malaysia, Thailand and the Philippines with approval from Indonesia agreed in principle pending official paperwork.  Estimated printing avoided: 6.5 million A4 sheets per year
Auto-Upload of Passenger Manifest	Passenger manifest contains details of passengers and flight number. All our AOCs used to print their passenger manifests a day prior to flights in case of system failure. Now we have automated the functionality to store in our local drives.	Zero sheets of paper printed (2019: 4.8 mil sheets printed)  Estimated printing avoided: 2 million A4 sheets of paper
E-Manuals	Hard copies of the Ground Operations Manual (Parts 1 and 2) and Station Manager's Manual are replaced by digital manuals.	Regulatory approval obtained for e-manual distribution for all AOCs  Estimated printing avoided: 242,350 A4 sheets per year

Economic (cont'd)

Technology, Innovation and Information Security

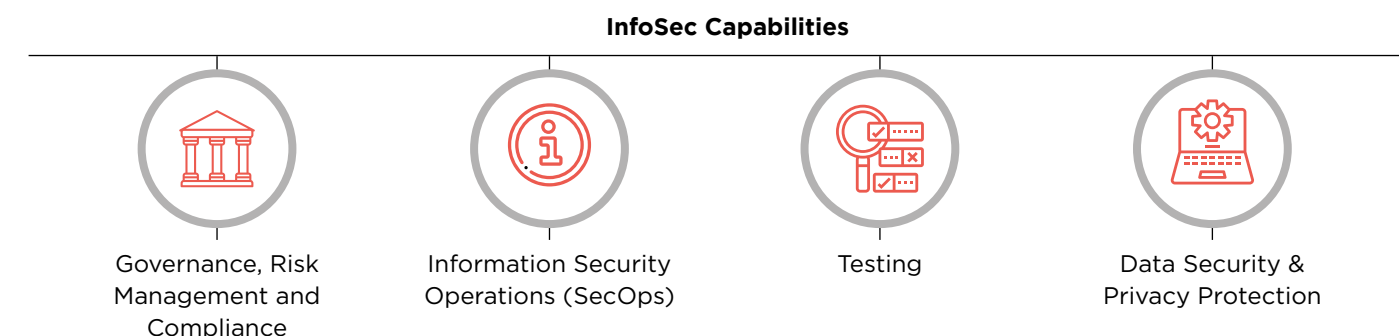
Initiative	Description	Results
Self Check-In	Promote Self Check-In and Mobile Check-In to cut queues and printing.	Utilisation rates:  88%  47%  43% In 2022, 16.8 millions guests self checked-in via web and mobile  Estimated printing avoided: 200,000 paper boarding passes per day
Sharing Functionality of e-Boarding Pass	Guests with combined bookings can check in for all travellers on the same device and share e-boarding passes via multiple channels eg WhatsApp, Telegram, email.	Utilisation rates:  44%  15%  18%  Approximately 6.6 million guests benefited from the sharing function
e-Attestation	e-attestation is the attestation of pilots' and cabin crew's physical documents in digital format. These include qualification cards, training records and attendance sheets. We developed an app enabling cabin crew and pilots to check attestation information on their mobile devices, which are linked to the airplane information management system (AIMS).	Trial run conducted following CAAM's approval. We now aim to launch e-attestation for all pilots and cabin crew in 2023.

Other Lines of Business

Initiative	Description	New in 2022
Santan Inflight Point of Sales System (ePOS)	ePOS, also known as Dolly, is an electronic system used to process sales transactions. It helps improve demand planning and inventory management. With better forecasting and supply chain management, Santan is able to significantly reduce food wastage while increasing revenue.	Enhanced data usage in our ePOS system to be able to analyse purchasing behaviour on different routes. We are also running a trial for In-Seat Ordering for MAA, enabling guests to order inflight.
airasia academy bulk purchase and user management	Learning Management System (LMS) platform developed to: 1) allow individuals and organisations to make bulk purchase orders for multiple users 2) allow full learning and development tracking	Expanded user coverage to include Malaysian Investment Development Authority, Yayasan Chow Kit and Multimedia University. Approximately 80,000 users have signed up.

ROBUST INFORMATION SECURITY

Increasing digitisation and digitalisation exposes us to greater risks of data being lost or compromised. To protect the integrity of our data, we invest into ever more effective cybersecurity systems and processes. As detailed in our 2021 Sustainability Statement, the information security architecture of Capital A is built on four pillars:



Under the Architecture and Programme Management, we have implemented eight new initiatives to enhance our information security in 2022. Details of the initiatives can be found under the respective pillars.

Group Information Security

Information security is governed at three key levels in our organisational hierarchy. While the Board has overall responsibility for information security at Capital A, it is supported by the Group Chief Information Security Officer, the Group Information Security Team and Heads of Department.

Role	Description
Group Chief Information Security Officer (CISO)	<ul style="list-style-type: none"> Process owner of all assurance activities related to confidentiality, integrity and availability of data regarding the company, employees, customers and business partners Establishes the Group's information security policy, working with executive management to establish, implement and maintain information security management programmes to ensure information assets are adequately protected Reports regularly to the Board, providing updates on information security posture, as well as proposed changes and solutions to strengthen the security and protection of the company's business environment
Group Information Security Team	<ul style="list-style-type: none"> Responsible for establishing information security objectives and requirements, and ensuring compliance with published information security policies, procedures and guidelines Defines and implements the Data Governance Policy outlining the roles and responsibility of information management based on classifications Responsible for risk mitigation and control processes for security incidents Ensures security controls are adequate and regularly tested Designs and conducts Information Security Awareness Training for Allstars
Heads of Department	<ul style="list-style-type: none"> Responsible for compliance with information security policies and requirements in their business operations Liaise directly with Group Information Security on any matters relating to information security such as incidents, audits, risks, any concerns and/or exceptions to information security policies

Economic (cont'd)

Technology, Innovation and Information Security

1) Governance, Risk Management and Compliance

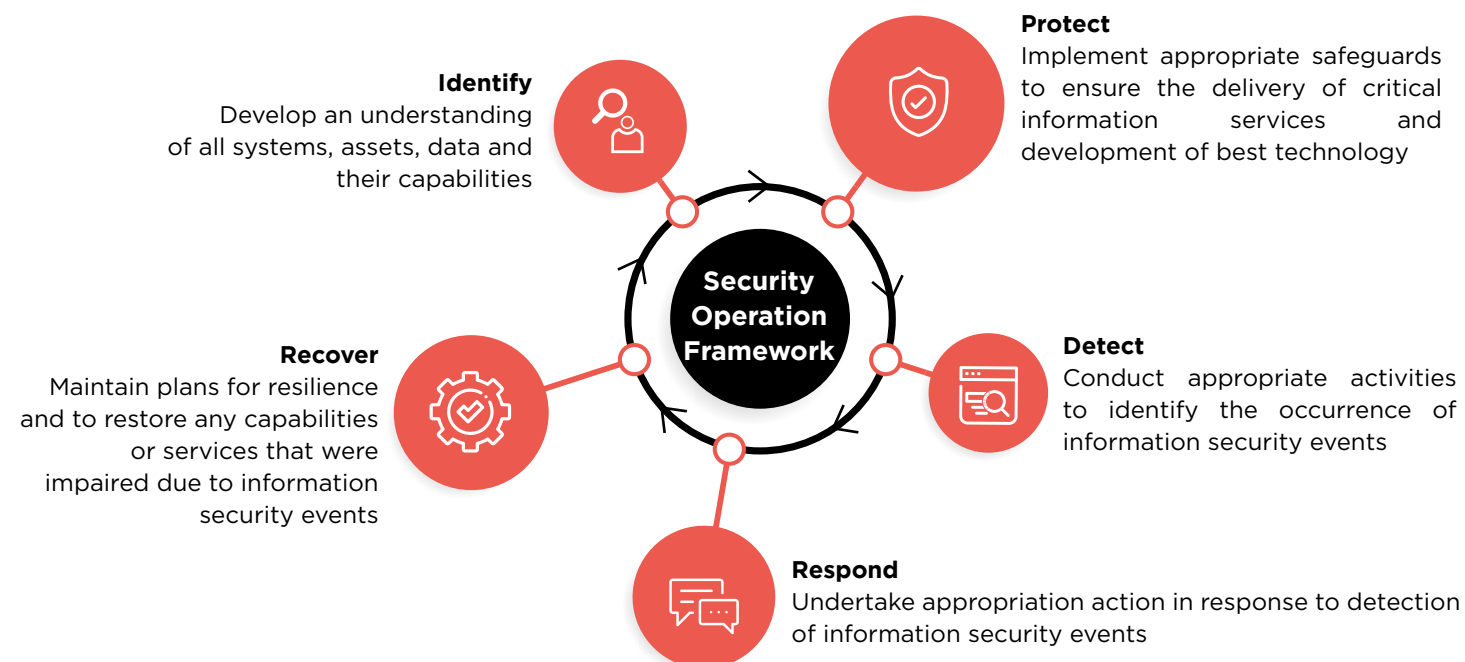
Information Security Governance, Risk and Compliance (InfoSec GRC) is responsible for managing Capital A Group's governance, risk management, and compliance with industry and government regulations. InfoSec GRC also provides a structured approach to aligning information security with organisational objectives.

We empower our Allstars, from non-executives to senior management, with the knowledge to protect their data as well as the Group's and our stakeholders' data. The following initiatives were implemented in 2022.

Initiative	Description	Outcome
Implementation of automated security awareness platform	An upgrade from the existing e-learning portal. The solution comes with full-fledged updates on training content, evaluation, reminders, simulations of cybersecurity threats to users and local content.	Automation follow-up to ensure the completion of the training.
Implementation of automated security compliance and risk workflow	This application is capable of managing multiple compliance requirements, such as ISO 27001 on information security management and Payment Card Industry Data Security Standard (PCI-DSS). The tool will be able to centralise risk for our airlines and other LOBs.	Eliminate duplication of compliance frameworks, centralising risk, response consolidation and documentation for audit validation.
Implementation of compliance assessment through an issue tracking software, Jira	Information security checklist which underlines all the best practices according to the Information Security Policy. The security assessment in Jira includes new additions such as data and access management.	All application/product releases are validated against Information Security upon Go-Live.

2) Information Security Operations (SecOps)

Guided by the US National Institute of Standards and Technology Cybersecurity Framework, SecOps has been structured to have five core functions (as depicted below). All the functions are performed concurrently and continuously to create an operational culture that addresses information security risk.



Below are some of the key initiatives we have implemented to strengthen our information security operations.






Initiative	Description	Outcome
Upgrade of endpoint detection and response (EDR) system	A security solution that detects, investigates and responds to security incidents on endpoint devices such as laptops, servers and mobile devices. EDR solutions are designed to identify and respond to advanced threats such as malware and ransomware that can evade traditional security controls such as antivirus and firewalls.	To improve organisational security with the ability to identify and respond to advanced threats.
Implementation of user account/identity protection (IDP) system	A system that is able to provide visibility, monitor and identify vulnerabilities and misconfiguration of the user accounts management system.	Any abnormal user account activity, detected misconfiguration or vulnerability of the active directory system will be triggered and taken care of by the respective team.
Upgrade of web application security solution	A set of security solutions that is put in front of public facing websites.	Public facing websites are protected from malicious attacks.

Cybersecurity Awareness

We take precautionary measures to enhance Allstars' awareness and knowledge of cyber threats to cultivate cyber risk awareness and a culture of compliance with security measures and protocols. In order to protect personal and Group data, and improve our preparedness for unexpected events, regular training is provided on cyber issues that are current and relevant. In 2022, over 10,000 Allstars attended a total of 11,754 hours of information security training.

Economic (cont'd)

Technology, Innovation and Information Security

Programme	Description
 Information Security Awareness Education	Mandatory training for new joiners and annual refresher for existing Allstars. The programme helps Allstars understand the role they play in combatting information security breaches.
 Posts on Google space	Bi-weekly sharing of new trends, best practices and reminders of information security
 Cyber Drill (Table Top)	Annual simulation of cyberattacks on digital systems within the Group. Respective teams need to respond, troubleshoot and remediate the issue. The exercise helps the information security team to identify and rectify gaps.
 Secure Coding Awareness Training	Designing codes that adhere to security best practices, safeguarding and protecting published codes from vulnerabilities. The training is intended for developers and software engineers, delivered annually.
 Information Security Sharing	Knowledge-sharing sessions led by CISO

3) Testing

The main focus of Information Security Testing is to give assurance of the adequacy of security controls by coordinating security reviews through vulnerability assessment and penetration testing (VAPT) of the Group's IT infrastructure, network and web applications.

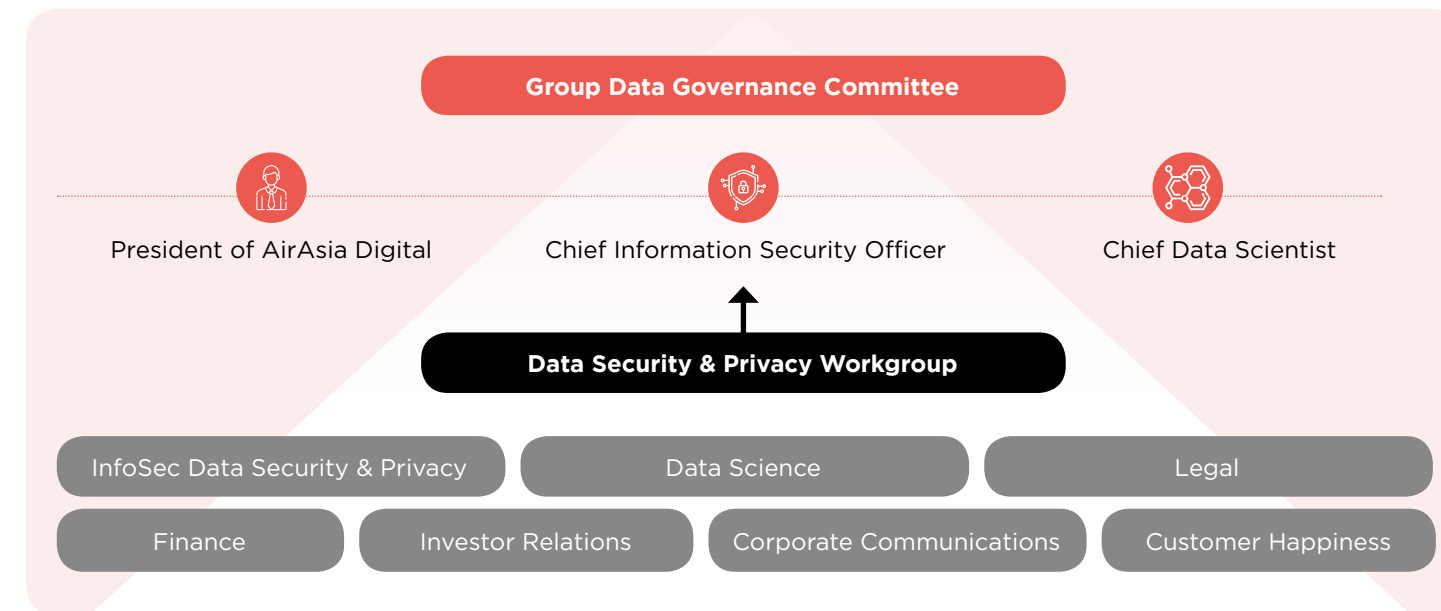
VAPT allows us to have a more detailed view of the threats facing our applications. Our penetration testers are responsible for identifying vulnerabilities within the Group's computing environment and for writing consumable VAPT reports. These reports are sent to the respective system or application owner for remediation.

The team is also responsible for tracking the remediation progress, guiding the use of technology in line with information security requirements and conducting source code reviews to enhance current applications.

In 2023, we plan to restructure our Infosec Testing team to fully utilise the capabilities of VAPT, RedTeam Exercises, and Threat Intelligence & Vulnerability Management. Our Infosec Testing enhancement focuses on strengthening the organisation's computing environment from cyber attack and cyber crime within technologies usage and users knowledge.

4) Data Security and Privacy Protection

Capital A complies with the Malaysian Personal Data Protection Act 2010 and other regulations on data protection in the respective countries of operations. We have in place a formal structure for data governance, which ensures the availability, usability, integrity and security of data. All Allstars are made aware of our data governance processes through annual training conducted by the Information Security division. A Data Access Approval System has been created and integrated with our IT Service Desk to automate the process to review and approve requests to access data belonging to the Group.



Various initiatives have been implemented over the years to safeguard the data of Allstars and customers, including email scans, limiting access to documents on Google Drive to internal or authorised personnel, as well as creating a data owner handbook to increase awareness of the responsibilities of various data roles, data security concerns, and privacy risks. In 2022, the Group Data Centre of Excellence team established a governance framework to ensure our data mesh architecture is properly secured and does not pose privacy risks. The Group InfoSec has also disabled the use of USB flash drives to safeguard Company information. In the next year, an array of initiatives will be carried out to further enhance our data privacy and protection.

Spotlight: Protecting the Data of BigPay Customers

As a digital neobank, BigPay continuously tightens its security protocols to protect customers' data. In 2022, it engaged a vendor to set up a Security Operations Centre (SOC) to monitor its production logs. The SOC is expected to be completed and functional by February 2023. Meanwhile, efforts to block scams have led to a significant reduction in their incidence. Initiatives undertaken include detecting and preventing the use of cloned apps, and a transition from SMS authentications to Smart Links.

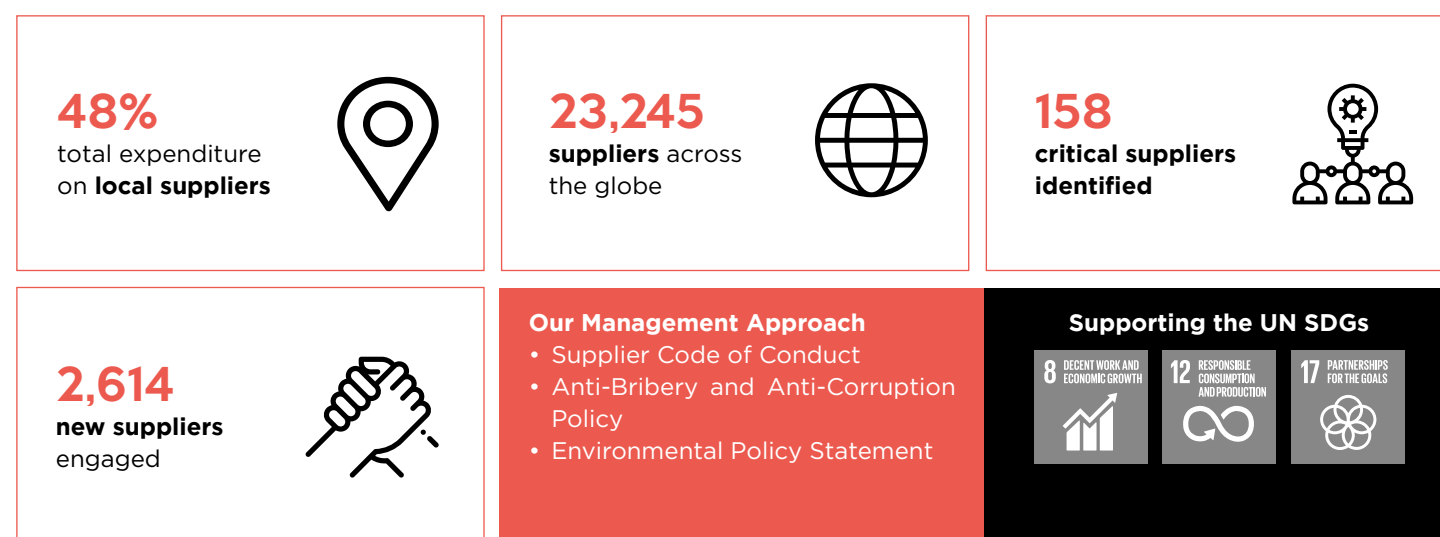
Economic (cont'd)

Supply Chain Management

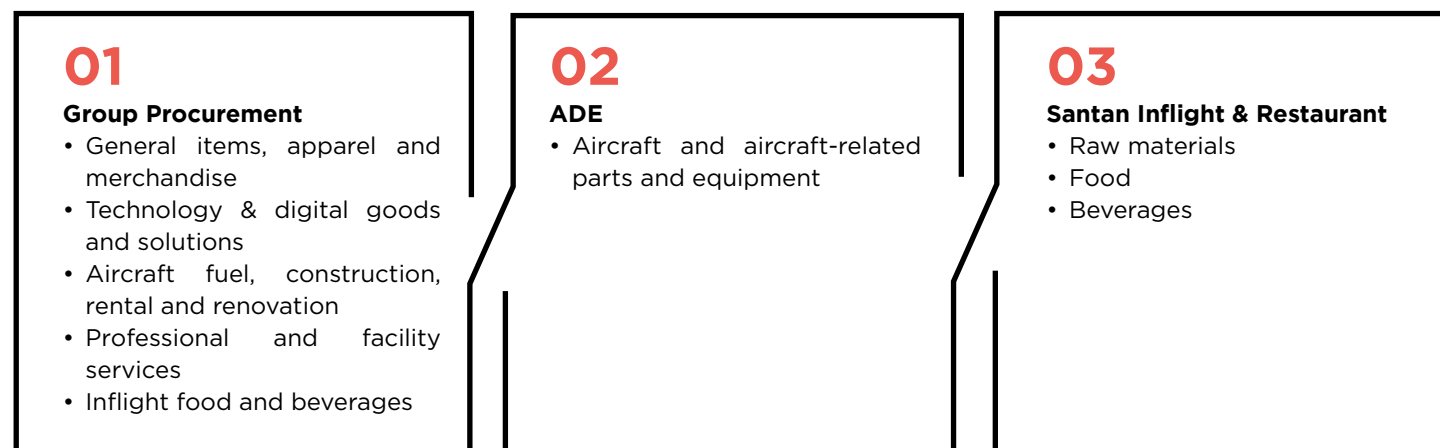
(GRI 3-3)

Capital A has a wide range of suppliers who support our airline business and subsidiary lines of businesses. We seek to build strong relationships with our suppliers, helping them to grow as they help us build our businesses. Effective supply chain management requires collaboration among suppliers, distributors, and the Group to ensure goods and services are delivered in a timely and cost effective manner. Where feasible, we source from local suppliers in each country of operation in order to stimulate the local economy. While supporting our suppliers' growth, we also use our influence to shape a sustainable supply chain through responsible and ethical sourcing, as guided by our Supplier Code of Conduct.

2022 Performance Overview



In previous sustainability reports, our disclosures have focused only on Group procurement practices. This year, we are expanding our disclosure by covering three key entities that together account for the majority of our Group procurement. This is a first step that we are taking to provide more complete coverage of the procurement practices and performance of the entire Capital A ecosystem.



Governing Our Supply Chain

As the central body of supply chain management at Capital A, Group Procurement acts as a shared service provider to all Group entities for the procurement of high-value common goods and services. It also serves as the governing body to standardise management processes through the use of a cloud-based procurement management system, Oracle, to streamline purchasing and sourcing needs across all entities. Nevertheless, it is the individual entities' responsibility to procure strategic or tactical goods and services specific to requirements.

ADE, for example, has its own procurement team that focuses on procuring aircraft related goods and services such as aircraft parts and components. As for Santan, the procurement of raw materials and food for restaurants is managed by its inhouse product and quality team where the team assesses and filters vendors to ensure the supply of high quality products. Inflight food and beverages with long shelf lives are managed by Group Procurement as these high-volume items are usually purchased in bulk.

All suppliers are required to register in Oracle and fill up a supplier questionnaire upon registration on the platform that assesses the quality, cost competitiveness, lead time, equipment safety, training provisions, and adherence to relevant laws and regulations. As we take anti-bribery and anti-corruption practices seriously, it is mandatory for our suppliers to acknowledge our Anti-Bribery and Anti-Corruption (ABAC) Policy and the Supplier Code of Conduct (SCOC) during the registration process, before conducting business with us.

Supplier Code of Conduct (GRI 408-1, 409-1)

Our Supplier Code of Conduct (SCOC) sets out our expectations for all our suppliers, current and prospective, across all entities regarding human rights, health and safety, ESG issues and risks, sustainable procurement practices, ethical business conduct, and zero tolerance for bribery and corruption. The SCOC is communicated to suppliers and vendors through our public corporate website, contracts, purchase orders, and emails to ensure that our suppliers understand our expectations and standards when conducting business with us.

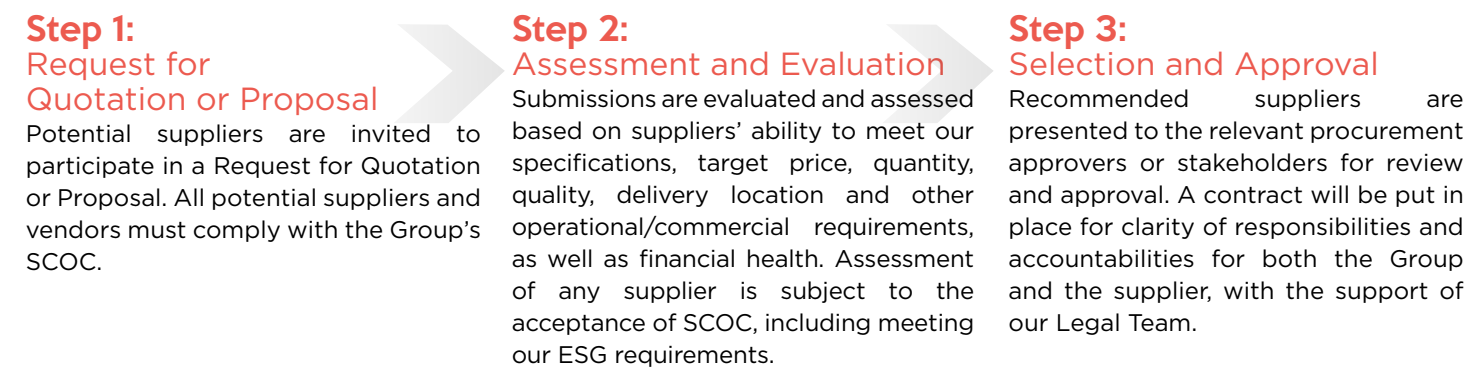
Upon signing a contract with Capital A, suppliers and vendors engaged by Group Procurement acknowledge the SCOC through an embedded clause that requires them to comply with the SCOC. ADE adopts a similar practice while our team at Santan is working to improve on this in the near future. As a Group, we are also working towards making the SCOC acknowledgment mandatory through Oracle in 2023.

For more information on our Supplier Code of Conduct, please visit www.capitala.com/misc/AAPROF006_Supplier_Code_of_Conduct.pdf

Group Procurement is now focusing on improving the social aspect of ESG by working with our Group Safety department to include more safety-related criteria in the supplier registration questionnaire, and will be looking into strengthening the environmental aspect in the future.

Supplier Selection Process (GRI 308-1, 308-2, 414-1, 414-2)

Stringent supplier and vendor selection is important to mitigate the risks in our supply chain and maintain responsible conduct in alignment with our SCOC. This includes ESG considerations and practises as highlighted in the SCOC. In 2022, we welcomed 2,614 new suppliers into our network after rigorous selection through our supplier selection process. The diagram below summarises our selection process:



Economic (cont'd)

Supply Chain Management

We strive to build strong and productive relationships with all our suppliers. ADE, for example, hosts regular one-on-one discussions with suppliers to seek feedback and gain insights into new practices and price volatility in the marketplace. In 2022, however, such conversations were put on hold as our main priority as a Group was to recover our financial health. We look forward to reconnecting with our suppliers through open dialogue in the near future.

Our Critical Suppliers

Our critical suppliers are those that have been identified as providing products or services that are critical to our business. Group Procurement and the individual procurement teams of ADE and Santan use different criteria to determine the criticality of suppliers. This year, we identified 158 critical suppliers for the three entities shown below:

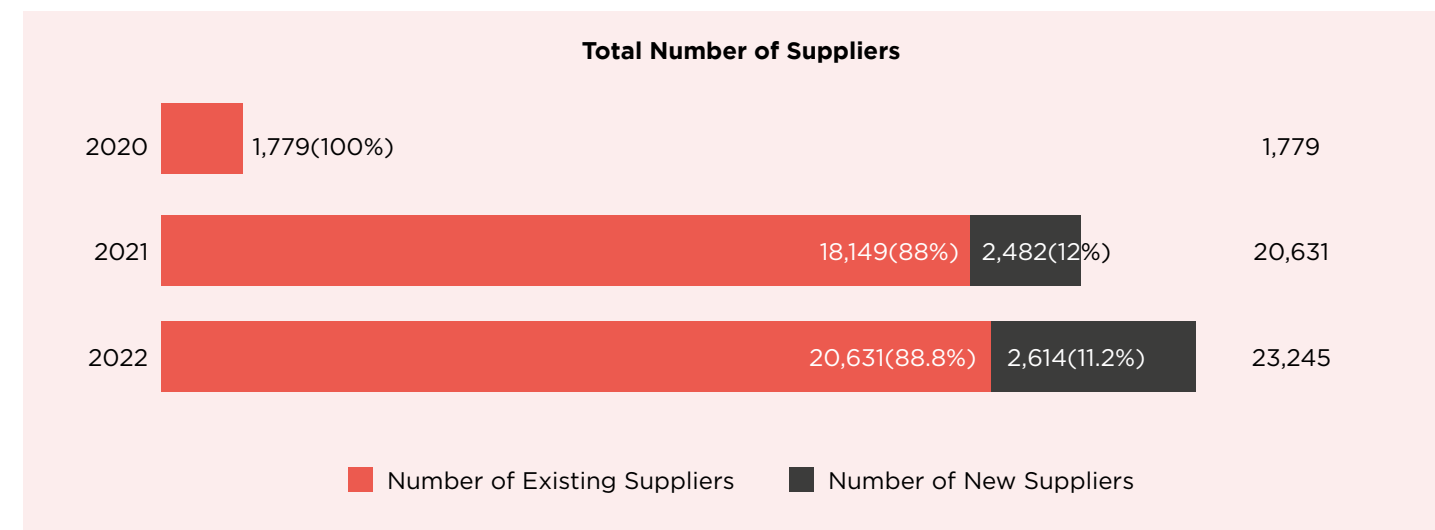
<p>01 Group Procurement Identified 56 critical suppliers compared to 233 in 2021. The decrease was due to an increase in minimum spend value threshold, covering a lower range of critical suppliers.</p>	<p>02 ADE Defines critical suppliers as original equipment manufacturers (OEMs) irrespective of spend value. ADE identified 91 critical suppliers in 2022.</p>	<p>03 Santan Inflight & Restaurant The Supplier Quality Programme categorises suppliers based on food safety risk. In 2022, Santan inflight and restaurants had six and five High-Risk Suppliers respectively.</p>
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Group Procurement evaluates our critical suppliers annually to assess their performance and manage our risks. The evaluation covers criteria such as quality, service level, compliance with respect to relevant laws, safety, and ESG practices, with our critical suppliers receiving a weighted score ranging from 'poor' to 'excellent'. We actively engage with suppliers that underperform to assess how we can help to improve their scores and performance. In 2022, a total of 11 critical suppliers received performance evaluations.

ADE's procurement team takes a similar approach on conducting a critical supplier performance evaluation every two years to assess the quality, cost competitiveness and reliability of the supplier's goods and services where evaluated suppliers receive a weighted score. Critical suppliers who underperform or do not perform to their service level will be removed from the vendor list.

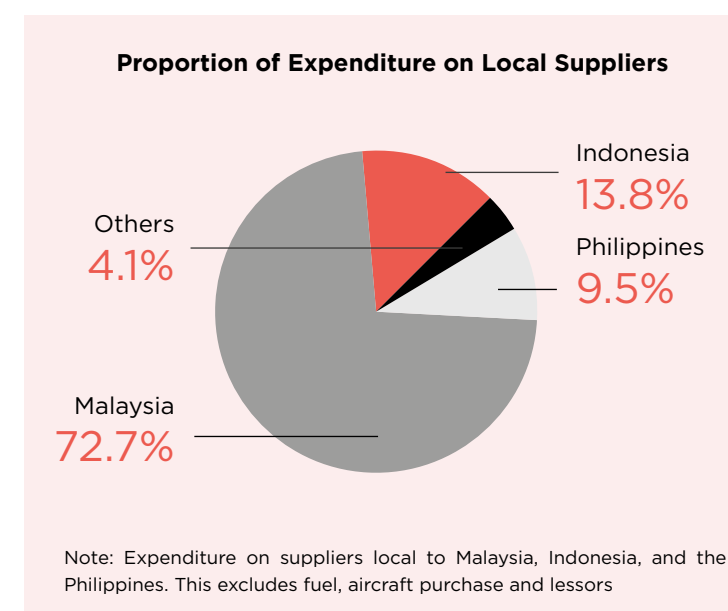
Santan evaluates its suppliers at the end of every year to assess key criteria such as food safety, quality, pricing, and on-time delivery. For inflight services, suppliers who underperform will receive a penalty while underperforming restaurant suppliers will be removed from the vendor list.

Our Suppliers Across the Countries We Operate In (GRI 204-1)



Note: Total number of suppliers for all entities in Capital A.

In 2022, we grew our supplier network by 12.7% from 2021 to a total of 23,245 suppliers. As we operate at a regional and international level, we do our best to support local economic development of the countries we operate in by procuring goods and services from local suppliers where possible. Excluding fuel, aircraft purchase and lessors, Group Procurement invested approximately 48% of our procurement expenditure on suppliers local to Malaysia, Indonesia and the Philippines, compared to 38% in 2021. Most of our expenditure (72.7%) was on local Malaysian suppliers, followed by Indonesian suppliers (13.8%) and Filipino suppliers (9.5%), with other international suppliers making up the remaining 4.1%. This increased investment to our network of 1,326 local suppliers will help stimulate local economic development, especially after the relaxation of pandemic restrictions and reopening of economic activity.



Note: Expenditure on suppliers local to Malaysia, Indonesia, and the Philippines. This excludes fuel, aircraft purchase and lessors

Due to the technical nature of ADE's services where the aircraft requires specific high-end components, ADE sources most of its items from international suppliers. Of its 111 suppliers, 19 are local and 92 are international. In 2022, ADE invested 4% of its expenditure on local suppliers, for the procurement of aircraft components to support the local economy whilst maintaining the safety and quality of our aircraft.

As Santan depends on fresh ingredients for inflight catering and restaurant meals, the team depends predominantly on local suppliers. In 2022, 90% of Santan's expenditure for restaurants was on local suppliers, whilst 100% of supply for inflight services was from local suppliers.

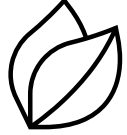
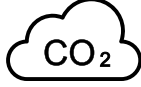
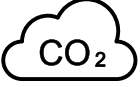
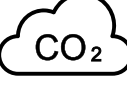
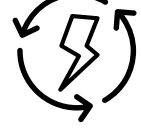
Environmental


Climate Strategy

(GRI 3-3)

As it becomes increasingly critical to address climate change, we acknowledge the need for the Group to be accountable for our climate-related and environmental impacts. We also recognise that there is growing investor demand to embed greener practices into our core business to reduce our carbon footprint. To build back better and responsibly, Capital A has taken actions to strengthen our environmental commitments and prepare for the future.

2022 Performance Overview

<p>54,360 tonnes of CO₂ emissions avoided through fuel efficiency programme</p> 	<p>1,917,390.2 tonnes of CO₂ emissions (Scope 1)</p> 	<p>4,459.3 tonnes of CO₂ emissions (Scope 2)</p> 
<p>410,250.7 tonnes of CO₂ emissions (Scope 3)</p> 	<p>6,122 MWh electricity consumption in offices and buildings</p> 	

<p>Our Management Approach</p> <ul style="list-style-type: none"> Environmental Policy Statement Sustainability Policy Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) requirements International Civil Aviation Organization requirements 	<ul style="list-style-type: none"> Occupational, Health, Safety and Environment Manual Environmental Quality Act 1974 	<p>Supporting the UN SDGs</p>    
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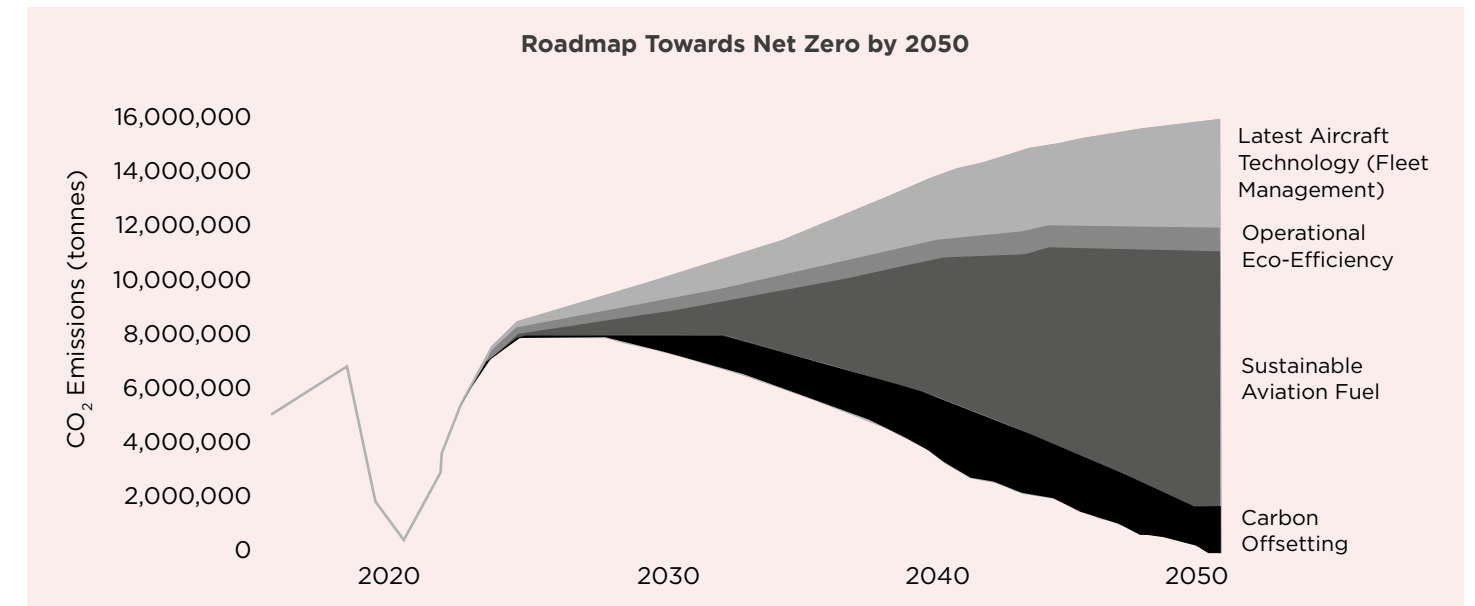
We have positioned ourselves to accelerate our climate strategy by declaring the ambition to achieve net zero carbon emissions by 2050 as well as by aligning with the Task Force on Climate-related Financial Disclosures (TCFD) reporting framework to identify and disclose our climate-related risks and opportunities. This encompasses the management of our greenhouse gases (GHGs), energy consumption and water usage, underpinned by our Environmental Policy. We are guided by our Sustainability Redbook and its targets to advance ongoing efforts to reduce our climate impact across our value chain. In 2022, no sanctions were recorded for any non-compliance with environmental legal requirements.

In previous years, our reporting focused on our aviation business as it generates the bulk of our Scope 1 emissions. In the main, we are continuing with this approach as throughout the year we placed the highest emphasis on strengthening our aviation sustainability strategies to respond to ever-growing interest and intensifying scrutiny from external stakeholders. Our commitment is not only to meet minimum standards but to aspire to industry best practice given the prominence of the AirAsia brand in the global aviation industry.




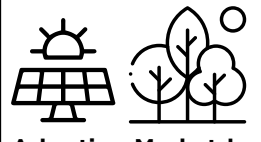
At the same time, we were able to broaden our coverage beyond aviation to account for the environmental impact of Capital A's non-airline businesses. Our first step towards this end was to include Scope 3 emissions in this year's report by encompassing the emissions of Teleport and airasia ride.

NET ZERO BY 2050

To fully align with the global ambition to achieve net zero by 2050, Capital A developed our own net zero roadmap in 2021, identifying four pathways for AirAsia to converge to our long-term emissions reduction goal.



Note: CO₂ emissions for years 2018-2022 are based on actual data. Figures for 2023 onwards are based on AirAsia's projections.

Our Approach Towards Net Zero by 2050	
 <p>Operational Eco-Efficiency Strengthen our fuel efficiency programme to continue delivering optimal outcomes to retain our lead as the airline with the lowest carbon intensity in Asia.</p>	 <p>Use of Latest Aircraft Technology Invest in the Airbus A321neo model for growth and fleet renewal up to 2035. With a 236-seat layout, each A321neo emits 20% less CO₂ per seat compared with an A320 while also producing less nitrogen oxide and noise.</p>
 <p>Sustainable Aviation Fuel (SAF) Explore SAF opportunities with fuel suppliers as biofuel production ramps up and becomes available in Asean.</p>	 <p>Adopting Market-based Measures Purchase carbon credits to close remaining gaps and comply with requirements under the CORSIA developed by ICAO.</p>

In 2022, we made incremental progress in all four areas, although the bulk of our efforts focused on strengthening and expanding our operational eco-efficiency outcomes. By increasing our fuel consumption efficiency, we benefit from cost savings while also reducing our emissions in a way that aids our post-pandemic recovery.

In the following section, we list our key achievements in each of the above mentioned areas.

Environmental (cont'd)

Climate Strategy

Approach 1: Operational Eco-Efficiency

As our main focus, AirAsia's fuel efficiency programme underpins our Scope 1 GHG emissions reduction efforts and represents tangible immediate solutions in our journey to net zero. We maintain some of the lowest carbon intensity measures in the industry through continuous efforts to reduce fuel consumption, both to lower our operational costs and carbon footprint.

In 2022, we undertook two investments to strengthen our fuel efficiency programme. The first was usage of the Honeywell Forge fuel efficiency solution which enables AirAsia to analyse fuel-related data and compute its fuel savings. The system helps in planning the right amount of fuel for every flight, while providing recommendations to improve fuel efficiency performance. Data recorded within the Forge system also helps to track performance of operational eco-efficiency procedures to increase compliance rates.

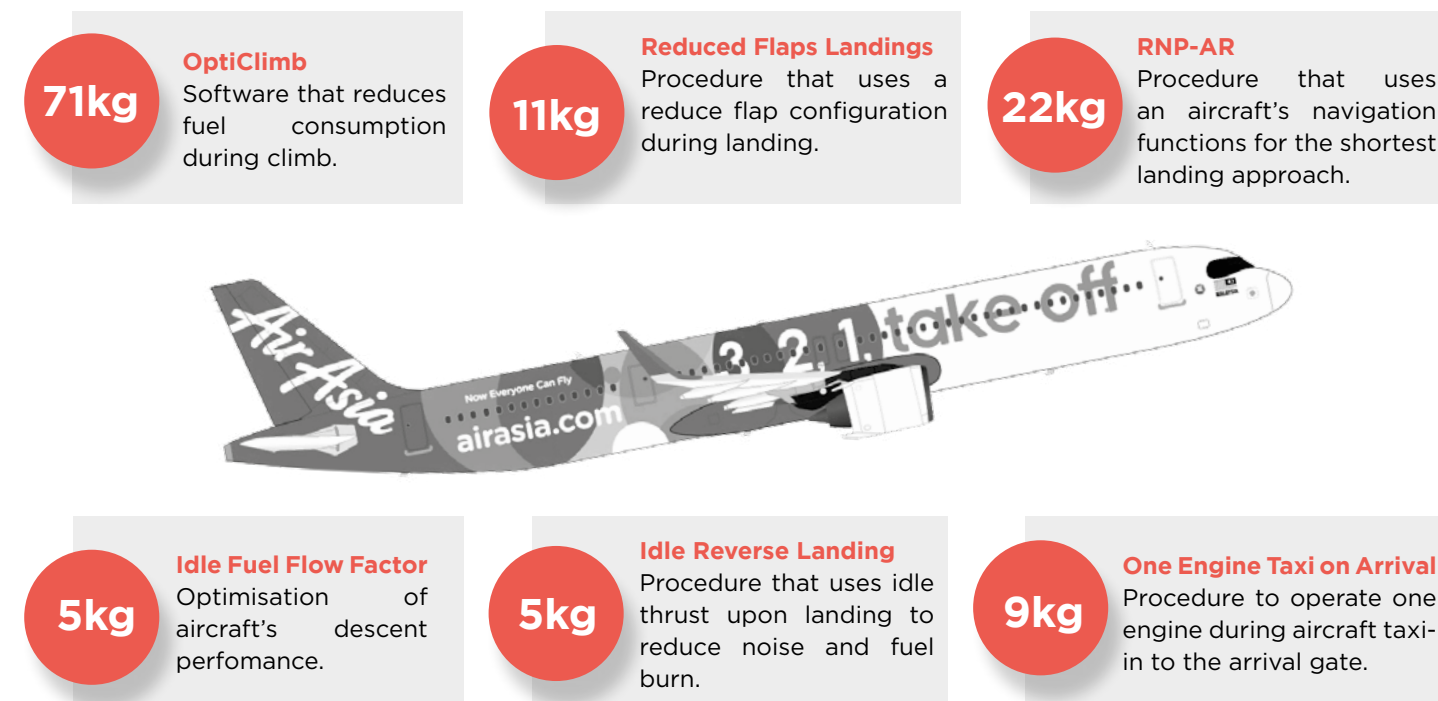
The second investment made was in the installation of an innovative aircraft software modification known as Descent Profile Optimiser (DPO) on A320 aircraft to minimise the amount of time spent at an inefficient level of fuel burn. The DPO is calculated to reduce our emissions by 0.75% per aircraft, equivalent to an average of 101kg of CO₂ per flight. In the first phase of implementation, DPO has been installed in 32 aircraft, to be followed by the rest of the fleet in 2023.

The DPO is the latest in a series of flight procedures that AirAsia has introduced that deliver emissions savings at every phase of flights. Although small individually, in aggregate, these measures are key to keeping AirAsia's cost and carbon intensity low. Throughout 2022, the Fuel Efficiency Team oversaw more than 20 operational eco-efficiency procedures by all pilots, highlights of which are described in the diagram below.

Initiative	Description	Result/Total CO ₂ avoided in 2022
SafetyLine OptiClimb	Software that reduces fuel consumption during climb, which is the most fuel-intensive phase of a flight. OptiClimb leverages digital data to accurately determine and analyse an aircraft's aerodynamic characteristics.	✓ 64% compliance on procedure implementation (2021: 63%) CO ₂ emissions avoided = 20,713 tonnes
Reduced Flaps Landing	Procedure that uses a reduced flap configuration during landing to cut aerodynamic drag and fuel burn.	✓ 98% compliance rate on procedure implementation (2021: 91%) CO ₂ emissions avoided = 5,011 tonnes
One Engine Taxi on Arrival and Departure	Procedure to operate one engine instead of two during aircraft taxi-into and out of the the arrival and departure gates.	✓ 100% compliance on procedure implementation for One Engine Taxi on Arrival (2021: 83%) ✓ 44% compliance on procedure implementation for One Engine Taxi on Departure CO ₂ emissions avoided = 9,967 tonnes
Idle Reverse Landing	Procedure that uses idle thrust instead of full reverse engine thrust upon landing to reduce noise and fuel burn.	✓ 92% compliance rate on procedure implementation (2021: 92%) CO ₂ emissions avoided = 2,503 tonnes
Idle Fuel Flow Factor	Updates to the Flight Management System that enable optimisation of the flight's descent and approach.	✓ 100% implementation on all aircraft CO ₂ emissions avoided = 2,481 tonnes
Statistical Taxi-out Fuel Planning	Procedure that projects a more accurate flight plan taxi-out fuel by airport and departure hour using historical data instead of a fixed figure.	✓ 100% implementation for all AOCs CO ₂ emissions avoided = 1,622 tonnes

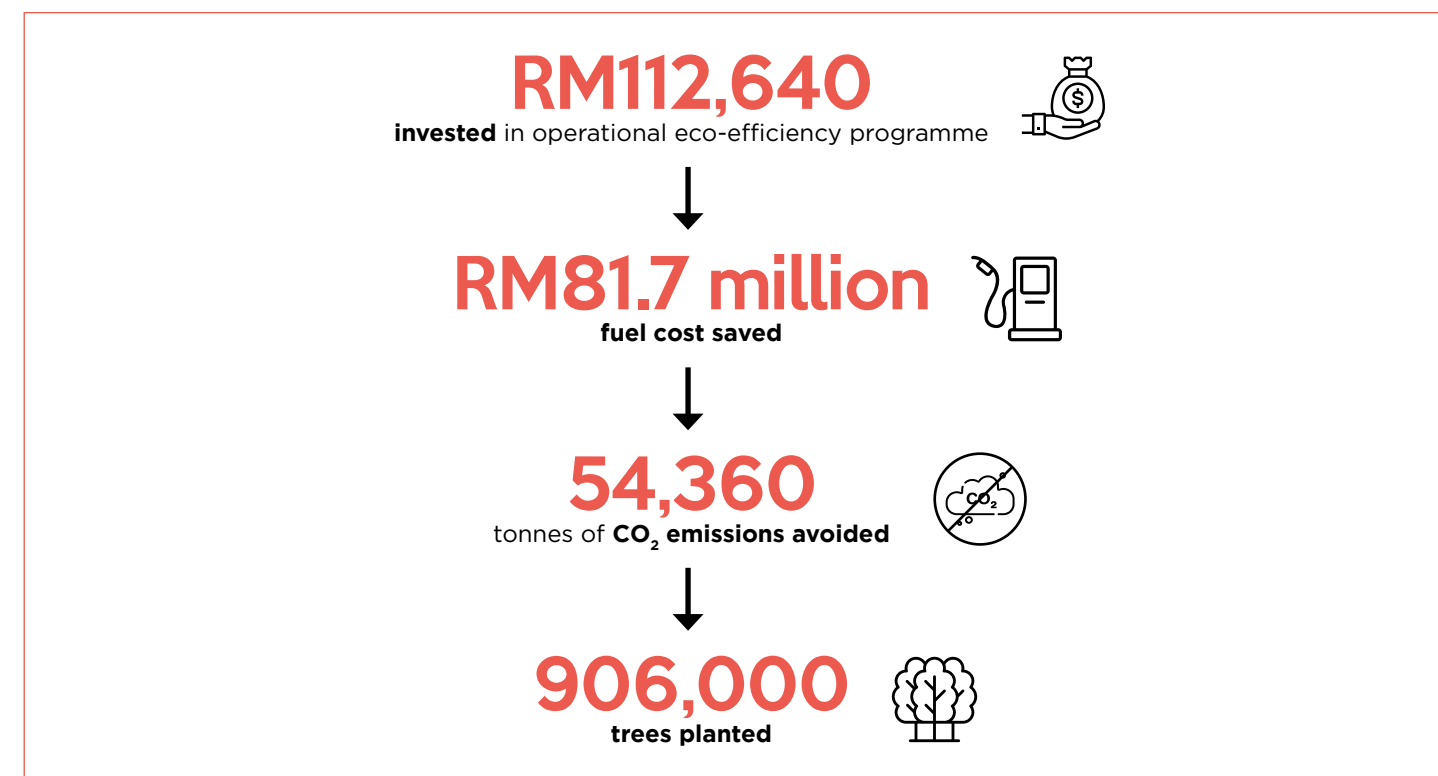
Other green operating initiatives under the fuel efficiency programme contributed to 12,063 tonnes of CO₂ emissions avoidance in 2022. The diagram below shows our fuel saving initiatives and the average amount of fuel saved per flight for each.

Fuel Saving Initiatives



Note: This indicates the average amount of fuel saved (kg) per flight.

Savings from the Operational Eco-Efficiency Programme



Environmental (cont'd)

Climate Strategy

Aircraft Cabin Innovation with High Performance Mirus Hawk Seats

Since 2018, we have retrofitted five A320 aircraft and line fitted two A321neo aircraft with Mirus Hawk seats that are made from carbon fibre, aluminium and genuine leather upholstery to produce lighter seats that will support our ongoing commitment to optimise fuel efficiency and reduce carbon emission. The lighter seats help to reduce fuel consumption by more than 70,000 litres and lower CO₂ emissions by 200 tonnes per aircraft per year. We save approximately 1,400 tonnes of CO₂ per year from the seven Mirus Hawk-fitted aircraft in our fleet.

Under our contract with Airbus, all A321neo aircraft orders from 2021 to 2028 will be installed with the Mirus Hawk seats. We look forward to receiving 16 more A321neo aircraft pre-fitted with the high performance seats by 2024.

To improve our ground vehicles' eco-efficiency, we are updating our contracts to include a clause that highly encourages Ground Handling Agents (GHA) to use electric vehicles where possible.

AirAsia is engaging more intently with civil aviation regulators in our key AOC countries on improving airspace efficiencies. While airline initiatives are important, equally impactful are measures to reduce air traffic congestion and to streamline flight paths for more direct approaches to airports.

While AirAsia's Flight Operations Department has always maintained regular engagements with regulators, this year saw increased interactions between government officials with our Sustainability team. Several meetings were held throughout the year, enabling better understanding and coordination between key stakeholders.

Given the cross-sectoral nature of sustainability, these engagements extended beyond members of the aviation community to include representatives from the Ministry of Natural Resources, Environment and Climate Change, as well as MITI.

Approach 2: Latest Aircraft Technologies

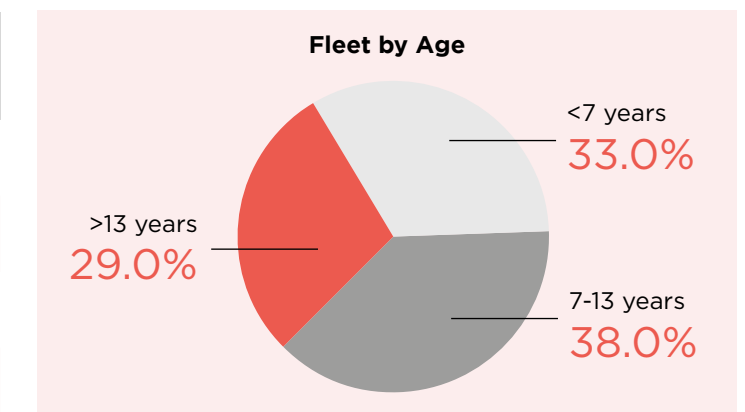
AirAsia invests in and is in the process of renewing our fleet to young, modern and fuel-efficient aircraft to reduce our Scope 1 GHG emissions and contribute significantly to our net zero goal. Our fleet comprises three models of the Airbus A320 family, which are acknowledged to be the most fuel-efficient narrow-body commercial jet aircraft in the market today; as well as one unit of Airbus A330-300 aircraft to meet our capacity requirements. Comprising 155 aircraft, our fleet remains relatively young at an average age of 10.2 years.

This year, AirAsia operated a fraction of its total fleet size due to pandemic restrictions prolonging into 2022, especially in the first half of the year. AirAsia entered 2022 with a registered fleet of 159 aircraft in January and ended with 155 aircraft in December (table below) with the reduction of three aircraft due to aircraft reallocation and lease retirement. However, our operating network started in January with 46 aircraft, growing to 83 aircraft by December 2022 as we returned more planes into service.

In 2023, we will continue to focus on recovering full fleet activity by negotiating solutions to sector-wide shortages in aircraft parts, engines and maintenance hangar slots. Where feasible, our engineering department prioritised the reactivation of aircraft that are younger in age and have a better fuel efficiency record. This will continue to be our approach throughout 2023 as we reactivate the remainder of the AirAsia fleet across Asean.

Fleet Size

Model	Units	Average age of type (years)	Passenger Capacity
A320-200	123	11.5	180/186
A320neo	29	5	186
A321neo	2	3.1	236
A330-300	1	8.1	377



In 2024, our fleet renewal plan will resume with scheduled deliveries of outstanding A321neo order. We currently have four A321neo aircraft in our fleet and in 2024, the Group is planning an increase of 16 additional A321neo aircraft, bringing our total number of this advanced model to 20 aircraft. This will make up around 10% of the total fleet in 2024. Our fleet renewal plan will see the replacement of all existing A320 aircraft with the A321neo model by 2035.

The A321neo aircraft will strengthen AirAsia's competitive advantage by further lowering our per seat cost through the addition of 60 additional seats per aircraft, or addition of 30% more seats compared to the predecessor model A320neo. This will help to increase capacity in congested airports without increasing the number of flights. The switch to an A321neo fleet not only brings economic benefits but also environmental ones as the newer planes operate with greater fuel efficiency and noise reduction. Gains from fuel and emissions efficiencies from 2024 onwards will mainly accrue from latest aircraft technologies as each A321neo emits 24% less CO₂ per seat compared to an A320 and produces less nitrogen oxide and noise.

Furthermore, in the coming years, as more airports introduce measures to penalise carriers operating inefficient aircraft models by applying higher taxes or even not allowing operations with certain aircraft types, AirAsia Group is likely to be minimally impacted as we will already be operating one of the region's youngest and most efficient fleets.

Throughout 2022, we attended three briefings conducted by Airbus on the manufacturer's ongoing programmes to decarbonise aviation. These included updates on latest research and development to develop a commercially viable zero-emission aircraft by 2035, tests to raise the ceiling on SAF utilisation to 100% (Airbus planes are now certified to fly with up to 50% blend of SAF) and new eco-efficiency operating measures.

Spotlight: Welcoming Three New A321 Freighters

Over the next two years, Teleport looks forward to seeing the introduction of three new Airbus A321 Freighters A321F, which is the highest fuel-efficient single-aisle model in its class. Its 27 tonne payload capacity further strengthens Teleport's intra-Asean cargo network with extended connectivity into Asia Pacific countries like China and India. The introduction of these new freighters supports Capital A's goal of net zero emissions.

Approach 3: Sustainable Aviation Fuel

The utilisation of SAF is projected to be the key strategic in-sector solution towards AirAsia's net zero roadmap. As the aviation biofuels industry matures, we expect SAF to feature more prominently in our decarbonisation journey in the long term as it can cut the lifecycle GHG emissions of jet fuel by up to 80%. AirAsia's Airbus fleet is certified by aircraft and engine manufacturers to be able to fly with a blend of up to 50% SAF.

Environmental (cont'd)

Climate Strategy

The main obstacles to SAF utilisation remain its high price and non-availability in airports where our AOCs operate. However, we expect this to change in the next two to three years as more companies ramp up biofuel production and supply in the region. AirAsia will leverage Group economies of scale as purchase volume is one of key factors determining SAF pricing.

To gain a broader overview of SAF production and distribution plans in Asean, we participated in multiple engagements with civil aviation authorities, fuel suppliers, aircraft manufacturers and government authorities in the region. These included a three-day ASEAN Workshop on SAF organised by the European Union Aviation Safety Agency (EASA) in January 2022 and a special SAF briefing by Airbus in February 2022.

AirAsia is also a member of the Malaysian Sustainable Aviation Energy Task Force under the purview of the MITI, as well as the Malaysian National Task Force on SAF initiated by CAAM. Through related engagements, AirAsia was able to refine its plans for SAF utilisation by identifying airports where SAF will be first available and forecasting SAF volumes that can be prospectively sourced from each location.

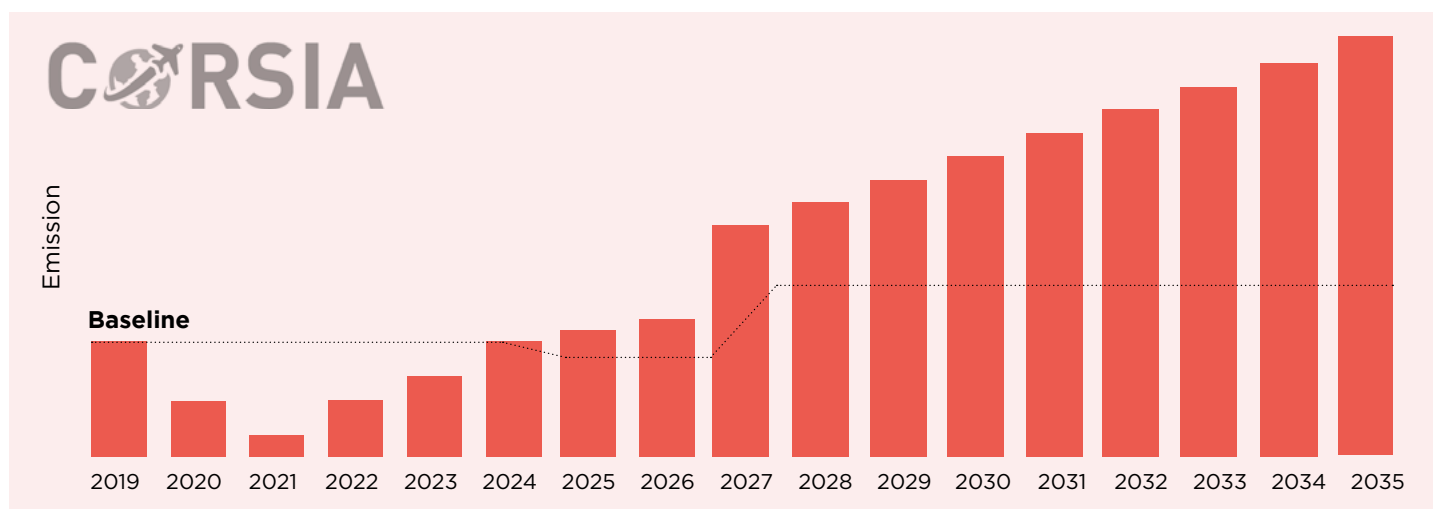
As of January 2023, AirAsia has received its first price quotations to assess the possibility of including SAF into its fuel mix from the second half of the year onwards.

Approach 4: Carbon Offsetting

Market-based measures remain an important approach to manage our residual emissions, pending novel technologies such as zero-emission aircraft. With Malaysia, Indonesia and the Philippines being member states that have voluntarily signed on to participate in CORSIA, we see carbon offsetting as a necessity to close the emissions gap after applying all three in-sector measures mentioned above. Since the scheme came into force, all three AirAsia AOCs are mandatorily required to comply with CORSIA and its progressively ambitious targets to tackle CO₂ emissions from international aviation.

In line with CORSIA requirements, we submitted verified emissions reports to the civil aviation regulatory bodies of the respective AOC countries in April 2022 for their onward submission to the ICAO Central Registry. As global emissions from international aviation remained well below the 2019 CORSIA baseline level, none of our airlines were required to offset our carbon emissions.

An important development that took place in 2022, however, was a decision at the 41st ICAO General Assembly in October to lower the CORSIA baseline to 85% of 2019 level from 2024 onwards. The graph below illustrates the impact of the lowering of the CORSIA baseline from 2024 onwards. This will require offsetting activity, which is expected to spike from 2027 onward as CORSIA becomes mandatory and key economies such as China and India are expected to join the scheme.



Caption: General trend for CORSIA emissions from 2019 to 2035. This is not based on actual emissions data, merely a depiction of the trend.

In preparation for offsetting requirements starting 2024, we fine-tuned forecasting models to determine our exposure under the new CORSIA baseline, as well as under a more ambitious net zero decarbonisation programme to cut our emissions above CORSIA requirements. We are also in the process of developing options for customers to add an offset fee to their fares, not only for flights but also for delivery and ride-hailing services provided by Capital A companies.

Leading the CORSIA Task Force in Malaysia

Capital A's Chief Sustainability Officer was appointed by CAAM in the fourth quarter of 2022 to lead a national task force on CORSIA. The task force aims to identify gaps in Malaysia's current approach and to provide recommendations for the effective implementation of the carbon reduction scheme. Over a period of six months, the task force will develop an updated Malaysia aviation net zero roadmap, taking into account decarbonisation strategies of all key stakeholders, and determine the potential contribution of the sector to Malaysia's carbon economy.



Though in-sector approaches are highly encouraged for carbon emissions reductions, AirAsia's decarbonisation efforts will be highly dependent on the purchase of carbon offsets until SAF becomes more commercially viable in terms of price and supply. We expect carbon offsets to deliver a high proportion of our emissions reduction at the early stages of our net zero journey before tapering down as in-sector solutions become more accessible.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

With the exponential intensification of climate change, Capital A acknowledges climate change as one of the most complex risks society and the companies across the globe are facing right now. To demonstrate our commitment towards addressing and managing our climate-related impacts, Capital A became an official supporter of the TCFD in 2022.



TCFD Pillars	Achievement in 2022
Governance Governance on climate-related risks and opportunities	<ul style="list-style-type: none"> Maintain Board and senior management oversight through relevant committees Increase Board awareness through quarterly updates on ESG and climate-related matters (please refer to page 94)
Strategy The actual and potential impacts of climate-related risks and opportunities on our businesses, strategy and financial planning	<ul style="list-style-type: none"> Develop Capital A's net zero strategy Set internal carbon price (please refer to page 128)
Risk Management The processes used to identify, assess and manage climate-related risks	<ul style="list-style-type: none"> Include ESG and climate related risk in the Group's framework Plan to manage climate change as a risk in the Enterprise Risk Management system (please refer to page 104)
Metric and Targets The metrics and targets used to assess and manage relevant climate-related risks and opportunities	<ul style="list-style-type: none"> Monitor Scopes 1,2 and 3 Commit to net zero emissions by 2050 (please refer to page 129)

Environmental (cont'd)

Climate Strategy

Risk timeframe: **S** short term **M** medium term **L** long term

Risk Type	Risk Timeframe	Climate-related Risk Description	Potential Financial Impact	Mitigation Strategy
Transition Risks	Policy and Legal	Imposition of new climate change regulation such as carbon taxes, emissions quotas or biofuel mandates	Increase in operating costs and fares which could lead to a dampening of travel demand	<ul style="list-style-type: none"> Regular engagement with civil aviation authorities and government bodies on climate change and decarbonisation plans for the aviation industry. Develop net zero by 2050 strategy which outlines our approaches on latest generation aircraft, operational improvements, SAF and carbon offsetting. Commence discussions with regional fuel suppliers on making SAF available in the region. Our focus will be on maximising efficiency and using SAF in line with mandated requirements. In addition, a purchase commitment by AirAsia will strongly incentivise fuel suppliers to invest and lower the long-term cost of SAF. Set internal carbon price to forecast our cost for carbon offsetting.
				<ul style="list-style-type: none"> Leverage existing frameworks and tech tools to meet new data reporting requirements. Use available internal resources to undertake internal assurance before progressing to external assurance.
	Technology	New sustainability reporting requirements	Increase in reporting costs, including manpower expenses, measuring tools and audit fees	<ul style="list-style-type: none"> Negotiate aircraft order contracts that allow for upgrades of unfulfilled deliveries Enhance fleet management strategy to build flexibilities in lease contracts
Market		Travellers and businesses respond to climate change by reducing travel demand	Lower demand for air travel will impact revenue	<ul style="list-style-type: none"> Conduct brand campaign to communicate the Group's net zero strategy Implement a carbon offset programme that provides travellers with the option of offsetting their carbon emissions

Risk Type	Risk Timeframe	Climate-related Risk Description	Potential Financial Impact	Mitigation Strategy	
Transition Risks (cont'd)	Reputation	Negative brand impact of being seen as not responding sufficiently to climate crisis	Guests may choose a competitor that they perceive as more sustainable and investors may divest. Financial institutions may also impose a premium on lending	<ul style="list-style-type: none"> Invest in carbon reduction initiatives and communicate decarbonisation efforts actively as part of the company's communications strategy 	
	Physical Risks	Acute	Aircraft becoming inoperable at extreme high or low temperatures	Increase in cost of flight delays and cancellations	<ul style="list-style-type: none"> Operate seasonal schedules and expand coverage of weather forecasting services Undertake pre-emptive cancellations to avoid passengers and aircraft being stranded
			Increased frequency and severity of climate events such as typhoons and floods	Cost of asset damage, increase in insurance premiums and revenue loss due to travel disruption	<ul style="list-style-type: none"> Maintain robust business continuity plans and dynamic schedule planning at affected hubs
Chronic			Longer-term changes in weather patterns that result in rising sea levels rendering some airports inoperable	Higher airport charges at new facilities built to replace at-risk airports. Travel demand will also be impacted if new airports are located far away from city centres.	<ul style="list-style-type: none"> Select hub airports that are shielded from extreme weather events Ensure business continuity plans are effective and up to date Operate to airports that are adequately served by public transport to minimise potential increase to guests' travel footprint

Environmental (cont'd)

Climate Strategy

The following are examples of specific climate-related opportunities we have identified.

Climate-related Opportunities	Potential Financial Impact	Mitigation Strategy
Administrative efficiency	Digitalisation strategy reduces manual paperwork and cost of paper, printing and storage of documents.	Continue to work with regulators to move towards e-documentation for regulatory records-keeping and submissions.
Resource diversification	Shift to SAF utilisation diversifies fuel supply and reduces exposure to rising energy costs and growing carbon regulation.	Commenced discussions with fuel suppliers to supply SAF at Malaysian airports and/or to develop SAF using locally available feedstock.
Resource efficiency	Reduction of fuel utilisation via improvements in air traffic management and A321neo fleet conversion will further reduce operating costs and ensure AirAsia maintains its commercial advantage as the airline with the lowest cost/ASK and CO ₂ /ASK in the industry.	Engage in regular consultations with civil aviation authorities to implement new fuel efficiency and emissions reduction measures, including proposing new measures to be added to national State Action Plans on Emissions Reductions.
Products and Services	Attract travellers keen to minimise their carbon footprint and experience sustainable travel activities. We potentially gain from increased market share among responsible travellers and earn ancillary income from the sale of sustainable travel activities.	Implement a voluntary carbon offsetting programme to enable travellers to contribute to their carbon offsetting. Work with sustainable travel social enterprises to enhance access to sustainable travel activities.
Markets	Recognise that climate impact prone destinations may also be strong revenue generators in the recovery and rehabilitation phase.	Resume commercial flights to affected destinations as soon as it is safe to do so to support rebuilding programmes.
Resilience	Continue to strengthen our network connectivity in hubs such as klia2 with reduced climate risk.	Invest in climate forecasting tools and services to inform fleet planning and route planning strategies.

In 2022, we advanced our TCFD alignment by computing our internal carbon price. We also recognise the latest scientific assessments as set out by the United Nations Intergovernmental Panel on Climate Change (IPCC) and aim to conduct a climate-related scenario analysis based on the IPCC assessment in 2023.

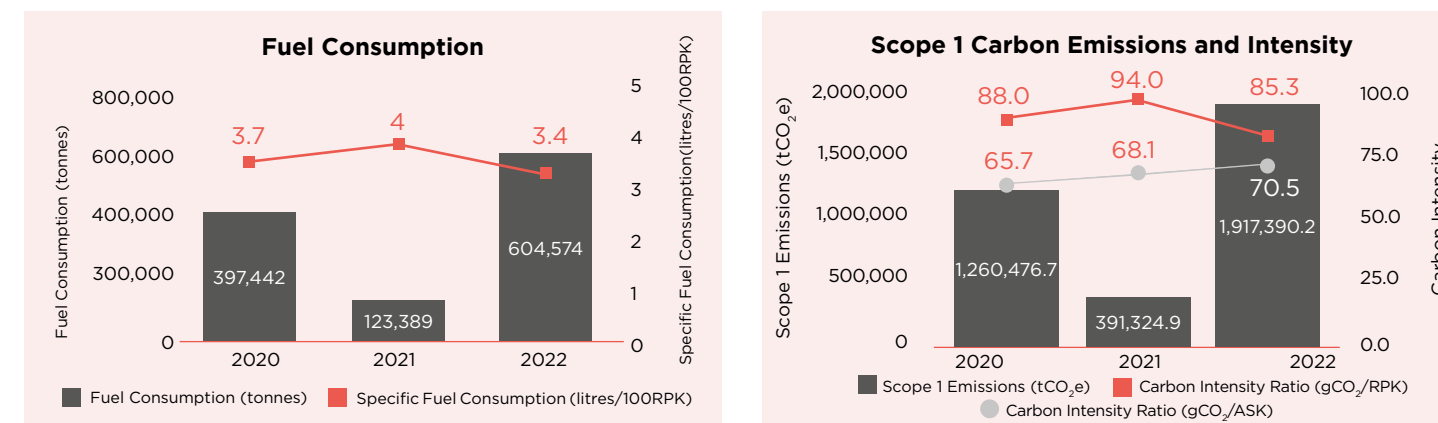
To stay abreast of climate-related risks, three of Capital A's Board members attended TCFD training in March 2022 organised by the UN Sustainable Stock Exchanges Initiative, International Finance Corporation and Carbon Disclosure Project Worldwide (CDP) with Bursa Malaysia. Our Group Sustainability team also attended a two-day programme hosted by Bursa Malaysia on TCFD training to enhance their knowledge and support more robust disclosures.

GREENHOUSE GAS INVENTORY (GHG) (GRI 302-1, 302-2, 302-3, 302-4, 305-1, 305-2, 305-3, 305-4, 305-5)

For our GHG inventory, we follow the approach and guidance defined in the Greenhouse Gas Protocol. We report only Scope 1 emissions from our airline operations, AirAsia, as the direct emissions from our digital business have been assessed to be immaterial. However, we cover the Capital A Group in its entirety for disclosures of Scope 2 and Scope 3 emissions as these cover emissions from all our offices and entities.

Scope 1 Emissions

AirAsia's Scope 1 emissions are from the jet fuel used for our airline operations. Our performance can be seen below:

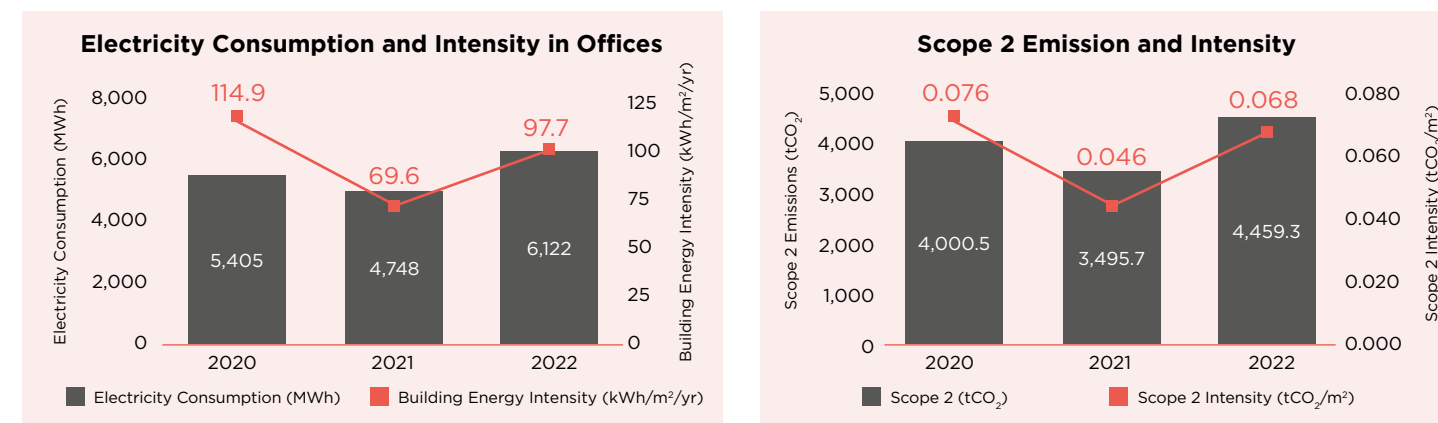


With the gradual recovery and return of air travel and as more countries ease restrictions, AirAsia's total fleet fuel consumption saw a 3.9% increase from 123,389 tonnes in 2021 to 604,574 tonnes in 2022, with a specific fuel consumption of 3.4 litres/100RPK. This trend corresponds with the 3.9% increase in Scope 1 GHG emissions from 391,325.9 tonnes of CO₂ equivalent (tCO₂e) in 2021 to 1,917,390.2 tCO₂e in 2022. We expect our fuel consumption and Scope 1 emissions to gradually approach pre-Covid levels. However, we are optimistic that SAF will play a key role in reducing our Scope 1 emissions in the future. With operations returning to normal, our ground operations fuel consumption increased by 68.2%, from 520.7 tonnes in 2021 to 875.8 tonnes in 2022.

Our carbon intensity per revenue passenger kilometre (RPK) decreased by 9.3% from 94 gCO₂/RPK in 2021 to 85.3 gCO₂/RPK in 2022 as a result of increased load factor, while our carbon intensity per available seat kilometre (ASK) increased by 3.5% from 68.1 gCO₂/ASK in 2021 to 70.5 gCO₂/ASK in 2022 due to increased fleet age. Nevertheless, our carbon intensity remains one of the best in the industry, owing to our robust fuel efficiency programmes.

Scope 2 Emissions

Capital A's Scope 2 disclosures cover emissions associated with energy consumption at all our facilities and offices.



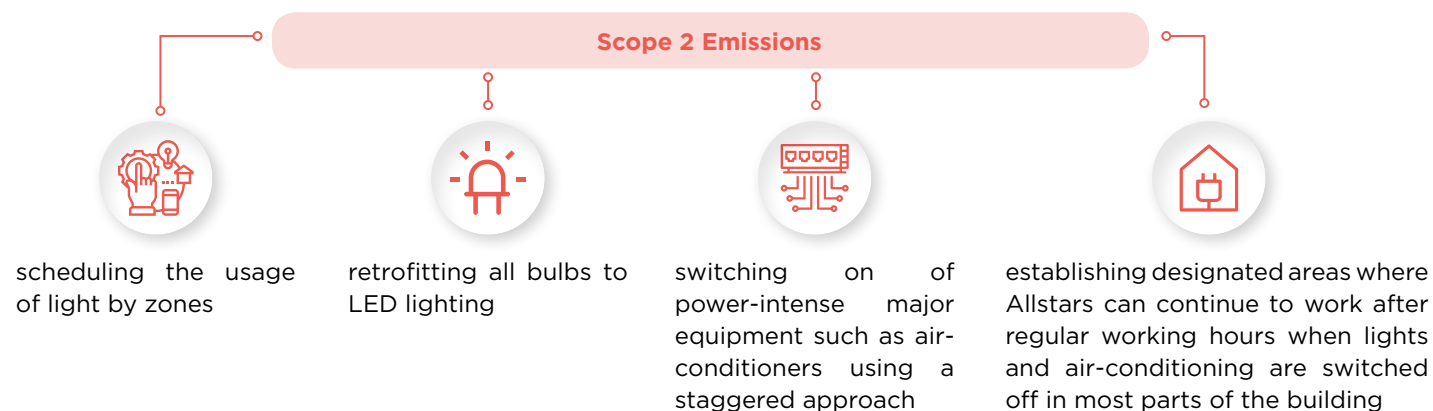
With our Allstars returning to offices as the pandemic restrictions ease, total electricity consumption in our offices was 6,122 MWh in 2022, a 28.9% increase from 2021. This has been accompanied by a corresponding increase in energy intensity as well to 97.7 kWh/m²/year in 2022 from 69.6 kWh/m²/year in 2021.

As Scope 2 emissions are from purchased electricity for our buildings and offices, our Scope 2 emissions similarly increased to 4,459.3 tCO₂ in 2022, a 27.6% increase from 2021, with a Scope 2 GHG intensity of 0.068 tCO₂/m².

Environmental (cont'd)

Climate Strategy

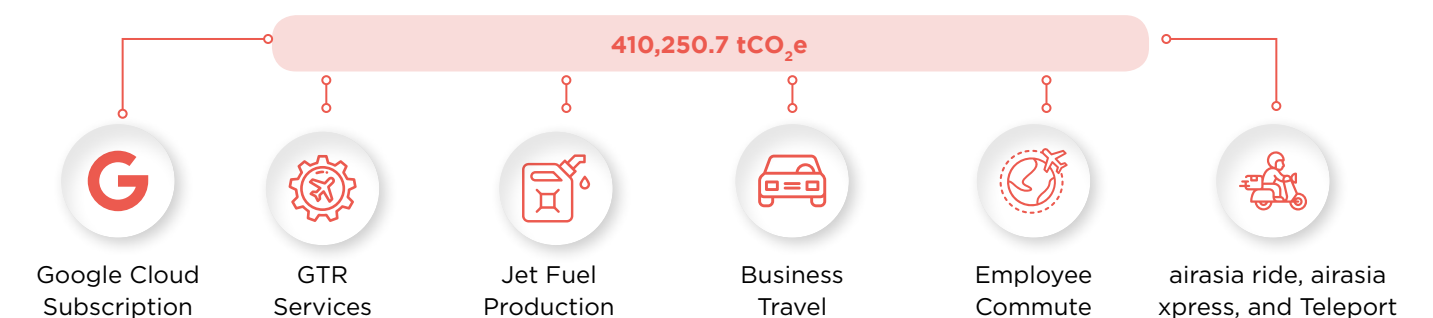
In line with the Group's quest for efficiency, our facilities team has put in place several energy efficient initiatives in our offices to reduce energy usage. These include:



Our total energy consumption, including fuel purchased for aircraft and electricity purchased for offices, was 8,046,956 MWh in 2022, an almost five-fold increase from 2021 brought on by the exponential increase in office activity with Allstars' return to the workplace. As a Group, we are reviewing and exploring ways in which we can optimise our energy management.

Scope 3 Emissions

As part of industry best practices, Capital A began to track our Scope 3 emissions from 2022 and has identified five of the 15 categories highlighted in the GHG Protocol that are applicable to our business, including:



Note:
 1. Only business travel on non-AirAsia flights and hotel stays are considered as emissions from AirAsia flights are considered under our Scope 1 emissions.
 2. The Technical Guidance for Calculating Scope 3 Emissions published by GHG Protocol is used to calculate our Scope 3 emissions, while the emission factors are sourced from UK Government GHG Conversion Factors for Company Reporting.

In 2022, multiple initiatives were undertaken to minimise our Scope 3 emissions, including:



The identification of Scope 3 emissions allowed us to understand our carbon footprint beyond our Scope 1 and 2 emissions, and we are actively identifying opportunities to reduce our emissions beyond our value chain. As more than 95% of our Scope 3 emissions originate from the extraction and refining of the jet fuel (well-to-tank emissions) for our flights, utilisation of SAF will be the dominant method to reduce our Scope 3 emissions. In addition, we are developing a carbon offsetting programme that will allow guests to offset their carbon footprint from mobility and delivery services. We hope to launch this programme in 2023 to deliver a more sustainable and purposeful service to guests.

We will continue to work closely with our vendors and business partners to track and minimise our Scope 3 emissions, as well as to expand the coverage scope of our Scope 3 emissions monitoring as applicable.

Other Greenhouse Gas Emissions (GRI 305-7)

We recognise that the combustion of jet fuel releases GHGs other than CO₂ into the atmosphere, specifically nitrogen oxides (NO_x), sulphur oxides (SO_x), carbon monoxide (CO), and volatile organic compounds that can negatively impact the quality of air.

Under Annex 16, Volume III of its international standards on environmental protection, ICAO has set acceptable levels of emissions from aircraft engines for the various other GHGs. In compliance with these standards, we work hard to expand our fleet with younger aircraft that use the latest technologies. As of 2022, all of AirAsia's aircraft engines meet with the most stringent ICAO CAEP/8 NO_x emissions standards. As we continue to phase out older aircraft in exchange for new Airbus A321neo models, we aim for 100% compliance with ICAO CAEP/8 NO_x standards.

Indicators	2020	2021	2022
NO _x emissions (tonnes) ¹	725	261	1,191
NO _x emissions intensity (gNO _x /RPK) ¹	0.0508	0.0629	0.0544
SO _x emissions (tonnes) ²	79	29	127
Volatile Organic Compounds (VOC) emissions (kg) ²	274,492	98,752	438,746

Notes:
 1. NO_x emissions and compliance data are obtained from the ICAO Emissions Bank issue 28C dated 20 July 2021. The NO_x emissions value per landing and takeoff (LTO) cycle is based on the weighted average of AirAsia's fleet composition as of 2022.
 2. According to the US EPA, SO₂ represents the highest composition of SO_x emissions, hence SO₂ is considered as SO_x for the purpose of calculations. SO₂ and VOC emissions data are sourced from US EPA's Generic Aircraft Type Emission Factors table.

NOISE MANAGEMENT

We recognise that noise from our aircraft engines could affect the physical and mental health of the surrounding communities, and that it may cause negative impacts on the natural ecosystem. Accordingly, all AirAsia aircraft comply with ICAO Annex 16 Chapter 4 noise standards and CAAM's directive on aircraft noise, and we will continue to meet or exceed ICAO noise certification standards.

BIODIVERSITY (GRI 304-3)

We believe in conserving the natural environment and biodiversity of the countries where we operate for the benefit of the ecosystem and local communities. As a reputable leader in the region, we are always exploring opportunities to do our part to minimise our ecological impact.

Through our philanthropic arm, AirAsia Foundation, we have supported numerous social enterprises across the region whose goals include biodiversity conservation. The table below summarises their ongoing contributions.

Environmental (cont'd)

Climate Strategy

Past efforts towards wildlife protection include training Allstars to recognise signs of illegal wildlife trafficking and raising awareness on conservation of endangered Malayan tigers. We look forward to exploring more opportunities to support biodiversity and wildlife conservation.

Malaysia	
 APE Malaysia Hoses for Wildlife Equips Asean wildlife sanctuaries with tools created using decommissioned fire hoses to aid in rehabilitation and release programmes	 Langit Collective Trains indigenous farmers to phase out chemical fertilisers and pesticides in heirloom rice cultivation
Thailand	
 Muser Coffee Hill Supports hill tribe farmers in converting from mono-cropping to cultivation of shade-grown coffee that requires rehabilitation of natural forest canopy for the crops to thrive	 Folkcharm Travels Enables cotton weavers to regrow local cotton plants decimated by expanding rubber plantations
Indonesia	
 Natural Aceh Oyster Farm Undertakes mangrove rehabilitation and trains women farmers in alternative oyster farming methods to minimise damage to recovering post-tsunami mangrove ecosystems	 Limpapeh Natural Dye Songket Trains women weavers in replacing chemical dyes that pollute and poison rivers with natural dyes derived from local plant material
Vietnam	
 Sapanapro Red Dao Therapy and Spa Trains Red Dao hill tribe herbalists in sustainable harvesting of wild shrubs	 Dó Paper Revival Develops a plant nursery and replanting programme that helps protect the Dó plant from extinction
Philippines	
 Tsaa Laya Premium Teas Set up a plant nursery for organically grown local herbs	

For more information on our initiatives, please visit the AirAsia Foundation site at <https://www.airasiafoundation.com/>

Waste Management

(GRI 3-3, 306-1, 306-2, 306-3, 306-4, 306-5)

Efficient and well-planned waste management is important to avoid unnecessary waste generation and disposal in overflowing landfills which are environmental hazards. Towards this end, we are adopting a circular economy approach in our waste management encompassing the 3R principle to reuse, reduce and recycle resources responsibly.

2022 Performance Overview

124.4 tonnes of solid hazardous waste generated 	5,427.7 litres of liquid hazardous waste generated 	13.5% of non-hazardous waste recycled
4,160kg of office waste recycled 	1,395 life jackets upcycled 	75,974 m³ of water consumed

Our Management Approach

- Environmental Policy
- Sustainability Policy
- Environmental Quality Act 1974
- Solid Waste and Public Cleansing Management Act 2007

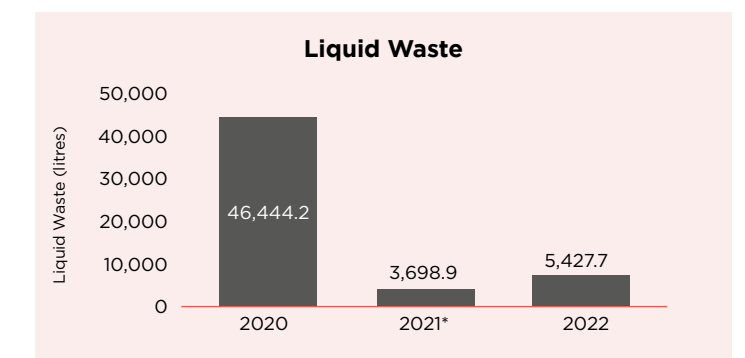
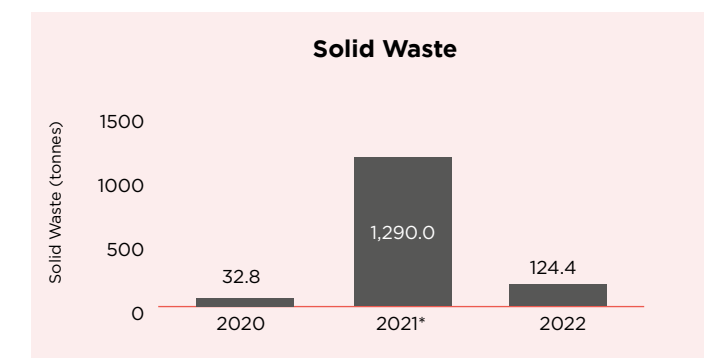
Supporting the UN SDGs



HAZARDOUS WASTE (GRI 2-4)

Hazardous waste is harmful to the environment and must be handled and disposed of properly. Most of the hazardous waste we produce is from engineering and comprise spent oils/fluids, absorbents, containers, gloves, oil rags and filters. To manage hazardous waste, we engage licensed contractors in compliance with the Environmental Quality (Scheduled Wastes) Regulations 2005 in Malaysia and relevant environmental acts and regulations in other countries where we operate.

In 2022, we generated 124.4 tonnes of solid hazardous waste compared to 1,290 tonnes in 2021. The high level of waste generated in 2021 was due to concentrated aircraft maintenance activities whereas in 2022, we shifted our focus to the reactivation of aircraft. Conversely, we generated 5,427.7 litres of liquid scheduled waste in 2022, a 46.7% increase from 2021, due to aircraft parking and storage maintenance activities which involve draining of aircraft fuel/fluid.



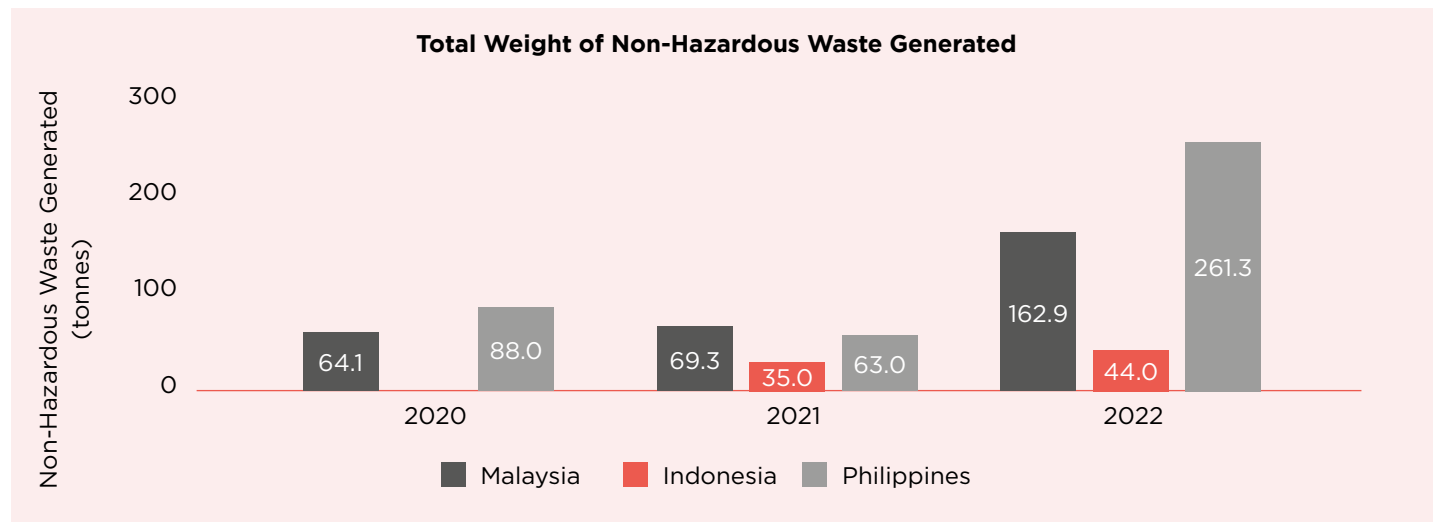
*Restated data to only include Malaysia operations as scheduled waste from AirAsia Indonesia and AirAsia Philippines are managed by airport authorities.

Environmental (cont'd)

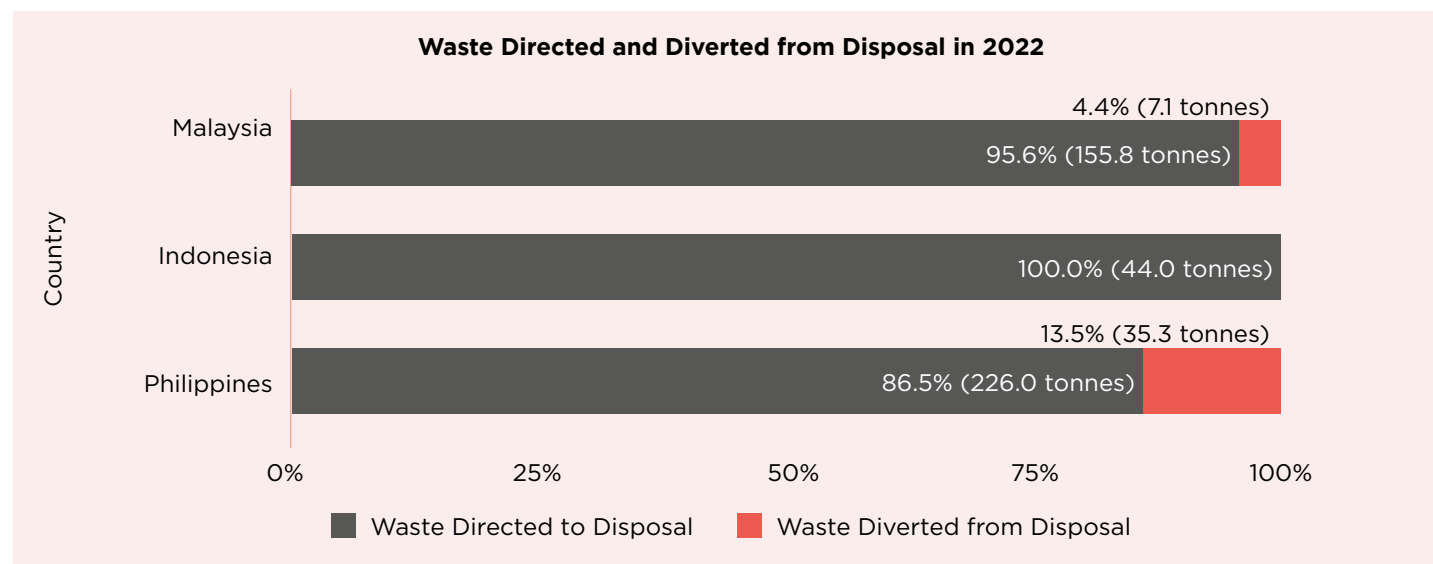
Waste Management

NON-HAZARDOUS WASTE

Our non-hazardous waste includes general waste produced in offices and buildings, recycled waste as well as cabin waste from our flights. We monitor the general waste produced at our office premises in Malaysia (RedQ and RedChain) and Indonesia (RedHouse). In the Philippines, recycled waste is managed by the airport authorities hence we do not have access to monitor and track the relevant data.



Note:
 • Non-hazardous waste for AirAsia Malaysia and AirAsia Indonesia only include general waste from offices as cabin waste is managed by airport authorities.
 • For AirAsia Philippines, office waste is managed by airport authorities, hence non-hazardous waste comprises cabin waste collected.



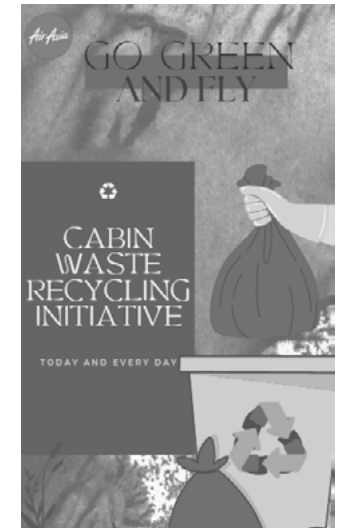
We saw an overall increase in non-hazardous waste generation primarily due to the return of Allstars to our offices post-pandemic. In Malaysia, we recorded a total of 162.9 tonnes of non-hazardous waste, representing a two-fold increase from 2021 with 95.6% of the waste being directed to landfills and the remaining 4.4% recycled. In Indonesia, waste generation increased by 25.8% from 2021 to 44.04 tonnes in 2022 all of which was disposed of as the office did not have a waste management vendor. It is in the process of engaging a waste management vendor to improve its recycling efforts.

In the Philippines, a total of 261.3 tonnes of cabin waste was produced, more than four times the amount in 2021, with 86.5% being disposed and 13.5% diverted through recycling. This increase was due to the reopening of flight routes and increase in number of guests as pandemic restrictions were relaxed.

Cabin Waste

AirAsia currently does not collect, store or dispose of cabin waste for our Malaysia and Indonesia-based flights. Cabin waste recycling undertaken prior to the pandemic was suspended to comply with national health and sanitary regulations. With the return to normal operations, AirAsia is looking to reintroduce cabin waste recycling taking into account health and safety directives by airport authorities and national waste management regulators. Plans to resume cabin waste recycling towards end 2022 were postponed due to manpower shortages. We are reviewing our timeline in 2023 as the recovery of our airlines stabilises.

In the Philippines, AirAsia Philippines appointed Ecowaste, a Department of Environment and Natural Resources (DENR)-accredited waste contractor, to handle cabin waste in Manila. Cabin waste is segregated and sent to a material recovery facility (MRF) for further processing, while recyclable materials are sent to approved recycling centres across Manila. A total of 35.3 tonnes of recyclable cabin waste was collected in 2022, consisting of plastic, aluminium and paper waste.



Spotlight: Exploring Green Food Packaging Solutions with Santan



Santan is advancing its sustainability agenda through a five-year packaging strategy to explore the use of environmentally-friendly packaging which will not compromise the quality or consistency of its meals. Acknowledging that single-use plastics are the biggest contributor to cabin waste, our team at Santan is working closely with vendors to explore biodegradable options for inflight food packaging and cutlery, taking into account our turnaround patterns and food type.

This year, Santan replaced plastic sandwich boxes with plastic films and plastic ice cream cups with paper cups. It also searched for suppliers with suitable and affordable alternatives to replace plastic cutlery distributed inflight, trialing the use of utensils made of cornstarch and wood. The research is ongoing with continuing trials of replacements that meet cost and quality requirements.

Food Waste

AirAsia began cabin food waste tracking and monitoring in 2019. Due to the pandemic, however, its food waste data and trends were inconsistent and negligible in 2020 and 2021. With the return of travel, a total of 106,536kg of food waste was produced in 2022 versus 1,712.5kg in 2021.

Our food waste target has been reviewed and updated to set a maximum of 30% of total consumption for all AirAsia Malaysia flights. This is supported through the use of a demand planning tool powered by AI to forecast catering demand and promote pre-booked meals.

Environmental (cont'd)

Waste Management

Used Cooking Oil

With the mass production of food for catering and restaurants, we are aware of the high volume of cooking oil that we use. In 2022 we began working with FatHopes Energy to collect, process and refine our used cooking oil to produce high-quality biodiesel. We hope to take this initiative further through centralised collection of used cooking oil from our restaurants by the third quarter of 2023.

Circularity and Material Stewardship

Further promoting circularity, we upcycle as much of our waste as possible. In 2022, we partnered with Kloth Cares, an accredited women-led social enterprise under the Ministry of Entrepreneur Development and Cooperatives (MEDAC), to recycle and repurposed 2,110kg of used uniforms and corporate merchandise into processed engineered fuel (PEF), which is an innovative way of converting waste into energy. This served to avoid the emissions of 3.9 tCO₂e.



Meanwhile, AirAsia Foundation continues to grow its life-jacket recycling project with Nazanin, a social enterprise of Afghan refugees. In 2022, 1,395 life jackets were upcycled into best-selling Soggy No-More accessories, which were sold on AirAsia Foundation's online social enterprise shop, DestinationGOOD.com and onboard AirAsia flights. The success of this initiative led to new innovations, among others, a pet safety vest collection and a limited edition Soggy No-More 10 collection to celebrate AirAsia Foundation's 10th anniversary in 2022.

Since the launch of the Soggy No-More project in 2017, AirAsia Foundation has upcycled 2,599 lifejackets, diverting approximately 519.8kg of non-biodegradable plastics from landfills while generating RM287,000 in revenue to support refugee livelihoods and AirAsia Foundation's social enterprise activities. In 2022, discussions were held with a social enterprise in Manila to produce Soggy No-More items using expired lifejackets from AirAsia Philippines.



Visit our Destination GOOD shop for more information on the life-jacket recycling project, please visit www.destinationgood.com/

Handling Aeronautical Waste

From engine parts to aircraft seats, tyres and carts, we have a diligent system to responsibly manage waste from aircraft and ADE operations. Where possible, we take a circular approach where items are repaired, repurposed and recycled rather than sent to landfills.

At ADE's RedChain Engineering Warehouse, the 3Rs principle is adopted to reduce, reuse and recycle key aircraft components. Some of the ways in which the lifespan of parts is extended are depicted below:



Aircraft Panel, Floorboards and Frames

The structural repair workshop handles the maintenance of aircraft skin, frames, panels, cargo, cabin floorboard, and engine cowlings. Any structural component that exceeds the repairable limits is scrapped and replaced as necessary. Scrapped items are collected by licensed recycling contractors.



Aircraft Tyres

The inhouse wheel workshop focuses on the maintenance of aircraft wheel hubs and tyres including the dismantling and installation, inspection and testing of tyres and wheel hubs. Worn out tyres are sent back to the manufacturer for retreading and testing as required. Once a tyre fails the test or reaches its end of life, the manufacturer repurposes it into other products.



Aircraft Seats

Our aircraft seats are made from carbon fibre, aluminium and genuine leather upholstery to ensure durability over time. The lightweight seats also help to reduce fuel consumption and lower CO₂ emissions by 200 tonnes per aircraft per year. When our aircraft seats reach their end of life, we remove usable parts for repair of other seats. Damaged parts are collected by contractors to be recycled. Where feasible, older seats are also sold to other operators to lengthen their lifespan.



Aircraft Batteries

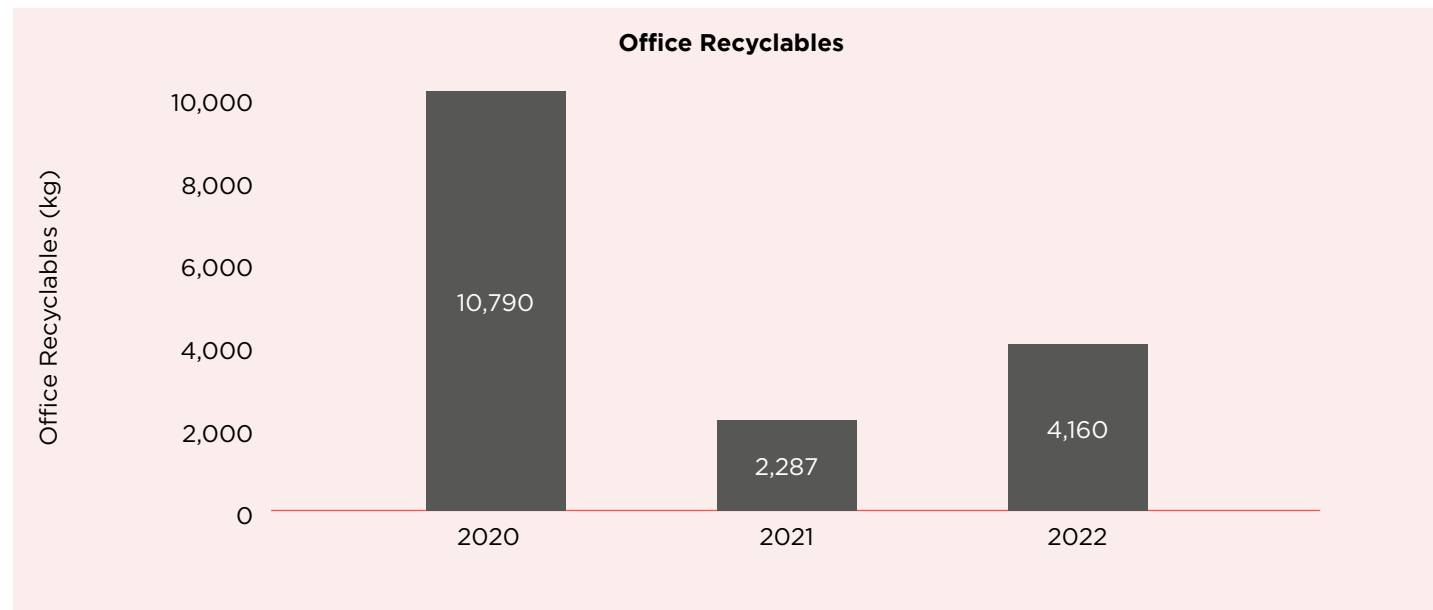
ADE's inhouse battery shop prioritises the maintenance of aircraft batteries including recharging, cleaning, testing, and servicing to extend the battery life. Batteries that have reached their end of life are collected by licensed recycling contractors.

Environmental (cont'd)

Waste Management

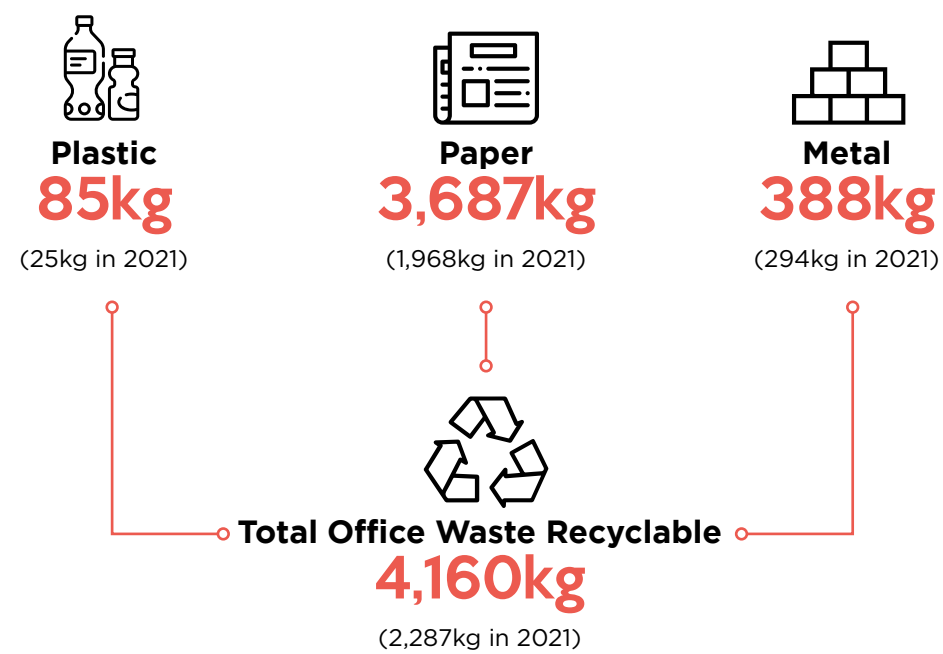
Office Waste

Capital A maintains effective systems to ensure the responsible disposal and recycling of waste in our offices. Recycling bins are provided for the collection of paper, plastic and aluminum items, which are subsequently recycled by appointed licensed contractors. In 2022, the volume of recyclable waste increased by 81.9% from 2,297kg in 2021 to 4,160kg.



Note: The office recyclables disclosed only apply to the RedQ in Malaysia and RedHouse in Indonesia.

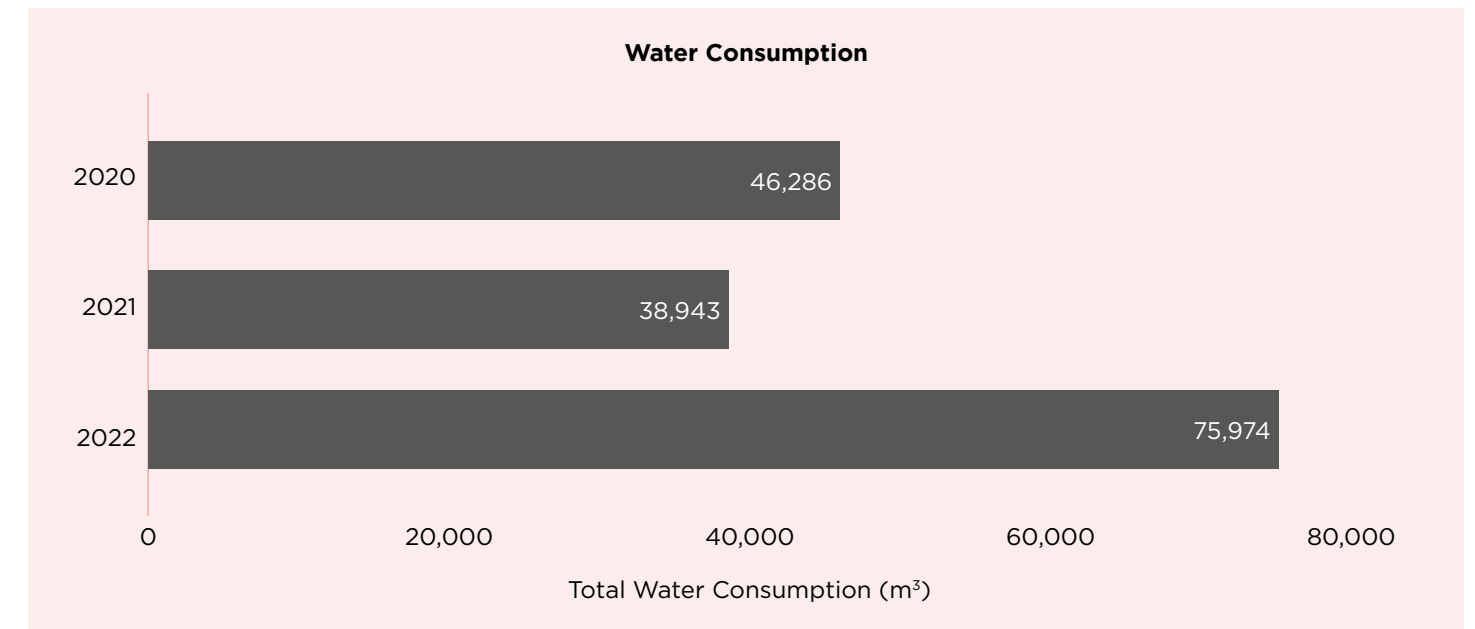
Office Recyclable Waste in 2022



(GRI 303-1, 303-5)

WATER CONSUMPTION

We are putting in place various initiatives to improve water consumption efficiency across our operations. Water supply for all our offices is from municipal potable water sources. As we look to improve our water efficiency, our office in Jakarta, RedHouse, will start harvesting rainwater for gardening use in the third quarter of 2023.



In 2022, we consumed 75,974 m³ of water, marking a 95.1% increase from 2021 primarily due to the return to normal operations. Once our operations stabilise, we will look into new ways to enhance water efficiency.

Wastewater Management (GRI 303-4)

Capital A does not generate industrial effluents from our office activities, hence all waste water from sanitary and washing is discharged to government-operated centralised water treatment plants for treatment.

SOCIAL

Health and Safety

(GRI 3-3)

Safety is at the heart of everything we do and remains our top priority. We nurture a strong health and safety culture as it safeguards our assets and our people – not only Allstars but also our guests, suppliers, business partners and any person impacted by our operations. We establish appropriate structures, develop well-defined processes and provide adequate resources to ensure a robust framework that supports safe operations, which is further strengthened by Allstars playing their part in delivering our safety performance targets.

2022 Performance Overview



Our Management Approach
We seek for everyone at Capital A to be conscious of safety and to practise safe behaviours all the time, guided by our:

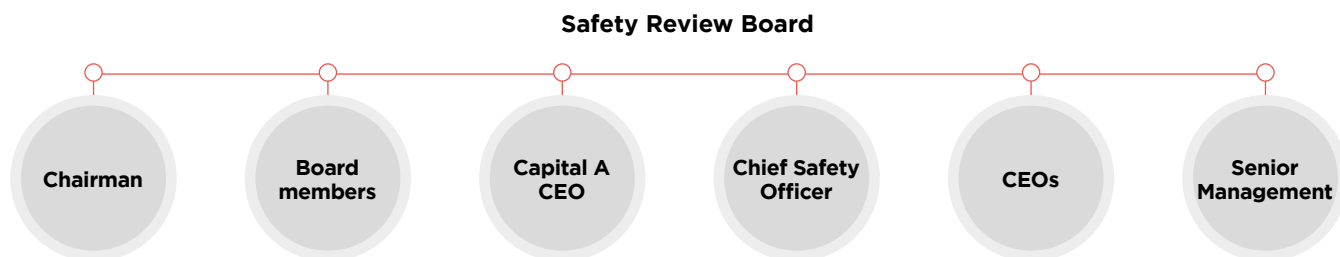
- Safety Policy Statement
- Safety Management System (SMS) Manual
- Occupational Safety, Health and Environment (OSHE) Manual
- Emergency Response Plan (ERP)
- IATA Operational Safety Audits (IOSA)
- Flight Data Analysis (FDA) Manual
- ISO 9001:2015 Quality Management System (GOQA)
- ISO 22000:2018 Food Safety Management System
- Food Safety Information System of Malaysia (FOSIM)
- Malaysia Halal Certification
- Food Safety & Quality Policy

Supporting the UN SDGs



OPERATIONAL SAFETY (GRI 403-1, 403-7, 403-8)

Our robust Safety Management System (SMS) is overseen by a Safety Review Board, which comprises the Chairman, Capital A Chief Executive Officer (CEO), Board members, our Chief Safety Officer, and CEOs as well as senior management from across the Group. The SMS is supported by various policies and quality standards that together ensure we meet our robust safety targets. The Safety Review Board meets every quarter to analyse the Group's safety performance and practices, while the Group CEO (GCEO), who reports to the Board, sets the tone by reinforcing the SMS:



All AirAsia AOCs are subject to mandatory safety audits by independent third-party verifiers to ensure the reliability and credibility of processes. AirAsia adheres to the IATA Operational Safety Audits (IOSA) Standards and Recommended Practices, widely recognised as the gold standard for airline operational safety and efficiency.

Integrating Well-being Support within the SMS (GRI 403-3)

We recognise the importance of supporting the mental and physical well-being of our aviation Allstars, especially pilots and cabin crew to minimise fatigue, stress and substance use across our operations. Controls and processes have been integrated into the SMS to identify and manage health and well-being risks.

Fatigue Risk Management

Given the critical role played by pilots, we ensure that our SMS includes aspects related to pilot's well-being. Pilot fatigue management is a key focus in initial and recurrent Crew Resource Management training. AirAsia also strictly adheres to established maximum Flight Duty Periods (FDP) and Minimum Rest Periods (MRP) to ensure pilots receive sufficient time off to rest and recuperate. These guidelines are available in our operations manual which complies with CAAM, Directorate General of Civil Aviation (DGCA) of Indonesia and Civil Aviation Authority of the Philippines (CAAP) regulations.

Systemic Substance Management Mechanism

We take cases related to alcohol consumption or substance abuse seriously as inappropriate use can adversely impact the safety and well-being of Allstars, guests and potentially the local communities where we operate. To manage this risk, we have developed a systematic drug and alcohol management programme which has been approved by CAAM. Our drug and alcohol programme consists of three components: reporting and testing, medical intervention, rehabilitation and peer support, as well as continuous education. AirAsia continues to take all the necessary measures to ensure our flight crew adhere to our policies and are made aware of the consequences of non-compliance.

Social (cont'd)

Health and Safety

Counselling

We recognise counselling as an essential support function facilitating recovery from stressful or traumatic events. For the well-being of our crew, we have partnered with Aarena Oasis for urgent counselling and 24-hour online support if our pilots experience any untoward incidents during their flight. As with all Allstars, our pilots also have access to wellness support through the Naluri health app and the Allstars Peer Support programme.

For more information on how we support our Allstars' well-being please refer to the 'Good Health and Well-being at Work' section of the 'Talent Attraction and Retention' chapter on pages 170 of this Sustainability Statement 2022.

OCCUPATIONAL HEALTH AND SAFETY

Our occupational health and safety capability is underpinned by a safety culture, safety training, as well as proper reporting channels and systems to monitor safety incidents.

Safety Reporting System (GRI 403-2, 403-4)

Safety reports serve as an information bridge for our management to better understand the issues and deficiencies at the operational level. We encourage Allstars to be vigilant about safety hazards and to report any issues observed.

Allstars can raise safety issues via the Group's internal online safety reporting system. All safety and hazard identification reports are channelled to the relevant Safety Departments, where they are categorised, assessed and routed to the appropriate subject matter expert prior to investigations. Once investigations are completed, safety actions are formulated to mitigate the issues. Throughout the process, updates are shared with the reporters.

In 2022, we saw a 27.3% increase in the number of safety reports from 11,609 in 2021 to 15,960, in tandem with the resumption of aviation activities. Nevertheless, the rate of safety reporting (per 100 flights) remained fairly constant, at a level indicating confidence in the reporting system and Allstars' willingness to communicate grassroots issues to management. Further instilling confidence in our system, each report is managed and actioned accordingly.

The safety reports function as a source for safety trend analysis. This allows for the identification of trending issues and allows management to take proactive measures to address the issues before they escalate. Over time, trends also can be analysed to understand seasonal issues, allowing for predictive measures to be taken to improve overall safety and efficiency of the airline operations.

Safety Training (GRI 403-5, 403-6)

Safety training is a standard feature to keep Allstars up to date with safety systems and procedures. As an employer, our responsibility is to provide our employees with the knowledge and skills necessary to do their jobs safely.

We acknowledge the need for different training for different job scopes and operations, hence all our operating entities are responsible for setting their own comprehensive safety training regimes for their frontliners.

In 2022, 8,298 Allstars attended a total of 17,158 hours of safety training conducted by the Safety departments across Capital A, compared to 452 Allstars in 2021. This resulted in an average of nine safety training hours per Allstar (including pilots, cabin crew, ADE, GTR and the Group). The increase in training hours is in line with Safety department's commitment to enhancing the Group's safety performance, and cultivating a positive Safety Culture within the organisation.

Safety Programme	Description	Focus group
Safety Management System	Regulatory safety training required to understand the SMS frameworks for airline Allstars	MAA, PAA, IAA, ADE
Safety Induction and Chemicals Safety Training	Training on handling hazardous chemicals and kitchen fire safety	Santan
DOE Scheduled Wastes Regulation 2005, Regulation 15 Training	Training on proper management of scheduled waste	Ground Service Equipment & ADE
CAAM - Civil Aviation Regulation 2016	Dangerous Goods Regulations and Airside driving permit	ADE, Security, Inflight & Facility
Uniform Building By-Laws 1984	Emergency evacuation drill held at RedQ	RedQ



Fire Evacuation Drill at RedQ office conducted on 15 December 2022

To ensure the safety of external stakeholders that we work with, Group Safety provided a total of 58 training hours for 295 non-Allstars, an increase of 31.8% hours YoY. Topics covered included safety induction for contractors and visitors, chemical safety awareness for cleaning staff, and buggy inspection and defensive driving techniques for our buggy and van drivers.

Meanwhile, 4,119 Allstars from our technology-based ground handling arm, Ground Team Red (GTR), attended a total of 94,064 hours of occupational health and safety training. Training topics included first aid emergency response plan, handling dangerous goods, the human factor, airside safety and operations safety (guest service, ramp and cargo). On the cargo and logistics side, Teleport conducted workplace fire inspections, ergonomics assessments and airside safety awareness training for its personnel and delivery drivers.



Spotlight: 'Safer Together, Stronger Together' at Allstars Safety Day

After a break of two years, we resumed our Allstars Safety Day roadshow themed "Safer Together, Stronger Together!" across Malaysia, Thailand, Indonesia, and the Philippines. The objective was to spread a strong message of maintaining health and safety as we gradually returned to our offices. More than 3,000 Allstars took part in activities designed to create safety awareness.

We also resumed the Safety Hero Award to recognise Allstars who have contributed to or championed workplace safety excellence. The first prize was awarded to Carolyn Lee from the Cabin Crew Department for reporting an operational incident which led to improved safety procedures.



Social (cont'd)

Health and Safety

Safety Performance (GRI 403-9, 403-10)

Group Safety monitors the health and safety performance of Capital A, reporting key indicators on a monthly basis to senior management and the Board. Over 130 key metrics are monitored, covering Aviation Operational Safety and Occupational Safety and Health Group-wide. In 2022, the Group recorded zero fatalities and 59 work-related injuries with a lost time incident rate (LTIR) of 8.4. Most of the work-related injuries were ergonomic and bodily injuries.

The table below summarises our safety performance.

Total man-hours worked			
2020	29,399,136		
2021	14,224,896		
2022*	22,672,724		

No. of fatalities	2020	2021	2022*
	0	0	0
Recordable work-related injuries	2020	2021	2022*
	71	36	59
Lost time injury	2020	2021	2022*
	384	140	950
Lost time incident rate (LTIR)	2020	2021	2022*
	2.6	2.0	8.4
Incident rate	2020	2021	2022*
	0.001	2.1	5.4
Severity rate	2020	2021	2022*
	7.1	6.3	41.9

*Scope: MAA, PAA, IAA, Teleport, ADE, GTR, AASEA

Note:

- Lost Time Incident Rate = total number of lost time injuries/total number of hours worked x 200,000
- Incident Rate = No. of accidents (E) X 1,000/annual average of no. of employees
- Severity Rate = Total workdays lost (C) X 1,000,000/total man-hours worked (Y)

In recognition of our efforts to enhance health and safety measures during the pandemic, we maintained our 7/7 Covid-19 Star Rating from Airline Ratings.



AirAsia was named as among the top 20 Covid-compliant airlines in 2022 by AirlineRatings.com, an international airline safety ranking organisation. We were also amongst the first to achieve the highest Covid safety ratings since 2020, for the innovations introduced to make flying safer and more hygienic than ever in the new world of air travel. AirAsia Group was, further, named one of the top 20 safest LCCs in the world.

OCCUPATIONAL SAFETY AND HEALTH AUDITS

In 2022, we conducted regular safety audits and assessments throughout the Group, including OSHA Noise Exposure Regulation 2019, ergonomic risk assessment, CAAM flight operation dangerous goods division and the MSOSH award audit.

The following audits were conducted for our entities:

ADE

Systematic Occupational Health Enhancement Level Programmes (SOHELP)

RedChain

OSH Use and Standard of Exposure to Chemicals Hazardous to Health (USECHH) Regulation 2000, CHRA

OSHA Noise Exposure Regulation 2019-Audiometric Baseline Test

Group Operational Quality Assurance

In 2016, we established our Group Operational Quality Assurance (GOQA) to ensure all our AOCs comply with applicable regulations, IOSA standards and recommended practices.

Demonstrating our world-class safety standards, prior to the pandemic all our AOCs had successfully completed the IOSA certification, meeting all its standards and recommended practices. During the two-year pandemic, some of our AOCs opted not to renew their IOSA certification, but continued to undergo annual Internal Operations Audits (IOA) conducted by our GOQA team, which carries the ISO 9001: 2015 Quality Management System certification. GOQA also performs Joint Station Compliance Audits (JCSAs) at all hubs and main bases. The number of IOAs and JCSAs carried out in 2021 and 2022 is highlighted below.

Airline (AOC)	Latest IOSA Certification Date	Remarks
MAA (AK)	28 Nov-2 Dec 2022	Renewed via on-site audit
IAA (QZ)	21 Jun 2019	The IOSA certification lapsed during the pandemic; however, IAA completed its GOQA IOA in September 2022 and targets the IOSA Renewal Audit in 2Q/3Q23
PAA (Z2)	31 May 2019	The IOSA certification lapsed during the pandemic; however, PAA completed the GOQA IOA in December 2022 and targets the OSA Renewal Audit in 3Q23

Social (cont'd)

Health and Safety

The table below depicts the total number of Assessment Audits carried out in 2022:

No. of Audits Performed	No. audits performed		Remarks
	2021	2022	
Joint Station Compliance	53	69	All planned JSCA at operational stations completed in 2022
Internal Operations	6	7	All planned Internal Operations Audits completed in 2022

Non-conformities identified during audits are recorded in the Audit Reports which are shared with the AOCs. The AOCs will then conduct root cause analysis and implement the necessary corrective/preventive actions. These are assessed and if found satisfactory, the non-conformity report (NCR) will be closed. Analysis of NCRs, including trends and common findings, are shared with AOCs' Operational Quality Assurance stakeholders via periodic forums and also during Auditor Recurrent Training sessions. With the resumption of air travel in 2022, we are scheduling IOSA Renewal Audits in 2023 and 2024.

PASSENGER SAFETY

AirAsia continues to implement various initiatives to enhance our guests' wellness as well as provide the necessary guidelines that prioritise their health and safety as we head towards endemicity.

Passenger Health and Safety Measures

In line with guidelines from local health authorities, the following measures continued to be adopted for guests' safety:

Pre-flight	During flight	Post-flight
Contactless flight check-in for guests using FACES.	Refreshing of cabin air 20-30 times an hour and use of High Efficiency Particulate Air (HEPA) filters.	Frequent aircraft disinfection following local ministry of health and World Health Organization (WHO) guidelines.
Covid-19 hygiene kit provided to cabin crew onboard.	Social distancing advised during boarding and disembarkation, with movement restrictions in the cabin. Seating will be auto-assigned by system, and one hand carry to be strictly enforced. Excess baggage to be offloaded as early as possible, and cabin crew to avoid touching guests' belongings.	Disinfection of high-touch areas performed by the next set of crew, not by the set being replaced to avoid re-contamination.
	Close contact with guests to be avoided and only the necessary Inflight service to be provided (eg handing over pre-packaged food and bottled water before or during boarding).	
	Inflight temperature screening for passengers, when required.	
	Cleaning and sanitising of lavatories a minimum of once every five entries/usage.	
	Regular emptying of lavatory waste bins and storage of waste in designated areas.	
	Reserving the last three rows of seats as quarantine area to handle possible inflight emergencies, and designating the AFT lavatory on the starboard side for exclusive use by those under quarantine.	

FOOD SAFETY

To ensure the safety of its food and passengers, Santan adheres to all health and safety regulations applicable to the food and beverage industry including the following standards and processes:

How We Ensure Food Safety		
ISO 22000:2018 Food Safety Management System	Food Safety Information System of Malaysia (FOSIM)	Inflight Catering Food Safety & Quality Policy
Malaysia Halal Certification by JAKIM - Malaysia Halal Management System 2020	Food safety audit by Santan's internal quality assurance	Random spot checks and scheduled audits on food safety and quality
Periodic microbes, heavy metal and physical tests on water, products and environment		

Santan also reserves the right to conduct its audits of supplier facilities and environment. In 2022, it carried out 19 regular quality checks and compliance audits of suppliers and 25 compliance and performance audits at restaurants to monitor adherence to standards.

Nutrition Charter

Committed to marketing our products responsibly, Santan's marketing and advertising activities comply with applicable laws and regulations such as the Malaysian Food Act 1983. Accurate and relevant nutritional information is published in our menus so that guests with dietary restrictions are able to make informed choices.

Santan's strategy for better nutrition are:

1. Add no preservatives in food
2. Clearly display allergen declaration and nutrition facts

Social (cont'd)

Health and Safety

All our pre-packed inflight meals are labeled with nutrition facts, whereas for Santan restaurants, the aim is to provide more nutritional facts on our website and wall posters within the outlets. Meanwhile, Santan continues to explore more eco-friendly packaging, especially those made from plant-based materials, to minimise its impact on the environment while preserving food quality.



Caption: Sample label of our signature Pak Nasser's Nasi Lemak that indicates nutrition facts and dietary information.

Dishing Out Quality with Santan

It is important to us that our guests and customers receive their Santan meals in accordance with their expectations of our product taste and quality. During the year, therefore, we focused on training and food testing, as indicated below.

- Increased training frequency from three sessions a month to regular monthly training covering service, food safety and quality for restaurant crews.
- Conducted regular engagement sessions, including food sampling with AirAsia cabin crew to update them on new product offerings.
- Resumed monthly regional meal tests starting October 2022 where meals from all airlines are delivered and tested in our headquarters in Kuala Lumpur for quality control and assurance checks.

WORKPLACE SAFETY

With the gradual ease of pandemic restrictions, we continue to observe health and safety measures using various platforms. These include:

Platform	Description
Allstars Covid-19 Dashboard	Developed in 2022 for Allstars health tracking and monitoring.
Safe@Work Guide	Covers general Covid-19 knowledge, reporting process, working arrangements and resources available for working safely and staying up to date.
Safe@AirAsia Knowledge Library	An online library of all the resources Allstars need to work safely and stay up to date. The Group's Covid-19 Standards manual was also distributed to all the AOCs after Workplace was closed in June.
Covid-19 Reporting Platform	Integration of Covid reporting into RedEye, AirAsia's internally developed safety reporting system for reporting work-related accidents and incidents. This made it easier to track cases on a daily basis.

Over the past two years, we have made necessary changes to our safety practices in line with guidance and recommendations from the government. In 2022, we resumed our safety measures and continued to adjust our operations based on the evolving situation. Following the relaxation of Covid-19 restrictions, by May 2022, we phased out some of our measures, particularly in Malaysia, while maintaining core practices.

Cabin Crew Guidelines

- Covid-19 swab test for flight ops and cabin crew as per government regulations.
- RTK testing performed by operational Allstars 72 hours before reporting for duty.
- Self-sanitise regularly on the way to the office, before meeting colleagues, and upon boarding the plane.
- Limited entry to and communication with the cockpit, with cockpit accessibility only on ground, when necessary.
- Training of crew to handle inflight emergencies; to care for persons under investigation (PUIs), persons under monitoring (PUMs), suspected guests; and to handle infectious waste.
- Management of guests with Covid-like symptoms and knowledge of general principles of providing first aid during Covid-19.

Services provided inflight depended on the risk rating of each flight.

Low Risk	<ul style="list-style-type: none"> • Normal meal service, but no cold dishes, cold meat/fish or edible ice cubes. • Cabin crew clean and disinfect hands before and after meal preparation.
Medium Risk	<ul style="list-style-type: none"> • Normal meal service, but food preparation procedures are simplified. Pre-packaged food provided, no cold dishes, cold meat/fish or edible ice cubes. • Cabin crew clean and disinfect hands before and after meal preparation.
High Risk	<ul style="list-style-type: none"> • Cabin crew assigned to provide service in their designated areas, avoiding close contact with guests and only providing necessary inflight service. • Designated cabin crew to provide basic service for flight crew when needed. • Pre-packaged food and bottled drinks provided. No cold dishes, cold meat/fish or edible ice cubes. • Cabin crew clean and disinfect hands before and after meal preparation.

Guidelines for Allstars Protection

What Allstars Do	What Management Does
<ul style="list-style-type: none"> • Return to work procedures of self-assessment and self-isolation • Reporting and monitoring of confirmed & suspected cases in our Covid-19 Reporting System • Social distancing in common areas, transport, work areas and meeting rooms • Weekly Covid-19 tests • Use of FACES biometric recognition for entry into premises • Use of masks in confined spaces and where social distancing cannot be practised 	<ul style="list-style-type: none"> • Split work arrangements • Ad-hoc tests for Allstars who develop Covid-like symptoms • Daily office sanitisation • Visitors management system according to Covid-19 Risk Rating situation (Red/Amber/Yellow) • Building Indoor Air Quality (IAQ) requirements following local regulations • Covid-19 posters and videos for Allstars' awareness • Sanitising stations at lifts, lobbies, office entrance, dining areas, gantries, etc • Covid-19 vaccination programme for Allstars as per Ministry of Health requirements

Ensuring the Well-being of Allstars

We embrace a holistic approach that takes into consideration our Allstars overall well-being, specifically their physical, mental and financial wellness. In 2022, we resumed our active calendar of in-person events to introduce Allstars to the range of support services that are available to them.

Social (cont'd)

Health and Safety

Well-being Initiatives in 2022

<p>World Mental Health Day Activities organised include free mental health assessments, and chats with clinical psychologists and wellness coaches. Info booths were also set up at our offices for more personal interaction.</p>	<p>After-Work Wellness Activities Popular activities include weekly bootcamps, yoga, cycle rides and boxing classes.</p>
<p>Financial Support Clinics Programmes organised with Credit Counselling and Debt Management Agency (AKPK) to help Allstars impacted by pay cuts/furlough to restructure their loans and hire purchases. General financial education is also available for in-person and online attendance.</p>	<p>Flu Vaccination Drive Flu vaccinations were made available at PAA's inhouse clinic year-round as part of the AOC's workplace wellness programme.</p>
<p>Allstar Peer Support Programme More Allstars across the Group volunteered to provide support in 10 languages through a chatbot. 52 Allstar peer supporters handled a total of 67 cases related to work, finance, health and other matters.</p>	<p>Aarena Oasis Urgent counselling and provision of psychiatric services and 24-hour support are made available through online videos/calls for individuals or groups in multiple languages. House calls are also available for Allstars based in the Klang Valley. A total of 59 psychological counselling and psychiatric sessions were conducted for Allstars who required urgent counselling and attention.</p>

Allstar Health Coach Programme with Naluri (health app)

The Allstar Health Coach is an interactive and educational well-being programme launched in 2020 by Naluri for AirAsia. Through the Naluri health app, Allstars are able to access active digital support in the form of therapy, fitness coaching, diet and nutrition, medical and financial wellness advice.

2022 Performance Overview

<p>SIGN UP 500 new sign-ups for Naluri</p>	<p>2,600 Allstars taking action for their well-being</p>	<p>25 Webinars on financial education, fitness, emotional well-being</p>
<p>11 referral cases handled from our Allstar peer supporters where clinical psychologists were needed</p>	<p>Allstars Wellness Month in June where we offered free health screening in offices</p>	<p>World Mental Health Day in October where we offered in-person therapy with clinical psychologists in offices</p>

Talent Attraction & Retention

(GRI 2-7, 3-3)

Our ongoing success is a reflection of our dedicated and passionate Allstars. As a people-centric company, we recognise that attracting and retaining top tier talent should be prioritised in order to build a resilient and purpose-driven organisation. We support and encourage our Allstars in their personal and professional development by investing in opportunities to keep them motivated and driven.

2022 Performance Overview

<p>>RM113.9 mil invested in training and development</p>	<p>12.4 average training hours per employee</p>	<p>3,409 jobs created</p>
<p>-18.2% and -18.48% mean and median hourly gender pay gap for the Group excluding airline staff</p>	<p>41.5% and 63.1% mean and median hourly gender pay gap for the Group including airline staff</p>	<p>33% score for employee NPS survey</p>
<p>0 human rights violations</p>	<p>Our Management Approach</p> <ul style="list-style-type: none"> • Code of Conduct and Ethics • Anti-Harassment Policy • Employee Handbook • Anti-Bribery and Anti-Corruption Policy • Board Diversity Policy • Remuneration Policy • Learning and Development Policy 	<p>Supporting the UN SDGs</p> <ul style="list-style-type: none"> 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 17 PARTNERSHIPS FOR THE GOALS

STRENGTHENING DIVERSITY AND INCLUSION (GRI 405-1, 405-2)

Given our foothold across Asean and beyond, Capital A employs a diverse group of Allstars who are hired and promoted based on merit and performance. We nurture an inclusive culture where everyone, irrespective of gender, nationality, race, religion, sexual orientation, age or disability, is valued and treated with respect. As a result, we have been able to benefit from the enriched perspectives this brings to the Group. We recognise that for diversity to flourish there can be no discrimination of any form, and therefore do not tolerate discriminatory behaviour at any level, as stated in our Code of Conduct and Ethics. We provide equal opportunities that foster a diverse and inclusive workplace for all.

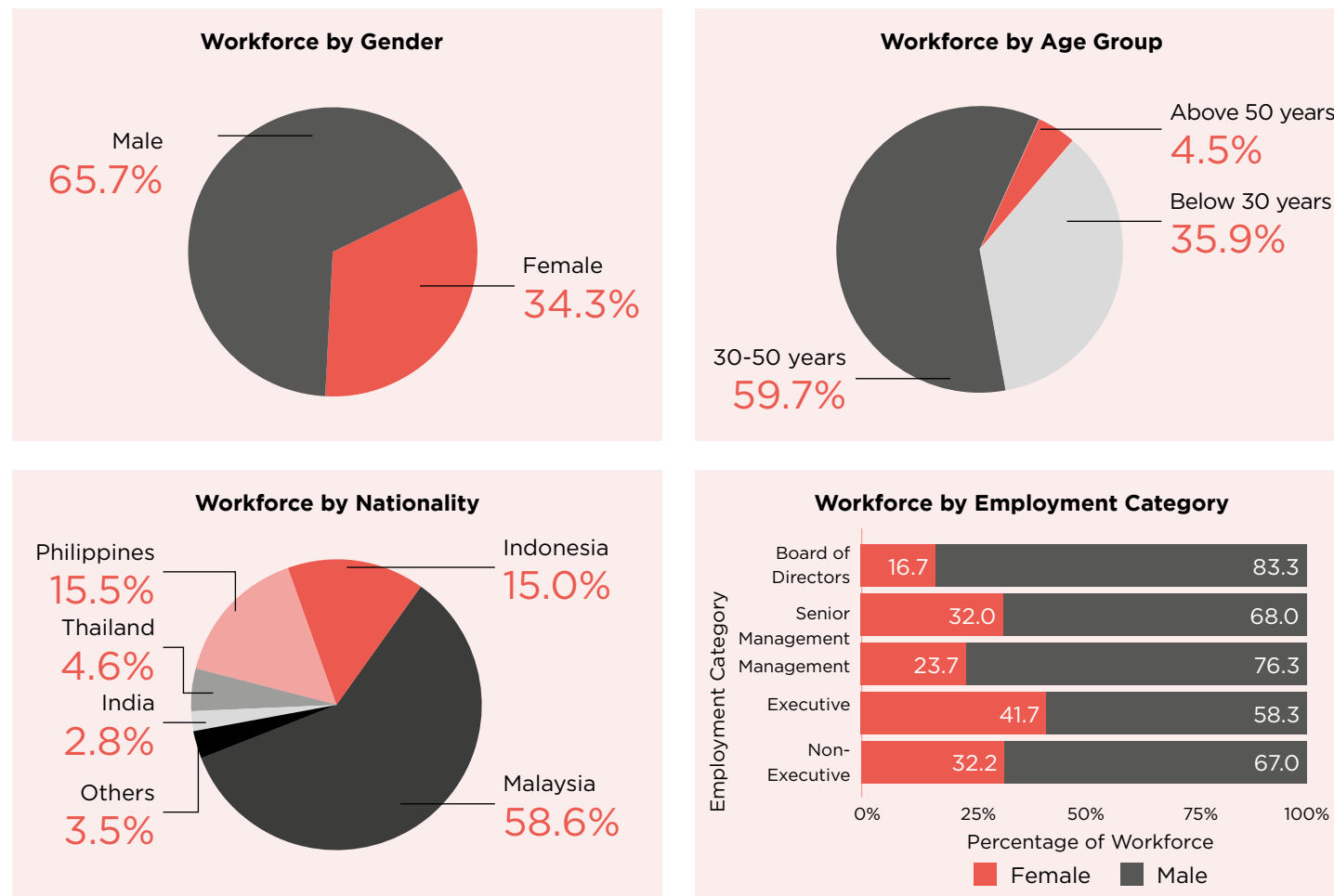
For more information on our Code of Conduct and Ethics, visit our website: www.capitala.com/corporate_governance.html

Social (cont'd)

Talent Attraction & Retention

In 2022, our workforce comprised 11,662 employees, composed of 66% men and 34% women. As we recover and rebuild post-pandemic, it is our priority to rehire Allstars who were let go through no fault of their own. Our workforce diversity is summarised below:

Workforce Diversity in 2022

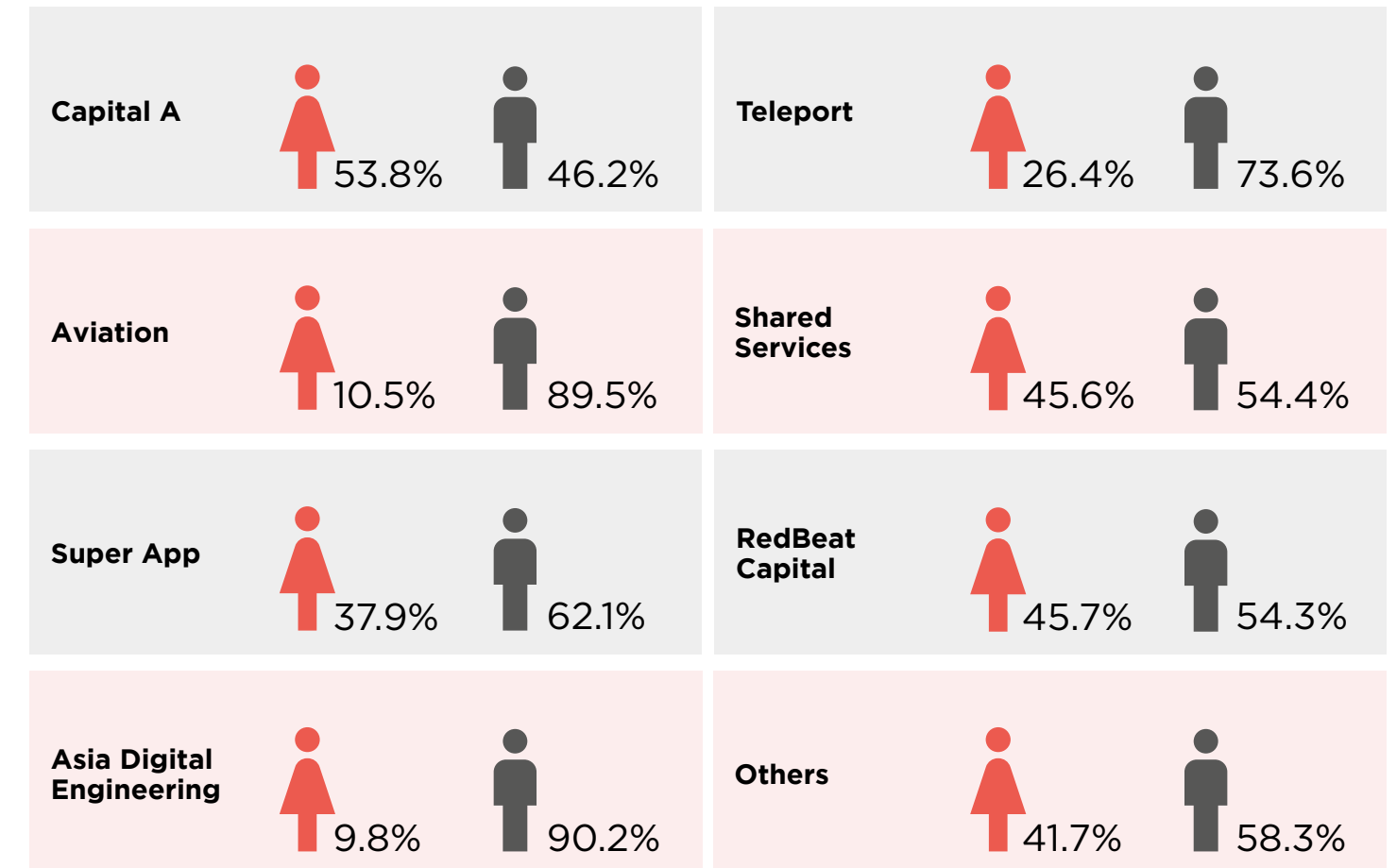


For detailed information on our workforce, please see our Social Data Summary at the end of this Sustainability Statement.

Women in Leadership

Recognising the importance of having women in leadership positions, as well as a more diverse and inclusive Board, our Board, through the Nomination and Remuneration Committee (NRC), is actively seeking qualified women candidates. Candidates to be considered are nominated by reputable sources, while selection is based on their skills and experience, as well as their ability to add to greater Board diversity. A key achievement was to welcome Surina Shukri as an Independent Non-Executive Director in January 2022. As reflected in our Board Diversity Policy, a diverse and inclusive Board will give us access to a greater range of talent and their valuable experience, perspectives and skills lending us a greater competitive edge.

Across our entities, we have a strong presence of women in leadership positions as highlighted below.



We have observed positive growth in women representation at senior management, management and non-executive levels as well. Women represented 32% of our senior management in 2022 compared with 27.2% in 2021; 23.7% of management level compared with 17.3% in 2021, and 32.2% of non-executives compared with 18.7% in 2021. We will continue to identify and support the pipeline of women progressing into leadership roles.



In 2022, we participated in the Bloomberg Gender Equality Index (GEI) for the first time to enhance our disclosures on gender equality, making us the first low-cost carrier in the region to do so. We received a score of 64.65, which is above the threshold and demonstrates that we are doing more than the average company to support women in our workplace. The index tracks the commitment and performance of companies in disclosing efforts towards diversity, inclusivity and equality. We were assessed based on five categories: leadership and talent pipeline, equal pay and gender pay parity, inclusive culture, anti-sexual harassment policies, and external brand.

Social (cont'd)

Talent Attraction & Retention

Gender Pay Gap

In our first gender pay gap disclosure published in 2021, Capital A reported no systemic gender-based bias in our pay scales. This was established through a detailed analysis of pay scales across eight job grades in all. As Capital A comprises multiple lines of businesses in different sectors, comparisons were also made within each job type since very different occupations may be assigned a common job grade.

This year, we took a different approach to reporting our pay gap disclosures using mean and median data, as well as quartile measures. Although simplified, this manner of reporting is more consistent with practices adopted by OECD countries and provides a better basis for our performance to be benchmarked against other organisations. One practice we have retained from 2021 is to report our statistics in two forms: (1) inclusive of all Allstars and (2) excluding pilots, cabin crew and aircraft engineers. This is in recognition of the fact that gender representation in these three occupations remain heavily skewed. By providing two sets of data, we are able to filter out the distorting effect of these three unique jobs to see if biases can be found in the remaining areas.

The results of our analyses are summarised in Charts 1a and 1b, and 2 below. Chart 1a and 1b show the proportion of male and female staff by quartile while Chart 2 shows the mean and median pay gap between male and female Allstars.

Chart 1: Proportion of Employees in Quartiles

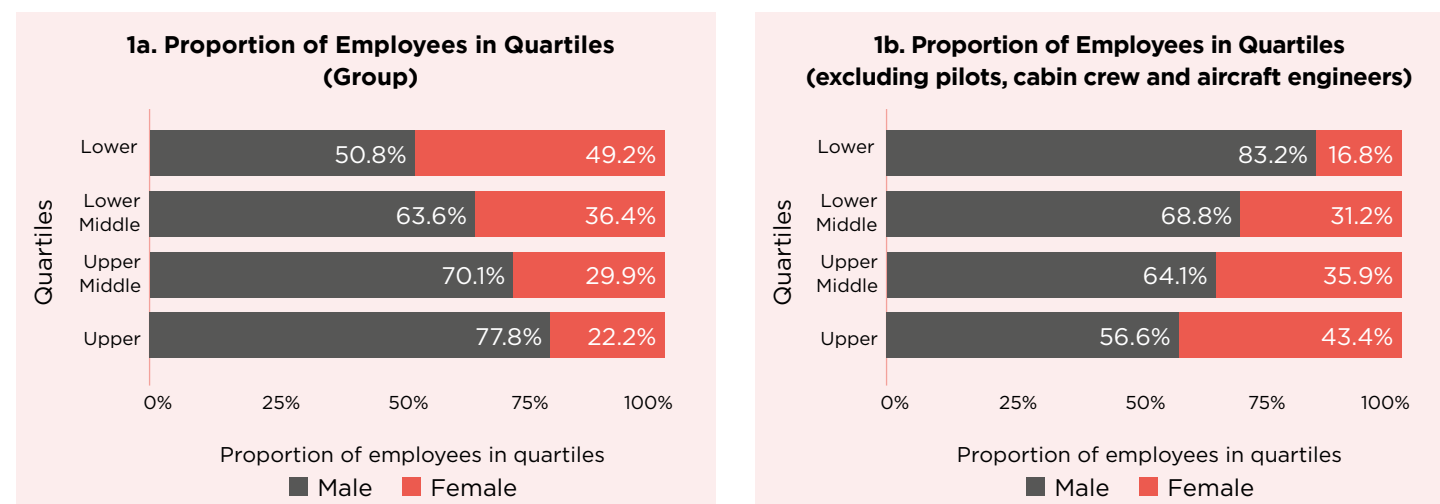
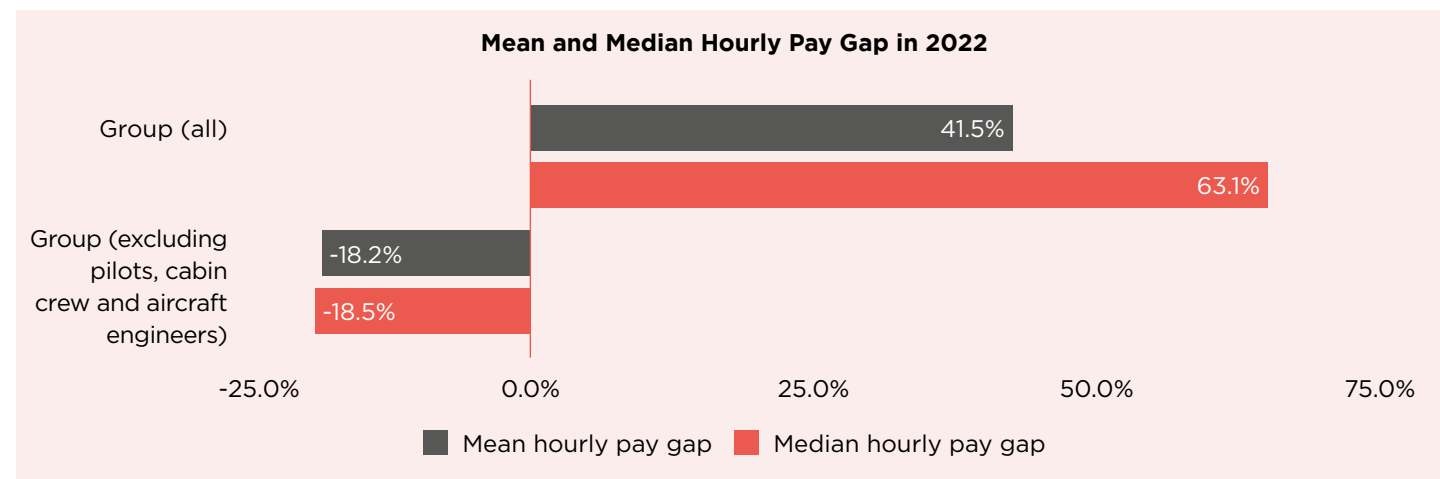


Chart 2: Mean and Median Hourly Pay Gap in 2022



Note:
A positive pay gap indicates a wage gap in favour of men, while a negative figure indicates a wage gap in favour of women.

In 2022, the mean and median pay gap data indicated that overall, male Allstars earned 41.5% and 63% more than women respectively. This is an expected outcome as the industry continues to face stark gender imbalances particularly in engineering and pilot positions that are male-dominated. Technical roles such as pilots and aircraft engineers are higher paid positions and in sizable numbers compared with other roles. When these roles were included, they inevitably pushed up the mean and median pay of male Allstars, as well as the proportionate representation of men in the Upper Middle and Upper quartiles.

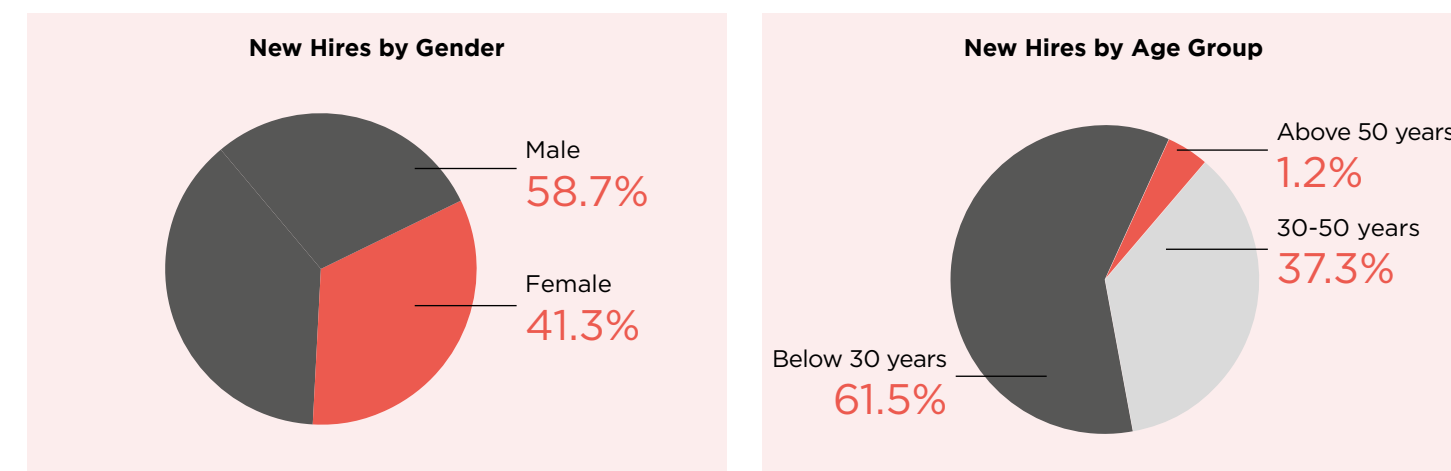
This analysis is supported by our findings in Chart 1a which show that 77.8% of Allstars in the upper-most quartile were male, with many being pilots; while female Allstars represented almost half of the lower quartile (49.2%).

When we exclude these three job types, the data shows a mean hourly pay gap of -18.2% and median hourly pay gap of -18.5%, or a reverse result as the earlier scenario suggesting that women earned more than men in non-airline specific jobs. Chart 1b provides further explanation for this observation. Women were most strongly represented in the upper-most quartile (43.4%) while the lower quartile is dominated by male employees (83.2%) primarily due to the physical requirements of non-executive jobs such as ramp work in GTR and airasia Super App riders and drivers. This mean and median variance in favour of women (when pilots, cabin crew and engineers are excluded), therefore, can be explained by the distribution of male and female employees according to quartiles, rather than any gender-based pay biases.

We have been making significant efforts to improve our gender balance by employing and training more female pilots over the past decade than any other airline in Asean. A small win was achieved in 2022, when the number of female AirAsia pilots rose to 6.6%, an increase from 6.1% in 2021, and exceeding the global average of 5.8%. To redress the imbalance in the upper-most quartile, we will continue to attract more female pilots as well as more female engineers into our talent pool.

New Hires (GRI 401-1)

Our Allstars are the driving force of our organisation and as we began our recovery from the two-year pandemic, there was a need to hire bright talent to get Capital A back on track again. The year 2022, therefore, saw us create jobs for 3,409 new Allstars, over four times the number of new employees in 2021. Meanwhile, in recognition of the talent, knowledge and skills of existing Allstars, we filled 1,605 vacant roles with internal candidates whose growth we will continue to support. We were also pleased to see our attrition rate decrease from 15.4% in 2021 to 12.2% in 2022.



Inducting Second Officers from cadet pilots programme

After a two-and-a-half-year hiatus due to the pandemic, AirAsia started inducting Second Officers who graduated from its cadet pilot programme to support its manpower requirements. The Second Officers will undergo ground training and a type rating course for six months before being checked out as First Officers. The aim is to induct 250 Second Officers by the end of 2023. Hiring these cadet pilots allows us to invest in local talent and realise our commitment to nurturing a more diverse workforce including 15% new female pilots.

Social (cont'd)

Talent Attraction & Retention

Human Trafficking

In response to human trafficking concerns in the region, AirAsia Foundation has facilitated classroom training for the cabin crew since 2017 and initiated an anti-trafficking e-learning module, #KnowtheSigns, for Allstars in 2020. The module has been incorporated into Capital A's onboarding programme, which all new recruits have to complete. In 2022, a total of 1,067 Allstars completed the Anti-Human Trafficking e-learning module, bringing the total number of Allstars trained to 19,669.

Grievance Mechanism

Allstars and external stakeholders can raise grievances on unethical and/or inappropriate behaviour or misconduct relating to human rights involving the Group through our whistleblowing email platform: whistleblower@airasia.com

INVESTING IN LEARNING AND DEVELOPMENT (GRI 404-1, 404-2)

We support our Allstars' proactiveness in seeking out opportunities that will contribute to their continuous learning and development to progress in their professional and personal goals. Towards this end, we invest in training and upskilling our employees with the necessary functional and technical skills and knowledge for future work. Our Learning and Development Policy highlights a strong culture of growth and commitment to developing talents who are dynamic, competitive and progressive. We conduct most of our training through airasia academy where a mix of face-to-face, virtual and blended channels is used.

>RM113.9 mil

total investment
in **learning** and
development in 2022



12.4

average **training**
hours per
employee



>23,300

employees
participated in
training courses on
Workday in 2022



Our Key Trainings In 2022

Group-Wide

- Anti-Trafficking Training - #Know The Signs
- Anti-Harassment Policy Training
- Information Security Awareness Education
- Building Emergency Evacuation Drill
- Anti-Bribery and Anti-Corruption Training

Aviation

- Pilot Safety & Emergency Procedure Recurrent Training
- Pilot Simulator Training
- Cabin Crew Recurrent Training

airasia Super App

- Finance Training for Non-Finance Employees
- Legal Training for Non-Legal Employees
- Ecommerce Essentials

Teleport

- Bomb Threat Awareness
- Temperature Controlled Cargo Operations
- Dangerous Goods Regulations Categories 6 and 8

GTR

- Emergency Response Plan
- Dangerous Goods Training
- Scheduled Waste Management Awareness

ADE

- Warehouse management training
- Fleet technical aircraft management training
- Scheduled Waste Management Awareness

Santan

- Safety induction and Chemicals Safety Training
- Food Safety and Halal Training
- Basic Service and Legendary Service Training

BigPay

- Managing Unconscious Bias
- Managing Harassment, Bullying at the Workplace - for Managers and Leaders
- Trained respondents - Investigation of Sexual Harassment Incidents

The Centre of Excellence (COE) talent team for aviation works predominantly on soft skills development. This encompasses a wide range of skills such as leadership, teamwork, empathy and time management. All soft skills training is provided by the COE and airasia academy to ensure training is standardised and disseminated across all AOCs.

During the year, airasia academy introduced on-demand learning (ODL) for Allstars, namely online learning that they can access at their convenience, and which they can complete in their own time. In 2022, 541 Allstars signed up for various ODL training programmes receiving an average of 12.4 training hours each. We also launched soft skills training on AirAsia's learning managing system, Workday, which attracted over 23,300 Allstars. Other key developments during the year included:

- The launch of a soft skills training calendar on Workday
- Creation of training registration dashboard for heads of department and HR business partners for tracking and transparency of team involvement in training
- Creation of a forum on airasia academy for learners to raise queries

Shaping Future-Ready Leaders

Having a robust leadership and talent pipeline are essential to securing the future of Capital A. We focus on coaching, mentoring and developing identified Allstars to take on leadership roles to ensure business continuity by increasing the availability of experienced Allstars who can assume leadership roles as they become available.

This year, we launched two leadership development programmes:

New Gen Leader Development

The programme is designed for people managers moving on to become heads of department. Selected participants will be exposed to topics such as business leadership, financial literacy and emotional intelligence. In 2022, we welcomed a total of 15 new heads of department into the programme.

Leading Others

This three-month programme is designed primarily for recently promoted managers to support their journey in becoming team leaders. The focus is on the fundamentals of leadership, conducting effective conversations, the 5Cs of coaching, strategic thinking and growth mindset, design thinking, negotiation skills, and coaching and mentoring others. As part of the programme, identified leaders will check in with their support group every two weeks for further guidance and mentorship in their new roles. In 2022, a total of eight employees were selected for this programme.

On top of the New Gen Leader Development and Leading Others programmes, we plan to include two more leadership training programmes in 2023 - Leading Self and Leading Teams. These will emphasise on being a leader as an individual and within departments to ensure Allstars are equipped with the skills to work alone and as a team. The programme objectives are as follows:

Leading Team

The training course aims to equip individuals with the skills and knowledge necessary to lead and manage teams effectively, solve problems, make sound decisions, and foster a culture of innovation and growth. The course will cover several areas related to leadership and management.

Leading Self

The training course is designed to help individuals develop skills and knowledge to become more effective in managing themselves. The course covers several important topics including time management, communicating, personal brand, and importance of customer experience.

High potential Allstars are also engaged through ODL to enhance their range of skills for future leadership roles. In 2022, a total of 740 identified high potential Allstars spent 1,141.5 hours on ODL. To ensure robust succession planning, we will be assessing and identifying more high potential employees in 2023.

Social (cont'd)

Talent Attraction & Retention

Employee Appraisals (GRI 404-3)

In 2022, the Group introduced the Objectives and Key Results (OKR) framework into the performance management and appraisals for Allstars. OKR is a simple goal-setting approach to create better alignment, engagement and clarity towards achieving the Group's overall business plan. Since its introduction, the way we lead and the way we work has changed. The OKR framework helps to achieve our mission and vision, aids in Allstar engagement, and brings to the surface our top priorities. It allows performance to be more focused, creating alignment, ensuring commitment, and making goal-tracking easier as Allstars are stretched to realise their potential.

We conduct OKR reviews every quarter where Allstars will review their performance with their line managers and amend any OKR goals, if needed. In 2022, 90% of our aviation team received appraisals.

ENGAGING OUR ALLSTARS

We have always sought to create a highly engaging workplace in which Allstars exchange ideas and opinions freely, knowing that we value their input. We believe that open discourse engenders a sense of belonging which enhances work satisfaction and productivity. With the pandemic reaching an end, we were thrilled to welcome our Allstars back to in-person sharing sessions as key engagement activities took on a hybrid format - with some attending physically and others online.

We have two main platforms that foster engagement with top management, allowing for two-way dialogue and discussion on topics of concern.

Townhall with Tony

Employees are updated on business performance and strategy every quarter through direct engagement with top management. During these sessions, we encourage employees to ask questions for direct answers from Tony himself. These townhalls engage over 1,500 Allstars in-person and 2,500 Allstars online.

Leadership Forum

Capital A's quarterly leadership forum (QLF) brings together Allstars in leadership roles across the region for updates on business strategies, outlook, and key developments. In January, our first QLF discussed the Group's strategies and direction for the next five years. Our second QLF in May focused on succession planning and organisational resilience while the third and last QLF for the year in November was themed on Sustainability, taking our senior leadership through Capital A's short-, medium-, and long-term ESG goals.

Employee Engagement Survey

We conducted two employee engagement surveys involving Allstars across the Group in June and October this year, to gauge how satisfied they are at work especially as operations gradually revert to normal. We have always viewed the survey as an excellent platform to understand any issues that may exist and to manage these to create an optimally conducive work environment.

This year, we sent the online survey to 50% of Allstars at random. While the survey covered topics such as job clarity, growth and development, well-being and recognition, our focus was on overall employee satisfaction and loyalty. We measured this by asking Allstars to rate, on a scale from zero to 10, how likely they were to recommend their company as a place to work. Then we calculated an employee net promoter score (ENPS) by subtracting the percentage of detractors (responses with ratings of six or below) from the percentage of promoters (responses with ratings of nine or 10). Our target was to achieve an ENPS of 50 from a range of +100 (all responses are promoters) to -100 (all responses are detractors).

We fell far short of this in June with an ENPS of 6, but were encouraged by a pick up in the score in November where the ENPS was 33. We have been working intently on feedback provided and look forward to hitting our target in 2023. We shared results of the entire survey with management along with suggestions on how to engage employees in conversations about issues highlighted. These included the level of engagement by managers, recognition of efforts and sacrifices made during the lockdown, and the extension of care and well-being of employees during challenging times. Our focus in 2023 will be to address these issues and sustain a high-performance culture across all organisations under Capital A.

New initiatives will be introduced to enhance employee engagement, including:

- Developing a common onboarding journey for all Allstars to achieve faster employee integration, higher productivity and lower turnover through better engagement.
- Improve Allstars' general knowledge about the business through better-communicated Company news while achieving cultural alignment by recognising Allstars' achievements and prioritising their well-being.
- Developing a common enterprise social network platform to enable Allstars across the Group to:
 - identify with the Allstar persona
 - engage more actively with colleagues, managers, team members, etc
 - build communities
 - disseminate information and share knowledge
 - improve workflow and productivity



Spotlight: airasia Super App first in Asia to offer full-time employment to gig riders

airasia Super App recognises the hard work put in by its gig riders to meet our customers' needs. Embracing Capital A's ethos of winning as one and making a difference, in August 2022, we became the first in Asia to provide qualified gig riders (airasia ride and airasia xpress) with full-time employment to give them a better working environment and job stability, while enhancing their income. This provides them with the full suite of employee benefits our Allstars enjoy to add value and support their livelihoods. We seek to continue to be trailblazers in going beyond and adding value for people and the communities where we operate.

Employee Benefits (GRI 401-2, 401-3)

Part of our employee value proposition are the benefits that we provide. We strive to be the preferred employer with a competitive and attractive remuneration package.

Benefit	Description
Upskilling	Provide a host of development programmes and avenues through airasia academy allowing Allstars to continuously upskill and reskill.
Career advancement	We help Allstars to identify and leverage their strengths to explore new career opportunities through our internal talent marketplace powered by an intuitive AI system. We also structure stretch assignments through AirAsia Got Talent to help Allstars navigate their careers and create greater transparency in career pathways.
Financial health	We offer financial education on Debt/Personal Financial Management/Legacy Planning with relevant providers.
Flexible working arrangements	Depending on their role, Allstars have the flexibility to decide how they work best.
Work-life support	We encourage rest and recovery through benefits such as Annual Leave.
Travel benefits	Allstars can enjoy our flights via employee e-coupons and ID90 for travel needs.
Medical/life benefits	We provide medical insurance along with an inhouse clinic, physiotherapy, and life and personal accident insurance coverage.
Family well-being	We offer paternity leave support, marriage leave, a creche and mother's room, and provide medical and bereavement support through Red Heart Fund.

Social (cont'd)

Talent Attraction & Retention

Caring for Our Allstars and their Families

We provide full-time Allstars support in their personal lives, extending to their families, through maternity leave, paternity leave and marriage leave, among others. To support our employees, we offer flexible work arrangements and provide an on-site childcare centre and mother's nursing room at RedQ.

This year we reviewed our parental leave provisions and extended it to allow more time for Allstar parents to recover and spend time with their newborns. We extended our maternity leave from 60 days to 98 days and paternity leave from three days to eight days.

In 2022, a total of 379 Allstars took parental leave, following which 75.9% of the mothers and 100% of fathers returned to work. We continue to review our benefits to support our Allstars in the best possible way.

Maternity leave extended from **60 days to 98 days**

Paternity leave extended from **3 days to 8 days**

379 Allstars took parental leave in 2022

Good Health and Well-being at Work

Our Allstars' health and well-being is our top priority, especially since the challenges of the pandemic. We provide holistic support channels and the ability to maintain a good work-life balance as we believe this is key to having well-rounded mental, emotional and physical health which, in turn, helps with stress management at work. Our employee assistance programme (EAP) offers mental health support regardless of whether the stress originates from their professional or personal life. We also offer a digital health solution Naluri that provides 24/7 access to an Allstar Health Coach in addition to interactive and educational help regarding physical or mental health online.

Within RedQ, we have made available an on-site gym, physiotherapy services, sleeping pods and various entertainment activities. To keep Allstars active, they have the choice of signing up for an after work cycling club and bootcamp training that runs every week.

Allstar Health Coach
Get **Back On Track**

- Personal coaching
- Programme that adapts to your needs
- Holistic care
- Access to team of health professionals: Dietitian, fitness coach, doctors, etc.
- Self learning tools
- Personal tracking & health metrics

Your perfect health companion
Scan the QR code to start your free trial today!

Long-Term Incentive Scheme

Our Long-Term Incentive Scheme (LTIS) is an employee compensation scheme launched in 2021 as an equity-based incentive that aims to reward and retain Allstars through alignment of the Group's aspirations and goals with their individual OKRs. Given the success of the scheme since its launch, we also introduced a similar LTIS for two of our major subsidiaries.

Championing Human Rights

As per international labour laws and as highlighted in our Code of Conduct and Ethics, we do not condone any form of forced labour, including child labour. All our regional operations adhere to the local laws with regard to the minimum working age and basic minimum wage. In addition, we have strict policies on harassment, and play an active role to prevent human trafficking. There were no incidents of human rights violations in 2022.

In November 2021, we replaced our Anti Sexual Harassment Policy with a more comprehensive Anti-Harassment Policy which highlights zero tolerance for any form of harassment to support a safe and conducive workplace. In conjunction with the new policy we also established an askPAC channel to enable Allstars to connect directly with the Employee Relations team if they have any queries or complaints with regards to harassment. In June 2022, an online learning module was developed to create clarity on acceptable and unacceptable behaviours, and what Allstars can do if they encounter behaviour that is not acceptable. The module is part of the onboarding of new recruits. In 2022, 4,437 Allstars completed the e-learning module.

We also communicated our Anti-Harassment Policy to Allstars through posters around our RedQ office which highlight the different types of harassment and the reporting channels open to Allstars to file their complaints.



Spotlight: Bringing Focus to Anti-Harassment with BigPay

BigPay is drawing more focus to anti-harassment in the workplace with training on sexual harassment, bullying and unconscious bias.

30% of BigPay managers ▶ Attended training on handling bullying and harassment cases

10% of BigPay executive committee (EXCO) members ▶ Have handled sexual harassment cases

BigPay aims to conduct more trainings for its EXCO members to equip them with the knowledge to handle sexual harassment. At the same time, the team is working to increase Allstars' awareness of unconscious bias in order to tackle the issue. This training is still being developed and will be ready by 2023.

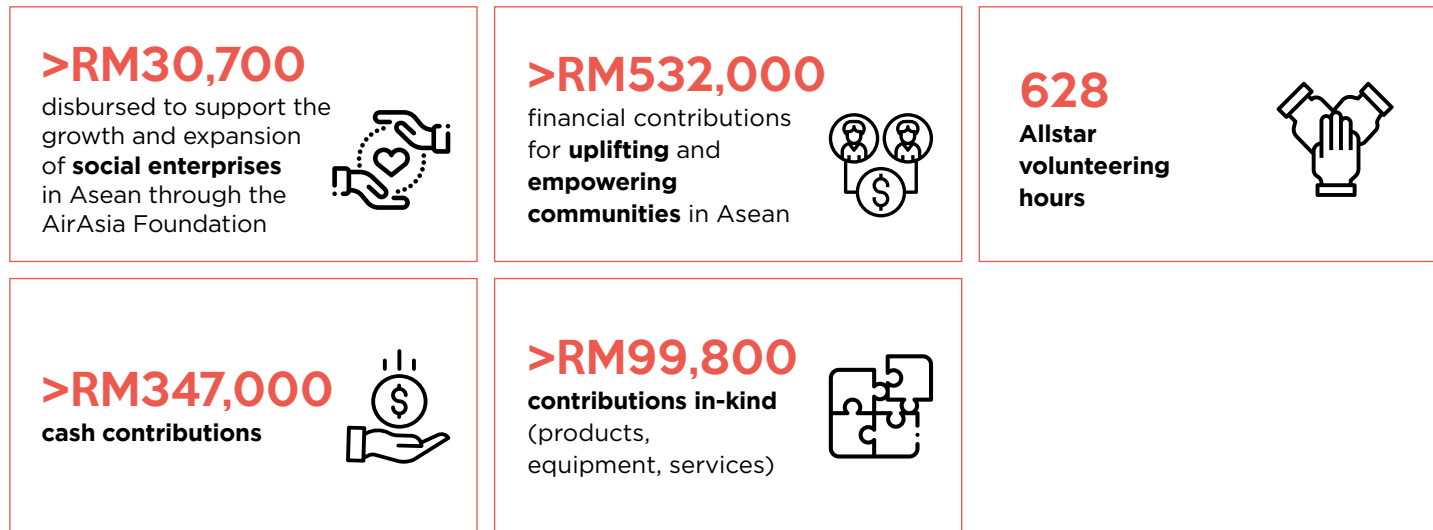
Social (cont'd)

Community Investment

(GRI 3-3, 413-1)

As a key player in Asean, we recognise the importance of uplifting and empowering the communities we operate in. Accordingly, we make a conscious effort to contribute to various initiatives across the five impact areas of disaster relief, healthy communities, education, environmental stewardship, and celebration.

2022 Performance Overview



Our Management Approach

- Sustainability Policy

Supporting the UN SDGs



GROWING ASEAN SOCIAL ENTERPRISE SMES

This year marks the 10th anniversary of AirAsia Foundation which was established to support the growth of social enterprises in the Asean region. Over the course of 10 years, AirAsia Foundation has provided business grants, mentorship and other platforms to help scale up innovative ventures with various impact areas such as supporting women empowerment, poverty alleviation, indigenous livelihood, youth, arts and culture, heritage and environment.

Key achievements in the past 10 years include:

- Supporting 29 social enterprises in seven countries (Cambodia, Indonesia, Malaysia, Myanmar, the Philippines, Thailand and Vietnam)
- Supporting 3,233 direct beneficiaries
- Enhancing the lives of 11,597 family and community members

Community Investment



Spotlight: Supporting Safe and Secure Travel with Auntie Wanders

While the foundation had to scale back on grant-making activities during the pandemic, we continued to be active in other areas as we progressively made a comeback.

In August 2022, the foundation awarded a new grant to Auntie Wanders, a social enterprise that provides transport and companionship services to enable women, the elderly and people with special needs to travel with lady drivers. The grant supports the expansion of Auntie Wanders' elderly care services by training 30 women companions on basic life support, elderly care and communication. The project also aims to improve Auntie Wanders' marketing efforts to reach out to more customers. With the elderly care service provided by Auntie Wanders, medical tourists travelling on AirAsia would have access to mobility and proper care to get to their destination safely upon arrival.

Grant amount	RM51,051.50
Amount disbursed as of 31 December 2022	RM30,767.50
Grant progress	Training for the first batch of women companions has been completed. The second batch will complete their training in 2023.

Supporting UN SDGs



- Promotes women equal rights to economic resources by introducing new job opportunities as drivers and companions
- Promotes access to mobility for women by providing safe transportation option

In supporting mentorship activities, AirAsia Foundation participated in a knowledge sharing session on how to sustain and scale a social enterprise at Goal Social 2022, an Asean community event organised by Singaporean social enterprise, Brain Juice Collective.

The Foundation also continued to grow the Destination GOOD social enterprise shop to help generate income for the enterprises supported on the platform. Through increasing brand awareness of the online platform and engaging with internal sales channels, Destination GOOD earned a sales turnover of RM128,166 from the sale of products from 31 social enterprises. This marks an increase of more than two fold from 2021 since the closure of its physical outlet during the pandemic. The product line that generated the most sales was AirAsia's Soggy No-More created in partnership with Nazanin, a social enterprise of Afghan refugees that upcycles expired AirAsia life jackets. A total of 1,395 life jackets were upcycled into new products in 2022.



AirAsia Foundation 10th Anniversary Limited Edition Crossbody bag made of upcycled cabin crew life jackets



Visit our Destination GOOD shop for more information on the social enterprises we support at www.destinationgood.com

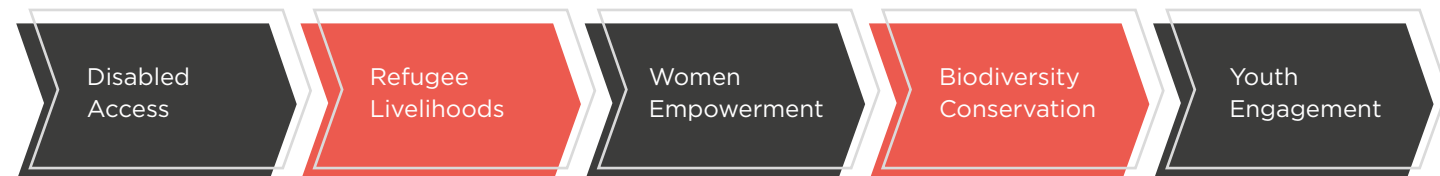
Social (cont'd)

Community Investment

Meanwhile, BigPay continued its partnership with former AirAsia Foundation grantee Animal Projects & Environmental Education (APE Malaysia) to support activities contributing to biodiversity conservation of the Bornean rainforest. The programme committed to planting one tree on behalf of one onboarded user, for the first 1,000 users for a specific period of time. At the end of the programme, BigPay donated an additional 100 trees on top of the 1,000 committed, bringing the total number of trees planted to 1,100.

Separately, our online grocery platform, airasia grocer, partnered with Kelab Belia Prihatin (KBP) in Kota Kinabalu, Sabah, in its We-Bleaf Together initiative to create awareness on climate change, food sustainability and responsible production and consumption of fresh produce among youth. Planting activities were organised to grow Chinese mustard as well as guava and banana saplings as part of KBP's education programme for youth to learn how to cultivate edible plants. Approximately 30 members from Kelab Belia Prihatin, Universiti Malaysia Sabah, and airasia grocer volunteered in the programme that served over 11,000 children aged four to six years old.

Through our support of social enterprises, we believe we are able to better support causes that help achieve UN SDGs more sustainably. Our projects in 2022 contributed to five social causes.



REBUILDING FOR CLIMATE RESILIENCE

We are cognisant of the negative impacts that climate change can have on the communities we serve. Over the past few years, there has been an increase in frequency of flash floods and typhoons in the region brought about by changing climate, and we do our part to extend our assistance to those affected.

In response to severe floods in several states in Malaysia at the end of December 2021, AirAsia Foundation and BigPay launched a Malaysia Flood Relief public fundraising campaign which raised a total of RM581,862 to aid in rebuilding and repairing damaged community infrastructure. A total of RM518,169 in cash donations was received in 2022 and fully disbursed to four non-profit organisations by early 2023. The Malaysia Flood Relief campaign was closed in February 2023 with a balance of RM63,692 pledged by airasia ride and airasia food not received.

Organisation	Purpose	Funds Allocated	No. of Beneficiaries
Persatuan Mesra Sabah	Constructed two suspension bridges and one concrete bridge in three villages in Sabah	RM270,000	1,720
Saora Plus	Installed four solar water purification systems and 16 sanitation facilities in four indigenous villages in Pahang	RM181,020	478
Saora Plus	Rebuilt eight homes in one indigenous village in Pahang	RM55,230	76
SEED Foundation	Replaced flood damaged office equipment belonging to NGO that provides a community for people without permanent shelter in Kuala Lumpur.	RM10,000	2,000
IMARET	Support emergency relief efforts	RM1,919	N/A
Total		RM518,169	4,274



Caption:
1 Built solar powered water filtration system at Kampung Orang Asli Sg. Penjuring
2 Rebuilding the suspension bridge at Kampung Bintasan Darat, Sabah

In addition to the fundraising campaign by AirAsia Foundation and BigPay, IKHLAS conducted a donation drive on its webpage, ikhlas.com. A total of RM70,000 worth of basic essentials were distributed to 1,100 affected families in Sabah, Terengganu and Selangor.

In December 2022, Malaysia was hit by flash floods again in several locations. In response, we provided financial assistance from the Red Heart Fund to four Allstars in Terengganu whose houses were damaged to aid in the replacement and repair of household items.

In the Philippines, PAA started the year by continuing to support the residents in Visayas who had been affected by Typhoon Odette at the end of 2021. PAA flew a total of 85 tonnes of donated items to various provinces affected by the typhoon. The items worth over RM84,100 were donated by the Department of Social Welfare and Development and various NGOs. They included portable drinking water, food packs, fresh vegetables, clothes, medicines, water containers and generators. Subsequently, Typhoon Agaton struck in May 2022. PAA once again mobilised resources to distribute over RM8,400 worth of rice and food packs to 150 families in Capiz province.

PROVIDING ACCESSIBLE STEM EDUCATION

As a leading brand in the region, Capital A companies often receive requests from educational institutions to organise student tours at our inclusive workplace and provide internship opportunities to young graduates.

In 2022, a total of 180 students from Universiti Putra Malaya, Universiti Utara Malaysia, Epsom International School and Universitas Katolik Parahyangan of Indonesia toured AirAsia RedQ under our Culture team's Young Stars Programme to encourage young graduates to pursue careers in aviation.

In addition, airasia academy collaborated with numerous partners to make quality education accessible and affordable to students from low-income backgrounds. Through a partnership with Malaysian non-profit Yayasan Chow Kit and Jom Tuisyen, the academy provided on-demand access to K12 academic syllabus to 200 stateless students and refugees.

Another important focus of our inclusive education programme is to encourage young women to pursue careers in STEM fields. Championed by airasia academy, the #RatuTech programme invited women from low-income households to learn new technical skills (details in box). Other than the #RatuTech students, airasia academy also partnered with Yayasan Peneraju Pendidikan Bumiputera to provide a 10-day fully-funded digital reskilling course and job placement programme for 140 women from B40 communities.

Social (cont'd)

Community Investment



Spotlight: Empowering Women in Tech

#RatuTech was launched in March 2022 to provide training in tech skills to women from the B40 group. Courses provided included cloud infrastructure, software engineering, data analytics, cybersecurity and digital marketing.

In December 2022, a total of 313 participants graduated from the programme, receiving professional certification to help them secure job opportunities in the tech industry.

With overwhelmingly positive response to the programme, airasia academy will continue #RatuTech into its second year in 2023.

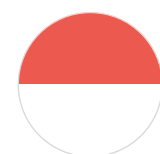
Supporting Communities in Need



Philippines

PAA partners with Operation Smile Philippines to raise funds for children and individuals with cleft lips and palates. It also sponsors flights for medical volunteers and the children to travel to Manila to undergo corrective procedures. In 2022, PAA raised over RM24,600 from inflight donations to fund 10 palatoplasty surgeries. To date, it has helped transform the lives of 1,200 children through this programme.

In conjunction with the National Heart and Health Month, PAA partnered with the Philippines Red Cross in a blood donation drive at the RedPoint office in Pasay City in February and July 2022 to help alleviate the shortage of blood reserves in the country. A total of 65 Allstars embraced the alwaysREDy motto and donated blood to benefit those in need. In December, PAA held a Christmas party for 100 children of Asilo de San Vicente de Paul orphanage contributing over RM7,700 and gifting three boxes of toys and treats for the children.



Indonesia

IAA's annual Ramadan giving saw Allstars donate RM1,700 to local orphanages Yayasan An Nisinyah, Yayasan Mi'raj Mulia, and Yayasan Jasmine Berbagi Tangerang, as well as host breakfast for 30 children at RedHouse.

AirAsia Indonesia also celebrated Indonesia's Independence Day with a clean-up at Kelan Beach in Bali where our Allstars collected approximately 120 kg of waste.

Data Summary

Economic

Incidents of Ethical Breaches

Indicators	2020	2021	2022
Number of cases reported via AskPAC	90	130	190
Number of cases reported via whistleblowing platforms	40	19	19

Bribery and Corruption Incidents

Indicators	2020	2021	2022
Number of bribery and corruption cases reported	0	0	0

Customer Satisfaction

Customer Satisfaction Score (CSAT)				
Entities		2020	2021	2022
Airlines		90%	67%	47%
airasia Super App	Delivery	-	25%	35%
	Hotel & SNAP	-	75%	48%
	Flight OTA	-	50%	36%
BigPay		-	88%	90.9%
airasia academy		-	90%	93%
Net Promoter Score (NPS)				
Entities		2020	2021	2022
Airlines		52	60	36
airasia Super App	Delivery	-	-	-22
	Hotel & SNAP	-	66	57
	Flight OTA	-	-	-

Note: Customer satisfaction rate and NPS scores for airasia Super App, BigPay and the airasia academy were only tracked from 2021 onwards.

On Time Performance and Load Factor

Indicators	2019	2020	2021	2022
Percentage of short-haul flights (<6 hours) with more than 15 minutes delay	22%	15%	20%	23%
On-time performance	78%	85%	80%	77%
Load factor for short haul (<6 hours) (%)	85%	75%	74%	84%

Data Summary (cont'd)

Economic

Number of Suppliers and Local Expenditure

Indicators	2020	2021	2022
Total number of suppliers	1,779	20,631	23,245
Total number of new suppliers	-	2,482	2,614
Total number of critical suppliers	-	233	158 ¹
Total number of local suppliers ²	1,779	895	1,326
Proportion of expenditure on local suppliers ²	38%	38%	48%

Notes:

¹ Scope expanded to include suppliers that serve Group Procurement, ADE and Santan entities.

² Excludes fuel, aircraft purchase & lessors.

Environmental

Greenhouse Gas Emissions

GHG Emissions (tCO ₂ e)	2020	2021	2022
Scope 1 Emissions	1,260,476.73	391,324.92	1,917,390.18
Scope 2 Emissions	4,000.5	3,495.7	4,459.3
Scope 3 Emissions	N/A	N/A	410,250.65
Total GHG Emissions	1,264,477.26	394,820.66	2,332,100.13

Scope 1 Emissions (from flight operations only)

Indicators	2020	2021	2022
Fuel Consumption (tonnes)	397,442	123,389	604,574
Total Scope 1 Emissions (tCO ₂ e)	1,260,477.70	391,325.90	1,917,390.18
Carbon Intensity Ratio (gCO ₂ /RPK)	88	94	85.3
Carbon Intensity Ratio (gCO ₂ /ASK)	65.7	68.1	70.5
Specific fuel consumption (litres/100RPK)	3.7	4.0	3.4

Scope 2 Emissions

Location	2020		2021		2022	
	Emissions (tCO ₂ e)	Carbon Intensity (tCO ₂ e/m ²)	Emissions (tCO ₂ e)	Carbon Intensity (tCO ₂ e/m ²)	Emissions (tCO ₂ e)	Carbon Intensity (tCO ₂ e/m ²)
Malaysia ¹ (tCO ₂ e)	3,162	0.075	2,777	0.063	3,452.1	0.078
Indonesia ² (tCO ₂ e)	839	0.087	679	0.071	909.90	0.095
Philippines ³ (tCO ₂ e)	N/A ⁴	N/A	40	0.012	97.30	0.030
Total (tCO₂e)	4,001	0.076	3,495.7	0.046	4,459.3	0.068

Notes:

¹ Latest emission factor for Peninsular Malaysia, where AirAsia Malaysia is based, is obtained from the 2017 CDM Electricity Baseline for Malaysia, published by Malaysian Green Technology Corporation, for Malaysia's Ministry of Energy, Science, Technology, Environment and Climate Change.

² Latest emission factor for Jakarta, where AirAsia Indonesia is based, is obtained from the Joint Crediting Mechanism, Indonesia Secretariat.

³ Latest emission factor for Luzon-Visayas Grid, where AirAsia Philippines is based, is obtained from the Philippines' Department of Energy.

⁴ No data was available in 2020 for the Philippines as the airline had moved to new premises and utility invoices had not been issued by the building owner.

Energy Consumption

Total Energy Consumption	2020	2021	2022
Non-renewable fuels purchased and consumed (MWh) ¹	5,295,262	1,647,153	8,040,833
Non-renewable electricity purchased (MWh) ²	5,405	4,748	6,122
Total non-renewable energy consumption (MWh)	5,300,667	1,651,901	8,046,956

Notes:

¹ Non-renewable fuels purchased and consumed include jet fuel for flight operations

² Includes chillwater electricity consumption for the HVAC system in RedQ, our HQ in Malaysia

Data Summary (cont'd)

Environmental

Electricity Use Intensity (kWh/sqm)			
Location	2020	2021	2022
Malaysia	129.6	107.0	133.5
Indonesia	100.2	81.1	108.7
Philippines	N/A	20.7	50.8

Note: Includes chillwater electricity consumption for the HVAC system in RedQ, our HQ in Malaysia.

Scope 3 Emissions

Category ¹	Sources	2022
1 - Servers	Google Cloud services and GTR services	2,767.65
3 - Fuel- and Energy-Related Activities not included in scope 1 or scope 2	Jet fuel production	397,551.00
6 - Business Travel ²	Duty travel including transportation and hotel stays	440
7 - Employee Commuting	Employee commute to RedQ and RedHouse office in Malaysia and Indonesia	3,600.00
11 - Use of sold products	airasia ride, airasia food, airasia xpress, and Teleport	5,892.00
Total		410,250.65

Notes:

¹ The Technical Guidance for Calculating Scope 3 Emissions, published by GHG Protocol is used as the methodology to calculate Scope 3 emissions; and the emission factors are sourced from UK Government GHG Conversion Factors for Company Reporting.

² Only business travel from non-AirAsia flights and hotel stays are considered as emissions from AirAsia flights are considered under our Scope 1 emissions.

Other Greenhouse Gases

Indicators	2020	2021	2022
NOx emissions (tonnes) ¹	725	261	1,191
NOx emissions intensity (gNOx/RPK) ¹	0.0508	0.0629	0.0544
SOx emissions (tonnes) ²	79	29	127
Volatile Organic Compounds (VOC) emissions (kg) ²	274,492	98,752	438,746

Notes:

¹ NOx emissions and compliance data are obtained from the ICAO Emissions Bank issue 28C dated 20 July 2021. The NOx emissions value per landing and takeoff (LTO) cycle is based on the weighted average of AirAsia's fleet composition as of FY2021.

² According to the US EPA, sulphur dioxide (SO₂) represents the highest composition of SOx emissions, hence SO₂ is considered as SOx for the purpose of calculations. SO₂ and VOC emissions data are sourced from US EPA's Generic Aircraft Type Emission Factors table.

Waste Management

Scheduled waste generated Group-wide

Type	2020	2021	2022
Solid Waste (tonnes)	32.8	1,290.0	124.4
Liquid Waste (litres)	46,444.2	3,698.9	5,427.7

Note:

Restated to only include AirAsia Malaysia as scheduled waste produced by AirAsia Indonesia and AirAsia Philippines are management by airport authorities.

Non-Hazardous Waste

Country	Indicators	2020		2021		2022	
		Value	%	Value	%	Value	%
Malaysia	Total weight of non-hazardous waste generated (tonnes)	64.1	100.0%	69.3	100.0%	162.9	100.0%
	Total weight of non-hazardous waste directed to disposal (tonnes)	53.5	83.4%	67.0	96.7%	155.8	95.6%
	Non-hazardous waste that is diverted from disposal (tonnes)	10.7	16.6%	2.3	3.3%	7.1	4.4%
Indonesia	Total weight of non-hazardous waste generated (tonnes)	-	-	35.0	100.0%	44.04	100.0%
	Total weight of non-hazardous waste directed to disposal (tonnes)	-	-	35.0	100.0%	44.04	100.0%
	Non-hazardous waste that is diverted from disposal (tonnes)	-	-	0.0	0.0%	0.0	0.0%
Philippines	Total weight of non-hazardous waste generated (tonnes)	88.0	100.0%	63.0	100.0%	261.3	100.0%
	Total weight of non-hazardous waste directed to disposal (tonnes)	81.0	92.0%	57.9	92.0%	226.0	86.5%
	Non-hazardous waste that is diverted from disposal (tonnes)	7.0	8.0%	5.1	8.0%	35.3	13.5%

Recycling

Entities	Types of Recyclables	Office Recyclable Waste (kg)			
		2019	2020	2021	2022
Malaysia (RedQ)	E-Waste	60	0	0	0
	Plastic	128	0	25	85
	Paper	25,991	10,076	1,968	3,687
	Metal	3,931	579	294	288
	Total	30,110	10,655	2,287	4,060
Indonesia (RedHouse)	E-Waste	-	-	0	0
	Plastic	79	12	0	0
	Paper	993	123	0	0
	Metal	-	-	0	100
	Total	1,072	135	0	100
Total Waste Recycled (kg)	31,182	10,790	2,287	4,160	

Note: RedPoint office in the Philippines does not track its recycled waste because this is managed by the airport authorities.

Data Summary (cont'd)

Environmental

Cabin Waste

Types of Recyclables	Cabin Waste Generated (kg)		
	2020	2021*	2022
Plastic	4,383	-	19,775.5
Aluminum/Cans	694	-	4,052.0
Glass	0	-	0.0
Paper	868	-	36.0
Others	-	-	11,448.0
Metal	0	-	0.0
Total	5,945	-	35,311.5

Note: Cabin waste generated only applies to AirAsia Philippines as contracted cleaners and airport authorities manage cabin waste for AirAsia Malaysia and AirAsia Indonesia.

*Cabin recycled waste collection suspended in 2021 to comply with national health and sanitary regulations due to the Covid-19 pandemic.

Food Waste

AOC	Food Waste (kg)		
	2020	2021	2022
MAA		1,630.00	96,216.5
IAA		52.25	7,067.0
PAA	N/A*	30.25	3,252.5
Total		1,713	106,536.0

*Data not captured due to technical issues with the demand planning tool.

Water Consumption

Entities	Water Consumption (m ³)			
	2020	2021	2022	
Malaysia	RedQ	43,668	30,302	63,497
	RedChain	N/A	1,997	858
	RedStation	N/A	1,370	6,883
Indonesia	RedHouse	2,618	2,253	3,501
Philippines	RedPoint	-	3,021	1,235
Total	46,286	38,943	75,974	

Social

Employee Data

Indicators	2020	2021	2022
Total number of employees	18,054	14,618	11,662

Distribution of Employees by Gender

Gender	2020		2021		2022	
	Number	%	Number	%	Number	%
Female	6,515	36.1	5,037	34.5	4,005	34.3
Male	11,539	63.9	9,581	65.5	7,657	65.7

Employee Breakdown by Nationality

Nationality	Gender	2020		2021		2022	
		Number	%	Number	%	Number	%
Malaysia	Female	2,123	31.4	1,705	31.3	2,188	32.0
	Male	4,645	68.6	3,740	68.7	4,641	68.0
	Total	6,768	100.0	5,445	100.0	6,829	100.0
Indonesia	Female	574	31.8	490	30.5	577	33.0
	Male	1,232	68.2	1,116	69.5	1,169	67.0
	Total	1,806	100.0	1,606	100.0	1,746	100.0
Philippines	Female	773	39.2	548	36.7	691	38.3
	Male	1,200	60.8	944	63.3	1,112	61.7
	Total	1,973	100.0	1,492	100.0	1,803	100.0
Thailand	Female	2,631	40.4	2,076	38.1	332	61.7
	Male	3,885	59.6	3,373	61.9	206	38.3
	Total	6,516	100.0	5,449	100.0	538	100.0
India	Female	37	15.8	52	22.5	65	20.1
	Male	197	84.2	179	77.5	259	79.9
	Total	234	100.0	231	100.0	324	100.0
China	Female	153	62.7	83	61.9	59	64.8
	Male	91	37.3	51	38.1	32	35.2
	Total	244	100.0	134	100.0	91	100.0
Japan	Female	46	44.7	3	23.1	12	60.0
	Male	57	55.3	10	76.9	8	40.0
	Total	103	100.0	13	100.0	20	100.0
Others	Female	178	43.4	80	32.3	80	25.7
	Male	232	56.6	168	67.7	231	74.3
	Total	410	100.0	248	100.0	311	100.0

Data Summary (cont'd)

Social

Employee Breakdown by Age Group							
Indicators		2020		2021		2022	
Age Group	Gender	Number	%	Number	%	Number	%
Below 30 years	Female	2,871	43.1	1,877	41.7	1,845	44.1
	Male	3,792	56.9	2,625	58.3	2,338	55.9
	Total	6,663	100.0	4,502	100.0	4,183	100.0
30-50 years	Female	3,592	33.5	3,108	32.6	2,106	30.3
	Male	7,144	66.5	6,413	67.4	4,852	69.7
	Total	10,736	100.0	9,521	100.0	6,958	100.0
Above 50 years	Female	52	7.9	52	8.7	53	10.2
	Male	603	92.1	543	91.3	468	89.8
	Total	655	100.0	595	100.0	521	100.0

Employee Breakdown by Employment Category							
Indicators		2020		2021		2022	
Employment Category	Gender	Number	%	Number	%	Number	%
Board of Directors	Female	0	0.0	0	0.0	1	16.7
	Male	6	100.0	6	100.0	5	83.3
	Total	6	100.0	6	100.0	6	100.0
Senior Management	Female	44	25.9	43	27.2	56	32
	Male	126	74.1	115	72.8	119	68
	Total	170	100.0	158	100.0	175	100.0
Non-Senior Management	Female	375	14.9	363	17.3	722	23.7
	Male	2,141	85.1	1,739	82.7	2,328	76.3
	Total	2,516	100.0	2,102	100.0	3,050	100.0
Executive	Female	5,160	46.6	3,980	44.8	2,251	41.7
	Male	5,919	53.4	4,902	55.2	3,153	58.3
	Total	11,079	100.0	8,882	100.0	5,404	100.0
Non-Executive	Female	932	21.8	651	18.7	976	32.2
	Male	3,347	78.2	2,825	81.3	2,057	67.8
	Total	4,279	100.0	3,476	100.0	3,033	100.0

New Hires							
Indicators		2020		2021		2022	
		Number	%	Number	%	Number	%
New hires by gender	Female	272	40	397	49	1,409	42
	Male	412	60	418	51	2,000	58
	Total	803	100	815	100	3,409	100
New hires by age group	<30	596	66	423	52	2,060	62
	30-50	291	32	384	47	1,226	37
	>50	20	2	8	1	41	1
	Total	803	100	815	100	3,409	100
Open positions filled by internal candidates	Headcount	281	-	364	-	1,605	-

Attrition Rate

Indicators	2020	2021	2022
Employee attrition rate (%)	24.22	15.40	12.22

Gender Pay Gap

Hourly pay difference between male and female employees				
Indicator	2022			
	Group (excluding airline staff*)		Group (including airline staff*)	
	Mean hourly pay	Median hourly pay	Mean hourly pay	Median hourly pay
Male (%)	27.5	17.0	34.0	19.9
Female (%)	33.7	20.8	24.0	12.2
Pay Gap (%)	-18.20	-18.48	41.50	63.09

*Aviation staff refers to AirAsia's aviation employees including pilots, cabin crew and aircraft engineers.

Note: Result greater than 0 indicates a wage gap in favour of males, while a result less than 0 indicates a wage gap in favour of females.

Proportion of employees in quartiles								
Indicator	Group (excluding airline staff)				Group (including airline staff)			
	Lower	Lower Middle	Upper Middle	Upper	Lower	Lower Middle	Upper Middle	Upper
Male (%)	83.2%	68.8%	64.1%	56.6%	50.8%	63.6%	70.1%	77.8%
Female (%)	16.8%	31.2%	35.9%	43.4%	49.2%	36.4%	29.9%	22.2%

Data Summary (cont'd)

Social

Parental Leave				
Indicators	Gender	2020	2021	2022
Total number of employees who took parental leave	Female	387	204	168
	Male	284	107	211
	Total	671	311	379
Return rate of employees who took parental leave (%)	Female	89.4%	93.3%	75.9%
	Male	100%	100%	100%

Training				
Indicators		2020	2021	2022
Amount invested in training (RM)		13.4 million	10.5 million	113.9 million
Average training hours per employee		2.3	4.0	12.4
Total training hours by gender	Female	-	-	3,300
	Male	-	-	3,400
	Total	1,705.0	-	6,700
Total participants by gender	Female	-	-	200
	Male	-	-	341
	Total	751.0	607.0	541
Average training hours by gender	Female	-	-	16.5
	Male	-	-	10.0
Total training hours by Employee Category	Senior management	-	-	0.0
	Non-Senior Management	-	-	54.1
	Executive	-	-	162.3
Average training hours by Employee Category	Non-Executive	-	-	324.6
	Senior management	-	-	0.0
	Non-Senior Management	-	-	3.6
Executive	-	-	-	5.4
	Non-Executive	-	-	0.6

Safety

Indicators	2020	2021	2022*
Total man-hours worked	29,399,136	14,224,896	22,672,724
No. of fatalities	0	0	0
Recordable work-related injuries	71	36	59
Lost time injury	384	140	950
Loss time incident rate (LTIR)	2.6	2.0	8.4
Incident rate	0.001	2.1	5.4
Severity rate	7.1	6.3	41.9

*Scope: MAA, PAA, IAA, Teleport, ADE, GTR, AASEA

Notes:

- Lost Time Incident Rate = total number of lost time injuries/total number of hours worked x 200,000
- Incident Rate = No. of accidents (E) X 1,000/annual average of no. of employees;
- Severity Rate = Total workdays lost (C) X 1,000,000/total man-hours worked (Y)

Safety Training

Indicators	2021	2022
Safety Training Hours	17	111,222
Number of Participants for Safety Training	452	12,417
Average Safety Training Hours per Employee	0.04	9.0

Community Investment

Social Enterprise Support		
Social Enterprise	Grant Amount (RM)	Amount Disbursed in 2022 (RM)
Dusun Merdeka	78,320.00	-
Natural Aceh	47,784.00	-
Malaysian Association for the Blind (MAB)	63,000.00	-
Auntie Wanders Enterprise	51,051.50	30,767.50
Total	240,155.50	30,767.50

Contributions to the Community

Indicators	2021	2022
Cash contribution (RM)	139,996	347,046
Employee volunteerism during paid working hours (RM)	346,159	6,084
Contributions in kind (RM)	25,851	99,892
Management overheads (RM)	166,050	79,035
Number of volunteering hours	N/A	628

Corporate Governance Overview Statement

(GRI 2-21)

The Board of Directors (Board or Directors) of Capital A Berhad (Capital A or the Company) presents this Corporate Governance (CG) Overview Statement (CG Overview Statement) to provide its shareholders and investors with an overview of the CG practices of the Company under the leadership of the Board for the financial year ended 2022 (the Financial Year). This CG Overview Statement is prepared in compliance with the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Malaysia)¹ and takes guidance from the key CG principles as set out in the Malaysian Code on Corporate Governance 2021 (MCCG). It is to be read together with the Corporate Governance Report (CG Report) of the Company, which is available on the Company's corporate website at https://capitala.airasia.com/home_ir.html

The Board of Capital A is committed towards ensuring good CG standards are applied across Capital A's group of companies (the Group). Save as disclosed otherwise, the Board takes guidance and considers it has complied with the statutory requirements, principles and best practices inclusive of the corporate governance principles, and recommendations set out in the MCCG issued by the Securities Commission Malaysia, the MMLR of Bursa Malaysia and the Companies Act, 2016 during the Financial Year.

In building a sustainable ASEAN airline and technology-based Group focused on travel, lifestyle, logistics and financial services through an all-in-one ASEAN super app, the Board is mindful of its accountability towards its shareholders and various stakeholders. The Board and senior management are committed towards providing effective leadership, promoting uncompromising ethical standards and ensuring excellence in CG standards and practices throughout the Company. The application of each recommended Practice as set out in the MCCG, and explanations on deviations from the MCCG, are disclosed in the Company's CG Report. The Company would continuously strive to enhance its overall CG practices to reflect changing conditions and emerging sound principles, as appropriate.

The Board presents this statement to provide a quick insight into the overall CG practices of Capital A, under the leadership of the Board, with reference to the following principles as set out in the MCCG -

- (a) Board Leadership and Effectiveness;
- (b) Effective Audit and Risk Management; and
- (c) Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

Principle A: Board Leadership and Effectiveness

1. Board Responsibilities

The Board is responsible for governing and guiding the overall management of the Group and retains full and effective control over the affairs of the Group. It reviews the Group's policies and strategies, enforces standards of accountability, actively oversees the conduct, management and business affairs of Capital A and monitors the senior management's performance. The Board ensures the effective discharge of its fiduciary and leadership functions, as well as sustains long-term shareholder value while safeguarding the interests of all its stakeholders. It works closely with the senior management to ensure that the operations of the Company are conducted prudently within the framework of relevant laws and regulations.

Directors have independent access to the advice and dedicated support of the Company Secretary (who is legally qualified to act as company secretary under the Companies Act, 2016) to ensure effective functioning of the Board. The Directors may seek advice from senior management on issues pertaining to their respective jurisdiction, as well as independent professional advice in discharging their duties.

The Board recognises that having clearly defined roles and responsibilities of the Board and senior management is important to strike a reasonable balance between the strategy foundation and policy-making, and the conformance roles of executive supervision and accountability.

Delegation of the Board's authority to senior management for the day-to-day management and operations of the business is subject to defined limits of authority of the Group and monitoring by the Board. The Board has reserved matters as set out in the Board Charter available at the Company's corporate website at https://capitala.airasia.com/misc/capitala_Board-Charter.pdf

The positions of the Chairman and the Chief Executive Officer of the Company (CEO) are held by different individuals. There is a clear separation of the roles and responsibilities between the Chairman and CEO as described in the Board Charter.

To assist the Board in discharging its duties and enhancing its business and corporate efficiency, the Board has in place a governance framework for the Group. Specific powers of the Board are delegated to the relevant committees and the CEO, as depicted on page 189 to 190 of the Annual Report 2022.

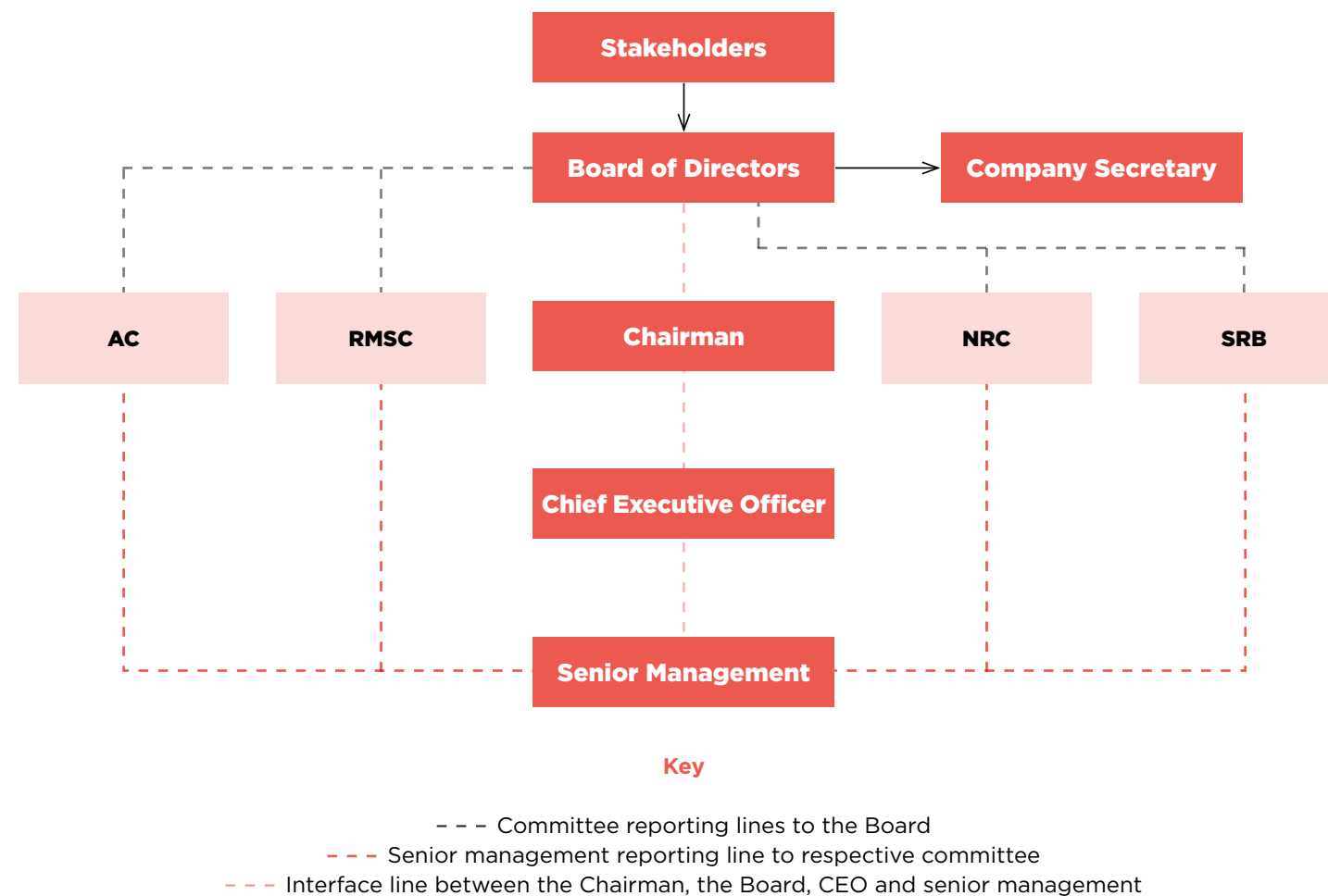
BOARD OF DIRECTORS	BOARD COMMITTEES
<p>Led by the Chairman, the Board sets the Company's values and standards and ensures that its obligations to its shareholders and other stakeholders are understood and met.</p> <p>Key responsibilities of the Board include, but are not limited to, the following:</p> <ul style="list-style-type: none"> • Defining the Company's strategic direction, financial policy, risk appetite, sustainability initiatives and performance as well as systems of internal control and risk management. • Providing thought leadership in fine-tuning corporate strategies and overseeing the effective execution of business strategies. • Overseeing the management of the affairs of Capital A towards enhancing business prosperity and corporate accountability. • Championing good governance and ethical practices that accord with applicable laws. • Promoting sustainability practice in the Group. 	<p>The Board retains full and effective control over the Company's affairs and provides strategic leadership through its Committees. Presently, the Board is supported by four (4) Committees with delegated responsibilities to oversee the Company's affairs in accordance with their respective Terms of Reference (TOR).</p> <p>Audit Committee (AC)</p> <p>The AC assists the Board in fulfilling its oversight functions in relation to internal controls and financial reporting of the Company. The AC provides the Board with assurance on the quality and reliability of the financial information reported by the Company. The AC also assists the Board in promoting efficiency and good governance practices to ensure the safeguarding of Capital A and its Group's financial position.</p> <p>Risk Management and Sustainability Committee (RMSC)</p> <p>The RMSC oversees the risk management activities and sustainability initiatives of the Company and the Group. It supports the Board in fulfilling its responsibility for identifying significant risks and ensuring the implementation of appropriate systems to manage the overall risk and sustainability exposure of the Group. The RMSC also provides direction and advise on listing of key sustainability indices that enhance investor valuation of the Company.</p> <p>Safety Review Board (SRB)</p> <p>The SRB provides oversight over the effective and efficient implementation of the Group's Safety Policy within the overall Group Safety Management System.</p> <p>The SRB also reviews regulations, standards and latest best practices to ensure best-in-class safety standards across the Group.</p>

¹ Compliance with paragraphs 15.08A(3) and 15.25 as well as Practice Note 9 of MMLR on the preparation of Nomination Committee statement and Disclosure of CG related Information.

Corporate Governance Overview Statement (cont'd)

BOARD COMMITTEES (cont'd)	CHAIRMAN
<p>Nomination and Remuneration Committee (NRC)</p> <p>The NRC assists the Board in discharging its responsibilities in the determination of the remuneration and compensation of the Directors and senior management of the Company. It recommends to the Board the remuneration policy for the Non-Executive Directors and senior management of the Company.</p> <p>The NRC also reviews the Chairman's and CEO's performance and recommends the rating thereof to the Board for its approval.</p> <p>The NRC is also responsible for assessing the performance of the Board and committees, as well as making recommendations on the nomination policy, succession planning framework, talent management, training programmes and any related matters for the Directors and senior management.</p>	<p>The Chairman leads the Board in the effective discharge of its role. The Chairman also monitors the workings of the Board and the conduct of Board meetings to ensure all relevant issues for the effective running of Capital A's business are on the meeting agenda.</p> <p>The Chairman ensures that quality information to facilitate decision-making is delivered to Board members on a timely basis. The Chairman encourages all Directors to play an active role in Board activities, including leading Board meetings and discussions, and allowing dissenting views to be freely expressed.</p> <p>The Chairman manages the interface between the Board and the Management and ensures that appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole. The Chairman also chairs the general meetings of shareholders of Capital A.</p>
CHIEF EXECUTIVE OFFICER	SENIOR MANAGEMENT
<p>The CEO leads the senior management team which assists him in the management and business operations of the Company and the Group.</p> <p>He provides direction for managing strategic business development as well as high value and high impact investments within the Group in accordance with the business plans and within the budgets approved by the Board. He also focuses on talent and succession for the senior management team to ensure optimal performance, and ensures that a strong, positive and unique culture exists and becomes a strategic advantage for the Group.</p>	<p>The Board is assisted by the senior management of the Company which comprises senior employees holding the positions of CEO, President (Aviation), President (Commercial), President (Ventures), Chief Financial Officer, Executive Director of Asia Aviation Capital Limited and CEO of AirAsia Shared Services (AA SEA).</p> <p>Led by the CEO, the senior management is responsible for managing the Company's business and implementing the Board's strategies, policies and decisions. The relevant members of the senior management are also invited to attend Board and/or committee meetings to advise and provide clarification on items in the agenda as and when required.</p>
COMPANY SECRETARY	
<p>The Board is regularly updated by the Company Secretary on changes in the relevant statutory and regulatory requirements, particularly in areas relating to the duties and disclosure obligations of the Directors. The Company Secretary also facilitates the communication of key decisions and policies between the Board, Committees and senior management.</p>	

CORPORATE GOVERNANCE FRAMEWORK



2. Board Composition

The size, balance and composition of the Board support its role of driving the long-term direction and strategy of the Company. A key function of the Board is to create value for shareholders and track the progress of each milestone to ensure it meets the Company's business objectives. The Board also ensures that Capital A upholds a high level of corporate governance while meeting its other obligations to shareholders and other stakeholders.

The Company has implemented procedures for the nomination and election of the Directors via the NRC. The NRC assesses candidates against the leadership skills, gender, digital savviness, entrepreneurial mindset, knowledge and experience required by Capital A. The Company recognises the benefits of having a diverse Board.

In line with its Board Diversity Policy, selection of candidates to join the Board is in part dependent on the pool of candidates with the necessary skills, knowledge and experience. The NRC will review the nominees for directorship and membership of committees by going through their profiles and interviewing the nominees, following which the NRC will submit its recommendations to the Board.

The profile of each Director can be found on pages 33 to 35 of this Annual Report.

Capital A's diverse Board includes and makes good use of differences in skills, regional and industry experience, background, race, ethnicity, age and other attributes of the Directors. The Board had a composition of 50% independent and non-executive directors during the Financial Year.

Corporate Governance Overview Statement (cont'd)

The NRC and the Board have been actively seeking to fill the vacant position(s) with suitably qualified candidate(s) during the Financial Year, but the focus had shifted to broader concerns, as there were other pressing issues that had hit the airline industry. The COVID-19 pandemic has had a significant impact on the aviation industry due to travel restrictions and a slump in demand among travellers. Nevertheless, the NRC and the Board had not stopped the search process and the Company had on 31 January 2022 appointed an independent non-executive woman director who is a suitably qualified candidate with the appropriate knowledge and experience required by Capital A.

The Board has in place a policy which limits the tenure of Independent Non-Executive Directors to nine (9) years in line with the MCGG. An Independent Director may remain in that capacity after serving a cumulative term of nine (9) years, provided that the Board recommends this upon concrete justification and after seeking its shareholders' approval at a general meeting. Following the release of the MCGG, Capital A has adopted the two-tier voting process in its Constitution for retention of any Independent Directors who have served for twelve (12) years or more in that capacity.

The Constitution of Capital A provides that at least one-third of the Directors are subject to retirement by rotation at each Annual General Meeting (AGM) of the Company. Concisely, each Director must retire from office once every three (3) years and is eligible to offer him/herself for re-election or re-appointment. The Constitution of Capital A also provides that a Director who is appointed during the year will be subject to re-election at the next AGM following his/her appointment.

The names of the Directors seeking re-election at the forthcoming AGM are disclosed in the Notice of AGM.

3. Our Board and its committees

For the Board to function effectively and efficiently and give the right level of attention and consideration to relevant matters, the committees assist the Board in fulfilling its oversight functions. The committees' agenda and schedule of items to be discussed at their meetings are prepared in accordance with the terms of reference of each committee and take account other topical and ad-hoc matters. All committees operate within their clearly defined terms of reference whereupon the Board receives reports of their proceedings and deliberations with their recommendations. In addition to the vertical lines of reporting, the committees communicate and work together as and where required.

At the committees' meetings, items are discussed and deliberated, and, as appropriate, endorsed or recommended to the Board for approval. Following the committees' meetings, the Chairman of each committee provides the Board with a summary of the main discussion points, and the minutes of the committees' meetings are presented to the Board for notation. Hence, the non-committee members are kept up to date with the work undertaken by each committee. The ultimate responsibility for decision making lies with the Board.

The members of the Board and committees have discharged their functions and responsibilities effectively in 2022 through their attendance at the meetings of the Company as set out in the table below:

Director	Designation	Board Attendance For	Committees' Attendance For			
		2022 BOARD	AC	NRC	RMSC	SRB
Datuk Kamarudin bin Meranun	<i>Non-Independent Executive Chairman</i>	6/7				
Tan Sri Anthony Francis Fernandes	<i>Non-Independent Executive Director and Chief Executive Officer</i>	6/7				
Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar	<i>Non-Independent Non-Executive Director</i>	7/7	9/9	7/7	4/4	

Director	Designation	Board Attendance For	Committees' Attendance For			
		2022 BOARD	AC	NRC	RMSC	SRB
Dato' Fam Lee Ee	<i>Senior Independent Non-Executive Director</i>	7/7	9/9	7/7	1/1*	4/4
Dato' Mohamed Khadar bin Merican	<i>Independent Non-Executive Director</i>	7/7	9/9		4/4	4/4
Surina Binti Shukri <i>(appointed w.e.f. 31 January 2022)</i>	<i>Independent Non-Executive Director</i>	7/7		7/7	3/3*	

Notes:

* Number of meetings attended during his/her tenure as a member of the RMSC in the Financial Year.

Chairman
Non-member

During the Financial Year, the Board met seven (7) times inclusive of special Board meetings. The Directors attended almost all the Board meetings held during the Financial Year, where applicable, and have complied with the MMLR of Bursa Malaysia in terms of meeting attendance. This reflects the Board members' commitment and dedication in fulfilling their duties and responsibilities. The committees will continue to assist the Board of Capital A in discharging its duties in the next financial year.

4. Board Effectiveness Evaluation (GRI 2-18)

The Board, through its NRC, conducts the annual assessment on effectiveness of the Board, the committees, the individual Directors and committee members of the Company. During the Financial Year, the NRC conducted a digital performance evaluation of the Board and committees, reviewed the summary results thereof and recommended the proposed improvement(s) to the Board for approval. Each Director undertook an evaluation of the Board in terms of Board mix and composition, quality of information and decision making, boardroom activities, Board's relationship with the management, and Environment, Social and Governance (ESG). The NRC was satisfied that all the Directors have devoted sufficient time to discharge their responsibilities during the Financial Year.

The NRC was generally satisfied that the committees comprised the right composition of members and provided useful recommendations in assisting the Board in its decision-making. Consequently, the conduct of Board meetings was more efficient and effective. The members of the committees have sufficient and relevant expertise in fulfilling their roles. The NRC also reviewed the confirmation of the Independent Directors Self-Assessment in accordance with the requirement under the MMLR of Bursa Malaysia.

Once every three (3) years, an external consultant would be engaged to facilitate the NRC in providing an objective and candid evaluation. The NRC has discussed and considered several proposals on the appointment of an independent external consultant to conduct the annual Board Effectiveness Evaluation (BEE) on the performance of the Board, its committees, the individual Directors and the committee members of the Company.

However, in view of the shift of focus to more pressing matters, this exercise has been postponed possibly to the next financial year. The BEE would assess the performance and effectiveness of the Board and committees, as well as that of individual directors. It would also comprise an assessment of the independence of the Independent Directors of Capital A.

Corporate Governance Overview Statement (cont'd)

5. Professional Development of Directors

In compliance with Paragraph 15.08 of the MMLR of Bursa Malaysia, the Directors recognise the importance and value of continuous professional development to keep abreast with the changes in the aviation and digital industries, as well as new statutory and regulatory requirements.

During the Financial Year, the Directors attended and participated in training programmes, conferences and seminars that covered the areas of corporate governance, finance, global business developments and relevant industry updates, which enable them to discharge their duties effectively.

The details of training programmes, conferences and seminars attended by the Directors during the Financial Year are outlined below:

Name	Programmes
Datuk Kamarudin bin Meranun	<ul style="list-style-type: none"> Capital A Quarterly Leadership Forum on 21 January 2022 Briefing on Macroeconomic Outlook and Impact by Evercore Asia (Singapore) Pte Ltd organised by Capital A on 26 May 2022 and 26 August 2022 Capital A Quarterly Leadership Forum on 27 May 2022 Capital A Quarterly Leadership Forum on 1 December 2022
Tan Sri Anthony Francis Fernandes	<ul style="list-style-type: none"> VISA Asia Pacific Senior Client Council 2022 (Virtual) on 20 January 2022 Capital A Quarterly Leadership Forum on 21 January 2022 Mandiri Investment Forum on 8 February 2022 Asia Business Council 2022 (Virtual) on 24 March 2022 YPO Singapore Keynote on 29 April 2022 Briefing on Macroeconomic Outlook and Impact by Evercore Asia (Singapore) Pte Ltd organised by Capital A on 26 May 2022 and 26 August 2022 Capital A Quarterly Leadership Forum on 27 May 2022 CNBC Evolve Global Summit Kuala Lumpur on 6 July 2022 Conversation with Tony Fernandes 'Business in post pandemic' in Seoul, Korea on 21 September 2022
Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar	<ul style="list-style-type: none"> TCFD Climate Disclosure Training Programme on 2 March 2022 and 9 March 2022 Briefing on Macroeconomic Outlook and Impact by Evercore Asia (Singapore) Pte Ltd organised by Capital A on 26 May 2022 and 26 August 2022 Sustainability Reporting - changes in the Listing Requirements on 25 November 2022 Capital A Quarterly Leadership Forum: Sustainability on 1 December 2022

Name	Programmes
Dato' Fam Lee Ee	<ul style="list-style-type: none"> Bursa Malaysia - TCFD Climate Disclosure Training Programme on 2 March 2022 and 9 March 2022 Malaysia-China (Guangxi) Investment Forum & The 10th Anniversary of the Establishment of China-Malaysia "Two Countries, Twin Parks": Sharing Opportunities of the RCEP Implementation, Forging Cross-Border Industrial Chains organized by MITI on 26 April 2022 Briefing on Macroeconomic Outlook and Impact by Evercore Asia (Singapore) Pte Ltd organised by Capital A on 26 May 2022 and 26 August 2022 World Digital Economy & Technology Summit 2022 organized by KSI on 1 July 2022 Malaysia-China 48th Anniversary Diplomatic Relations conference & dinner organized by MCBC on 12 July 2022 "Cyber Security: What Directors need to know" webinar organized by MSWG on 14 July 2022 Economic Dialogue between MOF & Chinese Industrial Leaders organized by The Federation of Hokkien Association on 26 July 2022 ICAO Conference in Montreal, Canada on 27 September 2022 to 5 October 2022 MSWG WEBINAR ON "Fraud Prevention and Detection" on 8 November 2022 Survey on Directors & Senior Management Remuneration Practice conducted by Bursa Malaysia in collaboration with ICDM Capital A Quarterly Leadership Forum: Sustainability on 1 December 2022
Dato' Mohamed Khadar bin Merican	<ul style="list-style-type: none"> BNM-FIDE Forum MyFintech Week Masterclasses on 27 January 2022 Market Risk Management - Banking Sector organised by Iclif Executive Education Centre, Asia School of Business on 17 February 2022 TCFD Climate Disclosure Training Programme on 2 March 2022 and 9 March 2022 Internal briefing: ALMT and GM business organised by BNP Paribas on 10 March 2022 Internal training: AML/CFT for Board of Directors on 5 April 2022 Sustainability and International Trade for Export- Oriented Companies organised by Iclif Executive Education Centre, Asia School of Business in collaboration with MIT Sloan on 20 April 2022 Briefing on Macroeconomic Outlook and Impact by Evercore Asia (Singapore) Pte Ltd organised by Capital A on 26 May 2022 and 26 August 2022 Internal briefing: ESG organised by BNP Paribas on 23 August 2022 Sustainability Future Forum 2022 organised by BNP Paribas on 18 October 2022 Capital A Quarterly Leadership Forum: Sustainability on 1 December 2022 Invitation to the Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees on 26 December 2022

Corporate Governance Overview Statement (cont'd)

Name	Programmes
Surina Binti Shukri (Appointed w.e.f. 31 January 2022)	<ul style="list-style-type: none"> ICDM Talk: How Boards Should Think About Talent on 19 May 2022 Bursa Mandatory Accreditation Program (MAP) on 23-25 May 2022 Bringing Digitalisation to the Boardroom; Corporate Board Leadership Symposium by Malaysian Institute of Accountants (Speaker) on 24 May 2022 Briefing on Macroeconomic Outlook and Impact by Evercore Asia (Singapore) Pte Ltd organised by Capital A on 26 May 2022 and 26 August 2022 ATX Conference/Blockchain Fest Singapore on 1 June 2022 FIDE Core Program Module A on 13 -16 June 2022 SIDC: Preserving the Climate through Sustainable Business and Living (Virtual) on June 22 World Women's Economic & Business Summit by KSI Strategic Institute for Asia Pacific on 14 July 2022 Mastercard: What it Means to Lead (Speaker) on 26 July 2022 ICDM: Board Strategy & Risk Management Oversight on 27-28 July 2022 FIDE Capital Markets Directors Program on 22-25 August 2022 Wild Digital SEA Conference on 6-8 September ICDM: Creating a Resilient Organization: Crisis & Incident Readiness on 8 September 2022 CIMB The Cooler Earth Sustainability Summit 2022 on 20-23 September 2022 IIC-SIDC Corporate Governance Conference on 23 September 2022 Khazanah Megatrends Forum 2022 on 3-4 Oct 2023 Fintech Connect Singapore Conference (Speaker) on 13 October 13 2022 Youth Economic Forum 2022 (Speaker) on 22 October 2022 ICDM: The Role of the Risk Management Committee in Managing Risk on 1 November 2022 FIDE Forum: The Emerging Trends, Threats and Risks to The Financial Services Industry on 24 November 2022 Capital A Quarterly Leadership Forum: Sustainability on 1 December 2022

6. Remuneration (GRI 2-21)

The following table shows the remuneration details of the Directors of Capital A during the Financial Year:

Director	Fees	Other Fees	Salaries	Bonuses	Total	Meeting, travelling and other allowances-
Datuk Kamarudin bin Meranun	-	-	7,325,349.12	0	7,325,349.12	0.00
Tan Sri Anthony Francis Fernandes	-	-	7,233,000.25	0	7,233,000.25	120,584.60
Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar	262,500.00 [^]	***55,000.00 **35,000.00 *60,000.00	-	0	412,500.00	76,000.00
Dato' Fam Lee Ee	262,500.00 [^]	**55,000.00 *60,000.00 ^^55,000.00 ***5,833.33	-	0	438,333.33	80,000.00
Dato' Mohamed Khadar bin Merican	262,500.00 [^]	*75,000.00 ^^35,000.00 ***35,000.00	-	0	407,500.00	68,000.00
Surina binti Shukri (Appointed w.e.f. 31 January 2022)	241,330.65 [^]	**32,177.45 ***29,270.87	-	0	302,778.97	34,000.00

[^] From 17 June 2022 to 31 December 2022 pro-rated based on the basic Board fee of RM262,500 each per annum approved at the Fifth AGM. #

* AC fee per annum as approved at the Fifth AGM. #

** NRC fee per annum as approved at the Fifth AGM. #

*** RMSC fee per annum as approved at the Fifth AGM. #

^^ SRB fee per annum as approved at the Fifth AGM. #

~ The meeting allowance shall be RM2,000 per meeting.

The Notice of AGM 2022 informed that the Non-Executive Directors of the Company had voluntarily offered to receive a 50% reduction in their fees for the period from 1 May 2020 up to the date of the AGM in 2022 and would continue with such reduction, on the remuneration structure, which was approved at the Fifth AGM until such time that the Company's financial performance improves significantly, or up to the next AGM of the Company, whichever comes earlier. This reduction has been applied to the Board and committee fees.

7. Limits of Authority

Capital A has a Limits of Authority (LOA) policy in place, which defines the decision-making limits of each level of management within the Group. The LOA clearly outlines matters over which the Board reserves authority, in line with the Board Charter, and those delegated to the senior management. These limits cover, amongst others, authority over payments, investments, capital and revenue expenditure, budget approvals and contract commitments, as well as authority over non-financial matters.

The LOA provides a framework of authority and accountability within Capital A and facilitates decision-making at the appropriate level in the organisation's hierarchy. The latest LOA of Capital A was approved by the Board on 8 September 2021, and the LOA for the Group was subsequently updated by the senior management and approved by the Board on 29 December 2021.

Corporate Governance Overview Statement (cont'd)

8. Review and adopting a strategic plan

The Board and AC reviews the operational and financial performance of Capital A as well as its subsidiaries, joint ventures and associates under the Group on a quarterly basis. Detailed reports on the airline and non-airline investee companies within the Group are tabled for review and deliberation. The Board will assess their performance against budget and the corresponding quarter of the preceding year.

Furthermore, the Group's budget and strategy meeting is led by the CEO of Capital A to chart the direction for the current and near-term period ahead. The CEO updates the Board quarterly on progress made in relation to the Group's business plans, including changes and new initiatives, if any.

During the Financial Year, the Group formed an Executive Action Group (EAG) comprising the leadership teams and next tier leaders from the various line of business within the Group. The EAG meets regularly to discuss the increasing business and organisational imperatives in ensuring deeper and more cross functional engagement in the strategic and operational agenda of the Group.

Led by the CEO and President (Commercial) of Capital A, the Group also organised Quarterly Leadership Forums (QLF) during the Financial Year. The QLF is established to enhance communication (information exchange and the understanding thereof), learning (building leadership, technical and functional capabilities that are linked to real time experience and future orientated innovation), as well as to further encourage collaboration across the Group.

9. Remuneration and Succession Planning

The Company places a strong emphasis on the development and growth of its staff, fondly known as Allstars. This is evidenced by Capital A's continuous commitment in grooming successors across the Group, in the spirit of One AirAsia. There is a Group Talent Policy and Succession Planning Framework in place to identify and build a robust Group talent pipeline. Talent reviews are conducted with senior management to calibrate and map talent needs across the Group's different locations and identify future leaders.

The Group Talent function oversees structured talent entry and development initiatives, including leadership development programmes, coaching, cross-functional and cross-country assignments.

Principle B: Effective Audit and Risk Management

1. Audit Committee

The AC comprises two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. It is chaired by Dato' Mohamed Khadar bin Merican, who is an Independent Non-Executive Director and not the Chairman of the Board. The Company has a policy which requires a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC. During the Financial Year, no member of the AC was a former key audit partner.

In the annual assessment on the suitability, objectivity and independence of the external auditors, the AC is guided by factors as prescribed under Paragraph 15.21 of the MMLR of Bursa Malaysia as well as Capital A's External Auditor Independence Policy.

The composition of the AC is reviewed annually to ensure that the Chairman and members of the AC are financially literate and can carry out their duties in accordance with the terms of reference of the AC. The AC members are expected to continuously update their knowledge and enhance their skills.

Based on the performance evaluation of the AC for the Financial Year, the Board is satisfied that the Chairman and members of the AC have discharged their responsibilities effectively.

The AC's report is set out on pages 202 to 206 of the Annual Report 2022.

2. Risk Management, Sustainability and Internal Control Framework

Based on the performance evaluation of the RMSC for the Financial Year, the Board is satisfied that the Chairman and members of the RMC have discharged their responsibilities effectively. The roles and responsibilities of the RMSC were enhanced to include the oversight of sustainability initiatives and performance of the Group as resolved by the Board.

The RMSC of the Company comprises three (3) Non-Executive Directors with a majority of Independent Directors. It is chaired by Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar, who is a Non-Independent Non-Executive Director of the Company.

The RMSC enables the Board to undertake and evaluate key areas of risk exposures and sustainability performance. Some of the primary responsibilities of the RMSC are as follows:

Risk Management:

- (a) To oversee and recommend the Enterprise Risk Management (ERM) strategies, frameworks and policies of the Group;
- (b) To implement and maintain sound ERM frameworks, which identify, assess, manage and monitor the Group's strategic, financial, operational and compliance risks;
- (c) To implement and monitor a Business Continuity Plan with procedures and systems to restore critical business functions in the event of unplanned disaster; and
- (d) To develop and inculcate a risk awareness culture within the Group.

Sustainability:

- (a) To review and recommend appropriate sustainability strategies, policies, principles and practices which are applicable to the Company;
- (b) To provide oversight and assess the Company's sustainability strategies, policies, principles and practices aligning it to the commitment of the Company towards sustainability;
- (c) To provide direction and advice on listing on key sustainability indices that enhance investor valuation of the Company; and
- (d) Oversee any concerns/allegations raised by stakeholders that involve the public sentiments and government regulations.

The Company has also established a structured process for risk management and reporting within the ERM Framework as follows:

- (a) The first line of defence is provided by senior management and business units, which are accountable for identifying and evaluating risks under their respective areas of responsibilities;
- (b) The second line of defence is provided by the RMD and RMC which are responsible for facilitating and monitoring the risk management process and reporting; and
- (c) The third line of defence is provided by the Group Internal Audit Department which provides assurance on the effectiveness of the ERM framework.

In fulfilling its responsibilities in risk management and sustainability, the RMSC is assisted by the Risk Management Department (RMD) and Group Sustainability Department (GSD), respectively.

A management level risk committee (MRC) was established in 2019 to increase participation by senior management in risk management processes. The MRC is tasked to review the key risks of Capital A prior to submission to the RMSC every quarter.

Corporate Governance Overview Statement (cont'd)

Similarly, sustainability concerns are driven by a Sustainability Working Group (SWG) comprising Heads of Departments responsible for the year's sustainability targets. The SWG is chaired by the Head of Group Sustainability who reports the company's progress to the RMSC on a quarterly basis.

The Statement on Risk Management and Internal Control is set out on pages 207 to 212 of the Annual Report 2022, and the Sustainability Report is set out on pages 88 to 187 of the Annual Report 2022.

3. Capital A's Anti-Bribery and Anti-Corruption Policy (ABAC Policy) and Whistleblowing Channel

In carrying out its governance oversight, the Board has also emphasised the importance of embracing integrity and ethical values across the organisation. In this regard, various departments within the organisation are assessed for risks related to corruption. Risk control, due diligence and anti-bribery and anti-corruption controls are carried out on these departments to reduce, mitigate and prevent potential risks.

To improve the overall organisational effectiveness and uphold the integrity of the Company, the Company has a whistleblowing programme which acts as a formal communication channel, via its corporate website at https://capitala.airasia.com/whistleblowing_channel.html, where all stakeholders can communicate their concerns in cases where the Company's business conduct is deemed to be contrary to its common values.

4. Directors' Fit and Proper Policy

In line with the recent amendment(s) to the MMLR of Bursa Malaysia, the Board had on 26 August 2022 adopted a Directors' Fit and Proper Policy. The said policy addresses board quality and integrity by setting out the attributes and criteria for the appointment and re-election of Directors for Capital A and its subsidiaries. A copy of the Directors' Fit and Proper Policy is made available on the Company's corporate website at https://www.capitala.com/misc/CapitalA-Directors_Fit_and_Proper_Policy.pdf

Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

1. Effective Communication with Shareholders and Investors

Capital A is committed to communicating openly, regularly and effectively with shareholders and investors through platforms such as the corporate section of its website, the Annual Report, Financial Announcements and Key Operating Statistics and Announcements through Bursa Malaysia and AGMs. The Investor Relations' page of the website is updated regularly to provide stakeholders with all relevant information on Capital A to enable them to make informed decisions.

Capital A has a dedicated Investor Relations team which supports the senior management in their active participation in investor relation activities, including road shows, conferences and quarterly investor briefings with financial analysts, institutional investors and fund managers.

Capital A continues to fulfil its disclosure obligations as per Bursa Malaysia's Corporate Governance Guidelines. All disclosures of material corporate information are disseminated in an accurate, clear and timely manner *via* Bursa Malaysia announcements.

2. Conduct of General Meetings

Given the size and geographical diversity of the Group's shareholders, the AGM is another important forum for interaction with this group of stakeholders. All shareholders will be notified of the AGM and provided with a digital copy of the Annual Report at least 28 days before the meeting. The Company also calls for an Extraordinary General Meeting (EGM) for its shareholders to consider specific corporate proposal(s) as and when required.

In view of the COVID-19 pandemic, the Fifth AGM of Capital A was conducted as a virtual meeting through live streaming from the Broadcast Venue and online remote voting from an online meeting platform located in Malaysia provided by Tricor Investor & Issuing House Services Sdn. Bhd. (Tricor). All members of the Board joined the Fifth AGM from the broadcast venue to respond to questions posted by the shareholders or proxies via the remote participation and voting (RPV) facilities provided by Tricor.

The voting process at the Fourth and Fifth AGMs which were held virtually in 2021 and 2022 respectively were conducted by online remote voting *via* the RPV facilities, and the results of the votes were scrutinised by an independent scrutineer. The EGM held by the Company in 2022 was also held fully virtually from an online meeting platform in Malaysia, and the voting process was conducted *via* the RPV facilities. The Company will continue to leverage technology and tools to enhance the quality of its shareholder engagement and facilitate further participation by shareholders at its AGMs.

This CG Overview Statement was approved by the Board of Directors of Capital A on 25 April 2023.

Audit Committee Report

This report outlines the activities of the Audit Committee (the AC) of Capital A Berhad (Capital A) for the financial year ended 31 December 2022 (the Financial Year).

This Report has been reviewed by the AC and approved by the Board of Directors (the Board) of Capital A on 25 April 2023, for inclusion in this Annual Report.

The AC assists the Board in fulfilling its duties with respect to its oversight responsibilities over the Capital A Group (the Group). The AC is committed to its role of ensuring the integrity of the financial reporting process; external and internal audit processes and compliance with legal and regulatory matters; evaluating overall adequacy and effectiveness of the systems of internal controls; and the review of related party transactions and other matters that may be specifically delegated to the AC by the Board. The AC's responsibility for the internal audit of the Group is fulfilled through reviews of the quarterly and other reports of the Group Internal Audit Department (GIAD).

COMPOSITION OF THE AUDIT COMMITTEE

The AC has been established by the Board and comprises two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. Members of the AC elect among themselves an Independent Director, who is not the Chairman of the Board of Capital A, as Chairman of the AC. The Terms of Reference of the AC are approved by the Board and complies with the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Malaysia).

The composition of the AC complies with the requirements of paragraph 15.09(1) (c) of the MMLR and is set out in Capital A's Corporate Governance Overview Statement (CGOS) on page 198 of this Annual Report. Members of the AC are subject to annual evaluations, and its composition is reviewed annually by the Board.

TRAINING

The training attended by the members of the AC during the financial year is set out in the CGOS on page 194 to 196 of this Annual Report.

ATTENDANCE OF MEETINGS

A total of seven (7) meetings were held during the Financial Year. Members of the AC, together with details of their attendance at the AC meetings held during the year, are set out in the CGOS on page 192 to 193 of this Annual Report.

The AC meets on a scheduled basis during a financial year, and as and when required. The AC is assisted by an independent GIAD in carrying out its functions.

The Chief Executive Officer (CEO) of Capital A, President (Aviation), President (Commercial), President (Investment and Ventures), Chief Financial Officer (CFO), Head of Group Internal Audit and Chief Legal Officer of Capital A and Head of Group Risk Management are invited to attend meetings to assist the AC in deliberations as and when necessary.

SUMMARY OF THE WORK OF THE AUDIT COMMITTEE

The AC's duties and responsibilities are set out in its Terms of Reference, which is available on the Group's corporate website at https://www.capitala.com/misc/Terms_of_Reference-Capital_A_Audit_Committee_approved_on_29Nov22.pdf

In discharging its duties and responsibilities, the AC is guided by the AC Terms of Reference, which was approved by the Board and is aligned to the provisions of the MMLR of Bursa Malaysia, Malaysian Code on Corporate Governance (MCCG), Corporate Governance Guide: Executive Summary, and IIAM AC Charter model.

During the Financial Year, the AC carried out the following activities in the discharge of its roles and responsibilities:

INTERNAL AUDIT

- Mandated the GIAD to report directly to the AC.
- Reviewed the adequacy of the Internal Audit Charter (IAC).
- Approved the IAC, which defines the purpose, authority, scope and responsibility of the Internal Audit function within the Group.
- Reviewed the scope, functions, budget, competency and resources of the GIAD, and that it had the necessary independence and authority to carry out its work professionally and with impartiality and proficiency.
- Reviewed and approved the Internal Audit plan and Internal Audit budget for the Group.
- Reviewed Internal Audit Reports of Capital A and its affiliates, and monitored that appropriate and prompt remedial actions were taken by the Management on lapses in controls or procedures identified by the GIAD.
- Monitored that all agreed action plans by the GIAD were implemented in a timely manner.
- Reviewed the performance of the GIAD, including the internal assessment of the internal audit function.
- Undertook the performance appraisal of the Head of Group Internal Audit.
- Approved the appointment or termination of senior staff of the GIAD.
- Noted the resignations of GIAD staff, together with the reasons for their resignations.
- Reviewed reports on ad-hoc investigations performed by the GIAD and monitored that appropriate actions were taken in relation to those investigations.
- Reviewed the results of the external assessment performed on the internal audit function.

EXTERNAL AUDIT

- Considered and recommended the appointment of the External Auditors and their audit fees.
- Monitored the External Auditor's performance and reviewed their independence and objectivity.
- Discussed with the External Auditor, before the audit commenced, the audit plan, which included the scope, methodology and timing of the audit, as well as the areas of audit emphasis for the year under review.
- Discussed the coordination with other external auditors in the Group.
- Reviewed major findings raised by the External Auditors and Management's responses, and monitored that all recommendations arising from the audit were properly implemented, including the status of the previous audit recommendations.
- Discussed matters arising from the interim and final audits with a view to further improve controls in the Group.
- Met with the External Auditors without the presence of the Management.
- Provided a line of communication between the Board and the External Auditors.
- Ensured that there is coordination between both Internal and External Auditors.
- Reviewed the extent of assistance and co-operation extended by the Group's employees to the External Auditors and ensured that all information required by the External Auditors were made available to them.
- Reviewed and monitored the provision of non-audit services by the External Auditors to ensure that these services do not compromise the independence of the External Auditors.
- Obtained from the Group's External Auditors a formal written statement delineating all relationships between the External Auditors and the Group, as required by International Standard on Auditing 260, modified as appropriate based on the Malaysian guidelines for auditor's independence, and obtained confirmation from them that they are, and have been, independent throughout the conduct of the audit engagement.
- Updated continuously by the External Auditors on changes in the Malaysian Financial Reporting Standards as well as the International Financial Reporting Standards to ensure that the Group is ready for implementation and to understand the implication, if any, on the Group's Financial Statements.

FINANCIAL REPORTING AND BURSA MALAYSIA ANNOUNCEMENTS

- Reviewed and recommended the quarterly and annual management accounts of the Group and Capital A for approval of the Board.
- Reviewed and recommended the Annual Financial Statements to Bursa Malaysia for the Group and Capital A for approval of the Board.
- Reviewed and recommended the Quarterly Financial Statements to Bursa Malaysia for the Group and Capital A for approval of the Board.

Audit Committee Report (cont'd)

For purposes of the above, the AC considered changes in accounting policies and practices and the implementation of such changes, compliance with accounting standards and other legal and regulatory requirements, significant and unusual events, significant adjustments arising from the audit process, material litigation, the going concern assumption and where applicable, review and ensure corporate disclosure policies and procedures of the Group (as they pertain to accounting, audit and financial matters) complied with the disclosure requirements of Bursa Malaysia.

RELATED PARTY TRANSACTIONS

- Reviewed related party transactions and conflicts of interest situations to ensure that such transactions were undertaken on an arm's length basis and were in the best interest of the Group and Capital A and where appropriate, recommended to the Board for approval.
- Reviewed the process used to procure shareholders' mandate for recurrent related party transactions.

INVESTIGATIONS

- Considered major findings of internal investigations and Management's response.
- Reviewed Capital A's procedures for detecting fraud and whistleblowing.

INTERNAL CONTROLS

- By way of discussions with key Senior Management and through the review of the process undertaken by the GIAD and the External Auditors, evaluated the overall adequacy and effectiveness of:
 - > the system of internal controls, including controls within information technology;
 - > the Group's finance, accounting and audit organisations and personnel; and
 - > the Group's policies and compliance procedures with respect to business practices.
- Reviewed the establishment of policies and procedures relating to Anti-Bribery and Anti-Corruption (ABAC) to prevent the offences under the Malaysian Anti-Corruption Commission (MACC) Act 2009 and such other applicable anti-bribery and anti-corruption laws in jurisdictions where the Group operates.
- Regular reviews were conducted to assess the performance, efficiency and effectiveness of the ABAC Policies.
- Reviewed the employee code of business practice, vendor code of business practice, the whistleblowing policy and the outcome of any cases investigated.

ANNUAL REPORT

- Further information on the summary of the AC activities in discharging its functions and duties for the Financial Year and how it has met its responsibilities are provided in the Corporate Governance (CG) Report in accordance with Practice 8.5 of the MCCG.
- The AC has reviewed the Statement of Risk Management and Internal Control and the CGOS prior to their inclusion in the Group's Annual Report.

ANNUAL REVIEW OF THE TERMS OF REFERENCE OF THE AUDIT COMMITTEE

- Reviewed and assessed the adequacy of the Terms of Reference of the AC annually, and where necessary, obtained the assistance of the Management, Group's External Auditors and external legal counsel, and recommended changes to the Board for approval.

INTERNAL AUDIT FUNCTION

The Group has a well-established in-house GIAD to assist the AC in carrying out its functions. The GIAD maintains its independence through reporting directly to the AC. The GIAD plans and provides supervision on internal audit services across all subsidiaries and associated companies in the Group, including the various Airline Operating Companies (AOCs). The internal audit teams in the respective AOCs have a reporting line to the Head of Group Internal Audit. The GIAD reviews and compiles their reports in the form of a Group Internal Audit Report to be submitted and presented to the AC for its review and deliberation.

The GIAD is guided by its IAC that provides independence and reflects the roles, responsibilities, accountability and scope of work of the department and is aligned with the International Professional Practice Framework (IPPF) on Internal Auditing issued by the Institute of Internal Auditors. The Head of Group Internal Audit reports functionally to the AC and administratively to the GCFO of Capital A.

The principal responsibility of the GIAD is to undertake regular and systematic reviews of the systems of internal controls so as to provide reasonable assurance that the systems continue to operate efficiently and effectively. The GIAD adopts a risk-based audit methodology with reference to the five elements of the Committee of Sponsoring Organisations of the Treadway Commission (COSO) i.e. control environment, risk assessment, control activity, information and communication as well as monitoring, to develop its audit plans by determining the priorities of the internal audit activities, consistent with the strategies of the Group. Based on risk assessments performed, greater focus and appropriate review intervals are set for higher risk activities, and material internal controls, including compliance with Capital A's policies, procedures and regulatory responsibilities.

The audits cover the review of the adequacy of risk management, the strength and effectiveness of the internal controls, compliance to both internal and statutory requirements, governance and management efficiency, among others. The audit reports, which provide the results of audits conducted, are submitted to the AC for review. Key control issues and agreed action plans are highlighted to enable the AC to execute its oversight function. The agreed action plans are also forwarded to the Management for their attention and further action. The Management is responsible for the implementation of corrective actions within the required time frame.

On 18 January 2023, GIAD confirmed its organisational independence to the AC, where the Head of Group Internal Audit and all the internal auditors had signed the Annual Code of Ethics and Conflict of Interest Declaration for the Financial Year that they were and had been independent, objective and in compliance with the Code of Ethics and Conflict of Interest as per IPPF in carrying out their duties for the Financial Year.

The AC reviews and approves the human resource requirements of GIAD and IADs in other AOCs to ensure the function is adequately resourced with competent and proficient internal auditors.

The total costs incurred by GIAD in discharging its functions and responsibilities during the Financial Year amounted to RM1,963,812 compared to RM2,309,051 in the financial year ended 31 December 2021.

Further information on the resources and the name and qualification of the Head of Group Internal Audit are provided in the CG Report in accordance with Practice 10.2 of the MCCG.

INTERNAL AUDIT ACTIVITIES DURING THE FINANCIAL YEAR

The GIAD implements a risk-based methodology in establishing its strategic and annual audit plan, which determines the areas or units to be audited. During the Financial Year, the AC reviewed, challenged and approved the audit plans for the GIAD and the respective IADs. In doing so, the AC ensured, among others, consistency in the audit methodology deployed, as well as robustness in the audit planning process.

The GIAD continues its commitment to equip our internal auditors with adequate knowledge and proficiency. About RM5,912 was spent on training in the areas of auditing skills, technical skills and personal development; inhouse, online and external training during the Financial Year. As at 31 December 2022, the average training days attended by each staff are six (6) days.

Audit Committee Report (cont'd)

Further information on the resources, objectivity and independence of the Head of Group Internal Audit and internal auditors are provided in the Corporate Governance Report in accordance with Practice 10.2 of the MCCG.

During the Financial Year, audit reviews were conducted based on the internal audit plan approved by the AC. The GIAD and IADs in other AOCs completed and reported on 69 audit assignments, including ad-hoc requests, which were requested by the Board, AC or Senior Management, and those which arose from reports pursuant to the Group's Whistleblowing Policy. The audits conducted covered a wide range of areas, which included key areas such as contract management process and system, marketing, communications, facilities management, corporate safety, aircraft engineering process and system, CEO office, government relations, cabin crew, flight operations, duty travels and claims, cargo customer's selection process, ICT desktop management, key systems such as Order Management System (OMS), Navitaire, Warehouse Management System (WMS) and Superapp's software development methodology.

The Head of Group Internal Audit together with the respective team leaders attended the AC meetings to brief the AC on audit results and significant matters raised in the detailed GIAD report, including findings provided by the respective IADs.

Internal audit reports detailing audit findings are provided to Management who responds to the actions to be taken. Weekly follow up is done to monitor the progress of corrective actions until these are completed and closed off. The IADs submit audit reports to the AC every quarter on the status of audit plans, audit findings, and actions taken by Management on such findings. The IADs' reports and follow up actions are also presented to the relevant board committee and CEOs of the AOCs and other Line of Businesses (LOBs).

GIAD DIGITALISATION AND DATA INITIATIVES

GIAD embraced digitalisation, in line with the Group strategy to drive continuous improvement through automation. Starting 3Q 2022, GIAD developed dashboards to support continuous auditing of stations, which is expected to be completed by 2Q 2023. Finally, GIAD introduced the usage of data analytics on engagements to increase the levels of assurance and enhance efficiency of the audit processes.

Statement on Risk Management & Internal Control

Capital A Berhad is committed to maintaining a sound system of risk management and internal control. This Statement of Risk Management and Internal Control for the financial year ended 2022 (Financial Year) is made by the Board of Directors (the Board) in accordance with Paragraph 15.26(b) of the Main Market Listing Requirements (MMLR) and guided by the Malaysian Code on Corporate Governance (as at 28 April 2021) and the Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers.

GOVERNANCE

Board of Directors

The Board is committed to and responsible for implementing and maintaining a robust risk management and internal control environment. The Board acknowledges that the risk management and internal control systems are designed to manage and minimise risks as it may not be possible to totally eliminate the occurrence of unforeseeable circumstances or losses.

Risk Management and Sustainability Committee (RMSC)

The Board has delegated the governance of Group Risk to the RMSC. The RMSC comprises three (3) Non-Executive Directors with a majority of Independent Directors.

The RMSC enables the Board to undertake and evaluate key areas of risk exposures. The primary responsibilities of the RMSC are as follows:

- To oversee and recommend the Enterprise Risk Management (ERM) strategies, frameworks and policies of the Group.
- To implement and maintain sound ERM frameworks, which identify, assess, manage and monitor the Group's strategic, financial, operational and compliance risks.
- To implement and monitor a Business Continuity Plan (BCP) with procedures and systems to restore critical business functions in the event of unplanned disaster.
- To develop and inculcate a risk awareness culture within the Group.
- In fulfilling its responsibilities in risk management, the RMSC is assisted by Group Risk.

Management

The Management team is responsible for ensuring that policies and procedures on risk management and internal control are effectively implemented. The Management team is accountable for identifying and evaluating risks as well as achieving business goals and objectives within the risk appetite parameters approved by the Board.

Group Risk

Group Risk develops risk policies, sets minimum standards, provides guidance on risk related matters, coordinates risk management activities with other departments, as well as monitors the Group's risks. Group Risk's principal roles and responsibilities are as follows:

- Review and update risk management methodologies, specifically those related to identification, measuring, controlling, monitoring and reporting of risks.
- Provide risk management training and workshops.
- Review risk profiles and mitigation plans of departments.
- Identify and inform the RMSC and Management of critical risks faced by the Group.
- Monitor action plans for managing critical risks.

Audit Committee

The Audit Committee (AC) monitors the adequacy and effectiveness of the system of internal controls through a review of the results of work performed by GIAD and External Auditors and discussions with Senior Management.

The AC, established by the Board in the year 2018, comprises two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The AC Report is disclosed on pages 202 to 206 of this Annual Report.

The duties and responsibilities of the AC are set out in its Terms of Reference which is available on the Group's corporate website at https://www.capitala.com/misc/Terms_of_Reference-Capital_A_Audit_Committee_approved_on_29Nov22.pdf.

Statement on Risk Management & Internal Control (cont'd)

Group Internal Audit Department (GIAD)

The GIAD reviews the Group's systems of internal controls and evaluates the adequacy and effectiveness of the controls, risk management and governance processes implemented by Management through the execution of audit engagements. GIAD adopts a risk-based approach in determining the auditable areas and frequency of audits of the Group. The annual audit plan for the Group is reviewed and approved by the AC. GIAD is guided by its Internal Audit Charter that provides independence and reflects the roles, responsibilities, accountability and scope of work of the department. For any significant gaps identified in the governance processes, risk management processes and controls during the engagements, GIAD provides recommendations to Management to improve their design and effectiveness of controls, where applicable. The GIAD's functions are disclosed in the AC Report on pages 205 to 206 of this Annual Report.

ENTERPRISE RISK MANAGEMENT (ERM) FRAMEWORK

The ERM framework, which is embedded in the ERM policy, supports the Group in making risk-informed decisions by standardising the process of identifying, evaluating and managing risks faced by the Group.

The ERM framework entails the following key features:

- Roles and responsibilities of the Risk Management and Sustainability Committee (RMSC), Management, Group Risk and all employees
- Guidance on Risk Management processes and tools
- Guidance on Business Continuity Management

The Group has established a structured process and lines of defence for risk management within the ERM framework as follows:

1st Line of Defence	The first Line of Defence (i.e. capital L & D) for all 3 boxes is provided by Management and departments that are accountable for identifying and evaluating risks under their respective areas of responsibilities.
2nd Line of Defence	The second Line of Defence is provided by Group Risk and the RMSC that are responsible for facilitating, implementing and monitoring risk management processes including reporting risk management processes and reporting.
3rd Line of Defence	The third Line of Defence is provided by the GIAD that provides assurance on the effectiveness of the ERM framework.

A key component of the ERM framework is Business Continuity Management and the Group has established business continuity plans that enables it to respond effectively in the event of a crisis and to prevent significant disruption to operations.

KEY RISKS AND MITIGATION

Risk Management Initiatives In 2022

During the Financial Year, Group Risk focused on strengthening the effectiveness of risk management structure across the Group, increasing management participation in risk oversight, providing continuous risk management knowledge sharing, and completing targeted business impact analyses and recovery plan testing. This is facilitated by the Group's web-based RedRadar Risk Management System of the RedRadar Risk Management System and Compliance Risk Dashboard that provides a systematic approach in managing risks across the Group.

A key initiative was identification and deliberation of emerging risks at RMSC and Board's of other related entities. This facilitated increased participation by Management in the effectiveness of risk management at the Group management processes.

Group Risk continued to support the Crisis Management Teams across the Group to respond to business continuity events and conducted BCP exercises for key systems, functions and stations to minimise operational disruptions in the event of a crisis across the Group. The Group's key risks and mitigating actions are as follows:

RISK	MITIGATION
A. STRATEGIC	
<p>Political and Environment Uncertainty Political instability, market downturn, natural disasters, health epidemic and any other events that are outside of the Group's control in geographical areas where the Group operates that could affect its business operations.</p>	<p>The Group mitigates this risk by having regular monitoring of information relating to those areas that can impact its business operations. This pertinent information is considered in reducing the impact by adjusting the asset allocations, capacity management and promotions.</p> <p>The Group has also established Crisis Management Teams that will respond and adequately manage the impact of a crisis on its business operations.</p>
<p>Competition Intense competition in the marketplace arising from new players, expansion of competitors' networks and fare wars.</p>	<p>The Group mitigates this risk by strengthening its route network, expanding into greenfield markets which attract "first entrant" incentives such as airport charges and by offering competitive fare adjustments.</p>
<p>Reputation and Branding Reputational damage that arises through adverse media publicity and social networks which are caused by consumer grievances or any specific campaigns that bring about any negative sentiments against the Group.</p>	<p>The Group mitigates this risk by having an active social media monitoring team who monitor on a real-time basis and respond immediately to any adverse media publicity or consumer grievances.</p> <p>Further to that, a media monitoring service is utilised to monitor and notify the Group of any targeted media coverage that could create reputational threats.</p>
B. OPERATIONAL	
<p>System Outages Outages of mission critical systems which are required for the continuity of operations.</p>	<p>The Group mitigates this risk by developing, implementing and testing the specific backup and failover systems to reduce system outages.</p> <p>The Group has also put in place alternative sites that exist in the different geographical areas in the event these mission critical systems fail at any one location. A BCP with the relevant Crisis Management Plan has also been put into place.</p>
<p>Value Chain Disruption A failure in the airport systems that support aircraft refuelling, baggage handling, immigration, customs and quarantine processes which may lead to significant delays and business operational disruptions.</p>	<p>The Group mitigates this risk by constant monitoring and communicating with the airport authorities so that any potential service disruptions can be prevented. The Group does periodic testing at these different airports and hubs through its Business Continuity Management Plan to ensure that there are minimal disruptions.</p>

Statement on Risk Management & Internal Control (cont'd)

RISK	MITIGATION
B. OPERATIONAL (cont'd)	
<p>Cyber Threats</p> <p>These arise from different information system channels that bring about threats such as ransomware, phishing, data leakage, hacking and inside threats. These threats can cause significant damage and losses to the Group.</p>	<p>The Group mitigates these risks by having a dedicated information security team that focuses on detecting, containing and remediating these cyber threats. The Group adopts a robust information security system that revolves around the ISO/IEC 27001 process and methodology to secure the information systems. Regular security assessments, penetration tests and source code reviews are performed on the systems to ensure cyber resilience.</p>
<p>Safety Threats</p> <p>As the airline operations normalise post pandemic, flight resumption directly increases exposure to operational hazards.</p>	<p>Threats and hazards are identified through the Safety Management System, which are mitigated with Root Cause Analysis.</p> <p>The Safety Review Board (SRB) further monitors to ensure strict safety targets are met through compliance with safety and quality standards. The Safety department captures data regularly for safety risk analysis and improvement via digital tools.</p> <p>Operations and aircrafts are subject to routine mandatory Safety audits and checks. For the current year, the Group has completed all IATA Operational Safety Audits with the relevant certifications for Malaysia, Thailand, Indonesia and Philippines.</p>
C. FINANCIAL	
<p>Pandemic Covid-19</p> <p>The aviation industry has been the hardest hit due to the closure of geographical borders. This industry relies heavily on passenger volumes and travel restrictions have caused flight cancellations. This significant drop in due to lower traffic level has created operating cash flow challenges and operating losses which can lead to financial distress.</p>	<p>The Group mitigates this risk by effective cost reduction and avoidance exercise. Further the Group had also sought innovative revenue generation alternatives (such as sales of multiple services via superapp), seeking third-party investors for their subsidiary businesses and formulated regularisation plans such as restructuring of the leases, sale & lease backs, negotiating concessions with vendors, amongst other measures.</p>
<p>Fuel Price</p> <p>Fluctuations in fuel prices would have a significant impact on profitability. Fuel is a key cost component for the business operations.</p>	<p>The Group mitigates this risk by actively monitoring and managing its exposure to fuel price volatility through various strategies, e.g. fuel surcharges. Group Treasury has a team that monitors and effectively manages this risk. This is further facilitated by cargo service expansion which enables cost spread.</p>
<p>Foreign Currency Translations</p> <p>Unexpected depreciation of the Malaysian Ringgit could have a significant impact on the cost of financing and business operations. This holds particularly true of the exchange rate with the US Dollar.</p>	<p>The Group mitigates this risk by actively monitoring and managing its exposure to foreign currency volatility through natural hedging strategies. Group Treasury has a team that closely monitors these fluctuations.</p>

RISK	MITIGATION
D. COMPLIANCE	
<p>Non-Compliance to Regulatory Requirements</p> <p>Non-Compliance and breach of local laws, regulations, industry guidelines, and consumer authority requirements of multiple jurisdictions could lead to license and operational revocations.</p>	<p>The Group has a Compliance function that has developed a compliance master repository that monitors compliance requirements. This risk is further addressed by maintaining high level engagement with the regulators of each jurisdiction so that all regulatory requirements are adhered to consistently. The Group monitors all local regulatory landscapes for new or amended regulations that affect the Group.</p>
<p>Data Security and Privacy</p> <p>Violation of data privacy laws and regulations that could cause potential litigation and loss of customer confidence due to data breach.</p>	<p>The Group has a dedicated information security team that focuses on detecting, containing and remediating cyber threats. The Group has adopted a robust information security system that revolves around the ISO/IEC 27001 process and methodology to secure all our systems. Regular security assessments, penetration tests and source code reviews are performed on these systems to ensure cyber resilience.</p>
<p>Anti-Bribery and Anti-Corruption Regulatory Requirements</p> <p>The Act by the Malaysian Anti-Corruption Commission (MACC) was enacted in 2008 and then amended in 2018. This amendment incorporated Section 17A that puts all Management and the Board of Directors to be held accountable and responsible for any act of bribery or corruption with the organisation in any jurisdiction that it has business operations.</p>	<p>The Group mitigates this risk by adopting and implementing a strict policy of "Zero Tolerance" on any act of bribery and corruption. This policy has been disseminated to all internal personnel and to external parties that conduct business transactions with the Group. All internal personnel need to acknowledge their awareness of this policy.</p>

INTERNAL CONTROL

The Key Internal Control Structure in place to assist the Board to maintain a proper internal control system are:

- The Board of Capital A has established four (4) committees, namely the AC, RMSC, Nomination and Remuneration Committee (NRC) and Safety Review Board (SRB) to assist in executing its governance responsibilities. Further information on the various Committees of the Board is provided in the Corporate Governance Overview Statement from 189 to 190 of this Annual Report.
- Regular management and operations meetings are conducted by Senior Management of various Lines of Business within the Group.
- The authority delineates authorisation limits for various levels of management and matters reserved for collective decision by the Board to ensure proper identification of accountabilities and segregation of duties.
- Internal policies, procedures and processes are documented, periodically reviewed and readily made available to employees across the Group.
- A detailed budgeting process has been established. In addition, the Group has a reporting system on actual performance against the approved budgets, which requires explanations for significant variances and plans by Management to address such variances.
- The Safety Department with the oversight of the SRB and Group Safety provides strategic high-level decisions and guidance to ensure the risks of aviation and operational activities are reduced and controlled to a safe and efficient level. Full compliance with regular health and safety audits, as well as IATA Operational Safety Audit (IOSA) certification ensures effective safety risk management in the Group.

Statement on Risk Management & Internal Control (cont'd)

- People and Culture policies and procedures are in place that govern recruitment, appointment, performance management, compensation and reward mechanisms as well as policies and procedures that govern discipline, termination and dismissal of employees and ensures compliance of the same with all applicable laws and regulations.
- The Group maintains adequate insurance and physical safeguards on assets to ensure these are sufficiently covered against any incident that could result in material losses.
- Information and Data Security systems, policies, standards, procedures, guidelines, organisation structures and processes have been established to ensure confidentiality, integrity and availability of information.
- The Group has a Code of Conduct (the Code) that sets out the standards and ethics that they are expected to adhere to. The Code also sets out the circumstances in which an employee, officer or director would be deemed to have breached the Code, after due inquiry, and disciplinary actions that can be taken against them if proven guilty.
- The Whistle-Blowing Policy provides a platform for employees and third parties to report instances of unethical behaviour, actual or suspected fraud or dishonesty, or a violation of the Code in a safe and confidential manner through the 'Ethics Line'. The Group expects its employees to act in the Group's best interest and maintain high principles and ethical values. The Group will not tolerate any irresponsible or unethical behaviour that would jeopardise its good standing and reputation.

CONCLUSION

Adequacy and Effectiveness of the Group's Risk Management and Internal Control Systems

The Board has received assurance from the Chief Executive Officer (CEO), Presidents and Group Chief Financial Officer (GCFO) of Capital A that the Group's risk management and internal control system are operating adequately and effectively in all material aspects. For areas which require improvement, action plans are being developed with implementation dates being monitored by the respective Heads of Department. The Board also receives quarterly updates on key risk and internal control matters through its Board Committees. Based on assurance received from Management and updates from the Board Committees, the Board is of the view that the Group's risk management and internal control systems were operating adequately and effectively during the financial year under review up to the date of approval of this statement.

The disclosure in this statement does not include the risk management and internal control practices of Capital A's material joint ventures.

Review of the Statement by External Auditors

As required by Paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with the Audit and Assurance Practice Guide (AAPG) 3 issued by the Malaysian Institute of Accountants. The AAPG 3 does not require the External Auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

This statement is in accordance with the resolution of the Board of Directors of the Group on 25 April 2023.

Additional Compliance Information

The information set out below is disclosed in compliance with the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Malaysia) for the financial year ended 31 December 2022 (Financial Year) for Capital A Berhad (Capital A or the Company):-

1. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS

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 RCUIDS of up to RM1,024,058,370 in nominal value of a 7-year RCUIDS of RM0.75 on the basis of 2 RCUIDS with 1 free detachable warrant (Warrant) for every 6 ordinary shares in the Company (Rights Issue). The above proposal was approved by the shareholders of the Company at an Extraordinary General Meeting held on 11 November 2021.

Based on the nominal value of the RCUIDS of RM0.75 each, the Rights Issue resulted in the issuance of 1,299,350,959 RCUIDS together with 649,675,479 Warrants.

On 31 December 2021, the Company announced that the Rights Issue had been completed following the listing and quotation of 1,299,350,959 RCUIDS with nominal value of RM974,513,219.25 and 649,675,479 Warrants on the Main Market of Bursa Malaysia.

As of 31 December 2022, the Company had fully utilised the total gross proceeds of RM974.5 million, the details of which are disclosed in the following table:

Proposed utilisation of proceeds	Proposed Utilisation RM'000	Actual Raised RM'000	Balance RM'000	Expected timeframe for utilisation (from the date of listing of RCUIDS and Warrants)
Fuel hedging settlement	226.7	226.7	0	Fully utilised
Aircraft lease and maintenance payments	202.8	202.8	0	Fully utilised
AirAsia Digital Sdn. Bhd. business units	73.7	73.7	0	Fully utilised
General working capital expenses	451.0	451.0	0	Fully utilised
Estimated expenses for the Rights Issue	20.3	20.3	0	Fully utilised
Total	974.5	974.5	0	

2. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

There were no material contracts entered into by Capital A and its subsidiaries involving directors' and major shareholders' interests still subsisting at the end of the Financial Year.

Additional Compliance Information (cont'd)

3. AUDIT AND NON-AUDIT FEES

The audit and non-audit fees of Capital A and its Group as below are also disclosed in the Audited Financial Statements set out under Note 6 to the Financial Statements on page 281 of this Annual Report:-

Audit Fees	Company RM'000	Group RM'000
Audit fees paid to the External Auditors for the Financial Year	317	3,241

Non-Audit Fees	Company RM'000	Group RM'000
Non-audit fees paid to the External Auditors for the Financial Year in connection with advisory related work	Nil	Nil

4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

At the Fifth Annual General Meeting of Capital A held on 16 June 2022 (5th AGM), Capital A had obtained a mandate from its shareholders for Capital A and/or its subsidiaries to enter into recurrent related party transactions (RRPTs) of a revenue or trading nature.

Pursuant to paragraph 10.09(2)(b) and paragraph 3.1.5 of Practice Note 12 of the MMLR of Bursa Malaysia, details of the recurrent related party transactions of a revenue or trading nature entered into during the Financial Year are as follows:

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Actual Value (as at 31 Dec 2022)
REVENUE/INCOME				
1.	AAX	Provision of the rights to operate scheduled air services under the trade name and livery of AAB.	Interested Directors and Major Shareholders Tan Sri Tony Fernandes ⁽¹⁾ Datuk Kamarudin ⁽²⁾	RM 0
2.	AAX	Supply of in-flight entertainment system, hardware, software, content and updates by Rokki.	Interested Directors and Major Shareholders Tan Sri Tony Fernandes ⁽¹⁾ Datuk Kamarudin ⁽²⁾	NIL
3.	AAX	Provision of operational services by AirAsia (Guangzhou) to AAX in China.	Interested Directors and Major Shareholders Tan Sri Tony Fernandes ⁽¹⁾ Datuk Kamarudin ⁽²⁾	CNY 118,845 (RM 81,673)
4.	AAX	Sale of loyalty points from BIGLIFE, which operate and manages a loyalty program branded as the airasia rewards Programme.	Interested Directors and Major Shareholders Tan Sri Tony Fernandes ⁽¹⁾ Datuk Kamarudin ⁽²⁾	NIL
5.	TAAX	Provision of the rights to operate scheduled air services under the trade name and livery of AAB.	Interested Directors and Major Shareholders Tan Sri Tony Fernandes ⁽¹⁾ Datuk Kamarudin ⁽²⁾	NIL
6.	TAAX	Provision of operational services by AirAsia (Guangzhou) to TAAX in China.	Interested Directors and Major Shareholders Tan Sri Tony Fernandes ⁽¹⁾ Datuk Kamarudin ⁽²⁾	CNY 800,028 (RM 531,013)

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Actual Value (as at 31 Dec 2022)
7.	TAAX	Sale of loyalty points from BIGLIFE, which operate and manages a loyalty program branded as the airasia rewards Programme	Interested Directors and Major Shareholders Tan Sri Tony Fernandes ⁽¹⁾ Datuk Kamarudin ⁽²⁾	RM687
8.	TIMB	Provision of travel insurance by TIMB to AAB's customers for journeys originated from Malaysia, resulting in sales commission received by AAB.	Interested Directors and Major Shareholders Tan Sri Tony Fernandes ⁽¹⁾ Datuk Kamarudin ⁽²⁾	RM6,498,374
9.	TPGB	Provision of the right to access AAB's customer database for TPGB to conduct marketing on TPGB's and/or third-party insurance products and the provision of management services by TPGB to Capital A Group's travel insurance business.	Interested Directors and Major Shareholders Tan Sri Tony Fernandes ⁽¹⁾ Datuk Kamarudin ⁽²⁾	RM 7,342
10.	TPGB	TPGB's subscription to advertising services in Rokki's portal.	Interested Directors and Major Shareholders Tan Sri Tony Fernandes ⁽¹⁾ Datuk Kamarudin ⁽²⁾	NIL
11.	Tune Talk	Provision of advertisement services on Capital A's Wifi portal.	Interested Directors and Major Shareholders Tan Sri Tony Fernandes ⁽¹⁾ Datuk Kamarudin ⁽²⁾	NIL
12.	Tune Talk	Provision of services for sales of travellers' sim cards. This will be part of the advertisement services on Capital A's Wifi portal stated in item number 13 below.	Interested Directors and Major Shareholders Tan Sri Tony Fernandes ⁽¹⁾ Datuk Kamarudin ⁽²⁾	NIL
13.	Notel Management	Provision of advertisement services on Capital A's Wifi portal.	Interested Directors and Major Shareholders Tan Sri Tony Fernandes ⁽¹⁾ Datuk Kamarudin ⁽²⁾	NIL
14.	AAX	Provision of the following shared services by AirAsia SEA to AAX: (a) Finance and accounting support operation services; (b) People department support operation services; (c) Information and technology operation support services (d) Refunds, and (e) Customer Support	Interested Directors and Major Shareholders Tan Sri Tony Fernandes ⁽¹⁾ Datuk Kamarudin ⁽²⁾	NIL
15.	Epsom	Service Agreements for AirAsia.Com to provide services related to managing digital media activities for Epsom.	Interested Directors and Major Shareholders Tan Sri Tony Fernandes ⁽¹⁾ Datuk Kamarudin ⁽²⁾	RM53,763

Additional Compliance Information (cont'd)

Transacting No.	Parties	Nature of RRPT	Class and relationship of the Related Parties	Actual Value (as at 31 Dec 2022)
16.	TAAX	Supply of in-flight entertainment system, hardware, software, content and updates by Rokki.	Interested Directors and Major Shareholders Tan Sri Tony Fernandes ⁽¹⁾ Datuk Kamarudin ⁽²⁾	NIL
17.	TAAX	Provision of the following shared services by AirAsia SEA TH/IHQ and AirAsia Sea to TAAX: (a) Finance and accounting support operation services; (b) People department support operation services; (c) Information and technology operation support services; (d) Customer support; and (e) Refund services	Interested Directors and Major Shareholders Tan Sri Tony Fernandes ⁽¹⁾ Datuk Kamarudin ⁽²⁾	RM1,826,787
18.	TAAX	Information Technology System and Security Services provided by AAB to TAAX.	Interested Directors and Major Shareholders Tan Sri Tony Fernandes ⁽¹⁾ Datuk Kamarudin ⁽²⁾	NIL
19.	TPGB	Service Agreements between AirAsia.Com and TPGB to provide services related to managing digital media activities to TPGB.	Interested Directors and Major Shareholders Tan Sri Tony Fernandes ⁽¹⁾ Datuk Kamarudin ⁽²⁾	RM 380,589
20.	Tune Talk	Service Agreements between AirAsia.Com and Tune Talk to provide services related to managing digital media activities to Tune Talk.	Interested Directors and Major Shareholders Tan Sri Tony Fernandes ⁽¹⁾ Datuk Kamarudin ⁽²⁾	NIL
21.	ECML Hotels	Service Agreements between AirAsia.Com and ECML Hotels to provide services related to managing digital media activities to ECML Hotels.	Interested Directors and Major Shareholders Tan Sri Tony Fernandes ⁽¹⁾ Datuk Kamarudin ⁽²⁾	RM110,066.44
22.	IKHLAS	Commercial Agreement between AirAsia.Com and IKHLAS for the purpose of charging IKHLAS for using the AirAsia SuperApp.	Interested Directors and Major Shareholders Datuk Kamarudin ⁽²⁾	NIL
23.	TPG	Distribution Agreement between AirAsia.Com and TPG for the management of insurance business. This includes the Agency Agreement between AirAsia.Com and TIMB, a subsidiary of TPG, to appoint AirAsia.Com as a registered corporate agent of TIMB to transact insurance business on airasia.com website and mobile application on behalf of TIMB in exchange for commission.	Interested Directors and Major Shareholders Tan Sri Tony Fernandes ⁽¹⁾ Datuk Kamarudin ⁽²⁾	NIL

Transacting No.	Parties	Nature of RRPT	Class and relationship of the Related Parties	Actual Value (as at 31 Dec 2022)
24.	TPT	Media Services Agreement between AirAsia.Com and TPT for the management of digital media activities.	Interested Directors and Major Shareholders Tan Sri Tony Fernandes ⁽¹⁾ Datuk Kamarudin ⁽²⁾	RM 19,341
25.	TPR	Service Agreement between AirAsia SEA and TPR for AirAsia SEA to provide refund service on insurance premium for the guests of AirAsia.	Interested Directors and Major Shareholders Tan Sri Tony Fernandes ⁽¹⁾ Datuk Kamarudin ⁽²⁾	RM72
26.	TAAX	Provision of platform services by AirAsia.Com: Online distribution of TAAX flight inventory via the airasia.com domain or airasia Superapp mobile app owned/operated by AirAsia.com	Interested Directors and Major Shareholders Tan Sri Tony Fernandes ⁽¹⁾ Datuk Kamarudin ⁽²⁾	NIL
27.	AAX	Provision of platform services by AirAsia.Com: Online distribution of AAX flight inventory via the airasia.com domain or airasia Superapp mobile app owned/operated by AirAsia.com	Interested Directors and Major Shareholders Tan Sri Tony Fernandes ⁽¹⁾ Datuk Kamarudin ⁽²⁾	RM6,863,687
28.	AAX	Provision of the following shared services by AirAsia SEA and AirAsia SEA TH/IHQ to AAX: (a) Finance and accounting support operation services; (b) People department support operation services; (c) Information and technology operation support services; and (d) Refunds; (e) Customer Support; (f) Facilities; (g) Procurement; (h) Network management center, safety, operational quality assurance and ground operations; (i) Airline strategy, fleet, network, scheduling and regulatory affairs; (j) Airport partnerships and incentives; (k) Information security; and (l) Supply chain	Interested Directors and Major Shareholders Tan Sri Tony Fernandes ⁽¹⁾ Datuk Kamarudin ⁽²⁾	RM4,383, 408

Additional Compliance Information (cont'd)

Transacting No.	Parties	Nature of RRPT	Class and relationship of the Related Parties	Actual Value (as at 31 Dec 2022)
29.	TAAX	Provision of the following shared services by AirAsia SEA and AirAsia SEA TH/IHQ to TAAX: (a) Finance and accounting support operation services; (b) People department support operation services; (c) Information and technology operation support services; and (d) Refunds; (e) Customer Support; (f) Facilities; (g) Procurement; (h) Network management center, safety, operational quality assurance and ground operations; (i) Airline strategy, fleet, network, scheduling and regulatory affairs; (j) Airport partnerships and incentives; (k) Information security; and (l) Supply chain	Interested Directors and Major Shareholders Tan Sri Tony Fernandes ⁽¹⁾ Datuk Kamarudin ⁽²⁾	RM 907,929
EXPENSES				
30.	AAX	Redemption of loyalty points when Big members use the loyalty points accumulated under the airasia rewards Programme operated and managed by BIGLIFE for AAX's flights and other ancillary products and services.	Interested Directors and Major Shareholders Tan Sri Tony Fernandes ⁽¹⁾ Datuk Kamarudin ⁽²⁾	NIL
31.	AAX	Provision of ground handling services at Taoyuan International Airport.	Interested Directors and Major Shareholders Tan Sri Tony Fernandes ⁽¹⁾ Datuk Kamarudin ⁽²⁾	NIL
32.	AAX	Purchase of AAX's cargo transportation capacity by Teleport on routes operated by AAX.	Interested Directors and Major Shareholders Tan Sri Tony Fernandes ⁽¹⁾ Datuk Kamarudin ⁽²⁾	USD 67,589,690 (RM 197,005,415)
33.	TAAX	Purchase of TAAX's cargo transportation capacity by Teleport on routes operated by TAAX.	Interested Directors and Major Shareholders Tan Sri Tony Fernandes ⁽¹⁾ Datuk Kamarudin ⁽²⁾	USD 9,431,013 (RM 7,848,951)
34.	TAAX	Redemption of loyalty points when Big members use the loyalty points accumulated under the airasia rewards Program operated and managed by BIGLIFE for TAAX's flights and other ancillary products and services.	Interested Directors and Major Shareholders Tan Sri Tony Fernandes ⁽¹⁾ Datuk Kamarudin ⁽²⁾	NIL

Transacting No.	Parties	Nature of RRPT	Class and relationship of the Related Parties	Actual Value (as at 31 Dec 2022)
35.	Notel Management	The contract for this RRPT(s) was signed between Notel Management and AirAsia SEA for the provision of hotel services to Capital A Group and/or its affiliates and/or its guests at corporate rates provided by Notel Management as hotel operator that manages hotels on behalf of the following entities that directly invoices the respective entities of Capital A Group: 1. OHG Services; and 2. ECML Hotels.	Interested Directors and Major Shareholders Tan Sri Tony Fernandes ⁽¹⁾ Datuk Kamarudin ⁽²⁾	RM2,990,426
36.	TPGB	To participate in the BIG Loyalty Program as a merchant partner to purchase BIG Points from BIGLIFE for the purposes of awarding it to TPGB's subscribers.	Interested Directors and Major Shareholders Tan Sri Tony Fernandes ⁽¹⁾ Datuk Kamarudin ⁽²⁾	RM 24,534
37.	Tune Talk	Subscription to Sim Card by Rokki.	Interested Directors and Major Shareholders Tan Sri Tony Fernandes ⁽¹⁾ Datuk Kamarudin ⁽²⁾	NIL

The shareholdings of the interested Directors and interested Major Shareholders in the Company as of 31 December 2022 were as follows:

	← Direct →		← Indirect →	
	No. of Shares	%	No. of Shares	%
Interested Directors				
Tan Sri Tony Fernandes	1,600,000 ⁽¹⁾	0.04	1,025,485,082 ⁽³⁾	24.64
Datuk Kamarudin	2,000,000 ⁽²⁾	0.05	1,025,485,082 ⁽³⁾	24.64
Dato' Khadar Merican	100,000 ⁽⁶⁾	0.00	-	-
Interested Major Shareholders				
Tune Air Sdn. Bhd.	516,485,082 ⁽⁴⁾	12.41	-	-
Tune Live Sdn. Bhd.	509,000,000 ⁽⁵⁾	12.23	-	-

Notes:

- ¹ Shares held under HSBC Nominees (Tempatan) Sdn. Bhd. for Tan Sri Tony.
- ² Shares held under HSBC Nominees (Tempatan) Sdn. Bhd. for Datuk Kamarudin.
- ³ Deemed interested by virtue of Section 8 of the Act through a shareholding of more than 20% in Tune Live Sdn. Bhd and Tune Air Sdn. Bhd.
- ⁴ Shares held under HSBC Nominees (Tempatan) Sdn. Bhd. for Tune Air Sdn. Bhd.
- ⁵ Shares held under RHB Capital Nominees (Tempatan) Sdn. Bhd. and HSBC Nominees (Tempatan) Sdn. Bhd. for Tune Live Sdn. Bhd.
- ⁶ Shares held under Alliancegroup Nominees (Tempatan) Sdn. Bhd. for Dato' Khadar Merican

Additional Compliance Information (cont'd)

	← Direct →	← Indirect →
	No. of RCUIDS	No. of RCUIDS
Interested Directors		
Tan Sri Tony Fernandes	-	343,028,359 [#]
Datuk Kamarudin	-	343,028,359 [#]
Dato' Khadar Merican	250,000 ⁽¹⁾	-

Notes:

[#] Deemed interested by virtue of Section 8 of the Act through a shareholding of more than 20% in Sky Accord Sdn. Bhd.

⁽¹⁾ Shares held under Alliancegroup Nominees (Tempatan) Sdn. Bhd. for Dato' Khadar Merican

	← Direct →	← Indirect →
	No. of Warrants	No. of Warrants
Interested Directors		
Tan Sri Tony Fernandes	-	171,514,179 [#]
Datuk Kamarudin	-	171,514,179 [#]
Dato' Khadar Merican	-	-

[#] Deemed interested by virtue of Section 8 of the Act through a shareholding of more than 20% in Sky Accord Sdn. Bhd.

Please refer to the note(s) in Section 2.3 of the Circular/Statement to shareholders dated 28 April 2023 on the directorships and shareholdings of the interested Directors and interested Major Shareholders in the transacting parties.

5. EMPLOYEES SHARE OPTION SCHEME (ESOS)

The Company had established a long-term incentive scheme of up to 10% of the total number of issued shares of the Company on a fully diluted basis (excluding treasury shares, if any) for eligible employees and directors (Eligible Employees) of Capital A and its subsidiaries (excluding dormant subsidiaries) (Group) at any point of time throughout the duration of the ESOS. The ESOS was approved by the shareholders of the Company at the Extraordinary General Meeting held on 21 June 2021 and came into effect on 3 August 2021, and it was the only share scheme of the Company in existence during the Financial Year. The details of the ESOS are as follows:

(A) The total number of options granted, exercised and outstanding under the ESOS during the Financial Year is set out in the table below:

Description	Number of Options	
	All Eligible Employees of the Group	Executive Directors and Chief Executive of the Company
No. of options granted	N/A	N/A
No. of options exercised	N/A	N/A
No. of options outstanding	89,500,000 / 22.32%	36,500,000 / 9.1%

(B) No options were granted to the Executive Directors of the Company under the ESOS since its commencement on 3 August 2021 up to 31 December 2022. Percentages of options applicable in regard to options or shares granted to the senior management of the Company under the ESOS are set out below:

Senior management of the Company	Percentage	
	During the Financial Year	Since commencement of the ESOS on 3 August 2021 up to 31 December 2022
Aggregate maximum allocation	N/A	N/A
Actual options granted	0	11.67%

(C) The Non-Executive Directors of the Company are not eligible to participate in the ESOS. As such, no options were granted to the Non-Executive Directors of the Company under the ESOS from its commencement on 3 August 2021 up to 31 December 2022.

Directors' Report

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are described in Note 12 to the financial statements. There were no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
(Loss)/profit net of tax	(3,304,169)	1,991
(Loss)/profit net of tax attributable to:		
Owners of the Company	(2,626,381)	1,991
Non-controlling interests	(677,788)	-
	(3,304,169)	1,991

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, with exception to the socioeconomic effects of the COVID-19 pandemic which impacted the financial circumstances of the Group and of the Company, the results of the operations of the Group and of the Company during the financial year were otherwise not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of prior year. The directors do not recommend the payment of any dividend in respect of the current financial year.

SHARE CAPITAL

During the financial year, the issued and paid up share capital of the Company was increased from RM8,457,172,000 to RM8,654,977,000 via the conversion of 263,740,000 Redeemable Convertible Unsecured Islamic Debt Securities ("RCUIDS") into ordinary shares issued at RM0.75 per share. The new ordinary shares rank pari passu with the then existing shares of the company.

RCUIDS AND WARRANTS

Number of RCUIDS convertible into ordinary shares of the Company as at 31 December 2022 are as follows:

Expiry date	Exercise price (RM)	Units of RCUIDS
1 August 2027	0.75	1,035,610,619

RCUIDS AND WARRANTS (CONT'D.)

Salient terms of the RCUIDS are disclosed in Note 28 to the financial statements.

Number of warrants with options to subscribe for ordinary shares of the Company as at 31 December 2022 are as follows:

Expiry date	Exercise price (RM)	Units of warrants
31 December 2028	1.00	649,675,479

Salient terms of the warrants are disclosed in Note 34 to the financial statements.

DIRECTORS

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Datuk Kamarudin bin Meranun*
 Tan Sri Anthony Francis Fernandes*
 Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar
 Dato' Mohamed Khadar bin Merican
 Dato' Fam Lee Ee
 Surina Binti Shukri

(Appointed on 31 January 2022)

* These directors are also directors of the Company's subsidiaries.

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those directors listed above) are:

Aaron Gomez	Dinesh Kumar M K R Nambiar	Lalitha Sivanaser
Adam Nicholas James Rhodes	Dr. Chang Soonyoung	Lam Lo Sho Rose
Agnes Maranan	Ernest D. Bernal	Lee Teck Loong
Aireen Omar	Farhan Firdaus Bin Zainul Kamar	Leo Francis F. Abot
Ams Cosec Services Sdn.Bhd.	Francis Anthony	Leon Ruben
Anajuk Chareonwongsak	Francisco Edralin Lim	Leong Shir Mein
Anita Ler	Frederich M. Arejola	Lim Hock Thye
Anthony Chai Kwok Seng	Goh Hui Loon	Lim Serh Ghee
Arifin Eko Prasetyo	Hanim Hamzah	Ling Liong Tien
Augustus Ralph Marshall	Harbick Stephen Paul	Loh Jin Yong
Bawornpak Siripanich	Hee Joon Kim	Lui Yew Lee Dennis Paul
Benyamin Bin Ismail	Ibnu Tryono	Magandra Dass Haridas
Carlo Emmanuel M/ Locsin	Ikhlas Bin Kamarudin	Mahesh Kumar a/I Jaya Kumar
Chan Ka Yan Karen	Irwan Eka Sudarman	Mahisa Adhitya Rachman
Chandran s/o Urath Sankaran Nair	Jasmindar Kaur A/P Sarban Singh	Manolito Alvarez Manolo
Cheah Yoke Yin	Joanna Binti Ibrahim	Mark Xavier D. Oyales
Chi Cheng Bock	John Cheing Wai Choy @	Mihai-Gabriel Simionescu
Christie Dana G Tan	Cheing Wai Choy	Mitherpal Singh Sidhu
Colin Melville Kennedy Currie	John Paul V. De Leon	Mohd Arfasya bin Dahalan
Craig Charles Kostelic	Joseph Omar A. Castillo	Muhammad Hafiz Bin Khairudin
Craig Matthews	Jusuf Saherman	Nadda Baranasiri
Dato' Hisham Bin Othman	Karena Fernandes	Nadia Manzoor
Dato' Sreesanthan A/L Eliathamby	Kartina Binti Mohd Tahir	Natacha Sabrina Kong Hung Cheong
Dato' Sri Mohd Khairi bin Mat Jahya	Keith Lingam a/I Mahalingam	Natasha binti Kamaluddin
Datuk Captain Chester Voo Chee Soon	Kenneth Leong Yu Ming	Nguyen Thi Bich Lien
Desiree Maxino Bandal	Kerry Cheng Davis	Nipun Anand
Devender Bhola	Khoo Gaik Bee	

Directors' Report (cont'd)

DIRECTORS (CONT'D.)

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those directors listed above) are: (cont'd.)

Noor Azita Abul'as binti Mohammed Nazrene	Richard Montgomery Beattie	Teoh Hooi Ling
Nuttawut Phowborom	Roisin Dixon	Thandalam Veeravalli Thirumala
Olivier Petra	Ronald D. Policarpio	Tharumalingam A/L Kanagalingam
Omar Salim-Dhanani	Rozman Bin Omar	Tommy Lo Seen Chong
Ong Chun Eng	Rudy Efendi Daulay	Tran Thi My Hanh
Pablo Sanz Salcedo	Sabam Hutajulu	V Loganathan S/O Velaitham
Patria Bayuaji	Sami Joseph El Hadery	Veerayooth Bodharamik
Pattra Boosarawongse	Santisuk Klongchaiya	Veranita Yosephine Sinaga
Phairat Pornpathananangoon	Seah Kok Khong	Vichate Tantivanich
Priyanka Jain	Severino Miguel. B Sanchez	Wang Wenju
Racquel Victoria D. Tenorio	Shyamshankar Krishnamurthy	Wee Choo Peng
Raden Achmad Sadikin	Sim Siew Shan	Wong Ying Chong
Rahul Agarwal	Sio Wun Lao	Woo Wai Han
Rajiv S/O Ramanathan	Siroth Setabandhu	Wuri Septiawan
Ras Adiba Binti Mohd Radzi	Subashini a/p Silvadas @ Silvadar	Yacoob Bin Ahmed Piperdi
Rashed Mahmud	Suvabha Charoenying	Ybhg Tan Sri Dato' Sri (Dr.) Mohamad Norza Bin Zakaria
Reza Viryawan	Tan Sri Jamaludin Bin Ibrahim	Yon See Ting
Riad Asmat	Tanarat Wachirakul	Yuthaphong Ma
Ricardo P. Isla	Tassapon Bijleveld	
	Teh Mun Hui	

DIRECTORS' BENEFITS

During and at the end of the financial year ended 31 December 2022, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit other than benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements or the fixed salary of a full-time employee of the Company by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 5(b) and Note 5(c) to the financial statements.

The directors and officers of the Group and of the Company are covered under a Directors' and Officers' Liability Insurance up to an aggregate limit of RM20,000,000 against any legal liability, if incurred by the directors and officers of the Group and of the Company in the discharge of their duties while holding office for the Company and its subsidiaries.

DIRECTORS' INTERESTS

	Number of ordinary shares			
	At 1.1.2022	Acquired	Disposed	At 31.12.2022
Direct interests in the Company				
Datuk Kamarudin bin Meranun ²	2,000,000	-	-	2,000,000
Tan Sri Anthony Francis Fernandes ²	1,600,000	-	-	1,600,000
Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar	989,500	-	989,500	-
Dato' Mohamed Khadar bin Merican	250,000	-	150,000	100,000

DIRECTORS' INTERESTS (CONT'D.)

	Number of ordinary shares			
	At 1.1.2022	Acquired	Disposed	At 31.12.2022
Indirect interests in the Company				
Tan Sri Anthony Francis Fernandes ¹	1,025,485,082	-	-	1,025,485,082
Datuk Kamarudin bin Meranun ¹	1,025,485,082	-	-	1,025,485,082

	Number of redeemable convertible unsecured Islamic debt securities ("RCUIDS")			
	At 1.1.2022	Acquired	Disposed	At 31.12.2022
Direct interests				
Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar	329,833	-	329,833	-
Dato' Mohamed Khadar bin Merican	100,000	150,000	-	250,000
Indirect interests[^]				
Tan Sri Anthony Francis Fernandes ¹	343,028,359	-	-	343,028,359
Datuk Kamarudin bin Meranun ¹	343,028,359	-	-	343,028,359

	Number of Warrants			
	At 1.1.2022	Acquired	Disposed	At 31.12.2022
Direct interests				
Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar	164,916	-	164,916	-
Dato' Mohamed Khadar bin Merican	50,000	-	50,000	-
Indirect interests[^]				
Tan Sri Anthony Francis Fernandes ¹	171,514,179	-	-	171,514,179
Datuk Kamarudin bin Meranun ¹	171,514,179	-	-	171,514,179

¹ By virtue of their interests in shares of more than 20% in the substantial shareholders of the Company, Tune Air Sdn. Bhd.² ("TASB") and Tune Live Sdn. Bhd. ("TLSB"), Tan Sri Anthony Francis Fernandes and Datuk Kamarudin bin Meranun are deemed to have interests in the Company to the extent of TASB's and TLSB's interests therein, in accordance with Section 8 of the Companies Act 2016

² Shares held under HSBC Nominees (Tempatan) Sdn. Bhd. for TASB

[^] Deemed interested by virtue of Section 8 of the Act through a shareholding of more than 20% in Sky Accord Sdn. Bhd.

Other than as disclosed above, none of the other directors in office at the end of the financial year held any interest in shares or debentures of the Company and its related corporations during the financial year.

No options were granted to any person to take up the unissued shares of the Company during the financial year other than the issue of options pursuant to the Long Term Incentive Scheme ("LTIS") which is governed by LTIS By-Laws and RCUIDS with free detachable warrants.

Directors' Report (cont'd)

DIRECTORS' INTERESTS (CONT'D.)

LTIS

At an Extraordinary General Meeting held on 21 June 2021, the Company's shareholders approved the establishment of LTIS which comprise the Employee Share Option Scheme ("ESOS") and Share Grant Scheme. On 3 August 2021, the Company granted 159,400,000 ESOS to selected certain eligible employees and directors of the Group. The salient features and other details of the ESOS and Share Grant Scheme are disclosed in Note 32 to the financial statements.

Details of the options to subscribe for ordinary shares of the Company pursuant to the ESOS as at 31 December 2022 are as follows:

Expiry date	Exercise price (RM)	Number of options
31 August 2024	0.7425	126,200,000

Details of ESOS are disclosed in Note 32 to the financial statements.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

- (a) Before the income statements, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are aware of the COVID-19 pandemic, which may have an impact on certain values attributed to current assets and valuation methods adopted by the Group and the Company.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONT'D.)

- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) with exception of the socioeconomic effects of the COVID-19 pandemic which impacted the financial circumstances of the Group and of the Company, the results of the Group and of the Company during the financial year were otherwise not substantially affected by any item, transaction or event of a material and unusual nature.
- (g) Note 41 to the financial statements discussed management's steps to address the current impact of the COVID-19 pandemic. The Board of Directors is confident that based on the working capital management and funding plans, the Group will be in good stead to weather the current challenging environment.

SIGNIFICANT EVENTS

Details of significant events are disclosed in Note 43 to the financial statements.

AUDITORS

Auditors' remuneration are disclosed in Note 6 to the financial statements.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young PLT during or since the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 April 2023.

Datuk Kamarudin bin Meranun

Tan Sri Anthony Francis Fernandes

Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, Datuk Kamarudin bin Meranun and Tan Sri Anthony Francis Fernandes, being two of the Directors of Capital A Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 237 to 359 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 April 2023.

Datuk Kamarudin bin Meranun

Tan Sri Anthony Francis Fernandes

Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Tan Sri Anthony Francis Fernandes, being the Director primarily responsible for the financial management of Capital A Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 237 to 359 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
above named Tan Sri Anthony Francis Fernandes
at Kuala Lumpur in Malaysia
on 28 April 2023

Tan Sri Anthony Francis Fernandes

Before me,

Commissioner for Oaths
Kuala Lumpur

Independent Auditors' Report

to the members of Capital A Berhad (Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Capital A Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 237 to 359.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Independent Auditors' Report (cont'd) to the members of Capital A Berhad (Incorporated in Malaysia)

Key Audit Matters (cont'd.)

Going Concern Assessment

The Group reported a loss for the year of RM3,304 million whilst the Company reported a profit for the year of RM2 million, for the financial year ended 31 December 2022. The Group and the Company reported net operating cash outflows of RM282 million and RM495 million respectively. As at 31 December 2022, the Group's current liabilities exceeded its current assets by RM8,509 million. In addition, as at 31 December 2022, the Group reported a negative shareholders' funds of RM5,725 million.

Management has prepared a cash flow forecast as part of the assessment on whether the Group and the Company will be able to continue as a going concern. The going concern assessment was highly subjective as it is largely based on expectations of, and estimates made by the Directors. Critical to the going concern assessment are the Directors' expectations of continuous support from the Group's aircraft lessors, and the Directors' estimates of revenue forecast and major operating costs (such as fuel costs and wages) as well as the impact from foreign exchange rates. Accordingly, we identified going concern assessment as an area requiring audit focus.

In addressing this area of audit focus, we performed amongst others, the following procedures:

- We had discussions with the Directors to understand their business plans to respond to the evolving business environment;
- We evaluated the estimates made by the Directors in respect of the revenue forecasts against the historical trend, latest quoted prevailing prices and available capacity;
- We evaluated the estimates made by the Directors in respect of major operating costs such as fuel costs and wages against the Group's business plans, historical results and external data on the expectation of future prices;
- We evaluated the estimates made by the Directors in respect of foreign exchange rates against external data on the expectation of future foreign exchange rates;
- We evaluated the Directors' expectation of continuous support from the Group's lessors by assessing the past conduct of the Group's lessors in allowing payment flexibilities and reviewing payment deferral letters from certain lessors; and
- We evaluated the adequacy of the disclosures on this matter

Impairment assessment of non-financial assets

- (a) Impairment assessment of right-of-use assets ("ROU") and property, plant and equipment ("PPE")

Refer to Note 3.1, Note 11 and Note 29 to the financial statements.

At 31 December 2022, the carrying amount of ROU and PPE of the Group are RM10,182 million and RM883 million respectively.

The Group is required to assess at the end of each reporting period whether there is any indication that an asset may be impaired or reversal of impairment may be required. If any such indication exists, the Group shall estimate the recoverable amount of the asset.

The Directors have prepared a set of cash flow projections to evaluate the recoverable amounts of ROU and PPE. The estimates and assumptions used in the cash flow projections which form the basis of the recoverable amounts attributable to the cash generating units ("CGUs") require significant judgement. These judgements require estimates to be made over areas including those relating to future revenues, operating costs, growth rates, projected aircraft usage, aircraft capital expenditure, foreign exchange rates and discount rates. As a result, the Group recognised a reversal of impairment on ROU of RM552 million during the financial year.

Key Audit Matters (cont'd.)

Impairment assessment of non-financial assets (cont'd.)

- (a) Impairment assessment of right-of-use assets ("ROU") and property, plant and equipment ("PPE") (cont'd.)

Due to the significant amount of reversal and high degree of estimation and judgement involved, this is a key area of focus for our audit.

- (b) Impairment assessment of intangible assets

Refer to Note 3.5 and Note 16 to the financial statements.

As at 31 December 2022, the Group's intangible assets included an aggregate goodwill of RM273 million relating to several subsidiaries, namely, PT Indonesia AirAsia ("IAA") and Velox Technology (Thailand) Company Limited ("Velox"). Intangible assets also included landing rights of IAA and Philippines AirAsia Inc. of RM444 million.

The Group is required to perform annual impairment test of CGUs to which intangible assets have been allocated. The Group estimated the recoverable amount of its CGUs based on the value-in-use ("VIU") model. Estimating the VIU of CGUs involves estimating the future cash inflows and outflows that will be derived from the CGUs, and discounting them at an appropriate rate. Arising from the impairment review, the Group impaired goodwill of RM83 million relating to Velox and Deliverat.

We focused on the impairment assessment of the intangible assets due to the magnitude of the balance and the subjectivity involved. Specifically, we focused on the assumptions applied in respect of revenue growth, cost escalation rates, terminal value and discount rates.

In addressing this area of audit focus, we performed amongst others, the following procedures:

- Held discussions with senior management to understand the basis of the assumptions used in forming the estimates underpinning the assessment of the recoverable amount of the CGUs. These estimates include those relating, future revenues, operating costs, growth rates, projected aircraft usage, aircraft capital expenditure, foreign exchange rates, discount rates and terminal value, as applicable;
- Assessed the key assumptions on which the cash flow projections are based, including, and where relevant, comparing them against financial and non-financial historical trends, and external data, as applicable.
- Assessed the arithmetical accuracy of the computations used in assessing the recoverable amount of the CGUs;
- Involved our internal specialists to assess the appropriateness of the discount rates applied in the respective discounted cash flow projections; and
- Evaluated the adequacy of the Group's disclosures of key assumptions used in estimations.

Recognition of revenue from passenger seat sales and sales in advance

Refer to Note 4(a) to the financial statements for revenue and statement of financial position for sales in advance.

Independent Auditors' Report (cont'd) to the members of Capital A Berhad (Incorporated in Malaysia)

Key Audit Matters (cont'd.)

Recognition of revenue from passenger seat sales and sales in advance (cont'd.)

For the financial year ended 31 December 2022, revenue from passenger seat sales accounted for 72% of the Group's total revenue, as compared to 39% for the financial year ended 31 December 2021. The Group relies on an integrated information technology system, which includes the flight reservation system, to process large volumes of data comprising low-value transactions from passenger seat sales. The flight reservation system is managed by a third party vendor.

The accounting for revenue from passenger seat sales is susceptible to management override through the posting of manual journal entries either in the underlying ledgers or as a consolidation journal.

Due to these factors, there is an increased risk of material misstatement arising from the timing and amount of revenue recognised from passenger seat sales. As a result, revenue recognition has been identified as an area of audit focus.

- Obtained an understanding and assessed the Group's information technology systems and key controls that affect the recording of revenue from passenger seat sales. As the flight reservation system is managed by a third-party vendor, we obtained and assessed the external expert's report on the operating effectiveness of the key controls over the system;
- Involved our information technology specialists to test the effectiveness of the automated controls of the key modules of the information technology system;
- Tested the non-automated controls in place to ensure the completeness and accuracy of revenue recognised, including timely updating of approved changes to base fares and ancillary fares;
- Conducted data analytics to reconcile the revenue recognised in respect of passenger seat sales and the amount of sales in advance to payments received from passengers;
- Corroborated the occurrence of revenue by tracing samples of revenue recognised to settlement reports from financial institutions;
- Tested the reconciliation of data between the flight reservation system and the general ledger to ensure the completeness of revenue; and
- Performed procedures to verify that revenue from passenger seat sales is recorded in the appropriate accounting period.

Aircraft maintenance provisions and liabilities

Refer to Note 3.4 and Note 27 to the financial statements.

As at 31 December 2022, the Group's aircraft maintenance provisions and liabilities amounted to RM6,138 million.

The Group operates aircraft that are either owned or held under operating lease arrangements. For the aircraft held under operating lease arrangements, the Group is contractually obligated to maintain the aircraft during the lease period and to redeliver the aircraft to the lessors at the end of the lease term in certain pre-agreed conditions. Therefore, the Group estimates the aircraft maintenance costs required to fulfil these obligations at the end of the lease period and recognises a provision for these costs at each reporting date.

Key Audit Matters (cont'd.)

Aircraft maintenance provisions and liabilities (cont'd.)

Given the nature of provisions, they are inherently more uncertain than most other items in the statement of financial position. The estimates of the outcome and financial effects are determined by management's judgement, supplemented by experience from similar transactions. Due to the significant magnitude of the provision and the significant judgement involved in estimating the cost to be incurred and timing of cash outflows, we consider this to be an area of audit focus.

In addressing this area of audit focus, we performed amongst others, the following procedures:

- reviewed a sample of the lease agreements to determine the Group's contractual obligations in respect of aircraft maintenance;
- evaluated the significant assumptions on cost to be incurred and applied by the Group in estimating the aircraft maintenance provision costs by comparing these assumptions to past industry experience, actual billings or quotations by supplier and supplemented by expectations of the future economic conditions; and
- performed arithmetic testing on the accuracy of the computation of the aircraft maintenance provisions as at the reporting date.

Cybersecurity

Refer to Note 43(iii) the financial statements.

On 12 November 2022, the Group discovered a cybersecurity breach incident whereby certain of their non-critical servers were compromised and encrypted by a ransomware. A third-party consultant was engaged by the Group to assess the nature and extent of the cybersecurity breach.

As the Group relies on its integrated information technology system to process data from its operations, there may be a risk that the cybersecurity breach incident could have affected the data used in the preparation of the financial statements. Accordingly, we have identified this as an area of audit focus.

In addressing this area of audit focus, our audit procedures included, amongst others:

- Obtained an understanding of the nature and extent of the cybersecurity incident and assessed its impact to the Group's financial reporting systems;
- Evaluated competence, capabilities and objectivity of the third-party consultant. We also assessed the procedures and findings by the third-party consultant and conducted interviews with the third-party consultant. We have included our internal specialist team in this assessment;
- Assessed procedures performed by management in their evaluation of the impact of the cybersecurity breach to those systems whose data were used in the preparation of the Group's financial statements;
- Performed additional audit procedures to assess the completeness and accuracy of data on suspected compromised systems; These procedures include among others, the following:
 - Performed data analytics on revenue, receivables and cash to identify any unusual transactions;
 - Tested additional samples of the hours flown from the manually kept flight log to the data recorded in the system; and
 - Matched samples of the source data in the employee files to the payroll summary report;

Independent Auditors' Report (cont'd) to the members of Capital A Berhad (Incorporated in Malaysia)

Key Audit Matters (cont'd.)

Cybersecurity (cont'd.)

- Assessed the third-party consultant's recommendations and measures put in place to mitigate this risk; and
- Evaluated the appropriateness of related disclosures made in the financial statements.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the 2022 annual report, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate action.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intends to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd.)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and of the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditors' Report (cont'd) to the members of Capital A Berhad (Incorporated in Malaysia)

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 12 to the financial statements.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT

202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Kuala Lumpur, Malaysia
28 April 2023

Low Khung Leong

No. 02697/01/2025 J
Chartered Accountant

Income Statements For the financial year ended 31 December 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000 Restated	2022 RM'000	2021 RM'000
Revenue	4(a)	6,437,068	1,682,896	-	-
Other income	4(b)	154,264	264,994	976	92
Operating expenses					
- Staff costs	5(a)	(1,229,655)	(795,638)	(26,515)	(35,847)
- Depreciation of property, plant and equipment	11	(132,042)	(164,685)	-	-
- Depreciation of right-of-use assets	29	(1,309,533)	(1,655,887)	-	-
- Aircraft fuel expenses	7(a)	(2,956,244)	(393,941)	-	-
- Maintenance and overhaul	7(b)	(846,840)	(480,619)	-	-
- User charges	7(c)	(1,229,008)	(760,537)	-	-
- Other operating expenses	6	(281,819)	(542,192)	(28,095)	(22,946)
Operating loss		(1,393,809)	(2,845,609)	(53,634)	(58,701)
Finance income	8(a)	40,305	35,314	84,396	40
Finance costs	8(b)	(1,004,922)	(679,807)	(61,881)	(1)
Net operating loss		(2,358,426)	(3,490,102)	(31,119)	(58,662)
Foreign exchange (loss)/gain	8(c)	(644,860)	(71,084)	33,110	(5,186)
Net fair value gain on derivatives	8(d)	45,021	31,377	-	-
Share of results of joint ventures		(658)	(453)	-	-
Share of results of associates		(344,735)	(44,774)	-	-
(Loss)/profit before taxation		(3,303,658)	(3,575,036)	1,991	(63,848)
Taxation					
- Current taxation	9	(15,575)	(4,974)	-	150
- Deferred taxation	9	15,064	(140,765)	-	-
		(511)	(145,739)	-	150
Net (loss)/profit for the financial year		(3,304,169)	(3,720,775)	1,991	(63,698)
Net loss for the financial year attributable to:					
- Owners of the Company		(2,626,381)	(2,991,075)		
- Non-controlling interests		(677,788)	(729,700)		
		(3,304,169)	(3,720,775)		
Loss per share attributable to owners of the Company (sen)					
- Basic	10	(64.8)	(79.0)		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Comprehensive Income

For the financial year ended 31 December 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000 Restated	2022 RM'000	2021 RM'000
Net (loss)/profit for the financial year		(3,304,169)	(3,720,775)	1,991	(63,698)
Other comprehensive (loss)/income					
<i>Items that may be subsequently reclassified to profit or loss</i>					
Cash flow hedges		-	42,009	-	-
Foreign currency translation differences		(34,869)	(61,061)	-	-
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods		(34,869)	(19,052)	-	-
<i>Items that will not be subsequently reclassified to profit or loss</i>					
Remeasurement gain on employee benefits liability, net of tax		6,842	12,776	-	-
Net movement on investment securities	15	(15,759)	102,805	-	109,114
Net other comprehensive (loss)/income that may not be reclassified to profit or loss in subsequent periods		(8,917)	115,581	-	109,114
Other comprehensive (loss)/income for the financial year, net of tax		(43,786)	96,529	-	109,114
Total comprehensive (loss)/income for the financial year		(3,347,955)	(3,624,246)	1,991	45,416
Total comprehensive loss attributable to:					
- Owners of the Company		(2,670,167)	(2,911,298)		
- Non-controlling interests		(677,788)	(712,948)		
		(3,347,955)	(3,624,246)		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position

As at 31 December 2022

	Note	Group	
		2022 RM'000	2021 RM'000
Non-current assets			
Property, plant and equipment	11	882,893	933,474
Right-of-use assets	29	10,182,126	9,750,711
Finance lease receivables	29	260,820	266,233
Investment in a joint venture	13	220	878
Investment in associates	14	924,312	438,004
Investment securities	15	114,534	243,323
Intangible assets	16	748,350	833,450
Deferred tax assets	17	739,238	738,760
Receivables and prepayments	18	3,564,648	3,599,414
Deposits on aircraft purchase	19	576,034	610,489
Derivative financial instruments	20	165,397	165,397
		18,158,572	17,580,133
Current assets			
Inventories	21	204,459	153,600
Receivables and prepayments	18	650,972	608,405
Finance lease receivables	29	114,975	224,144
Amounts due from associates	23	166,437	67,285
Amounts due from related parties	24	154,921	134,153
Tax recoverable		7,208	5,408
Deposits, cash and bank balances	25	469,985	1,256,753
		1,768,957	2,449,748
Less: Current liabilities			
Trade and other payables	26	2,878,562	2,308,897
Aircraft maintenance provisions and liabilities	27	599,895	976,633
Sales in advance	2.23.1	1,428,011	930,510
Amounts due to associates	23	266,126	43,297
Amounts due to related parties	24	230,291	129,717
Borrowings	28	530,958	887,228
Lease liabilities	29	4,340,844	3,905,769
Tax payables		3,336	21,873
		10,278,023	9,203,924
Net current liabilities		(8,509,066)	(6,754,176)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position (cont'd)

As at 31 December 2022

	Note	Group	
		2022 RM'000	2021 RM'000
Non-current liabilities			
Other payables	26	280,801	292,691
Aircraft maintenance provisions and liabilities	27	5,538,224	4,860,637
Deferred tax liabilities	17	154,905	169,477
Borrowings	28	2,405,756	1,422,661
Lease liabilities	29	10,717,036	10,389,525
Derivative financial instruments	20	-	32,785
Provision for retirement benefits	30	69,742	81,084
		19,166,464	17,248,860
		(9,516,958)	(6,422,903)
Capital and reserves			
Share capital	31	8,654,977	8,457,172
Merger deficit	33	(5,507,594)	(5,507,594)
Foreign exchange reserve		(153,308)	(118,439)
Accumulated losses		(8,923,188)	(6,374,760)
Reserves	34(b)	204,020	161,321
Total shareholders' deficit		(5,725,093)	(3,382,300)
Non-controlling interests	12	(3,791,865)	(3,040,603)
Total deficit		(9,516,958)	(6,422,903)

	Note	Company	
		2022 RM'000	2021 RM'000
Non-current assets			
Investment in subsidiaries	12	8,558,045	8,544,641
Derivative financial instruments	20	165,397	165,397
		8,723,442	8,710,038
Current assets			
Receivables and prepayments	18	304	80
Amount due from subsidiaries	22	1,454,450	1,091,879
Amounts due from associates	23	10,722	10,260
Amounts due from related parties	24	1,373	1,150
Tax recoverable		150	150
Deposits, cash and bank balances	25	1,255	561,887
		1,468,254	1,665,406
Less: Current liabilities			
Trade and other payables	26	2,943	7,666
Amounts due to subsidiaries	22	18,508	213,099
Amounts due to related parties	24	202	-
		21,653	220,765
Net current assets		1,446,601	1,444,641
Non-current liabilities			
Deferred tax liabilities	17	32,892	32,892
Borrowings	28	655,499	822,437
		688,391	855,329
		9,481,652	9,299,350
Capital and reserves			
Share capital	31	8,654,977	8,457,172
Retained earnings	34(a)	571,029	569,038
Reserves	34(b)	255,646	273,140
Total equity		9,481,652	9,299,350

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2022

	Attributable to owners of the Company										Total equity RM'000
	Non-distributable					Distributable					
	Number of shares '000	Share capital RM'000 (Note 31)	Merger deficit RM'000 (Note 35)	Foreign exchange reserve RM'000	Share option reserves RM'000 (Note 34(b))	RCUIDS reserves RM'000 (Note 34(b))	Warrants reserves RM'000 (Note 34(b))	Other reserves RM'000 (Note 34(b))	Accumulated losses RM'000	Total RM'000	Non-controlling interests RM'000
At 1 January 2022	3,898,053	8,457,172 (5,507,594)	(118,439)	5,968 (111,743)	154,360 (8,917)	112,736 (2,626,381)	(6,374,760)	(3,382,300)	(3,040,603)	(6,422,903)	
Net loss for the financial year	-	-	-	-	-	-	-	-	(2,626,381)	(677,788)	(3,304,169)
Other comprehensive loss	-	-	-	(34,869)	-	-	-	(8,917)	-	(43,786)	(43,786)
Total comprehensive loss	-	-	-	(34,869)	-	-	-	(8,917)	(2,626,381)	(677,788)	(3,347,955)
Issuance of shares	263,740	197,805	-	-	-	-	-	-	-	197,805	197,805
Conversion of RCUIDS into ordinary share	-	-	-	-	(27,529)	-	-	-	-	(27,529)	(27,529)
Dilution of interest in subsidiaries	-	-	-	-	-	-	-	77,953	-	77,953	(73,474)
Share of other comprehensive income of an associate	-	-	-	-	-	-	-	68,499	-	68,499	68,499
Share-based payments	-	-	-	-	10,646	-	-	-	-	10,646	10,646
At 31 December 2022	4,161,793	8,654,977 (5,507,594)	(153,308)	16,614 (111,743)	126,831 (8,923,188)	112,736 (5,725,093)	(52,161)	(8,923,188)	(5,725,093)	(3,791,865)	(9,516,958)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	Attributable to owners of the Company										Total equity RM'000	
	Non-distributable					Distributable						
	Number of shares '000	Share capital RM'000 (Note 31)	Merger deficit RM'000 (Note 33)	Foreign exchange reserve RM'000	Share option reserves RM'000 (Note 34(b))	RCUIDS reserves RM'000 (Note 34(b))	Warrants reserves RM'000 (Note 34(b))	Other reserves RM'000 (Note 34(b))	Accumulated losses RM'000	Total RM'000	Non-controlling interests RM'000	
At 1 January 2021	3,341,974	8,023,268 (5,507,594)	(57,378)	-	-	-	-	(225,368)	(3,447,215)	(1,214,287)	(2,355,507)	(3,569,794)
Net loss for the financial year	-	-	-	-	-	-	-	-	(2,991,075)	(729,700)	(3,720,775)	
Other comprehensive (loss)/income	-	-	-	(61,061)	-	-	-	140,838	-	79,777	16,752	96,529
Total comprehensive (loss)/income	-	-	-	(61,061)	-	-	-	140,838	(2,991,075)	(712,948)	(3,624,246)	
Issuance of shares	556,079	433,904	-	-	-	-	-	-	-	433,904	-	433,904
Issuance of RCUIDS	-	-	-	-	154,360	112,736	-	-	-	267,096	-	267,096
Dilution of interest in subsidiaries	-	-	-	-	-	-	-	-	-	145,008	22,199	167,207
Acquisition of non-controlling interest in a subsidiary	-	-	-	-	-	-	-	-	(108,691)	(108,691)	5,653	(103,038)
Transfer of fair value reserve of disposed investment securities to retained earnings	-	-	-	-	-	-	-	(27,213)	27,213	-	-	-
Share-based payments	-	-	-	-	5,968	-	-	-	-	5,968	-	5,968
At 31 December 2021	3,898,053	8,457,172 (5,507,594)	(118,439)	5,968 (111,743)	154,360 (8,923,188)	112,736 (5,725,093)	(111,743)	(6,374,760)	(3,382,300)	(3,040,603)	(6,422,903)	

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Changes in Equity

For the financial year ended 31 December 2022

	Non-distributable			Distributable			Total equity RM'000
	Number of shares '000	Share capital RM'000 (Note 31)	Share option reserves RM'000 (Note 34(b))	RCUIDS reserves RM'000 (Note 34(b))	Warrants reserves RM'000 (Note 34(b))	Fair value reserve RM'000 (Note 34(b))	
At 1 January 2022	3,898,053	8,457,172	6,044	154,360	112,736	-	9,299,350
Total comprehensive income	-	-	-	-	-	-	1,991
Issuance of shares	263,740	197,805	-	-	-	-	197,805
Conversion of RCUIDS into ordinary share	-	-	-	(27,529)	-	-	(27,529)
Share-based payments	-	-	10,035	-	-	-	10,035
At 31 December 2022	4,161,793	8,654,977	16,079	126,831	112,736	-	9,481,652
At 1 January 2021	3,341,974	8,023,268	-	-	-	(81,901)	8,546,890
Net loss for the financial year	-	-	-	-	-	-	(63,698)
Other comprehensive income	-	-	-	-	-	109,114	109,114
Total comprehensive income/(loss)	-	-	-	-	-	109,114	45,416
Transfer of fair value reserve of disposed investment securities to retained earnings	-	-	-	-	-	(27,213)	27,213
Issuance of shares	556,079	433,904	-	-	-	-	433,904
Issuance of RCUIDS	-	-	-	154,360	112,736	-	267,096
Share-based payments	-	-	6,044	-	-	-	6,044
At 31 December 2021	3,898,053	8,457,172	6,044	154,360	112,736	-	9,299,350

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Cash Flows

For the financial year ended 31 December 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash flows from operating activities					
Loss before taxation		(3,303,658)	(3,575,036)	1,991	(63,848)
Adjustments for:					
Property, plant and equipment					
- Depreciation	11	132,042	164,685	-	-
- Gain on disposals	4(b)	(7,339)	(32,921)	-	-
- Write off	11	140	313	-	-
- Impairment	11	(17,185)	-	-	-
Right-of-use assets					
- Depreciation	29	1,309,533	1,655,887	-	-
- Adjustment	29	11,469	-	-	-
Loss on recognition of finance lease receivables	29	-	41,187	-	-
Amortisation of intangible assets	16	7,618	975	-	-
Fair value changes in investment securities	15	37,624	-	-	-
Impairment/(reversal of impairment) on					
- trade and other receivables	6	83,654	3,081	-	-
- amounts due from associates	6	-	(4,898)	-	(269)
- amounts due from related parties	6	-	14,293	-	637
- right-of-use assets	6	(552,290)	-	-	-
- finance lease receivables	29	(98,923)	2,856	-	-
- intangible assets	16	82,720	5,094	-	-
Share-based payments	32	10,646	5,968	221	38
Share of results of					
- joint ventures		658	453	-	-
- associates		344,735	44,774	-	-
Provision/(reversal) for retirement benefits		4,653	(3,429)	-	-
Aircraft maintenance provisions	27	300,849	237,397	-	-
Net fair value gain on derivatives	8(d)	-	(31,377)	-	-
Gain on termination of hedging contract	8(d)	(45,021)	-	-	-
Operating loss carried forward		(1,698,075)	(1,470,698)	2,212	(63,442)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows (cont'd)

For the financial year ended 31 December 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash flows from operating activities (cont'd.)					
Operating loss brought forward		(1,698,075)	(1,470,698)	2,212	(63,442)
Net unrealised foreign exchange loss/(gain)	8(c)	545,316	49,996	(56,783)	7,184
Interest expense	8(b)	299,770	179,763	61,881	1
Interest expense - Lease liabilities	8(b)	705,152	500,044	-	-
Interest income	8(a)	(22,241)	(19,171)	(84,396)	(40)
Interest income - Finance lease receivables	8(a)	(18,064)	(16,143)	-	-
		(188,142)	(776,209)	(77,086)	(56,297)
Changes in working capital:					
Inventories		(50,859)	(12,179)	-	-
Receivables and prepayments		(738,963)	11,352	3,789	(21)
Payables and provisions		261,126	(154,047)	(4,944)	471
Sales in advance		497,501	(2,897)	-	-
Amounts due from/to subsidiaries, associates, joint venture and related parties		215,139	356,595	(416,920)	(908,788)
Cash generated from/(used in) operations		(4,198)	(577,385)	(495,161)	(964,635)
Interest paid		(233,082)	(93,917)	-	-
Interest received		2,053	1,456	-	-
Taxes paid		(35,898)	(4,580)	-	(1,627)
Retirement benefits paid		(11,017)	(3,273)	-	-
Net cash (used in)/generated from operating activities		(282,142)	(677,699)	(495,161)	(966,262)
Cash flows from investing activities					
Property, plant and equipment					
- Additions		(89,333)	(47,804)	-	-
- Proceeds from disposals		7,765	81,209	-	-
Addition in right-of-use asset		(1,357)	-	-	-
Addition in intangible assets	16	-	(2,327)	-	-
Net cash from investing activities carried forward		(82,925)	31,078	-	-
Proceeds from disposal of:					
- a subsidiary	12	-	-	4,410	-
- an investment security	15	83,040	239,979	-	239,979
- a derivative		12,236	-	-	-

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash flows from investing activities (cont'd.)					
Net changes:					
- Deposits pledged as securities and restricted cash		(11,318)	(11,440)	-	-
- Deposits with licensed banks with maturity period of more than 3 months		(43,087)	(9)	-	-
- Investment securities		-	49,587	-	-
Acquisition of:					
- subsidiaries net of cash acquired	12	-	(22,598)	-	-
Additional subscription of shares in					
- subsidiaries	12	-	-	(8,000)	(322)
- an associate	14	(177,280)	-	-	-
- other investment	15	(4,410)	-	-	-
Receipt of finance lease receivables		13,283	102,440	-	-
Net cash (used in)/generated from investing activities		(210,461)	389,037	(3,590)	239,657
Cash flows from financing activities					
Proceeds from issuance of shares		-	336,464	-	336,464
Proceeds from issuance of RCUIDS		-	974,513	-	974,513
Proceeds from borrowings		1,167,698	771,334	-	-
Repayment of borrowings		(309,485)	(565,102)	(61,881)	-
Payment of lease liabilities		(1,171,914)	(423,777)	-	-
Transaction costs on issuance of shares and RCUIDS		-	(23,084)	-	(23,084)
Net cash (used in)/generated from financing activities		(313,701)	1,070,348	(61,881)	1,287,893
Net (decrease)/increase for the financial year		(806,304)	781,686	(560,632)	561,288
Currency translation differences		(34,869)	(69,660)	-	(260)
Cash and cash equivalents at beginning of the financial year		1,177,931	465,905	561,887	859
Cash and cash equivalents at end of the financial year		336,758	1,177,931	1,255	561,887

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows (cont'd)

For the financial year ended 31 December 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash and cash equivalents at end of the financial year		336,758	1,177,931	1,255	561,887
Add:					
Deposits pledged as securities and restricted cash		120,832	77,745	-	-
Deposits with licensed banks with maturity period of more than 3 months		12,395	1,077	-	-
Deposits, cash and bank balances at the end of the financial year	25	469,985	1,256,753	1,255	561,887

The deposits and restricted cash amounting to RM120.8 million (2021: RM77.7 million) are pledged as securities for banking facilities granted to the Group.

Notes to the Financial Statements

For the financial year ended 31 December 2022

1. GENERAL INFORMATION

Capital A Berhad ("CAB" or "the Company") is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Bursa Malaysia Securities Berhad.

The address of the registered office and the principal place of business of the Company is as follows:

RedQ,
Jalan Pekeliling 5,
Lapangan Terbang Antarabangsa Kuala Lumpur,
64000 KLIA,
Selangor Darul Ehsan,
Malaysia.

The principal activity of the Company is that of investment holding company. The principal activities of the subsidiaries are described in Note 12. There were no significant changes in the nature of these activities during the financial year.

On 27 January 2022, the shareholders of the Company approved the change of name from AirAsia Group Berhad to Capital A Berhad.

The financial statements were authorised for issue by the board of directors in accordance with resolution of the directors on 28 April 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, except as disclosed in the accounting policies below. The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

The Group and the Company reported loss for the year of RM3,304 million and profit for the year of RM2 million respectively for the financial year ended 31 December 2022, as well as net operating cash outflow of RM282 million and RM495 million respectively. As at 31 December 2022, the Group's current liabilities exceeded the current assets by RM8,509 million. In addition, as at 31 December 2022, the Group reported negative shareholders' funds of RM5,725 million.

These conditions may affect the ability of the Group to meet its financial obligations as and when they fall due. The Group has undertaken several actions to mitigate this risk as disclosed in Note 41.

This is based on the Directors' cash flow projections with major assumptions being the Directors' expectations of the recovery in passenger numbers arising from the resumption of domestic and international travel, the volatility of major operating costs and the continuous support of the Group's aircraft lessors. Whilst the successful renegotiation of terms with major lessors, as further disclosed in Note 41, have significantly improved the cost and cash flow management of the Group, the Group requires the continuous support from its lessors to allow flexibility in terms of payments of lease rentals until such time the Group reaches a tenable level of operations. To this end, the lessors have been very supportive of the Group since the onset of the COVID-19 pandemic. The Directors believe that the Group will continue to receive support from its lessors.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.1 Basis of preparation (cont'd.)

Based on the cash flow forecast which incorporates the actions taken to date in response to the negative effects of COVID-19 and the expectations of continuous support from the aircraft lessors, the Directors concluded that there is no material uncertainty on the Group's and the Company's ability to continue as going concerns. The Directors have accordingly prepared the financial statements of the Group and the Company on a going concern basis.

2.2 Standards, amendments to published standards and interpretations that are effective

The Group and the Company have applied the following amendments for the first time for the financial year beginning on 1 January 2022:

Amendments to MFRS 116: Property, Plant and Equipment:

- Property, Plant and Equipment - Proceeds before intended use

Amendments to MFRS 137: Onerous Contracts

- Cost of Fulfilling a Contract

Annual Improvements to MFRS Standards 2018-2020

- Amendments to MFRS 1: First-time Adoption of International Financial Reporting Standards
 - Subsidiary of a First-time Adopter
- Amendments to MFRS 9: Financial Instruments
 - Fees in the '10 Percent' Test for Derecognition of Financial Liabilities
- Amendments to MFRS 141: Agriculture
 - Taxation in Fair Value Measurements

Amendments to MFRS 3 Business Combinations: Reference to the Conceptual Framework

Amendments to MFRS 137: Onerous Contracts

- Costs of Fulfilling a Contract

Amendment to MFRS 16: Covid-19-Related Rent Concessions Beyond 30 June 2022 (effective 1 April 2022)

The application of these amended MFRSs has had no impact on the disclosures and the amounts recognised in the financial statements of the Group and of the Company.

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and of the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendment to MFRS 17 Insurance Contracts: Initial Application of MFRS 17 and MFRS 9—Comparative Information	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Standards issued but not yet effective (cont'd.)

Description	Effective for annual periods beginning on or after
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 16: Lease liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Non-current liabilities with Covenants	1 January 2024
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application.

2.4 Basis of consolidation

2.4.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Basis of consolidation (cont'd.)

2.4.1 Subsidiaries (cont'd.)

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Where necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between:

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest, and
- (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the cost on initial recognition of the investment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Basis of consolidation (cont'd.)

2.4.2 Transactions with non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with non-controlling interests are accounted for using the entity concept method. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

2.4.3 Joint arrangements

A joint arrangement is an arrangement of which there is contractually agreed sharing of control by the Group with one or more parties, where decisions about the relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

The Group's interest in a joint venture is accounted for in the financial statements using the equity method of accounting. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of profits equals the share of losses not recognised. Where an entity loses joint control over a joint venture but retains significant influence, the Group does not remeasure its continued ownership interest at fair value.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.4.4 Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted using the equity method of accounting together with any long-term interests that, in substance, form part of the Group's net investment in the associate. In this regard, a receivable for which settlement is neither planned nor likely to occur in the foreseeable future is, in substance, an extension of the Group's investment in that associate.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Basis of consolidation (cont'd.)

2.4.4 Associates (cont'd.)

This does not include receivables for which adequate collateral exists. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of profits equals the share of losses not recognised.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of results of associates' in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in profit or loss.

2.4.5 Reverse acquisition of an asset or a group of assets that does not constitute a business

At the time of reverse acquisition, the Group considers whether each reverse acquisition represents the reverse acquisition of a business or the reverse acquisition of an asset. Where the assets acquired and liabilities assumed do not constitute a business as defined under MFRS 3, the transaction is accounted as an asset acquisition.

In such cases, the Group identifies and recognises the individual identifiable assets acquired (including intangible assets) and liabilities assumed. The cost of acquisition is allocated to the individual identifiable assets and liabilities based upon their relative fair value at the date of purchase, and no goodwill or deferred tax is recognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Basis of consolidation (cont'd.)

2.4.5 Reverse acquisition of an asset or a group of assets that does not constitute a business (cont'd.)

The legal subsidiary is regarded as the accounting acquirer while the legal parent is regarded as the accounting acquiree. The accounting acquirer is deemed to have issued equity shares as purchase consideration for the assets and liabilities of the accounting acquiree using the accounting principles of MFRS 2. The fair value of issued equity shares is determined based on the market value of the accounting acquiree which is represented by the quoted and trade price of its shares right before the reverse acquisition. The difference between the purchase consideration and the fair value of identifiable assets acquired and liabilities assumed will be recognised in the income statement as acquisition cost arising from the reverse acquisition.

2.4.6 Internal reorganisation

Acquisition of entities under an internal reorganisation scheme does not result in any change in economic substance. Accordingly, the consolidated financial statements of the Company is a continuation of the acquired entities and is accounted for as follows:

- (a) The results of entities are presented as if the internal reorganisation occurred from the beginning of the earliest period presented in the financial statements;
- (b) The Company will consolidate the assets and liabilities of the acquired entities at their pre-combination carrying amounts. No adjustments are made to reflect fair values, or recognise any new assets or liabilities, at the date of the internal reorganisation that would otherwise be done under the acquisition method; and
- (c) No new goodwill is recognised as a result of the internal reorganisation. The only goodwill that is recognised is the existing goodwill relating to the combining entities. Any difference between the consideration paid/transferred and the equity acquired is reflected within equity as merger reserve or deficit.

2.5 Property, plant and equipment

Property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Costs also include borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (refer to accounting policy Note 2.20 on borrowing costs).

Where significant parts of an item of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts in the carrying amount of the property, plant and equipment as a replacement when it is probable that future economic benefits associated with the parts will flow to the Group and the cost of the parts can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Freehold land is not depreciated. Significant parts of other item of property, plant and equipment are depreciated separately over their estimated useful lives in accordance with the principle in MFRS 116 'Property, Plant and Equipment'. Depreciation is calculated using the straight-line method to write-off the cost of the assets to their residual values over their estimated useful lives.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Property, plant and equipment (cont'd.)

Aircraft		
- engines, airframes and spare engines excluding service potential		25 years
- service potential of engines		8 years
- service potential of airframes		13 years
- service potential of spare engines		11 years
Aircraft spares		10 years
Aircraft fixtures and fittings	Useful life of aircraft or remaining lease term of aircraft, whichever is shorter	
Buildings		28.75 years
Motor vehicles		5 years
Office equipment, furniture and fittings		5 years
Office renovation		5 years
Simulator equipment		25 years
Operating plant and ground equipment		5 years
In-flight equipment		5 years
Training equipment		5 years

Service potential of 8 years represents the period over which the expected cost of the first major aircraft engine overhaul is depreciated. Subsequent to the engine overhaul, the actual cost incurred is capitalised and depreciated over the subsequent 8 years.

Service potential of 13 years for airframes represents the period over which the expected cost of the first major airframe check is depreciated. Subsequent to the airframe check, the actual cost incurred is capitalised and depreciated over the subsequent 13 years.

Assets not yet in operation are stated at cost and are not depreciated until the assets are ready for their intended use. Useful lives of assets are reviewed and adjusted if appropriate, at the balance sheet date.

Residual values, where applicable, are reviewed annually against prevailing market rates at the balance sheet date for equivalent aged assets and depreciation rates are adjusted accordingly on a prospective basis. For the current financial year ended 31 December 2022, the estimated residual value for aircraft airframes and engines excluding service potential is 10% of their cost (2021: 10% of their cost).

An element of the cost of an acquired aircraft is attributed on acquisition to its service potential, reflecting the maintenance condition of its engines and airframes. This cost, which can equate to a substantial element of the total aircraft cost, is amortised over the shorter of the period to the next checks or the remaining life of the aircraft.

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such an indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 2.8 on impairment of non-financial assets.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Property, plant and equipment (cont'd.)

Deposits on aircraft purchase are recognised as deposits and subsequently included as part of the cost of the aircraft and are depreciated from the date that aircraft is ready for its intended use.

2.6 Intangible assets

2.6.1 Goodwill

Goodwill arises from a business combination and represents the excess of the aggregate of fair value of consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed on the acquisition date. If the fair value of consideration transferred, the amount of non-controlling interest and the fair value of previously held interest in the acquiree are less than the fair value of the net identifiable assets of the acquiree, the resulting gain is recognised in profit or loss.

Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at operating segment level.

The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2.6.2 Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.6 Intangible assets (cont'd.)

2.6.2 Other intangible assets (cont'd.)

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(i) Research and development - internally developed software

Research expenditure is recognised as an expense when incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and,
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in subsequent period.

Capitalised development costs recognised as intangible assets are amortised from the point at which the asset is ready for use on a straight-line basis over its useful life which is between 3 - 7 years.

(ii) Landing rights

Landing rights relate to traffic rights and landing slots for destinations operated by the Group's airline operating centres and are recorded at cost less any accumulated impairment losses. Landing rights are allocated to CGUs and are not amortised as they are considered to have an indefinite useful life and are tested annually for impairment.

2.7 Investments in subsidiaries, joint venture and associates

In the Company's separate financial statements, investments in subsidiaries is stated at cost less accumulated impairment losses.

Amounts due from associates of which the Company does not expect repayment in the foreseeable future are treated as part of the parent's net investment in associates. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount (see Note 2.8). On disposal of investments in subsidiaries, joint venture and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually, or as and when events or circumstances occur indicating that an impairment may exist. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal at each reporting date.

Any impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

2.9 Maintenance and overhaul

Owned aircraft

The accounting for the cost of providing major airframe and certain engine maintenance checks for owned aircraft is described in accounting policy Note 2.5 on property, plant and equipment.

Leased aircraft

Where the Group has a commitment to maintain aircraft held under operating leases, provision is made during the lease term for the rectification obligations contained within the lease agreements. The provisions are based on estimated future costs of major maintenance checks and one-off costs incurred at the end of the lease by making appropriate charges to the income statement calculated by reference to the number of hours or cycles operated during the financial year.

2.10 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and ROU assets representing the right to use the underlying assets.

i) ROU assets

The Group recognises ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. ROU assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.10 Leases (cont'd.)

Group as a lessee (cont'd.)

i) ROU assets (cont'd.)

Aircraft and spare engines	2 - 19 years
Land and building	2 - 20 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The ROU assets are also subject to impairment. Refer to the accounting policies in Note 2.8 impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. Lease modifications that are not accounted for as separate leases are accounted as adjustments to the carrying value of the lease liability with a corresponding impact to the related right-of-use asset.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.10 Leases (cont'd.)

Group as a lessor

As a lessor, the Group determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee.

i) Finance leases

The Group classifies a lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group derecognises the underlying asset and recognises a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from lessee and the unguaranteed residual value of the underlying asset. Initial direct costs are also included in the initial measurement of the net investment. The net investments is subject to MFRS 9 'Financial Instruments' (refer to Note 2.12.4) on impairment of financial assets. In addition, the Group reviews regularly the estimated unguaranteed residual value.

Lease income is recognised over the term of the lease using the net investment method so as to reflect a constant periodic rate of return. The Group revises the lease income allocation if there is a reduction in the estimated unguaranteed residual value.

ii) Operating leases

The Group classifies a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group recognises lease payments received under operating lease as lease income on a straight-line basis over the lease term.

iii) Sublease classification

When the Group is an intermediate lessor, it assesses the lease classification of a sublease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset. If a head lease is short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

The Group as an intermediate lessor accounts for the sublease as follows:

- If the sublease is classified as an operating lease, the original lessee continues to account for the lease liability and ROU asset on the head lease.
- If the sublease is classified as a finance lease, the original lessee derecognises the ROU asset on the head lease at the sublease commencement date and continues to account for the original lease liability. The original lessee, as the sublessor, recognises a net investment in the sublease and evaluates it for impairment.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.10 Leases (cont'd.)

Sale and leaseback transactions

Sale and leaseback transactions are tested under MFRS 15 Revenue from Contracts with Customers at the date of the transaction to assess whether the transaction qualifies as a sale. If the transfer of the asset is a sale, the seller-lessee will:

- Derecognise the underlying asset; and
- Recognise the gain or loss, if any, that relates to the rights transferred to the buyer-lessor and adjusted for off-market terms.

If the transaction does not qualify as sale under MFRS 15, a financial liability equal to the sale value is recognised in the financial statements.

2.11 Inventories

Inventories which comprise consumables used internally for repairs and maintenance are stated at the lower of cost and net realisable value.

Cost is determined on the weighted average basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price in the ordinary course of business, less all applicable variable selling expenses. In arriving at net realisable value, due allowance is made for all damaged, obsolete and slow-moving items.

2.12 Financial assets

2.12.1 Classification

The Group and the Company classify their financial assets in the following categories; fair value through profit or loss, fair value through other comprehensive income and amortised cost.

Financial assets at fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described below are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument (see Note 2.15)). On initial recognition, the Group and the Company may irrevocably designate a financial asset which may otherwise have met requirements of amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.12 Financial assets (cont'd.)

2.12.1 Classification (cont'd.)

The Group and the Company classify their financial assets in the following categories; fair value through profit or loss, fair value through other comprehensive income and amortised cost. (cont'd.)

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are equity securities which are not held for trading but more for strategic investments or debt securities where contractual cash flows are solely principal and interest and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets. The classification as financial assets at fair value through other comprehensive income is an irrevocable election made on initial recognition.

Amortised costs

Financial assets classified as amortised costs are assets with contractual cash flows and contractual terms to give rise to the cashflows that are solely payments of principal and interest on principal outstanding. They were included in current assets, except for maturities greater than 12 months after the end of the reporting period. These were classified as non-current assets. The Group's financial assets at amortised costs comprise 'receivables', 'amounts due from associates and related parties', 'deposits on aircraft purchase' and 'deposits, cash and bank balances' in the statements of financial position.

2.12.2 Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company become a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

2.12.3 Subsequent measurement - gains and losses

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets.

(i) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised costs using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.12 Financial assets (cont'd.)

2.12.3 Subsequent measurement - gains and losses (cont'd.)

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets. (cont'd.)

(ii) Fair value through other comprehensive income

(a) Debt instruments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt instruments, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The debt instrument is not designated as at fair value through profit or loss. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

(b) Equity investment

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment by investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

(iii) Fair value through profit or loss

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains and losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (Note 2.12.4).

2.12.4 Subsequent measurement - impairment of financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.12 Financial assets (cont'd.)

2.12.4 Subsequent measurement - impairment of financial assets (cont'd.)

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balances and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12 month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12 month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

2.13 Financial liabilities

2.13.1 Classification and measurement

The Group classifies its financial liabilities in the following category: other financial liabilities. Management determines the classification of financial liabilities at initial recognition.

The Group does not hold any financial liabilities carried at fair value through profit or loss (except for derivative financial instruments). See accounting policy Note 2.15 on derivative financial instruments and hedging activities.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.13 Financial liabilities (cont'd.)

2.13.1 Classification and measurement (cont'd.)

Other financial liabilities are non-derivative financial liabilities. Other financial liabilities are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial liability and subsequently carried at amortised cost using the effective interest method. Changes in the carrying value of these liabilities are recognised in the income statements.

The Group's other financial liabilities comprise payables (including intercompanies and related parties' balances), borrowings and lease liabilities in the statement of financial position. Financial liabilities are classified as current liabilities; except for maturities greater than 12 months after the reporting date, in which case they are classified as non-current liabilities.

Financial liabilities are derecognised when the liability is either discharged, cancelled, expired or has been restructured with substantially different terms.

2.13.2 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

2.14 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.15 Derivatives and hedge accounting

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as held for trading and accounted for in accordance with the accounting policy set out in Note 2.12. The Group designates certain derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.15 Derivatives and hedge accounting (cont'd.)

- (a) There is 'an economic relationship' between the hedged item and the hedging instrument.
- (b) The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- (c) The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Designation of a risk component of a hedged item is permitted when it is a separable identifiable component of the item, and the changes in the cash flows or the fair value of the item attributable to changes in the risk component is reliably measured.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 20. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within 'net fair value gains on derivatives' (Note 8(d)).

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss and presented separately after net operating profit.

When the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or property, plant and equipment), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory, or in depreciation in the case of property, plant and equipment.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within 'net fair value losses on derivatives' (Note 8(d)).

2.16 Cash and cash equivalents

For the purpose of the statements of cash flow, cash and cash equivalents comprise cash on hand, bank balances, demand deposits and other short term, highly liquid investments with original maturities of three months or less, less bank overdrafts. Deposits held as pledged securities for banking facilities granted to the Group are not included as cash and cash equivalents.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.17 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the Group and the Company expect a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense in profit or loss.

Contingent liabilities are not recognised in the consolidated statement of financial position but are disclosed in the notes to consolidated financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised but disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable. If it is virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the consolidated financial statements.

2.18 Share capital

2.18.1 Classification

Ordinary shares with discretionary dividends are classified as equity.

2.18.2 Share issue costs

Incremental external costs directly attributable to the issuance of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.18.3 Dividends distribution

Distributions to holders of an equity instrument is debited directly to equity, net of any related income tax benefit and the corresponding liability is recognised in the period in which the dividends are approved.

2.19 Redeemable Convertible Unsecured Islamic Debt Securities

Redeemable convertible unsecured Islamic debt securities ("RCUIDS") issued by the Company are separated into liability and equity components.

On issuance of the RCUIDS, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. The amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the RCUIDS, based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.20 Borrowings and borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Interest, dividends, losses and gains relating to a financial instrument, or a component part, classified as a liability is reported within finance cost in the income statements.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

2.21 Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries, joint ventures and associates operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.21 Current and deferred income tax (cont'd.)

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits including unused investment tax allowance can be utilised.

Deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, joint ventures or associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates and joint ventures. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference, a deferred tax liability is not recognised.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.22 Employee benefits

2.22.1 Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the financial year in which the associated services are rendered by the employees of the Group.

2.22.2 Defined contribution retirement plan

The Group's contributions to the Employees' Provident Fund are charged to income statement in the financial year to which they relate. Once the contributions have been paid, the Group has no further obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.22.3 Defined benefit plan

The Group operates defined benefit pension plans in Indonesia and Philippines, which require contributions to be made to separately administered funds. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment; and
- The date that the Group recognises related restructuring costs

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.22 Employee benefits (cont'd.)

2.22.3 Defined benefit plan (cont'd.)

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under 'staff costs' in the income statements:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

2.22.4 Share-based payments

Employees of the Company and certain subsidiary companies of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the share options at the date of grant. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserves over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's and the Group's best estimate of the number of share options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of the period.

No expense is recognised for share options that do not ultimately vest because market performance and/or service conditions have not been met. The proceeds received net of any directly attributable transaction costs and the employee share option reserve relating to the vested options are transferred to share capital when the share options are exercised.

2.23 Revenue and other income

Revenue is measured based on the consideration specified in a contract with a customer and exclude amounts collected on behalf of third parties. The Group recognises revenue when or as it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

An entity transfers control of a good or service over time and, therefore satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- (a) The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;
- (b) The entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time in accordance with MFRS 15, an entity satisfies the performance at a point in time.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.23 Revenue and other income (cont'd.)

2.23.1 Passenger revenue

Passenger revenue relates to scheduled passenger flight and charter flight income and is recorded net of discounts and includes the related ancillary revenue (including airport and insurance surcharges, administrative fees, baggage fee, assigned seat, cancellation, documentation and other fees, and on-board sale of meals and merchandise). The Group initially recognises all ticket sales as 'sales in advance' which is presented as current liabilities in line with the initial application of MFRS 15. Passenger revenue is recorded when the air transportation service is provided (i.e. recognised at a point in time).

2.23.2 Aircraft operating leases

Revenue from aircraft operating leases is recorded on a straight-line basis over the term of the lease.

2.23.3 Freight services

Freight revenue is a distinct performance obligation and recognised upon the completion of services rendered net of discounts.

2.23.4 Rental income and brand license

Rental income and brand license fees are recognised on an accrual basis.

2.23.5 Interest income

Interest income is recognised using the effective interest method.

2.23.6 Sale of loyalty points

The Group operates a frequent flyer programme where members accumulate points for purchases made which entitle them to discounts on future purchases. Revenue from the award points is recognised as deferred revenue (included in trade and other payables) upon issuing the points, and recognised upon redemption of loyalty points by members. The amount of revenue recognised is computed based on the number of points redeemed and the redemption value of each point which is calculated on a weighted average basis. Award points issued before 1 June 2019 will expire by 36 months upon date of issuance and points issued after 1 June 2019 will expire 24 months upon date of issuance. Revenue associated with the sale of points to merchant partners under the customer loyalty programme is recognised when the obligation is completed.

Included in trade and other payables is the deferred breakage. Breakage represents the estimated loyalty points that are not expected to be redeemed by members. The amount of revenue recognised related to deferred breakage is based on the number of loyalty points redeemed in a period in relation to the total number expected to be redeemed, which factors in the Group estimate for the breakage. Breakage is estimated by management based on the terms and conditions of membership and historical accumulation and redemption patterns, as adjusted for changes to any terms and conditions that may affect members' redemption practices.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.24 Foreign currencies

2.24.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

2.24.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses arising from operations, borrowings (after effects of effective hedges) and amount due from associates and joint ventures are presented in aggregate after net operating profit in the income statements.

Changes in the fair value of monetary securities denominated in foreign currency classified as investment securities are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as investment securities, are included in other comprehensive income.

2.24.3 Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.24 Foreign currencies (cont'd.)

2.24.3 Group companies (cont'd.)

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences relating to that foreign operation recognised in other comprehensive income and accumulated in the separate component of equity are reclassified to profit or loss as part of the gain or loss on disposal. In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2.25 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.26 Contingent assets and liabilities

The Group does not recognise contingent assets and liabilities other than those arising from business combinations, but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts. A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

The Group recognises separately the contingent liabilities of the acquirees as part of allocating the cost of a business combination where their fair values can be measured reliably. Where the fair values cannot be measured reliably, the resulting effect will be reflected in the goodwill arising from the acquisitions.

Subsequent to the initial recognition, the Group measures the contingent liabilities that are recognised separately at the date of acquisition at the higher of the amount that would be recognised in accordance with the provisions of MFRS 137 'Provisions, Contingent Liabilities and Contingent Assets' and the amount initially recognised less, when appropriate, cumulative amortisation recognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.27 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

2.28 Maintenance reserve funds

Maintenance reserve funds relate to payments made by the lessee for maintenance activities undertaken during the lease period. The Group will reimburse the lessee for agreed maintenance work done as and when incurred. The Group records the amounts received as maintenance reserve funds. At the expiry of the lease term, excess maintenance reserve is recognised in the profit and loss account.

2.29 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- (i) expected to be realised or intended to be sold or consumed in normal operating cycle;
- (ii) held primarily for the purpose of trading;
- (iii) expected to be realised within twelve months after the reporting period; or
- (iv) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- (i) it is expected to be settled in normal operating cycle;
- (ii) it is held primarily for the purpose of trading;
- (iii) it is due to be settled within twelve months after the reporting period; or
- (iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.30 Fair value measurement

The Group measures financial instruments such as derivatives, and non-financial assets, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (i) In the principal market for the asset or liability; or
- (ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.30 Fair value measurement (cont'd.)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- (i) Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- (ii) Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- (iii) Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have a material impact to the Group's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are explained below.

3.1 Impairment assessment of property, plant and equipment and right-of-use assets

The Group is required to assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. This requires an estimation of the value in use of the airline cash generating units.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

3.1 Impairment assessment of property, plant and equipment and right-of-use assets (cont'd.)

There is a high degree of estimation uncertainty inherent in estimating the duration and severity of the economic downturn caused by the COVID-19 pandemic, and the pattern of expected recovery. As a result, the estimates and assumptions used in the cash flow projections which form the basis of the recoverable amounts attributable to the CGUs require significant judgement. These judgements require estimates to be made over areas including those relating to the timing of recovery of the COVID-19 pandemic, future revenues, operating costs, growth rates, projected aircraft usage, aircraft capital expenditure, foreign exchange rates and discount rates.

Further details of the carrying value, the key assumptions applied in the impairment assessment of property, plant and equipment and right-of-use assets are disclosed in Notes 11 and 29.

3.2 Impairment assessment of financial assets

The Group applies the MFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance ("ECL") for all receivables (including intercompanies and related parties' balances).

The Group assesses the credit risk at each reporting date, whether there have been significant increases in credit risk since initial recognition. The impairment allowances for receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates specific to the debtors at the end of each reporting period.

3.3 Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Estimating the future taxable profits involves significant assumptions, especially in respect of regulatory approvals for prospective routes, aircraft delivery, fares, load factor, fuel price, maintenance costs and currency movements. These assumptions have been built based on expected future performance and taxable profits which have been adjusted for non-recurring circumstances and a reasonable growth rate.

Key assumptions and estimates concerning the future used to estimate the future taxable profits have considered the effects of the COVID-19 pandemic as disclosed in Note 41.

3.4 Provision for aircraft maintenance and overhaul costs

The Group operates aircraft which are either owned or held under operating lease arrangement. In respect of the aircraft held under operating lease arrangements, the Group is contractually obligated to maintain the aircraft during the lease period and to redeliver the aircraft to the lessors at the end of the lease term, in certain pre-agreed conditions. Accordingly, the Group estimates the aircraft maintenance costs required to fulfil these obligations at the end of the lease period and recognise a provision for these costs at each reporting date.

A provision by its nature is more uncertain than most other items in the statement of financial position. The estimates of the outcome and financial effects are determined by the judgement of the management, supplemented by experience from similar transactions. Any revision in assumptions and estimations that causes a material effect to the provision would be adjusted prospectively in the financial statements.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

3.5 Impairment assessment of intangible assets

Goodwill, landing rights and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash generating units to which goodwill and landing rights are allocated.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value and the key assumptions applied in the impairment assessment of goodwill and landing rights are given in Note 16.

Key assumptions and estimates concerning the future used to compute the value in use of assets have considered the effects of the COVID-19 pandemic as disclosed in Note 41.

3.6 Impairment assessment of interests in subsidiaries, associates and joint ventures

The Group's and the Company's interests in subsidiaries, associates and joint ventures are tested for impairment by comparing the carrying amounts with the value in use. Estimating the value in use requires the Group and the Company to make an estimate of the expected future cash flows from the operation of the subsidiaries, the associates and the joint ventures, and to apply a suitable discount rate and growth rate in order to calculate the present value of those cash flows.

Key assumptions and estimates concerning the future used to compute the value in use of assets have considered the effects of the COVID-19 pandemic as disclosed in Note 41.

4. REVENUE AND OTHER INCOME

(a) Revenue

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
		Restated*		
Aviation				
- passenger seat sales	4,662,953	655,823	-	-
- other passenger revenue	897,198	252,840	-	-
- other aviation revenue	4,516	2,145	-	-
Logistics and freight services ("Teleport")	469,067	551,231	-	-
Online travel and e-commerce platform ("airasia Super App")	238,577	123,664	-	-
Financial and other related services ("BigPay")	31,975	21,615	-	-
Others	132,782	75,578	-	-
	6,437,068	1,682,896	-	-

Other passenger revenue includes ancillary income such as baggage fees, assigned seats, cancellations, documentation and other fees, and on-board sale of meals and merchandise.

* Amounts generated from aircraft operating lease has been reclassified to other income to match current year classifications. Further information has been disclosed in Note 45.

4. REVENUE AND OTHER INCOME (CONT'D.)

(a) Revenue (cont'd.)

Revenue by reportable geographical segment is as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Malaysia	4,077,726	840,132	-	-
Philippines	835,522	195,957	-	-
Indonesia	1,172,428	212,333	-	-
Others	351,392	434,474	-	-
	6,437,068	1,682,896	-	-

(b) Other income

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
		Restated*		
Gain on disposal of property, plant and equipment	7,339	32,921	-	-
Fees charged to related parties providing commercial air transport services	9,568	-	-	-
Aircraft operating lease income				
- Thai AirAsia Co. Ltd	24,109	124,989		
- Third-parties	39,523	28,301		
Others	73,725	78,783	976	92
	154,264	264,994	976	92

Other income ("others") includes commission income and advertising income.

* Amounts generated from aircraft operating lease has been reclassified to other income to match current year classifications. Further information has been disclosed in Note 45.

5. STAFF COSTS AND DIRECTORS' REMUNERATION

(a) Staff costs

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Salaries, bonus, allowances and other employee benefits	1,108,200	723,878	23,699	31,998
Defined contribution retirement plan	100,915	59,520	2,595	3,811
Defined benefit plan	9,894	6,272	-	-
Share based payments	10,646	5,968	221	38
	1,229,655	795,638	26,515	35,847

Included in staff costs are Executive Directors' remuneration for the Group and the Company as disclosed in the Note 5(b) below.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

5. STAFF COSTS AND DIRECTORS' REMUNERATION (CONT'D.)

(b) Directors' remuneration

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Executive Directors				
- salaries, bonus, allowances and other employee benefits	14,679	29,124	14,679	29,124
- defined contribution plan	1,761	3,495	1,761	3,495
	16,440	32,619	16,440	32,619
Non-Executive Directors				
- fees	1,819	967	1,819	700
	18,259	33,586	18,259	33,319

The remuneration payable to the Directors of the Company is analysed as follows:

	Executive		Non-executive	
	2022	2021	2022	2021
Range of remuneration (RM)				
0 to 50,000	-	-	-	-
150,001 to 200,000	-	-	-	1
200,001 to 250,000	-	-	-	1
250,001 to 300,000	-	-	-	2
301,000 to 350,000	-	-	1	-
400,001 to 450,000	-	-	-	-
450,001 to 500,000	-	-	2	-
500,001 to 550,000	-	-	1	-
4,950,001 to 5,000,000	-	-	-	-
5,400,001 to 5,450,000	-	-	-	-
5,500,001 to 15,550,000	2	-	-	-
15,550,001 to 15,600,000	-	-	-	-
15,700,001 to 15,750,000	-	1	-	-
15,850,001 to 15,900,000	-	-	-	-
16,850,001 to 16,900,000	-	1	-	-
18,950,001 to 19,000,000	-	-	-	-
19,350,001 to 19,400,000	-	-	-	-

5. STAFF COSTS AND DIRECTORS' REMUNERATION (CONT'D.)

(c) Key Management Personnel

Key management personnel are categorised as senior management officers of the Group and the Company.

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Salaries, bonus, allowances and other employee benefits	21,398	34,376	21,398	29,124
Defined contribution plan	2,144	4,036	2,144	3,495
	23,542	38,412	23,542	32,619

Included in the key management compensation is Executive Directors' remuneration for the financial year 2022 (2021: 2 Executive Directors') which is approved by the Nomination and Remuneration Committee.

6. OTHER OPERATING EXPENSES

The following items have been charged/(credited) in arriving at other operating expenses:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Impairment losses on:				
- Intangible assets (Note 16)	82,720	5,094	-	-
- Trade and other receivables (Note 18)	83,654	3,081	-	-
- Amount due from associates (Note 23)	-	15	-	-
- Amount due from related parties (Note 24)	-	14,293	-	637
- Finance lease receivables (Note 29)	-	2,856	-	-
Reversal of impairment of:				
- Amount due from associates (Note 23)	-	(4,898)	-	(269)
- Finance lease receivables (Note 29)	(98,923)	-	-	-
- Property, plant and equipment (Note 11)	(17,185)	-	-	-
- Right-of-use assets (Note 29)	(552,290)	-	-	-
Fair value changes in investment in securities (Note 15)	37,624	-	-	-
Rental of buildings	26,994	10,914	79	-
Intangible assets				
- Amortisation expense (Note 16)	7,618	975	-	-
Auditors' remuneration				
- audit fees	3,241	2,648	317	200
- non-audit fees	-	90	-	-
Rental of equipment	928	278	2	-
Advertising costs	68,294	15,928	5	133

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

7. AIRCRAFT FUEL EXPENSES, MAINTENANCE AND OVERHAUL AND USER CHARGES

(a) Aircraft fuel expenses

Aircraft fuel expenses includes fuel used by aircraft and fuel swap gain/loss. In the previous financial year, the Group suffered fuel swap losses of RM30 million.

(b) Maintenance and overhaul

Maintenance and overhaul include maintenance related works on aircraft, the related consumables and aircraft maintenance provision.

(c) User charges

User charges include airport related charges, ground operational charges, aircraft insurance cost and inflight related expenses.

8. FINANCE INCOME/(COSTS), FOREIGN EXCHANGE (LOSSES)/GAINS AND NET FAIR VALUE GAINS ON DERIVATIVES

(a) Finance income

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Interest income from:				
- deposits, cash and bank balances with licensed banks	2,053	1,169	66	24
- amounts due from associates	9,074	12,851	-	-
- finance lease receivables	18,064	16,143	-	-
- amounts due from subsidiaries	-	-	83,942	-
Impact of discounting effect on financial instruments	10,434	4,760	-	-
Others	680	391	388	16
	40,305	35,314	84,396	40

8. FINANCE INCOME/(COSTS), FOREIGN EXCHANGE (LOSSES)/GAINS AND NET FAIR VALUE GAINS ON DERIVATIVES (CONT'D.)

(b) Finance costs

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Interest expense				
- bank borrowings	(210,224)	(101,584)	-	-
- lease liabilities	(705,152)	(500,044)	-	-
- provision of retirement benefits	(4,809)	(5,350)	-	-
Impact of discounting effect on financial instruments	-	(70,101)	-	-
RCUIDS profit payment	(61,879)	-	(61,879)	-
Others	(22,858)	(2,728)	(2)	(1)
	(1,004,922)	(679,807)	(61,881)	(1)

(c) Foreign exchange (losses)/gains

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Realised	(99,544)	(21,088)	(23,673)	1,998
Unrealised	(545,316)	(49,996)	56,783	(7,184)
	(644,860)	(71,084)	33,110	(5,186)

(d) Net fair value gains on derivatives

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Fair value gain from interest rate hedging contracts	-	31,377	-	-
Gain on termination of hedging contracts	45,021	-	-	-

Fair value change of derivatives consists of fair value changes due to movement in mark-to-market ("MTM") position on outstanding hedging contracts that did not qualify for hedge accounting.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

9. TAXATION

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Current taxation				
- Malaysian tax	12,224	4,143	-	(150)
- foreign tax	3,351	831	-	-
Deferred taxation (Note 17)	(15,064)	140,765	-	-
	511	145,739	-	(150)
Current taxation				
- current financial year	13,751	1,884	-	-
- underprovision of income tax in respect of previous years	1,824	3,090	-	(150)
	15,575	4,974	-	(150)
Deferred taxation				
- origination and reversal of temporary differences	(7,369)	97,007	-	-
- (over)/underprovision of deferred tax in respect of previous years	(7,695)	43,758	-	-
	(15,064)	140,765	-	-
	511	145,739	-	(150)

The explanation of the relationship between taxation and loss before taxation is as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
(Loss)/profit before taxation	(3,303,658)	(3,575,036)	1,991	(63,848)
Tax calculated at Malaysian tax rate of 24% (2021: 24%)	(792,878)	(858,009)	478	(15,324)
Tax effects of:				
- expenses not deductible for tax purposes	853,321	327,107	-	16,197
- income not subject to tax	(30,423)	(8,706)	(478)	(873)
- associates' results reported net of tax	(82,736)	(10,746)	-	-
- joint venture's result reported net of tax	(158)	(109)	-	-
- under/(over)provision of income tax in respect of previous years	1,824	3,090	-	(150)
- deferred tax assets not recognised	59,256	649,354	-	-
- (over)/underprovision of deferred tax in respect of previous years	(7,695)	43,758	-	-
Taxation	511	145,739	-	(150)

10. LOSS PER SHARE

Basic loss per share

The basic earnings per share for the financial year is calculated by dividing the Group's profit attributable to owners of the Company, divided by the weighted average number of shares, calculated as follows:

	Group	
	2022	2021
Net loss for the financial year attributable to owners of the Company (RM'000)	(2,626,381)	(2,991,075)
Weighted average number of ordinary shares in issue ('000)	4,053,123	3,785,670
Basic loss per share (sen)	(64.8)	(79.0)

Diluted loss per share

There has been no other transaction involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

11. PROPERTY, PLANT AND EQUIPMENT

Group	At 1 January 2022		Additions	Disposals	Write off	Reclassification	Depreciation charge	Reversal of impairment loss	Exchange differences	At 31 December 2022	
	RM'000	RM'000								RM'000	RM'000
Carrying amount											
Aircraft engines, airframes and service potential	214,575	-	-	-	-	-	(29,683)	-	12,556	197,448	
Aircraft spares	147,032	21,927	-	-	-	(25,359)	17,185	-	(35,553)	125,232	
Aircraft fixtures and fittings	7,031	4	-	-	-	(6,877)	-	-	(158)	-	
Freehold land	49,432	-	-	-	-	-	-	-	(1,754)	47,678	
Buildings	289,567	1,849	-	-	126	(16,464)	-	-	(3,394)	271,684	
Motor vehicles	5,258	483	-	-	-	(2,357)	-	-	(537)	2,847	
Office equipment, furniture and fittings	46,730	18,896	(72)	(140)	-	(37,034)	-	7,309	35,689		
Office renovation	13,947	7,344	(344)	-	60	(8,314)	-	(841)	11,852		
Simulator equipment	225	-	-	-	-	(9)	-	(86)	130		
Operating plant and ground equipment	12,354	16,742	(10)	-	2	(5,536)	-	(60)	23,492		
In-flight equipment	798	123	-	-	-	(409)	-	(127)	385		
Training equipment	1	-	-	-	-	-	-	-	-	1	
Work in progress ¹	146,524	21,965	-	-	(188)	-	-	-	(1,846)	166,455	
	933,474	89,333	(426)	(140)	-	(132,042)	17,185	-	(24,491)	882,893	

¹ Work in progress completed during the financial year were reclassified to respective asset classes.

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group (cont'd.)	Cost	Accumulated depreciation	Accumulated impairment loss	Carrying amount
	RM'000	RM'000	RM'000	RM'000
At 31 December 2022				
Aircraft engines, airframes and service potential	442,661	(236,381)	(8,832)	197,448
Aircraft spares	251,399	(117,027)	(9,140)	125,232
Aircraft fixtures and fittings	145,624	(137,111)	(8,513)	-
Freehold land	47,678	-	-	47,678
Buildings	330,046	(58,362)	-	271,684
Motor vehicles	24,654	(21,807)	-	2,847
Office equipment, furniture and fittings	295,344	(234,715)	(29,940)	35,689
Office renovation	69,897	(58,045)	-	11,852
Simulator equipment	237	(107)	-	130
Operating plant and ground equipment	47,886	(24,394)	-	23,492
In-flight equipment	4,952	(4,567)	-	385
Training equipment	5,210	(5,209)	-	1
Work in progress	166,455	-	-	166,455
	1,832,043	(897,725)	(51,425)	882,893

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	At 1 January 2021	At 31 December 2021	At 31 December 2021		At 31 December 2021		At 31 December 2021		At 31 December 2021	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group (cont'd.)										
Carrying amount										
Aircraft engines, airframes and service potential	244,887	13,750	-	(33,331)	-	(33,473)	22,742	214,575		
Aircraft spares	173,195	7,824	-	(2)	-	(38,094)	4,109	147,032		
Aircraft fixtures and fittings	45,802	121	-	(8,689)	-	(16,425)	(13,778)	7,031		
Freehold land	50,659	-	-	-	-	-	(1,227)	49,432		
Buildings	300,563	2,450	-	(1,633)	39	(11,674)	(178)	289,567		
Motor vehicles	7,883	851	-	(95)	-	(2,997)	(384)	5,258		
Office equipment, furniture and fittings	76,129	16,618	1,107	(883)	(66)	(45,750)	(425)	46,730		
Office renovation	22,505	865	1,326	(3,341)	(228)	(9,896)	2,716	13,947		
Simulator equipment	264	-	-	-	-	(39)	-	225		
Operating plant and ground equipment	15,751	5,296	-	(314)	-	(5,875)	(2,504)	12,354		
In-flight equipment	1,260	-	-	-	-	(462)	-	798		
Training equipment	1	-	-	-	-	-	-	1		
Work in progress ¹	146,740	29	-	(19)	(39)	-	(187)	146,524		
	1,085,639	47,804	2,433	(48,288)	(313)	(164,685)	10,884	933,474		

¹ Work in progress completed during the financial year were reclassified to respective asset classes.

² Included in additions during the year are engines that were released from lien from a maintenance engine service provider and accordingly recognised as assets based on the residual value of the aircraft engine measured at estimated cost less its depreciation.

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Cost	Accumulated depreciation	Accumulated impairment loss	Carrying amount
	RM'000	RM'000	RM'000	RM'000
Group (cont'd.)				
At 31 December 2021				
Aircraft engines, airframes and service potential	436,708	(213,301)	(8,832)	214,575
Aircraft spares	292,831	(119,474)	(26,325)	147,032
Aircraft fixtures and fittings	145,989	(130,445)	(8,513)	7,031
Freehold land	49,432	-	-	49,432
Buildings	332,142	(42,575)	-	289,567
Motor vehicles	25,533	(20,275)	-	5,258
Office equipment, furniture and fittings	280,850	(209,180)	(24,940)	46,730
Office renovation	67,099	(53,152)	-	13,947
Simulator equipment	323	(98)	-	225
Operating plant and ground equipment	39,996	(27,642)	-	12,354
In-flight equipment	5,082	(4,284)	-	798
Training equipment	5,210	(5,209)	-	1
Work in progress	146,524	-	-	146,524
	1,827,719	(825,635)	(68,610)	933,474

Included in property, plant and equipment of the Group are:

	Group	
	2022	2021
	RM'000	RM'000
Aircraft pledged as security for borrowings	4,420	97,524
Freehold land and building pledged as security for borrowings	137,462	145,905
Total property, plant and equipment pledged as security for borrowings	141,882	243,429

The beneficial ownership and operational control of aircraft pledged as security for borrowings rests with the Group when the aircraft is delivered to the Group.

Where the legal title to the aircraft is held by financiers during delivery, the legal title will be transferred to the Group only upon settlement of the respective facilities.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

12. INVESTMENT IN SUBSIDIARIES

	Company	
	2022	2021
	RM'000	RM'000
Unquoted investments, at cost		
At 1 January	8,544,641	8,295,541
Additions during the year (a)	8,000	243,094
Derecognition	(4,410)	-
Deemed investment (b)	9,814	6,006
At 31 December	8,558,045	8,544,641

As at 31 December 2022, shares in subsidiaries with a carrying amount of RM9.9 million are pledged as a security for borrowings secured.

Additional investments during the financial year ended 31 December 2022

- (a) During the year, the Company acquired AirAsia SEA Sdn Bhd ("AASEA") from AirAsia Group Aviation Limited ("AAAGL") for a total consideration amounting to RM8,000,000 in exchange for 8,000,000 ordinary shares of RM1 per share.
- (b) The Company issued ESOS as disclosed in Note 32 to the employees of the Company and its subsidiaries. The ESOS issued to the employees of the subsidiaries is a deemed investment in these subsidiaries which had paid the employees in lieu of their services in shares of the Company.

Additional investments in prior year

- (a) In the previous year, the Company acquired Santan Restaurant Sdn Bhd ("STR") from Santan Food Sdn Bhd ("STF") for a total consideration amounting to RM322,000 in exchange for 3,000,002 ordinary shares of RM1 per share.
- (b) In the previous financial year, the Company capitalised RM242.8 million due from Asia Digital Engineering Sdn Bhd ("ADE") in return for 242.8 million ordinary shares of RM1 per share issued by ADE to the Company.
- (c) In the previous financial year, the Company incorporated AirAsia Consulting Sdn Bhd ("ACS") with 1 ordinary share of RM1 per share.
- (d) In the previous financial year, the Company incorporated AirAsia Data Holdings Inc ("ADH") with 2 ordinary shares at USD100 (equivalent to RM418) per share.

Disposal of investments during the financial year ended 31 December 2022

- (a) During the year, the Company disposed AirAsia (Guangzhou) Aviation Services Limited Company ("AGZ") to AAAGL for a total consideration amounting to RM4,410,000 in exchange for 1,000 ordinary shares of RM1 per share.
- (b) During the year, the Company disposed AirAsia Consulting Sdn Bhd ("ACS") to AAAGL for a total consideration amounting to RM2 in exchange for 1 ordinary share of RM1 per share.
- (c) During the financial year, the Company disposed 100 shares in AirAsia Europe Limited to AAAGL, a subsidiary of the Company for a total consideration amounting to Great Britain Pounds ("GBP") 100 in exchange for 1 ordinary share of GBP1 per share.
- (d) On 11 January 2022, AAAGL, a subsidiary of the Company disposed of 320,625,000 shares of PT AirAsia Indonesia TBK ("AAID") at IDR 3,526,875,000 (equivalent to RM1 million), which is equivalent 3% of total share capital of AAID. The consideration for the sale was partly received in cash of IDR 455,287,500 (equivalent to RM0.1 million) with the remainder as a receivable.

12. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Disposal of investments during the financial year ended 31 December 2022 (cont'd.)

Details of the subsidiaries are as follows:

Name of entity	Country of incorporation	Group's effective equity interest		Principal activities
		2022	2021	
		%	%	
Directly held by the Company				
AirAsia Berhad ("AAB")	Malaysia	100	100	Commercial air transport services
AirAsia Digital Sdn Bhd ("AAD")	Malaysia	100	100	Investment holding
AirAsia SEA Ltd*	Thailand	100	100	Management services
AAAGL	Malaysia	100	100	Investment holding
AGZ	China	-*	100	Aviation and commercial services
ADE	Malaysia	100	100	Providing engineering services
ACS	Malaysia	-*	100	Providing consulting services
ADH	British Virgin Islands	100	100	Investment holding
STR	Malaysia	100	100	Food and beverages
AirAsia Europe Ltd (formerly known as Santan Restaurant Ltd)	United Kingdom	-*	100	Food and beverages
AASEA	Malaysia	100*	-	Provision of shared services and outsourcing for its affiliates
Held by AAB				
AirAsia Aviation Management Services Sdn Bhd (formerly known as AirAsia Go Holiday Sdn Bhd)	Malaysia	100	100	Tour operating business
AirAsia (Mauritius) Limited ^f	Mauritius	100	100	Providing aircraft leasing facilities to Thai AirAsia Co. Ltd
AirAsia Corporate Services Limited ^f	Malaysia	100	100	Facilitate business transactions for AirAsia Group with non-resident goods and service providers
AirAsia Drone Sdn Bhd	Malaysia	100	100	Providing training and drone services
AASEA	Malaysia	-*	100	Provision of shared services and outsourcing for its affiliates
Asia Aviation Capital Limited ("AAC")	Malaysia	100	100	Providing aircraft leasing facilities
MadCience Consulting Sdn Bhd	Malaysia	-	100	Liquidated on 29 June 2022
AirAsia Technology Centre India Private Limited ("AATCIPL")	India	-*	100	Consultancy and services in the areas of information, technology design, development and implementation

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

12. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Name of entity	Country of incorporation	Group's effective equity interest		Principal activities
		2022	2021	
		%	%	
Held by AAD				
Big Pay Pte Ltd ("BPPL") ⁺	Singapore	99.56	99.56	Investment holding
RedTix Sdn Bhd ("RedTix") ^f	Malaysia	75	75	Event ticketing business
RedBeat Ventures Inc	United States	100	100	Dormant
RedBeat Capital 1, LLC	United States	100	100	Dormant
Teleport Everywhere Pte Ltd ("TES")	Singapore	92.66	92.66	Investment holding
AirAsia Technology Centre Singapore Pte Ltd ⁺	Singapore	100	100	Research and experimental development on IT, development of software for cybersecurity
RedBeat Capital Fund 1, LP	United States	100	100	Dormant
RedBeat Academy Sdn Bhd ("RBA")	Malaysia	100	100	Providing training
Red Aviation Services Sdn Bhd (formerly known as BigPay Holdings Sdn Bhd)	Malaysia	100	100	Investment holding
Brand AA Sdn Bhd (formerly known as AAD Data Sdn Bhd)	Malaysia	-*	100	Brand management
AirAsia SuperApp Sdn Bhd	Malaysia	96.19	96.19	Investment holding
Ikhlas Com Travel Sdn Bhd	Malaysia	60	60	Trading of Muslim-centric products and services
Held by AAAGL				
AirAsia Inc ("PAA") ^f	Philippines	40	40	Commercial air transport services
PT AirAsia Indonesia TBK ("AAID") ⁺	Indonesia	46.25	49.30	Investment holding
AGZ	China	100*	-	Aviation and commercial services
ACS	Malaysia	100*	-	Providing consulting services
AirAsia Europe Ltd (formerly known as Santan Restaurant Ltd)	United Kingdom	100*	-	Food and beverages
Held by PAA				
Philippines AirAsia Inc ("PAAI") ^f	Philippines	39.50	39.50	Commercial air transport services
Asiawide Airways Inc ^f	Philippines	40	40	Dormant
Held by AAID				
PT Indonesia AirAsia ("IAA") ⁺	Indonesia	47.43	49.10	Commercial air transport services
Held by IAA				
PT Garda Tawang Reksa Indonesia ("GTRI") ^f	Indonesia	31.80	32.90	Provision of airport related services

12. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Name of entity	Country of incorporation	Group's effective equity interest		Principal activities
		2022	2021	
		%	%	
Held by SuperApp				
AirAsia Com Travel Sdn Bhd ("AA.Com")	Malaysia	96.19*	96.19	Tour and travel services
AirAsia Duty Free Sdn Bhd	Malaysia	96.19*	96.19	Inflight shop
AirAsia Ride Sdn Bhd	Malaysia	96.19*	96.19	E-hailing services
STF	Malaysia	96.19*	96.19	Dormant
BIGLIFE Sdn Bhd ("BIG")	Malaysia	96.19*	96.19	Financial services and managing customer loyalty points
Velox Technology (Thailand) Company Limited ("Velox") ⁺	Thailand	96.19	96.19	Provision of mobile application services
AATCIPL	India	96.19*	-	Consultancy and services in the areas of information, technology design, development and implementation
Brand AA Sdn Bhd (formerly known as AAD Data Sdn Bhd)	Malaysia	96.19*	-	Brand management
AirAsia SuperApp LLC	Korea	96.19	-	Provision of tourism information
Held by STF				
Santan Kitchen Sdn Bhd	Malaysia	96.19	96.19	Provision of inflight meal products
Ourfarm Asia Sdn Bhd ("Ourfarm")	Malaysia	96.19	96.19	Wholesale of meat, fish, fruits, vegetables, flowers and plants
Held by AAC				
Asia Aviation Capital Pte. Ltd. ("AACPL") ⁺	Singapore	100	100	Providing supporting services to air transport
Rouge Aircraft 1 Limited	Labuan	100	100	Providing supporting services to air transport
Held by AACPL				
Asia Aviation Capital Ireland Limited ("AACIL") ⁺	Ireland	100	100	Providing supporting services to air transport
AAC3 Pte Ltd ("AAC3") ⁺	Singapore	100	100	Dormant
AAC4 Pte Ltd ("AAC4") ⁺	Singapore	100	100	Dormant

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

12. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Name of entity	Country of incorporation	Group's effective equity interest		Principal activities
		2022	2021	
		%	%	
Held by AACIL				
Clifden Aviation 1 Limited ("CA1")	Ireland	100	100	Process of dissolution
Clifden Aviation 2 Limited ("CA2")	Ireland	100	100	Process of dissolution
Clifden Aviation 3 Limited ("CA3")	Ireland	100	100	Process of dissolution
Clifden Aviation 4 Limited ("CA4")	Ireland	100	100	Process of dissolution
Held by BIG				
BIGLIFE Digital Singapore Pte Ltd ^f	Singapore	96.19	96.19	Marketing and distribution of loyalty programme
BIGLIFE (Thailand) Co Ltd	Thailand	47.13	47.13	Marketing and distribution of loyalty programme
PT BIGLIFE Digital Indonesia	Indonesia	96.19	96.19	Marketing and distribution of loyalty programme
BIGLIFE Hong Kong Co Ltd ^f	Hong Kong	96.19	96.19	Dormant
BIGLIFE Loyalty India Pvt Ltd	India	96.19	96.19	Marketing and distribution of loyalty programme
BIGLIFE Guangzhou Co Ltd ^f	China	96.19	96.19	Marketing and distribution of loyalty programme
BIGLIFE Philippines Inc ^f	Philippines	96.19	96.19	Marketing and distribution of loyalty programme
BIGLIFE Digital Sdn Bhd	Malaysia	96.19	96.19	Dormant
BIGLIFE Japan Co., Ltd ^f	Japan	-	96.19	Marketing and distribution of loyalty programme
BIGLIFE Vietnam Co Ltd ^f	Vietnam	96.19	96.19	Marketing and distribution of loyalty programme
Held by BPPL				
BigPay Malaysia Sdn Bhd ("BigPay")	Malaysia	99.56	99.56	Provision of financial and other related services
BigPay Singapore Pte Ltd [*]	Singapore	99.56	99.56	Provision of financial services including but not limited to e-money products
BigPay (Thailand) Ltd [*]	Thailand	99.56	99.56	Provision of financial and other related services
BigPay Later Sdn Bhd	Malaysia	99.56	99.56	Provision of other financial service activities
BPB Technologies Sdn Bhd	Malaysia	99.56	99.56	Technology and platform service activities
BigPay Capital Sdn Bhd	Malaysia	99.56	99.56	Investment holding

12. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Name of entity	Country of incorporation	Group's effective equity interest		Principal activities
		2022	2021	
		%	%	
Held by Redtix				
Rokki Media Holdings Sdn Bhd	Malaysia	75	75	Dormant
Held by TES				
Teleport Commerce Malaysia Sdn Bhd ("TCM")	Malaysia	92.66	92.66	Logistics business
Teleport Commerce In Private Limited	India	62.08	62.08	Logistics business
PT Teleportasi Bisnis Indonesia	Indonesia	62.08	62.08	Logistics business
Freightchains Technologies Pte Ltd [*]	Singapore	83.39	74.13	Research and development arm of TCM
Delivereat Sdn Bhd ("DeliverEat")	Malaysia	92.66	92.66	Online food ordering and delivery services
Teleport Holdings Sdn Bhd	Malaysia	92.66	92.66	Investment management, cargo, logistics and delivery services
Held by TCM				
Teleport Platform Sdn Bhd ("TPSB")	Malaysia	92.66	92.66	Facilitation of logistics and payment services for cross border e-commerce
Held by TPSB				
Teleport Platforms Pte Ltd [*]	Singapore	92.66	92.66	Online retail sales
Held by AA.Com				
Rokki Sdn Bhd ("Rokki")	Malaysia	96.19	96.19	Trading of multimedia content and equipment
PT AirAsia SuperApp Indonesia (formerly known as PT AirAsia Com Indonesia)	Indonesia	96.19	96.19	Tour and travel services
AA Com Travel Philippines Inc	Philippines	96.19	96.19	Tour and travel services
AirAsia Com Travel (Thailand) Ltd	Thailand	96.19	96.19	Tour and travel services
AirAsia Ride Pte Ltd (formerly known as AirAsia Com (Singapore) Pte Ltd)	Singapore	96.19	96.19	Tour and travel services
AACOM Australia Pty Ltd	Australia	96.19	96.19	Tour and travel services
AirAsia Com (Hong Kong) Ltd	Hong Kong	96.19	96.19	Tour and travel services

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

12. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Name of entity	Country of incorporation	Group's effective equity interest		Principal activities
		2022	2021	
Held by AA.Com (cont'd.)				
AirAsia Com (Vietnam) Company Ltd	Vietnam	96.19	-	Tour and travel services
AirAsia SuperApp Taiwan Ltd	Taiwan	96.19	-	Tour and travel services
Held by AirAsia Com (Hong Kong) Ltd				
AirAsia Com Guangzhou Co. Ltd	China	96.19	96.19	Tour and travel services

+ Audited by a member of Ernst & Young Global.

f Audited by a firm other than Ernst & Young.

^ Listed on the Indonesia Stock Exchange.

* Transferred within the Group.

Incorporation of subsidiaries

During the financial year, the Group incorporated the following subsidiaries with a total paid up ordinary share capital of RM873,705:

	2022
	RM
AirAsia Com (Vietnam) Company Ltd	403,420
AirAsia SuperApp LLC	324,840
AirAsia Superapp Taiwan Limited	145,445
	873,705

In the prior year, the Group incorporated the following subsidiaries for a total paid up ordinary share capital of RM600,839:

	2021
	RM
AirAsia Consulting Sdn Bhd	1
AirAsia Data Holdings Inc	834
AAD Data Sdn Bhd	2
AirAsia Ride Sdn Bhd	100,000
BPB Technologies Sdn Bhd	1
BigPay Capital Sdn Bhd	500,000
Teleport Holdings Sdn Bhd	1
	600,839

12. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Acquisition of subsidiaries in prior financial year

(a) On 7 July 2021, the Company announced that its subsidiaries, SuperApp and AAD will acquire 100% equity interest in Velox and Velox Fintech Co. Ltd for a purchase consideration of USD40 million (equivalent to RM167 million) and USD10 million (equivalent to RM42 million) respectively. The above shall be satisfied by issuance of 3.81% and 0.95% respectively of shares in SuperApp. On 27 July 2021, the acquisition of Velox had been completed. The acquisition resulted in a goodwill of RM160.7 million and subsequently an amount of RM51.0 million was impaired in the current financial year.

On 7 October 2021, AAD terminated the proposed acquisition of Velox Fintech Co. Ltd.

(b) On 18 August 2021, TES, a subsidiary of AAD signed an agreement to acquire 100% of the equity interest in DeliverEat, a local Malaysia food delivery platform, valued at RM40.9 million. The said acquisition was completed on 4 November 2021. A goodwill of RM31.7 million was recognised and subsequently was fully impaired in current financial year.

Details of the assets, liabilities and net cashflow arising from the acquisitions are as follows:

	Fair value recognised on acquisition	Carrying amount
	RM'000	RM'000
Assets		
Property, plant and equipment (Note 11)	2,433	2,433
Intangible assets (Note 16)	5,714	5,714
Cash and bank balances	27,154	27,154
Receivables and prepayments	8,823	8,823
Total assets	44,124	44,124
Liabilities		
Payables	4,196	4,196
Sales in advance	31	31
	4,227	4,227
Fair value of net identifiable assets		39,897
Goodwill on acquisition (Note 16)		191,207
Purchase consideration transferred		231,104

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

12. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Acquisition of subsidiaries in prior financial year (cont'd.)

	Group RM'000
Purchase consideration	
Shares of subsidiaries issued, at fair value	181,352
Cash paid	49,752
Total consideration	231,104
Analysis of cash flows on acquisition	
Net cash acquired with the subsidiaries	27,154
Cash paid	(49,752)
Net cash flow on acquisition	(22,598)

Accretion of additional interest in a subsidiary in prior financial year

On 21 June 2021, the Company acquired the remaining 20% equity interest in BIG from Aimia Holdings UK II Limited for RM103 million (approximately USD25 million) satisfied by the issuance of 85,864,583 ordinary shares in the Company allotted at an issue price of RM1.20 per share. Following the acquisition, BIG became a wholly owned subsidiary of the Group. The effect of the acquisition is reflected in the statement of changes in equity.

	Group RM'000
Non-controlling interest measured at cost	5,653
Purchase consideration satisfied via issuance of shares of the Company	103,038
Loss on accretion of interest in a subsidiary recognised statement of changes in equity	108,691

Dilution of interest in subsidiaries in prior financial year

- (a) On 26 July 2021, the Company allotted additional shares of 1,200,000 to Ikhlas Kamarudin as partial settlement of its investment in mobile applications and website development costs in Ikhlas Com Travel Sdn Bhd of RM1.2 million. Arising from the allotment of shares, the Company diluted its shareholding from 100% to 60%. The effect of the dilution of RM1.2 million is as disclosed in the statement of changes in equity.
- (b) Pursuant to the Group's acquisition of Velox in the previous financial year, the Group's interest in the SuperApp diluted from 100% to 96% and the financial effects of this transaction amounting to RM145 million is credit to the accumulated losses as disclosed in the consolidated statement of changes in equity.

The effect of dilution of interest in these subsidiaries is disclosed in the statement of changes in equity.

12. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Dilution of interest in subsidiaries in prior financial year (cont'd.)

Material partly-owned subsidiaries (cont'd.)

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

Name of entity	Country of incorporation	Group's effective equity interest	
		2022 %	2021 %
PT Indonesia AirAsia ("IAA")	Indonesia	47.43	49.10
Philippines AirAsia Inc. ("PAA")	Philippines	40.00	40.00

	Group	
	2022 RM'000	2021 RM'000
Accumulated balances of material non-controlling interests:		
IAA	(1,384,050)	(1,494,015)
PAA	(2,226,942)	(2,215,947)
Other individually immaterial subsidiaries	(180,873)	669,359
	(3,791,865)	(3,040,603)

	Group	
	2022 RM'000	2021 RM'000
Loss allocated to material non-controlling interests:		
IAA	(256,534)	(344,971)
PAA	(349,719)	(328,360)
Other individually immaterial subsidiaries	(71,535)	(56,369)
	(677,788)	(729,700)

	Group	
	2022 RM'000	2021 RM'000
Total comprehensive loss attributable to NCI income for the financial year		
IAA	(256,534)	(346,101)
PAA	(349,719)	(338,723)
Other individually immaterial subsidiaries	(71,535)	(28,124)
	(677,788)	(712,948)

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before intercompany eliminations.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

12. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Material partly-owned subsidiaries (cont'd.)

Summarised income statements as at 31 December are as follows:

	2022		2021	
	IAA RM'000	PAA RM'000	IAA RM'000	PAA RM'000
Revenue	1,138,141	827,520	181,476	176,024
Depreciation and amortisation	(188,126)	(191,038)	(294,173)	(245,893)
Interest income	230	6	34	9
Interest expense	(97,235)	(89,848)	(76,129)	(51,318)
Loss before taxation	(487,986)	(582,865)	(559,884)	(547,267)
Tax expense	-	-	(117,859)	-
Net loss for the financial year	(487,986)	(582,865)	(677,743)	(547,267)
Other comprehensive loss	-	-	(2,219)	(17,272)
Total comprehensive loss	(487,986)	(582,865)	(679,962)	(564,539)
Attributable to non-controlling interests	(256,534)	(349,719)	(346,101)	(338,723)

	2022		2021	
	IAA RM'000	PAA RM'000	IAA RM'000	PAA RM'000
Non-current assets	1,409,615	709,801	1,458,047	721,811
Current assets	116,294	357,236	48,434	217,288
Non-current liabilities	(1,992,676)	(1,021,560)	(1,097,859)	(706,530)
Current liabilities	(1,458,377)	(3,100,251)	(1,931,484)	(2,805,644)
Net liabilities	(1,925,144)	(3,054,775)	(1,522,862)	(2,573,075)

	2022		2021	
	IAA RM'000	PAA RM'000	IAA RM'000	PAA RM'000
Operating	142,011	190,370	9,186	504,576
Investing	(5,971)	198,369	(2,777)	(11,044)
Financing	(131,256)	(164,861)	(4,503)	(418,022)
Net increase cash and cash equivalents	4,784	223,878	1,906	75,510

13. INVESTMENT IN A JOINT VENTURE

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unquoted investments, at cost	2,025	2,025	-	-
Share of post-acquisition loss	(1,805)	(1,147)	-	-
	220	878	-	-

The joint venture listed below has share capital consisting solely of ordinary shares, which are indirectly held by the Group:

Name of entity	Principal place of business/ country of incorporation	Group's effective equity interest		Principal activities
		2022 %	2021 %	
Held by AA.Com				
RRSB ^f	Malaysia	50	50	Music-based entertainment

^f Audited by a firm other than Ernst & Young.

The joint venture is not material to the Group. Accordingly, the disclosure requirements of MFRS 12, Disclosure of interests in Other Entities, are not presented.

14. INVESTMENT IN ASSOCIATES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Quoted investment				
Additions during the financial year	174,597	-	-	-
Reclass from prepayment	585,264	-	-	-
Reclass from unquoted investment	106,929	-	-	-
	866,790	-	-	-
Unquoted investments				
As at 1 January	1,087,889	1,087,889	-	-
Reclassified to quoted investment	(106,929)	-	-	-
Additions during the financial year	2,683	-	-	-
	983,643	1,087,889	-	-
Total investments	1,850,433	1,087,889	-	-
Share of post-acquisition loss	(866,849)	(522,114)	-	-
Share of post-acquisition reserves	-	(68,499)	-	-
Impairment losses	(59,272)	(59,272)	-	-
As at 31 December	924,312	438,004	-	-

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

14. INVESTMENT IN ASSOCIATES (CONT'D.)

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Share of fair value of investments in associates for which there is published price share	1,788,771	-	-	-

The fair value of the quoted investment in associate is categorised under Level 1 of the fair value hierarchy.

Acquisition of associate during the financial year ended 31 December 2022

- (a) As part of restructuring plan for AirAsia Aviation Public Limited ("AAV") and Thai AirAsia Co. Ltd ("TAA"), AAAGL subscribed right issues of 773,473,814 shares of AAV during the current financial year at the price of THB 1.75 per share.

Pursuant to the restructuring of TAA, it resulted in the Group's investment to be in its holding company AAV. The completion of the restructuring was interconditional upon AAV raising rights issue and purchasing the remainder of TAA shares that they did not already own and the restructuring was completed during the current financial year. Accordingly, RM585 million is reclassified from non-current prepayment to an investment in associate.

- (b) On 31 March 2022, Teleport Commerce Thailand Co. Ltd, a subsidiary of Teleport Everywhere Pte Ltd has acquired shares of Triple I Logistics PCL at the cost of RM2,683,170.

The details of the associates are as follows:

Name of entity	Principal place of business/country of incorporation	Group's effective equity interest		Principal activities
		2022	2021	
		%	%	
Held by AAB				
AirAsia Philippines Inc	Philippines	39.9	39.9	Dormant
Ground Team Red Holdings Sdn Bhd ("GTRH") ^f	Malaysia	50	50	Investment holding
Held by AAAGL				
Asia Aviation Public Limited ("AAV") ⁺	Philippines	43	-	Investment holding
Thai AirAsia Co. Ltd ("TAA") ⁺	Thailand	-	45	Commercial air transport services
AirAsia Japan Co., Ltd ("AAJ") ^{+^}	Japan	66.9 [#]	66.9 [#]	Under bankruptcy
Held by GTRH				
Ground Team Red Sdn Bhd ("GTR") ^f	Malaysia	49	49	Ground handling services

14. INVESTMENT IN ASSOCIATES (CONT'D.)

The details of the associates are as follows: (cont'd.)

Name of entity	Principal place of business/country of incorporation	Group's effective equity interest		Principal activities
		2022	2021	
		%	%	
Held by GTRH (cont'd.)				
GTRSG Pte Ltd ("GTRSG") ^f	Singapore	40	40	Ground handling services
Held by AAV				
Thai AirAsia Co. Ltd ("TAA") ⁺	Thailand	43	-	Commercial air transport services
Held by TES				
Teleport (Thailand) Co. Ltd	Thailand	45.4	45.4	Logistics business
Teleport Commerce Philippines, Inc	Philippines	37.1	37.1	Logistics business
Held by TPSB				
Teleport Commerce (Thailand) Co. Ltd	Thailand	45.4	45.4	Online retail sales

⁺ Audited by a member of Ernst & Young Global.

^f Audited by a firm other than Ernst & Young.

[^] These investees are deemed to be the associates of the Group as the Group has significant influence and not control over the relevant activities.

[#] Equity interest of 66.91% comprise both voting and non-voting shares in AAJ. AAAGL holds 33% of the voting shares and 67% of the non-voting shares.

All of the investment in associates are accounted for using the equity method.

All of the associates have the same reporting period as the Group except for GTRH which is 31 March. For the purpose of applying the equity method of accounting for associates, the last audited financial statements available and the management financial statements as at end of the accounting period of the associate were used.

There are no contingent liabilities relating to the Group's interest in the associates.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

14. INVESTMENT IN ASSOCIATES (CONT'D.)

Material associates

The directors consider AAV and GTRH as material associates to the Group. AAV's wholly owned subsidiary, TAA is an operator of commercial air transport services based in Thailand. This associate company is a strategic investment of the Company and form an essential part of the Company's growth strategy. TAA provides access to a wider geographical market and network coverage in the provision of air transport services across the Association of Southeast Asian Nations ("ASEAN") region. GTRH has investments in GTR and SGSS which provide ground handling services in Malaysia and Singapore respectively.

Summarised financial information for associates

The tables below provide summarised financial information for AAV and GTRH that is material to the Group. The information disclosed reflects the amounts presented in the financial statements of AAV and GTRH and not the Group's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

Summarised statements of financial position

	GTRH		AAV		TAA	
	2022	2021	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current assets	836,063	875,951	7,585,964	-	-	5,315,013
Current assets	3	3	668,179	-	-	377,676
Non-current liabilities	-	-	(4,445,470)	-	-	(4,564,294)
Current liabilities	(1,267)	(1,228)	(2,793,657)	-	-	(2,498,761)

Summarised statements of comprehensive income

	GTRH		AAV		TAA	
	2022	2021	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	-	-	2,300,406	-	-	563,845
Net loss for the financial year	(39,927)	(88,280)	(1,033,111)	-	-	(1,474,275)
Other comprehensive income	-	-	29,694	-	-	53,342
Total comprehensive loss	(39,927)	(88,280)	(1,003,417)	-	-	(1,420,933)

14. INVESTMENT IN ASSOCIATES (CONT'D.)

Reconciliations of summarised financial information:

	GTRH		AAV		TAA	
	2022	2021	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Opening net assets at 1 January	874,726	1,081,550	2,105,114	-	-	-
Impairment loss	-	(118,544)	-	-	-	-
Loss for the financial year	(39,927)	(88,280)	(1,033,111)	-	-	(1,474,275)
Other comprehensive income	-	-	29,694	-	-	53,342
Foreign exchange differences	(4)	-	27,667	-	-	-
Issuance of new shares	-	-	382,812	-	-	-
Decrease of non controlling interest	-	-	(497,163)	-	-	-
Cumulative share of unrecognised losses	-	-	-	-	-	1,420,933
Closing net assets at 31 December	834,795	874,726	1,015,013	-	-	-

	GTRH		AAV		TAA	
	2022	2021	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group's interest in associates	50%	50%	43%	43%	45%	45%
Interest in associates	417,397	437,363	436,456	-	-	-
Carrying value at 31 December	417,397	437,363	436,456	-	-	-

Individually immaterial associates

In addition to the interests in associates disclosed above, the Group also has interests in a number of individually immaterial associates that are accounted for using the equity method.

	Group	
	2022	2021
	RM'000	RM'000
Aggregate carrying amount of individually immaterial associates	1,822	641
Total comprehensive loss	(1,502)	(634)

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

15. INVESTMENT SECURITIES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<u>Listed equity securities</u>				
At 1 January	80,706	220,054	-	132,614
Fair value (loss)/gain - recognised in other comprehensive income	(15,759)	100,631	-	107,365
Disposal during the year (ii)	-	(239,979)	-	(239,979)
At 31 December	64,947	80,706	-	-
<u>Unlisted equity securities</u>				
At 1 January	118,976	159,437	-	42,677
Additions during the year	4,410	-	-	-
Disposal during the year (i)	(83,040)	(44,426)	-	(44,426)
Fair value gain - recognised in other comprehensive income	-	2,174	-	1,749
Exchange differences	3,224	1,791	-	-
At 31 December	43,570	118,976	-	-
<u>Unquoted debt securities</u>				
At 1 January	43,641	93,228	-	-
Additions during the year	-	3	-	-
Redemption during the year	-	(49,590)	-	-
Fair value changes during the year (Note 6)	(37,624)	-	-	-
At 31 December	6,017	43,641	-	-
Total	114,534	243,323	-	-

Financial assets at fair value through other comprehensive income comprise investments in equity securities of listed and non-listed companies which were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature. The Group holds non-controlling equity interests of up to 14% each in 2 (2021: 2) listed equity securities. In addition, the Group also holds non-controlling equity interest of 2% in an unlisted equity security.

- (i) During the financial year, the Company disposed its investment in an unlisted equity securities at fair value. No gain or loss on the disposal as the Company has marked the interest in the investment to its fair value.
- (ii) In the previous financial year, on 5 August 2021, the Company completed its divestment of 3,333,333 common shares, representing 10.94% of the outstanding shareholding of Fly Leasing to Carlyle Aviation Elevate Ltd for USD56.8 million (equivalent to RM240 million).

16. INTANGIBLE ASSETS

	Goodwill RM'000	Landing rights RM'000	Developed software RM'000	Total RM'000
Group				
Cost				
At 1 January 2022	360,034	443,900	37,538	841,472
Exchange differences	1,246	-	3,992	5,238
At 31 December 2022	361,280	443,900	41,530	846,710
Accumulated amortisation				
At 1 January 2022	-	-	(2,928)	(2,928)
Amortisation expense	-	-	(7,618)	(7,618)
At 31 December 2022	-	-	(10,546)	(10,546)
Accumulated impairment				
At 1 January 2022	(5,094)	-	-	(5,094)
Impairment loss (Note 6)	(82,720)	-	-	(82,720)
At 31 December 2022	(87,814)	-	-	(87,814)
Carrying amount as at 31 December 2022	273,466	443,900	30,984	748,350
Group				
Cost				
At 1 January 2021	168,827	443,900	29,779	642,506
Additions	-	-	2,327	2,327
Acquisition of a subsidiary	191,207	-	5,714	196,921
Exchange differences	-	-	(282)	(282)
At 31 December 2021	360,034	443,900	37,538	841,472
Accumulated amortisation				
At 1 January 2021	-	-	(1,953)	(1,953)
Amortisation expense	-	-	(975)	(975)
At 31 December 2021	-	-	(2,928)	(2,928)
Accumulated impairment				
At 1 January 2021	-	-	-	-
Impairment loss (Note 6)	(5,094)	-	-	(5,094)
At 31 December 2021	(5,094)	-	-	(5,094)
Carrying amount as at 31 December 2021	354,940	443,900	34,610	833,450

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

16. INTANGIBLE ASSETS (CONT'D.)

Landing rights

Landing rights relate to traffic rights and landing slots for destinations operated by IAA and PAA. As explained in Note 2.6.2(ii), the useful life of these landing rights is estimated to be indefinite.

Impairment testing for goodwill and landing rights

The carrying amounts of goodwill and landing rights allocated to the Group's cash generating units ("CGUs") are as follows:

	Goodwill		Landing rights	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
CGU				
BIG	102,926	102,926	-	-
IAA	38,394	38,394	374,600	374,600
PAA	-	-	69,300	69,300
AAAGL	7,334	7,334	-	-
BigPay	5,275	5,275	-	-
AA.Com	9,804	9,804	-	-
Velox	109,733	160,733	-	-
DeliverEat	-	31,720	-	-
Exchange differences	-	(1,246)	-	-
	273,466	354,940	443,900	443,900

During the financial year, the Group fully impaired the carrying amount of goodwill in relation to DeliverEat of RM31.7 million and partially impaired the carrying amount of goodwill in Velox of RM51.0 million. In prior financial year, the Group fully impaired the carrying amount of goodwill in relation to Rokki.

The recoverable amounts of the CGUs have been measured based on their value in use which is based on calculations using cash flow projections from financial budgets approved by the management covering a five-year period. The discount rates applied to the cash flow projections and the forecasted growth rates used to extrapolate the cash flows beyond the five-year period are as follows:

	Growth rates		Discount rates	
	2022	2021	2022	2021
CGU				
BIG	0%	0%	18%	20%
IAA	0%	0%	20%	15%
PAA	0%	2%	19%	11%
Velox	2%	2%	15%	25%
DeliverEat	2%	5%	15%	12%

16. INTANGIBLE ASSETS (CONT'D.)

Impairment testing for goodwill and landing rights (cont'd.)

The calculation of value in use for the CGUs are most sensitive to the following assumptions:

Growth rates: The forecasted growth rate is based on published industry research and do not exceed the long term average growth rate for the industries relevant to the CGU.

Discount rates: Discount rate reflects management's estimate of the risks specific to this entity. In determining appropriate discount rate, consideration has been given to the applicable weighted average cost of capital.

The recoverable amount of the IAA CGU is within level 3 of the fair value hierarchy. The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurement:

Description	Unobservable inputs*	Inputs	Relationship of unobservable inputs to fair value
IAA	Discount rate	20%	Increased discount rate of 1% would decrease fair value by RM98,000,000
BIG	Discount rate	18%	Increased discount rate of 1% would decrease fair value by RM9,000,000
Velox	Discount rate	15%	Increased discount rate of 1% would decrease fair value by RM13,000,000
	Long-term growth rate per annum	2%	Decreased long-term growth rate by 1% would decrease the fair value by RM9,000,000

* There were no significant inter-relationships between unobservable inputs that materially affect the fair value.

Based on the assessments performed, there is impairment of goodwill but no impairment of landing rights attributable to the CGUs. The management believes that no reasonably possible change in the key assumptions disclosed above used to determine the CGUs' recoverable amounts, including goodwill, would cause its carrying amounts to materially exceed its recoverable amounts.

The calculation of recoverable amounts of the CGUs which have been measured based on their value in use as described above has been made based on conditions existing at 31 December 2022. There is a significant risk that the assumptions on revenue per passenger, load factor, discount rates and growth rate applied in the goodwill impairment assessment would need to be revised, depending on industry developments which may result in a material adjustment to the carrying amounts of the goodwill.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

17. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	Group	
	2022 RM'000	2021 RM'000
At beginning of year	569,283	756,023
Effects of changes in accounting policies		
Recognised in profit or loss (Note 9)	15,064	(140,765)
Recognised in other comprehensive income	(14)	(11,955)
Issuance of RCUIDS (Note 28)	-	(32,892)
Exchange differences	-	(1,128)
At end of year	584,333	569,283
Presented after appropriate offsetting as follows:		
Deferred tax assets	739,238	738,760
Deferred tax liabilities	(154,905)	(169,477)
	584,333	569,283

	Company	
	2022 RM'000	2021 RM'000
At beginning of year	(32,892)	-
Issuance of RCUIDS (Note 28)	-	(32,892)
At end of year	(32,892)	(32,892)
Deferred tax liability	(32,892)	(32,892)

17. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)

The movements in the deferred tax assets and liabilities of the Group during the financial year are as follows:

Deferred tax assets of the Group:

	Unabsorbed investment allowances RM'000	Unabsorbed tax allowances RM'000	Unabsorbed capital allowances RM'000	Sales in advance RM'000	Derivatives RM'000	Unutilised tax losses RM'000	Provision for retirement benefits RM'000	Others RM'000	Total RM'000
At 1 January 2022	625,529	73,587	137,155	12,648	59,288	9,899	(15,980)	902,126	
Recognised in profit or loss	(209,006)	(73,587)	58,088	(12,648)	(59,288)	(1,120)	163,637	(133,924)	
Recognised in other comprehensive income	-	-	-	-	-	(14)	-	(14)	
Exchange differences	-	-	-	-	-	(256)	-	(256)	
At 31 December 2022	416,523	-	195,243	-	-	8,509	147,657	767,932	
At 1 January 2021	625,529	69,011	137,155	24,656	137,905	13,652	16,290	1,024,198	
Recognised in profit or loss	-	4,576	-	-	(78,617)	(3,806)	(31,142)	(108,989)	
Recognised in other comprehensive income	-	-	-	(12,008)	-	53	-	(11,955)	
Exchange differences	-	-	-	-	-	-	(1,128)	(1,128)	
At 31 December 2021	625,529	73,587	137,155	12,648	59,288	9,899	(15,980)	902,126	

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

17. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)

The components and movements in the deferred tax assets and liabilities of the Group during the financial year are as follows: (cont'd.)

Deferred tax liabilities of the Group:

	Property, plant and equipment	Fair value on intangible assets	Payables	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2022	(57,723)	(114,440)	(123,882)	(36,798)	(332,843)
Recognised in profit or loss	14,392	5,538	123,882	5,176	148,988
Exchange differences	320	-	-	(64)	256
At 31 December 2022	(43,011)	(108,902)	-	(31,686)	(183,599)
At 1 January 2021	(25,947)	(114,440)	(123,882)	(3,906)	(268,175)
Recognised in profit or loss	(31,776)	-	-	-	(31,776)
Issuance of RCUIDS	-	-	-	(32,892)	(32,892)
At 31 December 2021	(57,723)	(114,440)	(123,882)	(36,798)	(332,843)

Deferred tax has not been recognised for the following items:

	Group	
	2022	2021
	RM'000	RM'000
Provisions and others	599,644	455,502
Unabsorbed capital allowances	-	86,183
Unutilised tax losses	3,561,818	2,941,721
Unutilised investment tax allowances	4,297,883	4,729,037
	8,459,345	8,212,443

The recognised deferred tax assets are able to be utilised against future taxable profits of the subsidiaries. The deferred tax assets in respect of the above items, which have not been recognised, arose from subsidiaries, as it is expected that it will not be utilised against future taxable profits.

As disclosed in Note 3.3 in respect of critical accounting estimates and judgments, the deferred tax assets are recognised on the basis of the Group's previous history of recording profits, and to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Estimating the future taxable profits involves significant assumptions, especially in respect of fares, load factor, fuel price, maintenance costs and currency movements. These assumptions have been built based on expected future performance and taxable profits which have been adjusted for non-recurring circumstances and a reasonable growth rate.

18. RECEIVABLES AND PREPAYMENTS

		Group		Company	
		2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
Non-current:					
Other receivables	(a)	340,687	340,687	-	-
Less: Allowance for impairment		(340,687)	(340,687)	-	-
		-	-	-	-
Prepayments	(b)	2,853,422	3,185,181	-	-
Deposits	(c)	711,226	414,233	-	-
		3,564,648	3,599,414	-	-

		Group		Company	
		2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
Current:					
Trade receivables		541,619	431,269	-	-
Less: Allowance for impairment		(207,386)	(123,598)	-	-
		334,233	307,671	-	-
Other receivables		168,386	134,780	294	-
Less: Allowance for impairment		(3,705)	(3,839)	-	-
		164,681	130,941	294	-
Prepayments	(b)	142,218	54,541	10	80
Deposits	(c)	9,840	115,252	-	-
		650,972	608,405	304	80

(a) Included in non-current other receivables is a receivable of IDR1,187 billion (equivalent to RM340.7 million) arising from the disposal of a perpetual capital security which has been fully impaired in prior years.

(b) Prepayments include advances for purchases of fuel and prepaid engine maintenance to the service provider.

(c) Deposits of the Group at the balance sheet date are with a number of external parties for which there is no expectation of default. The deposits include amount set aside for aircraft maintenance of major components amounting to RM286 million (2021: RM198 million).

Credit terms of trade receivables range from 30 to 60 days (2021: 30 to 60 days).

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

18. RECEIVABLES AND PREPAYMENTS (CONT'D.)

Movements on the allowance for impairment of other receivables are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
At 1 January	344,526	344,420	-	-
Net (reversal)/impairment (Note 6)	(134)	106	-	-
At 31 December	344,392	344,526	-	-

The ageing analysis of trade receivables is as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Current	193,417	77,914	-	-
1 to 90 days	57,502	33,760	-	-
91 to 120 days	7,884	3,124	-	-
121 to 180 days	697	5,716	-	-
181 to 365 days	3,265	14,575	-	-
Over 365 days	71,468	172,582	-	-
	140,816	229,757	-	-
Impaired	207,386	123,598	-	-
	541,619	431,269	-	-

Credit terms of trade receivables range from 30 to 60 days (2021: 30 to 60 days).

(a) Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired of RM193.4 million (2021: RM77.9 million) are substantially due from companies with good collection track records with the Group.

(b) Trade receivables that are past due but not impaired

Trade receivables for the Group of RM141 million (2021: RM230 million) were past due but not impaired. These debts relate to a number of independent customers for whom there is no recent history of default.

(c) Trade receivables that are impaired

Movements on the allowance for impairment of trade receivables are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
At 1 January	123,598	120,623	-	-
Impairment (Note 6)	83,788	2,975	-	-
At 31 December	207,386	123,598	-	-

18. RECEIVABLES AND PREPAYMENTS (CONT'D.)

The individually impaired trade receivables are mainly related to disputed balances with customers or balances for which management is of the view that the amounts may not be recoverable.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.

The currency profile of receivables and deposits (excluding prepayments) is as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	200,168	237,448	294	-
US Dollar	781,379	546,254	-	-
Others	238,433	184,395	-	-
	1,219,980	968,097	294	-

19. DEPOSITS ON AIRCRAFT PURCHASE

Deposits on aircraft purchases represent refundable deposits paid for aircraft to be delivered to the Group. These deposits are denominated in US Dollars.

20. DERIVATIVE FINANCIAL INSTRUMENTS

	Group			
	2022		2021	
	Assets	Liabilities	Assets	Liabilities
	RM'000	RM'000	RM'000	RM'000
Non-current				
Interest rate swaps - held for trading	-	-	-	(32,785)
RCUIDS - early redemption option	165,397	-	165,397	-
Total	165,397	-	165,397	(32,785)

	Company	
	2022	2021
	RM'000	RM'000
Non-current asset		
RCUIDS - early redemption option	165,397	165,397

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months. Derivatives held for trading are those which do not qualify for hedge accounting.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

20. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D.)

The Group recognised a loss of RM88.9 million in the previous financial year arising from fair value changes of derivative financial instruments. The fair value changes are attributable to changes in foreign exchange spot and forward rate, changes in yield curve and changes in market price of fuel. The method and assumptions applied in determining the fair value of derivatives are disclosed in Note 39(e).

	Group			
	2022		2021	
	Notional amount RM'000	Fair value RM'000	Notional amount RM'000	Fair value RM'000
Interest rate swaps	-	-	688,280	(32,785)

(i) Interest rate contracts

In the previous financial year, the notional principal amounts of the outstanding interest rate contracts as at the reporting date was RM688 million.

(ii) RCUIDS

The RCUIDS issued by the Group as disclosed in Note 28 below allows for an option of refinancing the debt at a price of 105% of the principal which will provide future savings to the Group.

21. INVENTORIES

	Group	
	2022	2021
	RM'000	RM'000
At cost		
Consumables, in-flight merchandise and others	204,459	153,600

During the year, the amount of the inventories recognised in operating expenses of the Group was RM127 million (2021: RM22 million).

22. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	Company	
	2022	2021
	RM'000	RM'000
Amount due from subsidiaries		
- current	1,454,450	1,091,879
Amounts due to subsidiaries		
- current	(18,508)	(213,099)

The amounts due from subsidiaries are unsecured, interest free and repayable on demand.

22. AMOUNTS DUE FROM/(TO) SUBSIDIARIES (CONT'D.)

The details of the receivables and payables from/(to) subsidiaries are as follows:

	Company	
	2022 RM'000	2021 RM'000
<u>Receivables:</u>		
- AAAGL	648,146	617,948
- AAD	519,590	458,326
- AAB	149,866	-
- AACOM	95,343	16
- Others	41,505	15,589
	1,454,450	1,091,879
<u>Payables:</u>		
- AAB	-	(201,956)
- AASEA	(15,942)	-
- Others	(2,566)	(11,143)
	(18,508)	(213,099)

The currency profile of amounts due from/(to) subsidiaries are as follows:

<u>Due from</u>		
Ringgit Malaysia	830,562	496,228
US Dollar	623,656	595,651
Japanese Yen	232	-
	1,454,450	1,091,879
<u>Due to</u>		
Ringgit Malaysia	(16,009)	(201,958)
US Dollar	(455)	(9,140)
Thai Baht	(2,044)	(2,001)
	(18,508)	(213,099)

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

23. AMOUNTS DUE FROM/(TO) ASSOCIATES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Amounts due from associates	215,519	317,534	10,722	213,543
Less: Allowance for impairment	(49,082)	(250,249)	-	(203,283)
	166,437	67,285	10,722	10,260
Amounts due to associates				
- current	(266,126)	(43,297)	-	-

The amounts due from/(to) associates are trade balances and are unsecured, interest free and repayable on demand except loan to an associate of RM10 million for 3 years at an interest of 5%, repayable in 8 quarterly installments commencing April 2022.

(i) Financial assets that are neither past due nor impaired

Amounts due from associates that are neither past due nor impaired of the Group amounted to RM49 million (2021: RM30 million).

(ii) Financial assets that are past due and not impaired

Amounts due from associates that are past due and not impaired of the Group amounted to RM118 million (2021: RM37 million).

(iii) Financial assets that are impaired

Amounts due from associates that are past due and impaired amounted to RM49 million (2021: RM250 million).

Movements on allowance for impairment of amounts due from associates are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
At 1 January	250,249	264,071	203,283	213,710
Allowance for impairment (Note 6)	-	15	-	-
Reversal (Note 6)	-	(4,898)	-	(269)
Write off	(203,749)	-	(194,543)	-
Exchange differences	2,582	(8,939)	(8,740)	(10,158)
At 31 December	49,082	250,249	-	203,283

23. AMOUNTS DUE FROM/(TO) ASSOCIATES (CONT'D.)

The maximum exposure to credit risk at the reporting date is the carrying value of the amounts due from associates mentioned above.

The details of the receivables from associates are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<u>Receivables:</u>				
- TAA	113,030	44,773	10,722	10,260
- Others	53,407	22,512	-	-
	166,437	67,285	10,722	10,260

The details of the payables to associates are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<u>Payables:</u>				
- TAA	(257,923)	(35,499)	-	-
- AAJ	-	(744)	-	-
- GTR	(8,109)	(6,589)	-	-
- Others	(94)	(465)	-	-
	(266,126)	(43,297)	-	-

The currency profile of the amounts due from/(to) associates are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<u>Due from</u>				
US Dollar	98,950	45,418	10,468	10,260
Ringgit Malaysia	37,997	7,117	-	-
Others	29,490	14,750	254	-
	166,437	67,285	10,722	10,260
<u>Due to</u>				
US Dollar	(229,078)	(36,243)	-	-
Ringgit Malaysia	(10,453)	(7,054)	-	-
Others	(26,595)	-	-	-
	(266,126)	(43,297)	-	-

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

24. AMOUNTS DUE FROM/(TO) RELATED PARTIES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Amounts due from related parties	416,829	703,663	1,373	1,787
Less: Allowance for impairment	(261,908)	(569,510)	-	(637)
	154,921	134,153	1,373	1,150
Amounts due to related parties				
- current	(230,291)	(129,717)	(202)	-

The amounts due from/(to) related parties are trade balances and are unsecured, interest free and repayable on demand. The carrying amounts of amounts due from related parties approximate their fair values.

The amounts due from related parties that are assessed as not recoverable had been impaired accordingly.

Movements on allowance for impairment of amounts due from related parties are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
At 1 January	569,510	643,321	637	-
Allowance for impairment (Note 6)	-	14,293	-	637
Write off	(313,173)	(89,128)	(637)	-
Exchange differences	5,571	1,024	-	-
At 31 December	261,908	569,510	-	637

The details of the receivables and payables due from/(to) related parties (net of impairment) are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Receivables:				
- AirAsia X Berhad	15,904	18,262	241	18
- PT Indonesia AirAsia Extra	103,278	101,898	-	-
- AAI*	3,792	10,085	1,132	1,132
- Thai AirAsia X Co. Ltd	27,298	3,882	-	-
- Others	4,649	26	-	-
	154,921	134,153	1,373	1,150

24. AMOUNTS DUE FROM/(TO) RELATED PARTIES

The details of the receivables and payables due from/(to) related parties (net of impairment) are as follows: (cont'd.)

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Payables:				
- AirAsia X Berhad	(134,906)	(9,516)	-	-
- Thai AirAsia X Co. Ltd	(60,345)	(944)	(202)	-
- PT Indonesia AirAsia Extra	(29,211)	(118,056)	-	-
- AAI*	(929)	(844)	-	-
- Others	(4,900)	(357)	-	-
	(230,291)	(129,717)	(202)	-

* AAI was a related party until it was disposed off in December 2022. As such, it is continued to be disclosed under related party balances at the reporting date.

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Due from				
Ringgit Malaysia	14,663	18,281	289	18
US Dollar	134,823	115,872	1,084	1,132
Others	5,435	-	-	-
	154,921	134,153	1,373	1,150
Due to				
Ringgit Malaysia	(83,442)	-	-	-
Indonesian Rupiah	(31,579)	(125,103)	-	-
US Dollar	(98,416)	(4,614)	(202)	-
Others	(16,854)	-	-	-
	(230,291)	(129,717)	(202)	-

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

25. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks	15,580	9,344	100	100
Cash and bank balances	454,405	1,247,409	1,155	561,787
Deposits, cash and bank balances	469,985	1,256,753	1,255	561,887
Deposits with licensed banks with maturity period of more than 3 months	(12,395)	(1,077)	-	-
Deposits pledged as securities and restricted cash	(120,832)	(77,745)	-	-
Cash and cash equivalents	336,758	1,177,931	1,255	561,887

The currency profile of deposits, cash and bank balances are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	263,632	1,198,396	1,218	561,814
US Dollar	96,035	23,290	21	57
Chinese Renminbi	20,511	5,840	-	-
Others	89,807	29,227	16	16
	469,985	1,256,753	1,255	561,887

Short-term deposits are made for varying period of twelve months (2021: varying periods of twelve months) depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

The weighted average effective annual interest rates of deposits at the balance sheet dates are as follows:

	Group		Company	
	2022	2021	2022	2021
	%	%	%	%
Deposits with licensed banks	2.93	1.83	-	-

26. TRADE AND OTHER PAYABLES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Non-current:				
Other payables	280,801	292,691	-	-

26. TRADE AND OTHER PAYABLES (CONT'D.)

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Current:				
Trade payables	1,242,877	1,306,412	805	146
Accrual for fuel	126,971	77,236	-	-
Other payables and accruals	1,508,714	925,249	2,138	7,520
	2,878,562	2,308,897	2,943	7,666
Total trade and other payables	3,159,363	2,601,588	2,943	7,666

The current other payables and accruals include accruals for operational expenses and passenger service charge payable to airport authorities.

The currency profile of trade and other payables are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	1,427,454	819,583	2,739	7,300
US Dollar	1,061,584	797,871	283	166
Others	670,325	984,134	-	200
	3,159,363	2,601,588	3,022	7,666

27. AIRCRAFT MAINTENANCE PROVISIONS AND LIABILITIES

	Group	
	2022	2021
	RM'000	RM'000
Aircraft maintenance provisions (i)	4,148,800	3,982,214
Aircraft maintenance reserve fund (ii)	1,989,319	1,855,056
	6,138,119	5,837,270

	Group	
	2022	2021
	RM'000	RM'000
Disclosed as		
Non-current	5,538,224	4,860,637
Current	599,895	976,633
	6,138,119	5,837,270

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

27. AIRCRAFT MAINTENANCE PROVISIONS AND LIABILITIES (CONT'D.)

- (i) Aircraft maintenance provisions relate to aircraft held under operating lease arrangements whereby, the Group is contractually obligated to maintain the aircraft during the lease period and to redeliver the aircraft to the lessors at the end of the lease term, in certain pre-agreed conditions. Accordingly, the Group estimates the aircraft maintenance costs required to fulfil these obligations at the end of the lease period and recognise a provision for these costs at each reporting date.

The movements in the aircraft maintenance provisions of the Group during the financial year are as follows:

	Group	
	2022	2021
	RM'000	RM'000
At 1 January	3,982,214	3,744,817
Arose during the year	211,571	357,734
Utilised	(44,985)	(120,337)
At 31 December	4,148,800	3,982,214

- (ii) Aircraft maintenance reserve funds relate to payments made by the lessee for maintenance activities to be undertaken during the lease period. The Group will reimburse the lessee for agreed maintenance work done as and when incurred. The Group records the amounts received as maintenance reserve funds. At the expiry of the lease term, any excess maintenance reserve is recognised in the profit and loss account.

28. BORROWINGS

		Group		Company	
		2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
Current					
Term loans	(i)	233,564	332,262	-	-
Revolving credit	(i)	31,760	85,010	-	-
Swap creditors loan and deferral		-	219,896	-	-
Convertible loan note	(ii)	265,634	250,060	-	-
		530,958	887,228	-	-
Non-current					
Term loans	(i)	1,302,468	600,224	-	-
Other facilities	(iii)	447,789	-	-	-
RCUIDS	(iv)	655,499	822,437	655,499	822,437
		2,405,756	1,422,661	655,499	822,437
Total borrowings		2,936,714	2,309,889	655,499	822,437

28. BORROWINGS (CONT'D.)

(i) Term loans and revolving credits

During the financial year, a subsidiary of the Group obtained a term loan facility amounting to USD75 million (equivalent to RM331 million) from a non-financial institution.

In the previous financial year, a subsidiary of the Group obtained a working capital loan from a non-financial institution amounting to USD150 million (equivalent to RM623 million) of which the loan has been fully drawn as at 31 December 2022. The working capital loan has a bullet repayment due 60 months after the first drawdown and interests are payable quarterly.

(ii) Convertible loan note

In the previous financial year, a subsidiary of the Group secured an investment of up to USD100 million (equivalent to RM415 million) convertible notes at a coupon rate of 6% per annum from SK Group, a South Korean conglomerate. The convertible loan notes will be converted into preference shares in a subsidiary within one year upon approval obtained from regulators.

(iii) Other facilities

During the financial year, a subsidiary of the Company secured a Predelivery Payment ("PDP") financing at a net borrowing amount of USD102.5 million (equivalent to RM448 million) from a non-financial institution.

(iv) RCUIDS

In the previous financial year, the Company completed the renounceable rights issue ("Rights Issue") of RM974,513,219 in nominal value of 7-year redeemable convertible unsecured Islamic debt securities ("RCUIDS") at nominal value of RM0.75 each based on the Shariah principal of Murabahah (via "Tawarruq Arrangement") comprising 1,299,350,959 RCUIDS together with 649,675,479 free detachable warrants ("Warrants") on the basis of 2 RCUIDS with 1 warrant for every 6 ordinary shares in the Company following the listing and quotation on the Main Market of Bursa Securities. The Rights Issue is constituted by a trust deed dated 18 November 2021.

The salient features of the RCUIDS are as follows:

- The profit rate for the RCUIDS is 8% per annum, computed based on the nominal value of the outstanding RCUIDS and payable quarterly in arrears;
- The RCUIDS shall be convertible into new ordinary shares of the Company by surrendering for cancellation RM0.75 nominal value of one RCUIDS for one new ordinary share of the Company at any time on and after 31 December 2021 ("Issue Date") up to 31 December 2028 ("Maturity Date");
- The new ordinary shares to be issued upon conversion of the RCUIDS shall, upon allotment and issuance, rank equally in all respects with the then existing ordinary shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions which the entitlement date precedes the allotment date of the new ordinary shares allotted pursuant to the conversion of the RCUIDS;
- The Company shall redeem annually 25% of the outstanding RCUIDS, which have not been converted or redeemed, commencing on the 4th anniversary from the Issue Date and annually thereafter until the 7th anniversary;
- The Company may make an early redemption of the outstanding RCUIDS in whole on the 4th anniversary of the Issue Date. The redemption amount shall be based on 105% of the nominal value of the RCUIDS (excluding the relevant annual redemption amount on the 4th anniversary of the Issue Date).

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

28. BORROWINGS (CONT'D.)

(iv) RCUIDS (cont'd.)

The salient features of the RCUIDS are as follows: (cont'd.)

The liability component of the RCUIDS is recognised in the statements of financial position as follows:

	Group and Company	
	2022	2021
	RM'000	RM'000
At 1 January	822,437	-
Interest amount	61,879	-
Payment of interest	(61,879)	-
Conversion of RCUIDS	(166,938)	-
Proceeds from issuance of RCUIDS and free warrant	-	974,513
Amount classified as equity:		
RCUIDS reserves (Note 34)	-	(154,360)
Warrant reserves (Note 34)	-	(112,736)
Amount classified as deferred tax liabilities (Note 17)	-	(32,892)
Amount classified as derivative financial assets (Note 20)	-	165,397
Transaction costs	-	(17,485)
At 31 December	655,499	822,437

	Group		Company	
	2022	2021	2022	2021
	%	%	%	%
Weighted average interest rate				
Term loans	8.43	6.26	-	-
Revolving credit	5.25	5.92	-	-
Swap creditors loan	-	5.39	-	-
Convertible loan note	6.00	6.00	-	-
RCUIDS	8.00	8.00	8.00	8.00

The borrowings are repayable as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Not later than 1 year	530,958	887,228	-	-
Later than 1 year and not later than 5 years	1,419,988	963,986	655,499	822,437
Later than 5 years	985,768	458,675	-	-
	2,936,714	2,309,889	655,499	822,437

28. BORROWINGS (CONT'D.)

(iv) RCUIDS (cont'd.)

The currency profile of borrowings is as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	901,794	1,063,082	655,499	822,437
US Dollar	1,735,146	1,120,232	-	-
Philippine Peso	83,096	79,763	-	-
Thai Baht	172,776	-	-	-
Indonesia Rupiah	43,902	46,812	-	-
	2,936,714	2,309,889	655,499	822,437

Total borrowings as at reporting date consist of the following banking facilities:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Fixed rate borrowings	2,242,774	2,130,121	655,499	822,437
Floating rate borrowings	693,940	179,768	-	-
	2,936,714	2,309,889	655,499	822,437

The carrying amounts and fair values of the fixed rate borrowings are as follows:

	Group			
	2022		2021	
	Carrying amount	Fair value	Carrying amount	Fair value
	RM'000	RM'000	RM'000	RM'000
Term loans	1,289,881	1,617,174	752,718	790,308
Revolving credit	31,760	31,760	85,010	85,010
Swap creditors loan	-	-	219,896	219,896
Convertible loan note	265,634	265,634	250,060	250,060
RCUIDS	655,499	699,037	822,437	822,437
	2,242,774	2,613,605	2,130,121	2,167,711

	Company			
	2022		2021	
	Carrying amount	Fair value	Carrying amount	Fair value
	RM'000	RM'000	RM'000	RM'000
RCUIDS	655,499	699,037	822,437	822,437

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

28. BORROWINGS (CONT'D.)

(iv) RCUIDS (cont'd.)

The fair values of the floating rate borrowings approximate their carrying amounts, as the impact of discounting is not significant.

The fair values of the fixed rate borrowings are based on cash flows discounted using borrowing rates that are reflective of the Group's credit risk at the balance sheet date, at 5.52% to 11.75% (2021: 2.76% to 11.75%) per annum. The fair values of fixed rate borrowings are within level 2 of the fair value hierarchy.

29. LEASES

Group as a lessee

The Group leases various aircraft, spare engines and land and building. Leases of aircraft and spare engines have a lease term of 2 to 18 years (2021: 2 to 19 years) whilst land and building generally have a lease term of 2 to 20 years (2021: 2 to 20 years).

The Group also has certain leases of property, plant and equipment with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemption for these leases.

Set out below are the carrying amounts of ROU assets recognised and the movements during the year:

	Aircraft and spare engines RM'000	Land and building RM'000	Total RM'000
As at 1 January 2022	9,692,902	57,809	9,750,711
Additions	67,117	-	67,117
Modifications	939,804	-	939,804
Adjustments*	(11,469)	-	(11,469)
Depreciation	(1,297,945)	(11,588)	(1,309,533)
Reversal of impairment (Note 6)	552,290	-	552,290
Exchange movements	193,206	-	193,206
As at 31 December 2022	10,135,905	46,221	10,182,126
As at 1 January 2021	9,403,629	41,317	9,444,946
Additions	623,872	31,848	655,720
Modifications	1,066,377	-	1,066,377
Depreciation	(1,640,531)	(15,356)	(1,655,887)
Exchange movements	239,555	-	239,555
As at 31 December 2021	9,692,902	57,809	9,750,711

* The adjustment relates to recomputation of some of the leases originating from the airline operations in Indonesia.

29. LEASES (CONT'D.)

Group as a lessee (cont'd.)

Set out below are the carrying amounts of lease liabilities recognised and the movements during the year:

	2022 RM'000	2021 RM'000
At 1 January	14,295,294	12,435,240
Additions	65,760	277,359
Accretion of interest (Note 8(b))	705,152	500,044
Payments	(1,171,914)	(423,777)
Modifications	703,928	1,170,803
Exchange movements	459,660	335,625
At 31 December	15,057,880	14,295,294

	2022 RM'000	2021 RM'000
Current	4,340,844	3,905,769
Non-current	10,717,036	10,389,525
	15,057,880	14,295,294

The maturity analysis of lease liabilities are disclosed in Note 39(c).

The following are the amounts recognised in profit or loss:

	2022 RM'000	2021 RM'000
Depreciation of right-of-use assets	1,309,533	1,655,887
Interest expense on lease liabilities	705,152	500,044
Expense relating to short-term leases	27,922	11,192
Reversal of impairment of right-of-use assets	(552,290)	-
(Reversal)/impairment of finance lease receivables	(98,923)	2,856
Loss on recognition of finance lease receivables	-	41,187
Total amount recognised in profit or loss	1,391,394	2,211,166

The Group had total cash outflows for leases of RM1,200 million in 2022 (2021: RM435 million). The Group also had non-cash additions to ROU assets and lease liabilities of RM67 million (2021: RM656 million) and RM66 million (2021: RM277 million), respectively. Included in lease liabilities are lease rental payables amounting to approximately RM2,282 million (2021: RM2,212 million).

In 2022, modifications represent change in lease terms and consideration of aircraft lease agreements from certain lessors. These modifications were negotiated by the Group to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

29. LEASES (CONT'D.)

Reversal of impairment for right-of-use assets

During the financial year, the reversal of impairment loss amounting to RM552.3 million relates to certain right-of-use assets due to the recovery of the COVID-19 pandemic. This was recognised in the income statement as other operating income.

The recoverable amount of the ROU of RM11,250 million was derived using estimated value in use and determined at the level of the CGUs of the airline operating centres in the respective countries that the Group is operating in. The recoverable amounts of the CGUs have been measured based on cash flow projections approved by the management. The airline CGU comprise right-of-use assets and aircraft related property, plant and equipment.

The discount rates applied to the cash flow projections averaged from 13.5%. The assumptions used to determine the recoverable amounts include revenue per passenger, load factor, fuel cost, passengers charges and growth rate which may change significantly depending on the recovery of the aviation industry in the respective countries, regionally and internationally.

Group as a lessor - finance lease

The Group has classified most of its aircraft subleases as finance leases because the sublease is for the whole of the remaining term of the head lease. During the financial year, the movement on the finance lease receivables are as follows:

	2022 RM'000	2021 RM'000
At 1 January	490,377	938,165
Modifications during the year	(235,876)	(377,343)
Lease payments received during the financial year	(13,283)	(102,440)
Finance income (Note 8(a))	18,064	16,143
Reversal/(impairment loss) (Note 6)	98,923	(2,856)
Exchange movements	17,590	18,708
At 31 December	375,795	490,377
Current	114,975	224,144
Non-current	260,820	266,233
	375,795	490,377

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date:

	2022 RM'000	2021 RM'000
Within one year	156,427	238,046
After one year but not more than five years	171,434	209,293
More than five years	81,656	117,619
Total undiscounted lease payments receivable	409,517	564,958
Unearned finance income	(33,722)	(74,581)
Net investment in the lease	375,795	490,377

29. LEASES (CONT'D.)

Group as a lessor - operating lease

Lease income from lease contracts in which the Group acts as a lessor:

	2022 RM'000	2021 RM'000
Finance lease		
- Finance income on the finance lease receivables	18,064	16,143
Operating lease		
- Aircraft operating lease income	63,632	153,290

30. PROVISION FOR RETIREMENT BENEFITS

The Group has unfunded, non-contributory and actuarially computed retirement benefit plans which provide retirement benefits to employees who reach the mandatory retirement age under the provisions of labour laws in Indonesia and the Philippines.

The amounts recognised in the statements of financial position as at 31 December are as follows:

	Group	
	2022 RM'000	2021 RM'000
Present value of defined benefit obligation	69,742	81,084

The movements in the present value of defined benefit obligation for the year ended 31 December are as follows:

	Group	
	2022 RM'000	2021 RM'000
Defined benefit obligation at 1 January	81,084	97,667
Recognised in income statement		
- Current service cost	9,894	6,272
- Interest cost	4,809	5,350
Benefits paid	(11,017)	(3,273)
Past service cost	(5,241)	(15,051)
Remeasurement gain recognised in other comprehensive income		
- Changes in financial assumptions	(3,256)	(12,152)
- Experience adjustments	(3,586)	(571)
Exchange differences	(2,945)	2,842
Defined benefit obligation at 31 December	69,742	81,084

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

30. PROVISION FOR RETIREMENT BENEFITS (CONT'D.)

The principal actuarial assumptions used for the year ended 31 December are as follows:

	2022	2021
Discount rate	7.11% - 7.42%	4.99% - 7.49%
Salary increase rate per annum	5%	5%
Average employee service life	5 - 19 years	19 - 25 years

Sensitivity analysis

As at 31 December, the sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is as follows:

	Change in assumption	Impact on defined benefit obligation	
		Increase in assumption RM'000	Decrease in assumption RM'000
2022			
Annual discount rate	+/- 1%	(324)	1,353
Future annual salary increase rate	+/- 1%	1,105	(151)
2021			
Annual discount rate	+/- 1%	(737)	2,331
Future annual salary increase rate	+/- 1%	2,042	(634)

31. SHARE CAPITAL

	No. of shares		Group/Company	
	2022 '000	2021 '000	2022 RM'000	2021 RM'000
Ordinary shares				
Issued and fully paid up:				
As at 1 January	3,898,053	3,341,974	8,457,172	8,023,268
Issued during the year				
- Private placement	-	470,214	-	336,464
- Acquisition of non-controlling interest in a subsidiary	-	85,865	-	103,037
- Conversion of RCUIDS	263,740	-	197,805	-
Less: transactional cost	-	-	-	(5,597)
As at 31 December	4,161,793	3,898,053	8,654,977	8,457,172

31. SHARE CAPITAL (CONT'D.)

(i) Private placement

On 21 January 2021, the Company announced that it proposed to undertake a private placement of up to 20% of the total number of issued shares of the Company or 668,394,816 shares ("Placement shares") ("Private Placement"). The Private Placement will be undertaken in accordance with the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 and the "Additional Temporary Relief Measures to Listed Issuers" announced by Bursa Malaysia Securities Berhad ("Bursa") on 16 April 2020 which increased the prescribed limit under Paragraph 6.03 of the Main Market Listing Requirements from 10% to 20%. The Company has obtained approval from its shareholders for the 20% General Mandate at its Annual General Meeting held on 28 September 2020.

On 10 February 2021, the Company announced that the first tranche of placement shares of 369,846,852 was price fixed at RM0.675 per share. On 9 March 2021, the Company announced that the second tranche of placement shares of 100,367,362 was price fixed at RM0.865 per share. The above two tranches raised a total of RM336.46 million.

(ii) Acquisition of a subsidiary

On 22 March 2021, the Company entered into a Memorandum of Understanding with Aimia Holdings UK II Limited in relation to the acquisition of the remaining 20% equity interest in BIG satisfied by the issuance of 85,864,583 ordinary shares in the Company and allotted at an issue price of RM1.20 per share amounting to RM103 million (approximately USD25 million). On 21 June 2021 at the Extraordinary General Meeting, the acquisition was approved and BIG became a wholly owned subsidiary of the Group. The effect of the acquisition is reflected in the statement of changes in equity.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

(iii) Conversion of RCUIDS

During the financial year, 263,740,340 RCUIDS were converted into ordinary shares issued at RM0.75 per share. The number of RCUIDS outstanding as at 31 December 2022 was 1,035,610,619 units.

32. SHARE-BASED PAYMENTS

Long Term Incentive Scheme ("LTIS")

On 2 August 2021, the Company implemented a LTIS comprising an Employee Share Option Scheme ("ESOS") and a Share Grant Scheme. The establishment of the LTIS, which involves up to 10% of the total number of issued shares of the Company at any point in time throughout the duration of the LTIS, is for the employees and directors of the Group who are eligible in accordance with the By-Laws governing the LTIS. The LTIS is administered by a committee appointed and duly authorised by the Board in accordance with the By-Laws.

The LTIS will be in force for a period of six (6) years commencing from 2 August 2021 and may be extended for a further period of up to 4 years immediately from the expiry of the first six years.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

32. SHARE-BASED PAYMENTS (CONT'D.)

ESOS

On 3 August 2021, the Company granted 159,400,000 share options ("ESOS") pursuant to the LTIS to selected eligible employees and directors of the Group. The ESOS will be vested on a 3 year-cliff vesting, i.e. 100% will be vested on 31 August 2024, subject to the Company's share price performance. Employees must remain in service for a period of 3 years from the date of grant up to vesting date. The fair value of the ESOS is estimated at the date of grant using a Monte-Carlo simulation model blended with Black-Scholes model, taking into account the terms and conditions on which the ESOS were granted. The model simulates the share price and takes into account historical and expected dividends, risk-free rate, and the share price volatility of the Company so as to predict the share performance.

The exercise price of the ESOS is RM0.74 which is equal to the 5-day Volume-weighted average market price ("VWAP") of the shares immediately preceding the date of the ESOS award, with a discount of not more than ten per cent (10%). The vesting period and exercise period of the ESOS will be limited to the duration that the LTIS is in force. There is no cash settlement alternatives for the employees. The Group does not have a past practice of cash settlement for these awards.

The expense recognised for employee services received during the year are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Expense arising from equity-settled share-based payment transactions	10,646	5,968	221	38

There were no cancellations or modifications to the award in 2022.

Movements during the year

The following table illustrates the number of, and movements in, ESOS during the year.

	2022	2021
	'000	'000
Outstanding at 1 January	151,600	-
Granted during the year	-	159,400
Forfeited during the year	(25,400)	(7,800)
Outstanding at 31 December	126,200	151,600

The fair value of options granted during the year was RM0.282.

The exercise price for ESOS outstanding at the end of the year was RM0.7425.

32. SHARE-BASED PAYMENTS (CONT'D.)

Movements during the year (cont'd.)

The following table list the inputs to the model used for the ESOS for the year ended 31 December 2022:

	Share options granted on 3 Aug 2021
Fair value at the measurement date (RM)	0.282
Expected volatility (%)	53.874
Risk-free interest rate per annum (%)	2.242
Expected life of ESOS (years)	6
Model used	Monte-Carlo blended with Black-Scholes

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

33. MERGER DEFICIT

	Group	
	2022	2021
	RM'000	RM'000
As at 1 January and 31 December	(5,507,594)	(5,507,594)

On 16 April 2018, the Company completed the internal reorganisation. Consequently, the merger deficit represents the difference between the purchase consideration to acquire AAB and the share capital of AAB.

Further, the Company has accounted for the acquisition of AAB Group as a continuation of the acquired entity. Therefore, the share capital of AAB is reflected as a merger reserve since the financial year ended 31 December 2017.

34. RETAINED EARNINGS AND RESERVES

(a) Retained earnings

The Company has retained earnings amounting to RM571 million (2021: RM569 million) which is available for distribution for the shareholders of the Company.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

34. RETAINED EARNINGS AND RESERVES (CONT'D.)

(b) Reserves

Group	Remeasurement gain on employee benefits liability RM'000	Cash flow hedge reserve RM'000	Fair value reserve RM'000	Share option reserves RM'000	RCUIDS reserves RM'000	Warrant reserves RM'000	Total RM'000
At 1 January 2022	(13,330)	(68,499)	(29,914)	5,968	154,360	112,736	161,321
Net change in fair value	6,842	-	(15,759)	-	-	-	(8,917)
Share of other comprehensive income of an associate	-	68,499	-	-	-	-	68,499
Conversion of RCUIDS into ordinary share	-	-	-	-	(27,529)	-	(27,529)
Share-based payment expensed	-	-	-	10,646	-	-	10,646
At 31 December 2022	(6,488)	-	(45,673)	16,614	126,831	112,736	204,020
At 1 January 2021	(18,640)	(101,222)	(105,506)	-	-	-	(225,368)
Net change in fair value	5,284	43,248	102,805	-	-	-	151,337
Deferred tax recognised in other comprehensive income	26	(10,525)	-	-	-	-	(10,499)
Issuance of RCUIDS	-	-	-	-	154,360	112,736	267,096
Share-based payment expensed	-	-	-	5,968	-	-	5,968
Transfer of fair value reserve of disposed investment securities to retained earnings	-	-	(27,213)	-	-	-	(27,213)
At 31 December 2021	(13,330)	(68,499)	(29,914)	5,968	154,360	112,736	161,321

34. RESERVES (CONT'D.)

Company	Fair value reserve RM'000	Share option reserves RM'000	RCUIDS reserves RM'000	Warrant reserves RM'000	Total RM'000
At 1 January 2022	-	6,044	154,360	112,736	273,140
Share-based payment expensed	-	221	-	-	221
Conversion of RCUIDS into ordinary share	-	-	(27,529)	-	(27,529)
Deemed investment in subsidiaries	-	9,814	-	-	9,814
At 31 December 2022	-	16,079	126,831	112,736	255,646
At 1 January 2021	(81,901)	-	-	-	(81,901)
Net change in fair value	109,114	-	-	-	109,114
Share-based payment expensed	-	38	-	-	38
Issuance of RCUIDS	-	-	154,360	112,736	267,096
Deemed investment in subsidiaries	-	6,006	-	-	6,006
Transfer of fair value reserve of disposed investment securities to retained earnings	(27,213)	-	-	-	(27,213)
At 31 December 2021	-	6,044	154,360	112,736	273,140

34.1 Share option reserves

The share option reserves is used to recognise the value of equity-settled share based payments provided to selected eligible employees and directors of the Group, as part of their remuneration. Refer to Note 32 for further details of this plan.

34.2 RCUIDS reserves

The RCUIDS reserves comprise the equity component of the RCUIDS. It represents the residual of the RCUIDS after deducting the fair value of the liability component and the embedded derivative component. The amount is presented net of transaction costs and deferred tax liabilities.

During the financial year, 263,740,340 units of RCUIDS were converted into ordinary shares. The number of RCUIDS outstanding as at 31 December 2022 was 1,035,610,619.

34.3 Warrant reserves

On 31 December 2021, the Company issued 649,675,479 warrants ("Warrants") pursuant to the Rights Issue of RCUIDS. The Warrants is constituted by a deed poll dated 18 November 2021. The warrant reserve comprises the fair value of the free detachable warrants arising from the Rights Issue.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

36. SEGMENTAL INFORMATION (CONT'D.)

The segmental information provided to the Board of Directors for the reportable segments are as follows: (cont'd.)

	Aviation RM'000	Engineering RM'000	airasia Super App RM'000	Teleport RM'000	BigPay RM'000	Others RM'000	Total Segments RM'000	Elimination adjustments RM'000	Total RM'000
2021									
Revenue	1,573,022	101,333	150,016	551,231	21,615	15,574	2,412,791	(729,895)	1,682,896
Staff costs	(485,307)	(72,215)	(113,338)	(37,800)	(28,828)	(59,714)	(797,202)	1,564	(795,638)
Fuel costs	(393,941)	-	-	-	-	-	(393,941)	-	(393,941)
Maintenance and overhaul	(811,808)	(5,795)	-	-	-	-	(817,603)	336,984	(480,619)
User charges and other related expenses	(228,940)	-	(34,010)	(574,062)	-	(50)	(837,062)	76,525	(760,537)
Other operating expenses	(381,690)	(10,124)	(140,101)	(15,820)	(111,217)	(29,789)	(688,741)	146,549	(542,192)
Other income	550,543	-	(1,782)	7,319	287	52	556,419	(291,425)	264,994
EBITDA	(178,121)	13,199	(139,215)	(69,132)	(118,143)	(73,927)	(565,339)	(459,698)	(1,025,037)
Depreciation & amortisation									(1,820,572)
Interest expense									(679,807)
Interest income									35,314
Net fair value gains on derivatives									31,377
Share of results of associates/joint venture									(45,227)
Foreign exchange loss									(71,084)
Loss before tax									(3,575,036)
Segment assets	26,742,724	291,062	345,851	141,321	293,384	1,963,411	29,777,753	(10,352,151)	19,425,602
Unallocated corporate assets									165,397
Associates									438,004
Joint ventures									878
Total assets									20,029,881
Segment total liabilities	36,528,419	62,044	421,944	161,505	434,889	764,111	38,372,912	(11,920,128)	26,452,784
Unallocated corporate liabilities									822,437
									27,275,221

37. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party disclosures.

Entities listed under investment in subsidiaries, associates and joint ventures are all considered related parties. Further, the following party with common shareholders and/or directors are also considered related parties for disclosure purposes.

- (i) AirAsia X Berhad
- (ii) Tune Insurance Malaysia Berhad
- (iii) Queens Park Rangers Holdings Ltd
- (iv) Thai AirAsia X Co. Ltd
- (v) PT Indonesia AirAsia Extra
- (vi) Tune Money International Sdn Bhd

All related party transactions were carried out on agreed terms and conditions.

Related party transactions also include transactions with entities that are controlled, jointly controlled or significantly influenced directly or indirectly by any key management personnel or their close family members, where applicable.

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
(a) Income:				
Aircraft lease income owned and leased aircraft				
- TAA	24,109	124,989	-	-
Office rental income				
- AirAsia X Berhad	-	3,384	-	-
Sale of loyalty point from BIG				
- TAA	4,309	1,206	-	-
Turnaround charges and marketing funds charged by AGZ				
- AirAsia X Berhad	505	101	-	-
- Thai AirAsia X Co. Ltd	1,063	-	-	-
Travelling - Accommodation charged by Tune Hotel	-	883	-	-
Commission from online travel and accommodation charged to AirAsia X Berhad	6,864	-	-	-
Commission on travel insurance for passengers charged to Tune Insurance Malaysia Berhad	-	1,230	-	-

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

37. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
(b) Recharges:				
Recharges of expenses to				
- TAA	624,470	-	-	-
- AirAsia X Berhad	413,018	15,322	-	-
- AAI	2,414	155,942	-	-
- Thai AirAsia X Co. Ltd	60,585	6,447	-	-
(c) Other income/(expenses):				
Brand license fee charged by AirAsia Berhad				
- AirAsia X Berhad	5,389	-	-	-
- Thai AirAsia X Co. Ltd	4,180	-	-	-
Maintenance reserve fund charged to				
- TAA	65,241	62,451	-	-
- AAI	-	4,470	-	-
Purchase of cargo transportation capacity				
- AirAsia X Berhad	51,249	-	-	-
- Thai AirAsia X Berhad	16,062	-	-	-
- TAA	7,821	-	-	-
Purchase of charter spaces				
- AirAsia X Berhad	142,053	203,706	-	-
- Thai AirAsia X Co. Ltd.	6,114	173,087	-	-
Loyalty point redemption				
- TAA	(3,891)	(3,461)	-	-
Management fees paid to AirAsia SEA Ltd	45,000	18,754	-	(72)
Management fees charged to associates and related parties	2,484	47	-	-

38. FINANCIAL INSTRUMENTS

	Measured at amortised costs	Measured at FVTPL	Measured at FVOCI	Total
	RM'000	RM'000	RM'000	RM'000
Group				
31 December 2022				
Financial assets as per statements of financial position				
Investment securities (Note 15)	-	6,017	108,517	114,534
Receivables (excluding prepayments and deposits for aircraft maintenance)	816,741	-	-	816,741
Amounts due from associates (Note 23)	166,437	-	-	166,437
Amounts due from related parties (Note 24)	154,921	-	-	154,921
Derivative financial instruments (Note 20)	-	165,397	-	165,397
Deposits, cash and bank balances (Note 25)	469,985	-	-	469,985
Finance lease receivables (Note 29)	375,795	-	-	375,795
Total	1,983,879	171,414	108,517	2,263,810

	Liabilities at FVTPL	Other liabilities	Total
	RM'000	RM'000	RM'000
Group (cont'd.)			
31 December 2022			
Financial liabilities as per statements of financial position			
Borrowings (Note 28)	-	2,936,714	2,936,714
Trade and other payables (Note 26)	-	3,159,363	3,159,363
Amounts due to associates (Note 23)	-	266,126	266,126
Amounts due to related parties (Note 24)	-	230,291	230,291
Lease liabilities (Note 29)	-	15,057,880	15,057,880
Total	-	21,650,374	21,650,374

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

38. FINANCIAL INSTRUMENTS (CONT'D.)

	Measured at amortised costs RM'000	Measured at FVTPL RM'000	Measured at FVOCI RM'000	Total RM'000
Group (cont'd.)				
31 December 2021				
Financial assets as per statements of financial position				
Investment securities (Note 15)	-	43,641	199,682	243,323
Receivables (excluding prepayments and deposits for aircraft maintenance)	651,628	-	-	651,628
Amounts due from associates (Note 23)	67,285	-	-	67,285
Amounts due from related parties (Note 24)	134,153	-	-	134,153
Derivative financial instruments (Note 20)	-	165,397	-	165,397
Deposits, cash and bank balances (Note 25)	1,256,753	-	-	1,256,753
Finance lease receivables (Note 29)	490,377	-	-	490,377
Total	2,600,196	209,038	199,682	3,008,916

	Liabilities at FVTPL RM'000	Other financial liabilities RM'000	Total RM'000
Group (cont'd.)			
31 December 2021			
Financial liabilities as per statements of financial position			
Borrowings (Note 28)	-	2,309,889	2,309,889
Derivative financial instruments (Note 20)	32,785	-	32,785
Trade and other payables (Note 26)	-	2,601,588	2,601,588
Amounts due to associates (Note 23)	-	43,297	43,297
Amounts due to related parties (Note 24)	-	129,717	129,717
Lease liabilities (Note 29)	-	14,295,294	14,295,294
Total	32,785	19,379,785	19,412,570

38. FINANCIAL INSTRUMENTS (CONT'D.)

	Measured at amortised costs RM'000	Measured at FVTPL RM'000	Total RM'000
Company			
31 December 2022			
Financial assets as per statements of financial position			
Amount due from subsidiaries (Note 22)	1,454,450	-	1,454,450
Amounts due from associates (Note 23)	10,722	-	10,722
Amounts due from related parties (Note 24)	1,373	-	1,373
Deposits, cash and bank balances (Note 25)	1,255	-	1,255
Derivative financial instruments (Note 20)	-	165,397	165,397
	1,467,800	165,397	1,633,197

	Other financial liabilities RM'000
Company	
31 December 2022	
Financial liabilities as per statements of financial position	
Trade and other payables (Note 26)	2,943
Amounts due to subsidiaries (Note 22)	18,508
Amounts due to related parties (Note 24)	202
	21,653

	Measured at amortised costs RM'000	Measured at FVOCI RM'000	Total RM'000
31 December 2021			
Financial assets as per statements of financial position			
Amount due from a subsidiary (Note 22)	1,091,879	-	1,091,879
Amounts due from associates (Note 23)	10,260	-	10,260
Amounts due from related parties (Note 24)	1,150	-	1,150
Deposits, cash and bank balances (Note 25)	561,887	-	561,887
Derivative financial instruments (Note 20)	-	165,397	165,397
	1,665,176	165,397	1,830,573

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

38. FINANCIAL INSTRUMENTS (CONT'D.)

	Other financial liabilities RM'000
Financial liabilities as per statements of financial position	
Trade and other payables (Note 26)	7,666
Amounts due to subsidiaries (Note 22)	213,099
	220,765

39. FINANCIAL RISK MANAGEMENT POLICIES

The Group is exposed to market risk (including fuel price risk, interest rate risk and foreign currency risk), credit risk and liquidity risk. The Group uses financial instruments such as fuel swaps, interest rate swaps and caps, and foreign currency forwards to mitigate its financial risks.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management team then establishes detailed policies such as risk identification and measurement, exposure limits and risk management strategies. Financial risk management policies and procedures are reviewed regularly to reflect changes in the market condition and the Group's activities.

The Group also seeks to ensure that the financial resources that are available for the development of the Group's businesses are constantly monitored and managed vis-a-vis its ongoing exposure to fuel price, interest rate, foreign currency, credit, liquidity and cash flow risks.

The policies in respect of the major areas of treasury activities are as follows:

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, jet fuel prices and interest rates. The objective of market risk management is to manage and control market risk exposure within acceptable parameters while optimising the return on risk.

(i) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

Interest rate exposure arises from the Group's floating rate borrowings and is managed by entering into derivative financial instruments. Derivative financial instruments are used, as far as possible and where appropriate, to generate the desired fixed interest rate profile. Surplus funds are placed with reputable financial institutions.

The Group manages its cash flow interest rate risk by entering into a number of immediate interest rate swap contracts and cross currency swap contracts that effectively converts its existing long-term floating rate debt facilities into fixed rate debt (Note 20). All swap positions were closed off by 31 December 2022.

39. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

The policies in respect of the major areas of treasury activities are as follows: (cont'd.)

(a) Market risk (cont'd.)

(i) Interest rate risk (cont'd.)

If interest rate on borrowings at 31 December 2022 and 31 December 2021 had been 60 basis points higher or lower with all other variables held constant, the impact on the post-tax profits for the year and equity arising from the cash flow interest rate risk would be minimal when considered with the hedging of the floating rate loans (Note 20).

If interest rate on borrowings at 31 December 2022 and 31 December 2021 had been 60 basis points higher or lower with all other variables held constant, the impact on the post-tax profits for the financial year and equity, as a result of an increase or decrease in the interest expense on floating borrowings are tabulated below. The impact on post-tax profits are as follow:

	2022		2021	
	+60bps RM'000	-60bps RM'000	+60bps RM'000	-60bps RM'000
Impact on post tax profits	17,620	(17,620)	13,860	(13,860)

The remaining terms of the outstanding interest rate derivative contracts of the Group at balance sheet date, which are all denominated in USD, are as follows:

	2022 RM'000	2021 RM'000
Later than 5 years:		
Interest rate swaps	-	688,280
	-	688,280

(ii) Foreign currency risk

The Group is exposed to foreign currency exchange risk. These exposures are managed, to the extent possible, by natural hedges that arise when payments for foreign currency payables are matched against receivables denominated in the same foreign currency or whenever possible, by intragroup arrangements and settlements.

As at 31 December 2022 and 2021, the Group has not hedged any of its USD denominated borrowings.

The exposure to other foreign currency risk of the Group is not material and hence, sensitivity analysis is not presented.

The Group's currency exposure profile of financial instruments denominated in currencies other than the functional currency is presented in the respective financial asset and financial liabilities notes.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

39. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

The policies in respect of the major areas of treasury activities are as follows: (cont'd.)

(b) Credit risk

Credit risk is the risk of financial loss to the Group and the Company if a customer or a counter party to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers, cash and cash equivalents and other financial assets.

The Group's and the Company's exposure to credit risks or the risk of counterparties defaulting arises mainly from various deposits and bank balances, receivables, deposits for aircraft purchase and derivative financial instruments. As the Group and the Company do not hold collateral, the maximum exposure to credit risks is represented by the total carrying amount of these financial assets in the balance sheet. Prepayment for engine maintenance to the service provider are also deemed by the Group as having credit risk in the event counterparties do not fulfill the obligation.

Credit risks are controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised by monitoring receivables regularly. In addition, credit risks are also controlled as majority of the Group's deposits and bank balances and derivative financial instruments are placed or transacted with major financial institutions and reputable parties. The Directors are of the view that the possibility of non-performance by the majority of these financial institutions is remote on the basis of their financial strength and support of their respective governments.

The Group generally has no concentration of credit risk arising from trade receivables.

(c) Liquidity and cash flow risk

The Group's and the Company's policy on liquidity risk management is to maintain sufficient cash and cash equivalents and to have available funding through adequate amounts of committed credit facilities and credit lines for working capital requirements.

Following the COVID-19 pandemic, the liquidity of the Group is impacted as it is influenced by the booking and payment pattern of passengers which saw a decline. Further details are as disclosed in Note 41.

The management will continue to monitor liquidity reserves and rolling cash flow forecasts throughout the year based on the measures put in place as disclosed in Note 41 and also potential impact from events outside the Group's control.

The table below analyses the Group's payables, non-derivative financial liabilities, gross-settled and net-settled derivative financial liabilities and the Company's payables into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

39. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

The policies in respect of the major areas of treasury activities are as follows: (cont'd.)

(c) Liquidity and cash flow risk (cont'd.)

	Less than 1 year RM'000	1-2 years RM'000	2-5 years RM'000	Over 5 years RM'000
Group				
At 31 December 2022				
Term loans	499,198	274,275	1,364,862	24,500
Revolving credit	31,760	-	-	-
Trade and other payables (Note 26)	2,878,562	280,801	-	-
Lease liabilities	4,340,844	1,955,574	5,285,091	6,351,960
Amounts due to associates	266,126	-	-	-
Amounts due to related parties	230,291	-	-	-
	8,246,781	2,510,650	6,649,953	6,376,460
At 31 December 2021				
Term loans	418,912	112,668	823,338	68,296
Revolving credit	85,640	-	-	-
Swap creditors loan	219,896	-	-	-
Trade and other payables (Note 26)	2,308,897	292,691	-	-
Lease liabilities	4,177,111	1,877,124	5,051,171	6,240,722
Amounts due to associates	43,297	-	-	-
Amounts due to related parties	129,717	-	-	-
	7,383,470	2,282,483	5,874,509	6,309,018
Company				
At 31 December 2022				
Borrowings	655,499	-	-	-
Trade and other payables	2,943	-	-	-
Amounts due to subsidiaries	18,508	-	-	-
Amounts due to related parties	202	-	-	-
	677,152	-	-	-
At 31 December 2021				
Borrowings	822,437	-	-	-
Trade and other payables	7,666	-	-	-
Amounts due to subsidiaries	213,099	-	-	-
	1,043,202	-	-	-

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

39. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

The policies in respect of the major areas of treasury activities are as follows: (cont'd.)

(d) Capital risk management

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to provide returns for shareholders and benefits for other stakeholders.

In order to optimise the capital structure, or the capital allocation amongst the Group's and the Company's various businesses, the Group and the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, take on new debts or sell assets to reduce debt.

The Group's and the Company's overall strategy remains unchanged from 2019.

Consistent with others in the industry, the Group and the Company monitors capital utilisation on the basis of the net gearing ratio. This net gearing ratio is calculated as net debts divided by total equity. Net debts are calculated as total borrowings (including "short-term and long-term borrowings" as shown in the Group's and the Company's balance sheet) add lease liabilities less deposit, cash and bank balances.

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Total borrowings (Note 28)	2,936,714	2,309,889	655,499	822,437
Lease liabilities (Note 29)	15,057,880	14,295,294	-	-
Less: Deposit, cash and bank balances (Note 25)	(469,985)	(1,256,753)	(1,255)	(561,887)
Net debts	17,524,609	15,348,430	654,244	260,550
Total equity	(9,516,958)	(6,422,903)	9,481,652	9,299,350
Net Gearing Ratio (times)	N/A	N/A	N/A	N/A

In prior financial year, the Group's operations were significantly affected by the COVID-19 pandemic which led to operating losses. The Group has been relying on debt compared to its equity to finance the Group's operations which resulted in a negative net gearing ratio.

The Group is in compliance with all externally imposed capital requirements for the financial years ended 31 December 2022 and 31 December 2021.

39. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

The policies in respect of the major areas of treasury activities are as follows: (cont'd.)

(e) Fair value measurement

The carrying amounts of cash and cash equivalents, trade and other current assets, and trade and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

Determination of fair value and fair value hierarchy

The Group's financial instruments are measured in the statement of financial position at fair value. Disclosure of fair value measurements are by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2);
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's and Company's assets and liabilities that are measured at fair value.

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
Group				
31 December 2022				
Assets				
Financial assets at fair value through profit or loss				
- Early redemption option	-	165,397	-	165,397
Investment securities	64,947	6,017	43,570	114,534
	64,947	171,414	43,570	279,931
31 December 2021				
Assets				
Financial assets at fair value through profit or loss				
- Early redemption option	-	165,397	-	165,397
Investment securities	80,706	43,641	118,976	243,323
	80,706	209,038	118,976	408,720
Liabilities				
Financial liabilities at fair value through profit or loss				
- Trading derivatives	-	32,785	-	32,785

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

39. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

The policies in respect of the major areas of treasury activities are as follows: (cont'd.)

(e) Fair value measurement (cont'd.)

Determination of fair value and fair value hierarchy

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Company				
31 December 2022				
Assets				
Financial assets at fair value through profit or loss				
- Early redemption option	-	165,397	-	165,397
31 December 2021				
Assets				
Financial assets at fair value through profit or loss				
- Early redemption option	-	165,397	-	165,397

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices are readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. These would include actively traded listed equities and actively exchange-traded derivatives.

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group and Company then determine fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high. These would include certain bonds, government bonds, corporate debt securities, repurchase and reverse purchase agreements, loans, credit derivatives, certain issued notes and the Group's and Company's over the counter ("OTC") derivatives. Specific valuation techniques used to value financial instruments include:

- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
- The fair value of fuel swap contracts is determined using forward fuel price at the balance sheet date, with the resulting value discounted back to present value.

39. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

The policies in respect of the major areas of treasury activities are as follows (cont'd.):

(e) Fair value measurement (cont'd.)

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). Such inputs are generally determined based on observable inputs of a similar nature, historical observations on the level of the input or other analytical techniques, including discounted cash flow projections.

40. UNCONSOLIDATED STRUCTURED ENTITIES

The Group has set up Merah entities, special purpose companies ("SPC") pursuant to aircraft related borrowings obtained from various financial institutions. Under the arrangement, the Group enters into an Aircraft Instalment Sale Agreement with the SPC, permitting the Group to possess and operate each of the Airbus A320 aircraft financed under the facility.

The SPC are orphan trust companies in which the Group has no equity interest. The SPC do not incur any losses or earn any income during the financial year ended 31 December 2022. The aircraft and the corresponding term loans and finance costs associated with the SPC have been recognised by the Group upon the purchase of the aircraft.

The Group does not provide any financial support to the SPC or have any contractual obligation to make good the losses, if any.

The details of the Merah entities are as follows:

Name	Incorporation	Purpose
Merah Satu Limited	Labuan, Malaysia	Aircraft financing special purpose company (Struck-off on 2 August 2022)
Merah Lima Limited	Labuan, Malaysia	Aircraft financing special purpose company (Struck-off on 26 May 2022)
Merah Enam Limited	Labuan, Malaysia	Aircraft financing special purpose company (Struck-off on 2 July 2022)
Merah Sebelas Limited	Labuan, Malaysia	Aircraft financing special purpose company (Struck-off on 11 May 2022)
Merah Duabelas Limited	Labuan, Malaysia	Aircraft financing special purpose company (Struck-off on 14 August 2022)
Merah Tigabelas Limited	Labuan, Malaysia	Aircraft financing special purpose company (Struck-off on 31 August 2022)
Merah Empatbelas Limited	Labuan, Malaysia	Aircraft financing special purpose company (Struck-off on 13 February 2023)
Merah Enambelas Limited	Labuan, Malaysia	Aircraft financing special purpose company (Struck-off on 28 July 2022)

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

40. UNCONSOLIDATED STRUCTURED ENTITIES (CONT'D.)

The details of the Merah entities are as follows: (cont'd.)

Name	Incorporation	Purpose
Merah Duapuluh Limited	Labuan, Malaysia	Aircraft financing special purpose company (Struck-off on 26 July 2022)
Merah Duapuluhtujuh Limited	Labuan, Malaysia	Aircraft financing special purpose company (Struck-off on 6 July 2022)
Merah Tigapuluhsatu Limited	Labuan, Malaysia	Aircraft financing special purpose company (Struck-off on 5 August 2022)

41. COVID-19 PANDEMIC

The Covid-19 pandemic had a significant impact on the world, resulting in an economic slowdown that particularly affected the tourism and hospitality industries. However, as the situation improved in 2022, most of our markets were able to remove restrictions on cross-border travel, leading to a steady recovery in the travel and tourism industry. The Group remains committed to achieving long-term sustainable growth by strengthening our ecosystem of travel, e-commerce, logistics and fintech.

Despite the challenges posed by the pandemic, the Group was able to focus on recovery throughout 2022 and achieved almost 50% of pre-Covid operating levels by year-end. However, the Group reported a net loss of RM3,255 million for the financial year ended 31 December 2022, although this was an improvement from the previous year's net loss of RM3,721 million. The current liabilities exceeded current assets by RM8,550 million, and the shareholders' deficit was RM5,706 million. The Company reported a net profit of RM2 million for the same period.

In response to the pandemic, the Group and the Company implemented several measures related to fundraising, revision of business plans, and cost control. These efforts continue as the Group seeks support from vendors and business partners to address its cash flow requirements. Efforts taken include the following:

(a) Funding

The Group has implemented various funding initiatives, such as restructuring and renegotiating leases, private placements, issuing RCUIDS, and disposing and divesting investments and assets, as well as securing financing from banks and lessors, amounting to approximately RM3 billion. Additionally, the Group is currently engaging in discussions with lenders and investors at different stages for debt and equity fundraising, with an estimated amount of RM1 billion.

(b) Working Capital Management

By 31 December 2022, the Group had successfully restructured 133 aircraft leases and was in discussions with lessors to restructure the remaining leases, seeking to waive the lease rentals in arrears and reduce future lease rates while extending lease terms where appropriate. The deferred lease rentals as at 31 December 2022 are detailed in Note 29.

Furthermore, during the financial year, the Group implemented several measures to significantly reduce its cash burn rate, including various cost containment and optimization exercises including:

- Right sizing of manpower and salary cuts for management, staff and directors;

41. COVID-19 PANDEMIC (CONT'D.)

(b) Working Capital Management (cont'd.)

Furthermore, during the financial year, the Group implemented several measures to significantly reduce its cash burn rate, including various cost containment and optimization exercises including: (cont'd.)

- Right sizing of manpower and salary cuts for management, staff and directors;
- Reskilling, upskilling and moving operational manpower across functions within our ecosystem of online travel and lifestyle business during the downturn in travel; and
- Negotiation of deferrals with vendors, service providers, suppliers and other business partners.

(c) Capacity and Network Management and Marketing Activities

In Quarter 4 2022, the Aviation Group (AAB, PAA, IAA) carried 7.8 million passengers, achieving its highest load factor of 86% since the onset of the pandemic, with a year-to-date load factor of 84%. This performance demonstrated a V-shaped recovery in travel demand in the domestic market in 2022. With the revision of business plans and marketing support, and favourable actions from key stakeholders, the Group is well-positioned to cater to the pent-up demand for leisure travel.

For the first quarter of 2023, the Group is implementing all possible measures to return the grounded fleet to service, with an estimated completion by Quarter 3 2023. The Group has recalled 99% of furloughed Allstars and is actively organizing cabin crew recruitment drives, in addition to resuming its cadet pilot program and inducting Second Officers for program graduates in 2023, to support manpower requirements for its aircraft expansion plan. The Group aims to achieve full recovery by Quarter 3 2023 and has received assurance from airport partners regarding their ability to support service resumption.

In response to the progressive uplifting of travel restrictions globally and the resumption of travel demand, the Group is implementing continuous flight capacity and network revenue management. The Group consistently evaluates route profitability and focuses its recovery efforts on the most profitable and popular routes, adjusting future available capacity to match observed booking trends for future travel to optimize load factors.

The Group is optimistic about the recovery of regional air travel, expecting it to return to a degree of normalcy within the year, while international air travel with the opening of China is projected to recover rapidly throughout 2023 and beyond.

(d) Synergistic Travel and Lifestyle Businesses

Throughout the year, the Group has undergone a significant transformation to become more than just an airline. It has restructured and expanded to become a digital travel and lifestyle services Group, which has been accelerated by the pandemic. The Group now operates under different business verticals, which include AirAsia Aviation Group, airasia Super App, logistics venture Teleport, BigPay fintech service, airline engineering business Asia Digital Engineering, and venture arm Redbeat Capital. The Group has already received overwhelming support for its digital transformation through various fundraising initiatives.

The Group is confident of the commercial synergies between airasia Super App and BigPay, and is exploring various strategies to intensify the existing ecosystem and offer users a comprehensive and exclusive suite of products.

The Group is also in the process of formulating a holistic and meaningful restructuring plan to regularise and improve its business and financial condition. The Group aims to redirect itself onto a path leading to the upliftment of its PN17 status, which will benefit its shareholders and all other stakeholders.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

41. COVID-19 PANDEMIC (CONT'D.)

(d) Synergistic Travel and Lifestyle Businesses (cont'd.)

The Directors have prepared a set of cash flow projections that incorporates the aforementioned measures and assessed the ability of the Group and the Company in continuing as a going concern. Based on this assessment, the Directors believe that the going concern basis used in the preparation of financial statements is appropriate and that no adjustments were necessary to be made to the financial statements relating to the recoverability and classification of the carrying amount of assets or the amount and classification of liabilities.

42. OTHER MATTERS

Litigations involving AAB and Malaysia Airports (Sepang) Sdn Bhd ("MASSB")

In prior years, AAB, a wholly owned subsidiary of the Company, received a Writ of Summons and Statement of Claim ("Claim") dated 10 December 2018 and on 31 January 2019, Malaysia Airports (Sepang) Sdn Bhd ("MASSB") filed claims at the High Court of Malaya at Kuala Lumpur, claiming the additional RM23 per Passenger Services Charges ("PSC") which AAB was required to collect effective 1 July 2018.

On 18 July 2019, the Kuala Lumpur High Court, inter alia, allowed MASSB's application for summary judgment against AAB and ordered AAB to pay MASSB:

- (a) RM9,395,856.50 in outstanding PSC and RM90,055.50 in outstanding LPC for Suit 816; and
- (b) RM4,614,329.00 in outstanding PSC and RM40,577.47 in outstanding LPC for Suit 58.

On 22 July 2019, AAB filed appeals in the Court of Appeal against the aforesaid High Court decision.

On 18 September 2019, AAB paid a sum of RM14 million (being the amounts specified in the Garnishee Show Cause Orders dated 23 August 2019) to MASSB to defray the garnishee execution proceedings. The payment was made by AAB without prejudice to AAB's rights, including AAB's rights in the appeals made in relation to the judgement order dated 18 July 2019 and any connected interlocutory applications.

On 2 October 2019, AAB filed a Writ of Summons at the Kuala Lumpur High Court against MASSB for a sum of RM479.8 million, being loss and damage caused by negligence on the part of MASSB, its servants and/or agents in the management, operation, maintenance and/or provision of airport services and facilities at KLIA2.

Following to above, on 22 January 2021, MASSB filed a supplementary affidavit in an attempt to adduce fresh evidence in these appeals. On 5 February 2021, the Company filed motions to adduce fresh evidence in these appeals. In view of these developments, the hearing proper of the appeals were adjourned, pending the disposal of the Company's motions to adduce fresh evidence and MASSB's supplementary affidavits.

On 24 March 2021, the Court of Appeal allowed the Company's motions to adduce fresh evidence and Supplementary Records of Appeal consisting of the fresh evidence were filed on 5 April 2021 and served on 6 April 2021.

On 14 April 2021, the Court of Appeal gave directions for the filing of written submissions and fixed the appeals for:

- (a) e-Review case management on 12 January 2022; and
- (b) e-appellate hearing

The appeals were heard on 27 January 2022.

42. OTHER MATTERS (CONT'D.)

Litigations involving AAB and Malaysia Airports (Sepang) Sdn Bhd ("MASSB") (cont'd.)

On 3 March 2022, the Court of Appeal dismissed AAB's four (4) appeals against the High Court's two (2) summary judgments and two (2) orders dismissing AAB's application to strike out MASSB's claim for outstanding Passenger Service Charges. The appeals were dismissed with costs of RM10,000.00 for each appeal, subject to payment of allocator fee.

On 1 April 2022, AAB filed motions for leave to appeal to the Federal Court against the dismissal of the four (4) PSC Appeals on 3 March 2022 by the Court of Appeal. These applications are fixed for Case Management on 9 May 2022.

On 9 August 2022, AAB jointly agreed with MASSB to discontinue the Federal Court proceedings and AAB filed a notice of discontinuance to that effect. Accordingly, the Federal Court vacated the hearing of the application on 11 August 2022.

Kuala Lumpur High Court Civil Suit No. WA-23NCvC-56-10/2019

AIRASIA BERHAD & AIRASIA X BERHAD V MALAYSIA AIRPORTS (SEPANG) SDN BHD (SY1447)

On 2 October 2019, AAB (together with AirAsia X Berhad) filed a Writ of Summons at the Kuala Lumpur High Court against MASSB for a sum of RM479.8 million, being loss and damage caused by negligence on the part of MASSB, its servants and/or agents in the management, operation, maintenance and/or provision of airport services and facilities at KLIA2.

AAB and AirAsia X Berhad subsequently filed an amended statement of claim on 23 December 2019 and a reply on 26 December 2019.

AAB and AirAsia X Berhad applied for an application to expunge an affidavit filed by MASSB ("Expungement Application") on 12 March 2021. MASSB subsequently applied to strike out the whole suit ("Striking Out Application") and also applied for further and better particulars ("FBP Application") on 30 March 2021. MASSB's FBP Application is held over pending the disposal of the Striking Out Application.

MASSB's Striking Out Application was heard on 14 February 2022. The High Court dismissed the Striking Out Application on 25 March 2022 with costs in the cause.

MASSB lodged an application for further and better particulars ("FBP Application") over the disposal of the Striking Out Application.

At the Case Management on 4 April 2022, the High Court fixed the FBP Application to be heard before the High Court Judicial Commissioner on 22 June 2022. A further case management is scheduled after the hearing takes place.

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.

Litigation involving AirAsia Digital Sdn Bhd, AirAsia Berhad, Big Pay Pte Ltd

On 18 November 2021, an arbitration proceedings were commenced against AAD and AAB in the Singapore International Arbitration Centre. The claimants are seeking for a buyout of their shares in Big Pay Pte. Ltd. for an amount to be determined. The proceedings are still at an early stage, where the parties are at the discovery stage. The solicitors are of the view that the AAD and AAB have reasonable prospects of successfully defending the claim.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2022

42. OTHER MATTERS (CONT'D.)

Litigation involving AirAsia (India) Limited and Commissioner of Central Tax, Bangalore North

Following the announcements made on 29 December 2020 and 5 January 2021 on the disposal of 32.67% equity shares in AirAsia India Limited ("AAI") with AAAGL receiving USD37,660,000 in gross proceeds, 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. All customary consents and regulatory approvals have been secured. AAAGL received INR 1,556,487,8000 (Equivalent to USD 18.83 million or MYR 89.25 million) in gross proceeds. There was no gain or loss on the disposal as Capital A has marked the remaining 16.33% in AAI to its fair value.

During the course of the operations of the joint venture, AAI had received certain notices from the tax authorities in India. The Company and its affiliates will continue to cooperate with AAI in contesting these notices. A potential tax liability may arise due to the indemnity provisions agreed in the Sales and Purchase Agreement for the disposal of the investment. However, based on the assessment by the tax and legal experts engaged, AAI has a defensible position against the tax demand.

43. SIGNIFICANT EVENTS

(i) Restructuring of AAV

On 21 October 2021, the Company announced that its 45% held associate, Thai AirAsia Co. Ltd ("TAA") via its listed holding company, Asia Aviation Public Company Limited ("AAV") had announced a restructuring and recapitalisation plan ("AAV Restructuring"). Upon completion of AAV Restructuring, the Company vide its wholly-owned subsidiary AirAsia Aviation Group Limited ("AAAGL") will dispose its shareholding in TAA and subscribe for equivalent percentage of shareholding in AAV. Pursuant to the completion of AAV Restructuring and increase in share capital of AAV by THB 3,000 million via right issue on 19 January 2022, AAA's investment in AAV increases by RM 760 million as reflected in Note 14.

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%.

(ii) Sale of equity shares of AirAsia India Ltd.

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.

(iii) Cybersecurity attack

On 12 November 2022, a cybersecurity breach incident was discovered on some of the Group's redundant and non-critical servers. Although the systems affected were not critical, the Company has taken the necessary measures to resolve and prevent this incident from reoccurring. There were no operational or financial impact arising from this incident.

Further, the Group have duly notified and cooperated with the relevant supervisory authorities upon being aware of the cyber breach. The Group and the Company have taken the relevant steps to mitigate the impact of the breach including implementing additional measures to prevent similar incidence in the future. To the best of the Company's knowledge and as at the date of this report, the Company has not been made aware of any pending litigation or claims against the Company relating to the incident.

44. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Cashflows			Non-cash movement			At 31.12.2022
	Net proceeds from issuance of RCUIDS	Repayments	Conversion of RCUIDS	Finance costs	Lease	Foreign exchange movement	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
Borrowings	2,309,889	1,167,698	(166,938)	-	-	(64,450)	2,936,714
Lease liabilities	14,295,294	-	(1,171,914)	705,152	769,688	459,660	15,057,880
Company							
Borrowings	822,437	-	(166,938)	-	-	-	655,499

	Cashflows			Non-cash movement			At 31.12.2021
	Net proceeds from issuance of RCUIDS	Repayments	Other RCUIDS accounting	Finance costs	Lease	Foreign exchange movement	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
Borrowings	1,288,869	771,334	(134,591)	-	-	(7,649)	2,309,889
Lease liabilities	12,435,240	-	(423,777)	500,044	1,448,162	335,625	14,295,294
Company							
Borrowings	-	-	(134,591)	-	-	-	822,437

45. RECLASSIFICATIONS

The Group reclassified the aircraft operating lease income from revenue to other income to better reflect the revenue generation source as lease income does not form part of the Group's core business. The corresponding changes made to the prior year revenue and other income are as follows:

	As previously disclosed	Reclassification	As restated
	RM'000	RM'000	RM'000
Revenue	1,863,186	(153,290)	1,709,896
Other income	111,704	153,290	264,994

Analysis of Shareholdings

as at 31 March 2022

DISTRIBUTION OF SHAREHOLDINGS (BASED ON THE RECORD OF DEPOSITORS)

Issued and fully paid-up capital : 4,166,393,219 ordinary shares
Class of shares : Ordinary shares
Voting rights : One vote per ordinary share

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	445	0.471	9,301	0.000
100 – 1,000	22,560	23.897	14,918,975	0.358
1,001 – 10,000	48,459	51.331	229,386,649	5.505
10,001 – 100,000	20,524	21.740	632,645,886	15.184
100,001 to less than 5% of issued shares	2,413	2.556	2,263,947,326	54.338
5% and above of issued shares	3	0.003	1,025,485,082	24.613
	94,404	100.000	4,166,393,219	100.000

SUBSTANTIAL SHAREHOLDERS

The direct and indirect shareholdings of the shareholders holding more than 5% of the issued and fully paid-up capital in Capital A Berhad based on the Register of Substantial Shareholders as at 31 March 2023 are as follows:-

Name	Direct		Indirect	
	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares
Tune Live Sdn. Bhd.	509,000,000 ⁽¹⁾	12.23	-	-
Tune Air Sdn. Bhd.	516,485,082 ⁽²⁾	12.40	-	-
Positive Boom Limited	332,498,504 ⁽³⁾	7.98	-	-
Tan Sri Anthony Francis Fernandes	1,600,000 ⁽⁴⁾	0.04	1,025,485,082 ⁽⁶⁾	24.61
Datuk Kamarudin bin Meranun	2,000,000 ⁽⁵⁾	0.05	1,025,485,082 ⁽⁶⁾	24.61
Choi Chiu Fai, Stanley	-	-	332,498,504 ⁽⁷⁾	7.98

Notes:

- ⁽¹⁾ Shares held under RHB Capital Nominees (Tempatan) Sdn. Bhd. and HSBC Nominees (Tempatan) Sdn. Bhd. for Tune Live Sdn. Bhd.
⁽²⁾ Shares held under HSBC Nominees (Tempatan) Sdn. Bhd. for Tune Air Sdn. Bhd.
⁽³⁾ Shares held under own name and Kenanga Nominees (Asing) Sdn. Bhd. for Positive Boom Limited
⁽⁴⁾ Shares held under HSBC Nominees (Tempatan) Sdn. Bhd. for Tan Sri Anthony Francis Fernandes.
⁽⁵⁾ Shares held under HSBC Nominees (Tempatan) Sdn. Bhd. for Datuk Kamarudin bin Meranun.
⁽⁶⁾ Deemed interested by virtue of Section 8 of the Companies Act, 2016 through a shareholding of more than 20% in Tune Live Sdn. Bhd. and Tune Air Sdn. Bhd.
⁽⁷⁾ Deemed interested by virtue of Section 8 of the Companies Act, 2016 through a shareholding of more than 20% in Positive Boom Limited.

DIRECTORS' SHAREHOLDINGS

The interests of the Directors of Capital A in the ordinary shares and options over shares in the Company and its related corporations based on the Company's Register of Directors' Shareholdings as at 31 March 2023 are as follows:-

	Direct		Indirect	
	No. of Shares Held	% of Issued Shares	No. of Shares held	% of Issued Shares
Tan Sri Anthony Francis Fernandes	1,600,000 ⁽¹⁾	0.04	1,025,485,082 ⁽²⁾	24.61
Datuk Kamarudin bin Meranun	2,000,000 ⁽¹⁾	0.05	1,025,485,082 ⁽²⁾	24.61
Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar	-	-	-	-
Dato' Fam Lee Ee	-	-	-	-
Dato' Mohamed Khadar bin Merican	100,000 ⁽³⁾	*	-	-
Surina binti Shukri	-	-	-	-

NOTES:

- * Negligible.
⁽¹⁾ Shares held under HSBC Nominees (Tempatan) Sdn. Bhd.
⁽²⁾ Deemed interested by virtue of Section 8 of the Companies Act, 2016 through a shareholding of more than 20% in Tune Air Sdn. Bhd. and Tune Live Sdn. Bhd.
⁽³⁾ Shares held under Alliance Group Nominees (Tempatan) Sdn. Bhd.

LIST OF TOP 30 LARGEST SHAREHOLDERS (BASED ON THE RECORD OF DEPOSITORS)

Name of Shareholders	No. of Shares Held	% of Issued Share Capital
1. HSBC Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account - Credit Suisse AG, Singapore For Tune Air Sdn. Bhd.</i>	516,485,082	12.396
2. RHB Capital Nominees (Tempatan) Sdn. Bhd. <i>RHB Islamic Bank Berhad Pledged Securities Account For Tune Live Sdn. Bhd.</i>	260,469,710	6.251
3. HSBC Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account - Credit Suisse AG, Singapore For Tune Live Sdn. Bhd.</i>	248,530,290	5.965
4. Positive Boom Limited	167,098,704	4.010
5. Kenanga Nominees (Asing) Sdn. Bhd. <i>Exempt An For Guotai Junan Securities (Hong Kong) Limited (Client Account)</i>	164,756,000	3.954
6. Amanahraya Trustees Berhad <i>Amanah Saham Bumiputera</i>	155,159,000	3.724
7. Citigroup Nominees (Tempatan) Sdn. Bhd. <i>CBHK PBGSG For Calvin Lau Chuen Yien</i>	144,000,000	3.456
8. RHB Capital Nominees (Asing) Sdn. Bhd. <i>Aimia Inc.</i>	111,117,509	2.666
9. Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Urusharta Jamaah Sdn. Bhd. (2)</i>	97,815,146	2.347
10. Cartaban Nominees (Tempatan) Sdn. Bhd. <i>RHB Trustees Berhad For Kenanga Absolute Return Fund</i>	84,322,300	2.023
11. HSBC Nominees (Tempatan) Sdn. Bhd. <i>Exempt An For Bnp Paribas Singapore Branch (Local)</i>	53,000,000	1.272
12. HSBC Nominees (Asing) Sdn. Bhd. <i>BJB ZUR For Shiva Fernandes</i>	49,650,000	1.191

Analysis of Shareholdings (cont'd) as at 31 March 2022

Name of Shareholders	No. of Shares Held	% of Issued Share Capital
13. DB (Malaysia) Nominee (Asing) Sdn. Bhd. <i>Deutsche Bank AG Singapore For Ntasian Discovery Master Fund</i>	47,141,300	1.131
14. Citigroup Nominees (Asing) Sdn. Bhd. <i>UBS AG For Oasis Investments II Master Fund Ltd.</i>	41,634,200	0.999
15. Amanahraya Trustees Berhad <i>Amanah Saham Bumiputera 2</i>	30,500,000	0.732
16. Cartaban Nominees (Tempatan) Sdn. Bhd. <i>Icapital.biz Berhad</i>	29,282,200	0.702
17. Amanahraya Trustees Berhad <i>Amanah Saham Malaysia 2 - Wawasan</i>	20,000,000	0.480
18. Amanahraya Trustees Berhad <i>Amanah Saham Malaysia</i>	18,498,800	0.444
19. Citigroup Nominees (Asing) Sdn. Bhd. <i>Ubs Ag</i>	18,097,327	0.434
20. Amanahraya Trustees Berhad <i>Amanah Saham Malaysia 3</i>	14,639,100	0.351
21. HSBC Nominees (Asing) Sdn. Bhd. <i>Exempt An For Bank Julius Baer & Co. Ltd. (Singapore BCH)</i>	14,086,733	0.338
22. Citigroup Nominees (Asing) Sdn. Bhd. <i>Gsco Llc For Truffle Hound Global Value LLC</i>	14,000,000	0.336
23. CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>Cimb For Lim Chee Hwa (Pb)</i>	11,514,800	0.276
24. Cartaban Nominees (Asing) Sdn. Bhd. <i>SSBT Fund PPES For PIMCO RAE Emerging Markets Fund</i>	11,021,800	0.264
25. HSBC Nominees (Asing) Sdn. Bhd. <i>BBH and CO Boston For Metzler Asian Balanced Investments Fund (Metzler Uni Tst)</i>	10,650,000	0.255
26. Tabung Warisan Negeri Selangor	10,000,000	0.240
27. HSBC Nominees (Asing) Sdn. Bhd. <i>J.P. Morgan Securities Plc</i>	9,433,906	0.226
28. Affin Hwang Nominees (Asing) Sdn. Bhd. <i>Phillip Securities Pte Ltd For Rakuten Securities Inc</i>	9,147,800	0.219
29. HSBC Nominees (Asing) Sdn. Bhd. <i>Morgan Stanley & Co. International PLC (Firm A/C)</i>	8,899,954	0.213
30. Citigroup Nominees (Asing) Sdn. Bhd. <i>Exempt An For UBS AG Singapore (Foreign)</i>	7,969,900	0.191

Analysis of Redeemable Convertible Unsecured Islamic Debt Securities ("RCUIDS") Holdings as at 31 March 2022

RCUIDS 2021/2028

No. of RCUIDS issued	: 1,035,610,619
Voting Rights	: No voting rights
Conversion price of RCUIDS	: RM0.75 each
Expiry date of RCUIDS	: 29 December 2028

DISTRIBUTION OF RCUIDS HOLDINGS (BASED ON THE RECORD OF DEPOSITORS)

RCUIDS Holdings

	No. of RCUIDS Holders	% of RCUIDS Holders	No. of RCUIDS	% of Issued RCUIDS
Less than 100	446	4.439	20,639	0.002
100 - 1,000	2,655	26.425	1,628,799	0.157
1,001 - 10,000	5,009	49.855	20,563,549	1.994
10,001 - 100,000	1,670	16.621	51,093,738	4.955
100,001 to less than 5% of issued RCUIDS	262	2.607	296,304,858	28.739
5% and above of issued RCUIDS	5	0.049	661,399,036	64.150
	10,047	100.000	1,031,010,619	100.000

DIRECTORS' RCUIDS HOLDINGS

The interests of the Directors of Capital A in RCUIDS in the Company and its related corporations based on the Company's Register of Directors' RCUIDS Holdings as at 31 March 2023 are as follows:-

	Direct		Indirect	
	No. of RCUIDS Held	% of Issued RCUIDS	No. of RCUIDS held	% of Issued RCUIDS
Tan Sri Anthony Francis Fernandes	-	-	343,028,359 ⁽¹⁾	33.12
Datuk Kamarudin bin Meranun	-	-	343,028,359 ⁽¹⁾	33.12
Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar	-	-	-	-
Dato' Fam Lee Ee	-	-	-	-
Dato' Mohamed Khadar bin Merican	250,000 ⁽²⁾	0.02	-	-
Surina binti Shukri	-	-	-	-

NOTES:

⁽¹⁾ Deemed interested by virtue of Section 8 of the Companies Act, 2016 through a shareholding of more than 20% in Sky Accord Sdn. Bhd.

⁽²⁾ RCUIDS held under Alliance Group Nominees (Tempatan) Sdn. Bhd.

Analysis of Redeemable Convertible Unsecured Islamic Debt Securities (“RCUIDS”) Holdings (cont'd) as at 31 March 2022

LIST OF TOP 30 LARGEST RCUIDS HOLDERS (BASED ON THE RECORD OF DEPOSITORS)

Name of RCUIDS Holders	No. of RCUIDS Held	% of Issued RCUIDS
1. Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Kenanga Investors Berhad For Sky Accord Sdn. Bhd.</i>	343,028,359	33.271
2. Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Exempt An For Kenanga Investors Bhd</i>	141,419,110	13.716
3. Kenanga Nominees (Asing) Sdn. Bhd. <i>Exempt An For Guotai Junan Securities (Hong Kong) Limited (Client Account)</i>	64,918,666	6.296
4. Citigroup Nominees (Tempatan) Sdn. Bhd. <i>CBHK PBGSG For Calvin Lau Chuen Yien</i>	56,333,333	5.463
5. M & A Nominee (Asing) Sdn. Bhd. <i>For Positive Boom Limited</i>	55,699,568	5.402
6. Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Urusharta Jamaah Sdn. Bhd.⁽²⁾</i>	44,957,915	4.360
7. Rhb Capital Nominees (Asing) Sdn. Bhd. <i>Aimia Inc.</i>	40,491,136	3.927
8. Db (Malaysia) Nominee (Asing) Sdn. Bhd. <i>Deutsche Bank AG Singapore For Ntasian Discovery Master Fund</i>	40,000,000	3.879
9. Db (Malaysia) Nominee (Asing) Sdn. Bhd. <i>Exempt An For Deutsche Bank AG Singapore (Maybank Sg Pwm)</i>	22,500,000	2.182
10. Cartaban Nominees (Tempatan) Sdn. Bhd. <i>RHB Trustees Berhad For Kenanga Absolute Return Fund</i>	17,645,300	1.711
11. HSBC Nominees (Tempatan) Sdn. Bhd. <i>Exempt An For Bnp Paribas Singapore Branch (Local)</i>	15,999,999	1.551
12. Cartaban Nominees (Tempatan) Sdn. Bhd. <i>Icapital.biz Berhad</i>	9,760,733	0.946
13. Leong Yeng Kit	8,483,333	0.822
14. Lau Chuen Wai William	6,000,000	0.581
15. Cimsec Nominees (Tempatan) Sdn. Bhd. <i>CIMB For Lim Chee Hwa (Pb)</i>	3,754,933	0.364
16. Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Tan Teck Soon</i>	2,405,600	0.233
17. Hlib Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Rozman Bin Omar</i>	2,330,000	0.225
18. Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Kho Chai Yam</i>	2,222,333	0.215
19. CGS-CIMB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Mohammed Amin Bin Mahmud (Mm1004)</i>	2,206,000	0.213
20. Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Mohammed Rashdan Bin Mohd Yusof</i>	1,790,900	0.173
21. Citigroup Nominees (Asing) Sdn. Bhd. <i>Legal & General Assurance (Pensions Management) Limited (A/C 1125250001)</i>	1,688,591	0.163
22. Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Tan Teck Soon (E-Ss2)</i>	1,680,000	0.162
23. Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Beh Lee Fong (E-Ss2)</i>	1,639,600	0.159

Name of RCUIDS Holders	No. of RCUIDS Held	% of Issued RCUIDS
24. HSBC Nominees (Asing) Sdn. Bhd. <i>Exempt An For Credit Suisse (Sg Br-Tst-Asing)</i>	1,485,165	0.144
25. Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Lim Kee Yek (E-Ss2)</i>	1,254,500	0.121
26. CGS-CIMB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Khor Kim Hock (B B Klang-CI)</i>	1,132,000	0.109
27. Syed Faisal Albar Bin Syed A.r Albar	1,100,000	0.106
28. Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Great Eastern Life Assurance (Malaysia) Berhad (Lpf)</i>	962,033	0.093
29. AMSEC Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Kho Chai Yam</i>	920,666	0.089
30. Yeoh Yew Choo	912,600	0.088

Analysis of Warrant Holdings

as at 31 March 2022

Warrants 2021/2028

No. of Warrants issued	: 649,675,479
Voting Rights	: No voting rights
Exercise price of Warrants	: RM1.00 each
Expiry date of Warrants	: 29 December 2028

DISTRIBUTION OF WARRANT HOLDINGS (BASED ON THE RECORD OF DEPOSITORS)

Size of Warrant Holdings	No. of Warrant Holders	% of Warrant Holders	No. of Warrants Held	% of Issued Warrants
Less than 100	794	7.894	37,803	0.005
100 – 1,000	3,999	39.763	2,138,193	0.329
1,001 – 10,000	3,899	38.769	14,249,224	2.193
10,001 – 100,000	1,085	10.788	34,711,742	5.342
100,001 to less than 5% of issued warrants	277	2.754	295,342,883	45.460
5% and above of issued warrants	3	0.029	303,195,634	46.668
	10,057	100.000	649,675,479	100.000

DIRECTORS' WARRANT HOLDINGS

The interests of the Directors of Capital A in the Warrants of the Company and its related corporations based on the Company's Register of Directors' Warrant Holdings as at 31 March 2023 are as follows:-

	Direct		Indirect	
	No. of Warrants Held	% of Issued Warrants	No. of Warrants Held	% of Issued Warrants
Tan Sri Anthony Francis Fernandes	-	-	171,514,179 ⁽¹⁾	26.40
Datuk Kamarudin bin Meranun	-	-	171,514,179 ⁽¹⁾	26.40
Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar	-	-	-	-
Dato' Fam Lee Ee	-	-	-	-
Dato' Mohamed Khadar bin Merican	-	-	-	-
Surina binti Shukri	-	-	-	-

NOTES:

* Negligible.

⁽¹⁾ Deemed interested by virtue of Section 8 of the Companies Act, 2016 through a shareholding of more than 20% in Sky Accord Sdn. Bhd.

LIST OF TOP 30 LARGEST WARRANT HOLDERS (BASED ON THE RECORD OF DEPOSITORS)

Name of Warrant Holders	No. of Warrants Held	% of Issued Warrants
1. Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Kenanga Investors Berhad For Sky Accord Sdn. Bhd.</i>	171,514,179	26.399
2. Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Exempt An For Kenanga Investors Bhd</i>	70,709,555	10.883
3. Citigroup Nominees (Asing) Sdn. Bhd. <i>GSCO LLC For Truffle Hound Global Value LLC</i>	60,971,900	9.384
4. Kenanga Nominees (Asing) Sdn. Bhd. <i>Exempt An For Guotai Junan Securities (Hong Kong) Limited (Client Account)</i>	32,459,333	4.996
5. Citigroup Nominees (Tempatan) Sdn. Bhd. <i>CBHK PBGSG For Calvin Lau Chuen Yien</i>	28,166,666	4.335
6. Positive Boom Limited	27,849,784	4.286
7. Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Urusharta Jamaah Sdn. Bhd. ⁽²⁾</i>	22,480,042	3.460
8. Rhb Capital Nominees (Asing) Sdn. Bhd. <i>AIMIA Inc.</i>	20,245,568	3.116
9. Db (Malaysia) Nominee (Asing) Sdn. Bhd. <i>Deutsche Bank AG Singapore For NtAsian Discovery Master Fund</i>	17,995,400	2.769
10. Db (Malaysia) Nominee (Asing) Sdn. Bhd. <i>Exempt An For Deutsche Bank AG Singapore (Maybank SG PWM)</i>	11,250,000	1.731
11. Hsbc Nominees (Tempatan) Sdn. Bhd. <i>Exempt An For BNP Paribas Singapore Branch (Local)</i>	7,999,999	1.231
12. Chah Ching Boo	7,910,400	1.217
13. Citigroup Nominees (Asing) Sdn. Bhd. <i>Exempt An For OCBC Securities Private Limited (Client A/C-NR)</i>	6,363,849	0.979
14. Maybank Nominees (Tempatan) Sdn. Bhd. <i>Hok Seek Yong</i>	5,308,000	0.817
15. Toh Ean Hai	5,156,100	0.793
16. Cartaban Nominees (Tempatan) Sdn. Bhd. <i>Icapital.biz Berhad</i>	4,880,366	0.751
17. Leong Yeng Kit	4,241,666	0.652
18. Lau Chuen Wai William	3,000,000	0.461
19. Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Beh Lee Fong (E-SS2)</i>	2,164,500	0.333
20. Public Investment Nominees (Asing) Sdn. Bhd. <i>Exempt An For Philip Securities Pte Ltd</i>	2,139,704	0.329
21. Hsbc Nominees (Asing) Sdn. Bhd. <i>Credit Suisse (Hong Kong) Limited</i>	2,100,048	0.323
22. Cimsec Nominees (Tempatan) Sdn. Bhd. <i>CIMB For Lim Chee Hwa (PB)</i>	1,877,466	0.288
23. Dzulfadli Husni Bin Dzulkifli	1,500,000	0.230
24. Universal Trustee (Malaysia) Berhad <i>Ta Islamic Fund</i>	1,500,000	0.230

Analysis of Warrant Holdings (cont'd) as at 31 March 2022

Name of Warrant Holders	No. of Warrants Held	% of Issued Warrants
25. Cgs-Cimb Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Khor Kim Hock (B B Klang-CI)</i>	1,469,600	0.226
26. Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Exempt An For Phillip Securities Pte Ltd (Client Account)</i>	1,441,805	0.221
27. Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Lim Kee Yek (E-SS2)</i>	1,320,100	0.203
28. Tan Yu Yeh	1,300,100	0.200
29. Ho Siong San	1,218,000	0.187
30. Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Kho Chai Yam</i>	1,111,166	0.171

List of Properties Held

Owner of Building	Postal Address/ Location of Building	Description/ Existing Use of Building	Tenure/Date of Expiry of Lease	Built-Up Area	Approximate Age of Building	Audited Net Book Value As At 31 Dec 2022 ('000)
AirAsia Berhad	Part of PT.39, Taxiway Charlie at KLIA, KLIA	Non- permanent structure/ aircraft maintenance hangar	29 February 2024 ⁽¹⁾	2,400 sqm	20 years	1,341
	RedQ, Jalan Pekeliling 5, Kuala Lumpur International Airport, 64000 Sepang, Selangor Darul Ehsan.	Permanent structure/ office building & car park	31 January 2034 ⁽²⁾	56,000 sqm	6 years	137,646
Asia Digital Engineering Sdn Bhd ⁽³⁾	RedChain Engineering Building, Jalan KLIA S3, Southern Support Zone, 64000 KLIA, Selangor Darul Ehsan, Malaysia.	Permanent structure/ office building	31 January 2034 ⁽⁴⁾	21,206 sqm	5 years	45,471

⁽¹⁾ The land area occupied is approximately 2,400 square metres. The land is owned by Malaysia Airports (Sepang) Sdn. Bhd. (MAB). The property's completion date was on December 2003. Revaluation of properties has not been carried out on any of the above properties to date.

⁽²⁾ This refers to the date of expiry of the concession from Malaysia Airports Holdings Berhad for the plot of land occupied by the AirAsia Headquarters (RedQ).

⁽³⁾ RedChain has been transferred to Asia Digital Engineering in December 2021. Currently, in the process of novation and estimated to complete by June 2023.

⁽⁴⁾ This refers to the date of expiry of the concession from Malaysia Airports Holdings Berhad for the plot of land occupied by the AirAsia Engineering Complex (RedChain).

Capital A Berhad does not hold any properties under its name.

List of Properties Held (cont'd)

Owner of Building	Postal Address/ Location of Building	Description/ Existing Use of Building	Tenure/Date of Expiry of Lease	Built-Up Area	Approximate Age of Building	Audited Net Book Value As At 31 Dec 2022 (IDR Billions)
PT Indonesia AirAsia	Jalan Marsekal Surya Darma No.1, Sub-District of Selapang Jaya, District of Batuceper, City of Tangerang, Province of Banten, Postcode 15127, Indonesia	Permanent structure/ office building & car park	Owned (Mortgage with CIMB)	11,200 sqm	8 years	334

Description of the Premises

RedHouse is an office building with total building area of 11,200 square metres which site on land area of 12,463 square metres with the following attributes:

Key Information

Registered Owner	PT AirAsia Mitra Investama	
Address	Jalana Marsekal Suryadharma, the Sub-District of Selapang Jaya, District of Batuceper, City of Tangerang, Province of Banten, Indonesia	
Type of Asset	Operational	
Type of Property	Office	
Year of Construction	2014	
Land Title	Under 13 Hak Guna Bangunan (Right to Build) and 2 Serifikat Hak Milik (Freehold) Land Certificate	
Land Use Planning	Trading and services (Kawasan Peruntukan Perdagangan dan Jasa)	
Ownership	Ownership or time sharing with Freehold Certificate (SHM) and Rights to Build (SHGB)	
Number of Storeys	6 Storeys	
Floor Areas	Main Building 1 st Floor Building - 1,847 sqm 2 nd Floor Building - 1,558 sqm 3 rd Floor Building - 1,833 sqm 4 th Floor Building - 1,833 sqm 5 th Floor Building - 1,860 sqm 6 th Floor Building - 690 sqm Slab Concreate Building - 668 sqm Flat Rood Building - 781 sqm	Supporting Building Management Building - 158 sqm

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Sixth Annual General Meeting of Capital A Berhad [Registration No.: 201701030323 (1244493-V)] ("Capital A" or the "Company") will be conducted as a virtual meeting through live streaming from the Broadcast Venue at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur, 64000 KLIA, Selangor Darul Ehsan, Malaysia using the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. via the **TIH Online** website at <https://tiih.online> on Thursday, 15 June 2023 at 10.00 a.m. for the following purposes: -

AS ORDINARY BUSINESS

- To receive the Audited Financial Statements together with the Reports of the Directors and Auditors thereon for the financial year ended 31 December 2022.
Please refer to Note A.
- To approve the Non-Executive Directors' Remuneration as described in Note B for the period from 16 June 2023 until the next Annual General Meeting of the Company to be held in the year 2024.
Please refer to Note B.
- To re-elect the following Directors of the Company who retire by rotation pursuant to Rule 119 of the Company's Constitution and who being eligible had offered themselves for re-election:-
Please refer to Note C.
 - Datuk Kamarudin bin Meranun (Rule 119); and
 - Dato' Mohamed Khadar bin Merican (Rule 119).
- To re-appoint Ernst & Young PLT as Auditors of the Company and to authorise the Board of Directors to determine their remuneration.

(Ordinary Resolution 1)

(Ordinary Resolution 2)
(Ordinary Resolution 3)

(Ordinary Resolution 4)

AS SPECIAL BUSINESS

To consider and if thought fit, to pass, with or without modifications, the following Resolutions:-

5. AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016 ("ACT")

"**THAT** pursuant to Sections 75 and 76 of the Act, the Constitution of Capital A Berhad (the "Company") and subject to the approval of the relevant authorities, where required, the Board of Directors ("Directors") of the Company be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes and to such persons whomsoever as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares issued pursuant to this resolution during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Main Market of Bursa Malaysia Securities Berhad **AND THAT** such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company after the approval was given or at the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given, whichever is earlier unless revoked or varied by an ordinary resolution of the Company at a general meeting."

Please refer to Note D.

(Ordinary Resolution 5)

Notice of Annual General Meeting (cont'd)

6. PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE AND NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED MANDATE")

"**THAT** approval be and is hereby given for the renewal of existing shareholders' mandate and new shareholders' mandate for Capital A Berhad ("the Company") to enter into recurrent related party transactions of a revenue or trading nature with the related parties ("Recurrent Related Party Transactions") as set out in Section 2.3 of the Circular to Shareholders dated 28 April 2023 ("Circular"), subject further to the following:-

- i. the Recurrent Related Party Transactions are entered into in the ordinary course of business which are:
 - (a) necessary for the day-to-day operations;
 - (b) on normal commercial terms and transaction price which are not more favourable to the related parties than those generally available to the public;
 - (c) undertaken on arm's length basis; and
 - (d) not to the detriment of the minority shareholders of the Company;
- ii. the shareholders' mandate is subject to annual renewal and this shareholders' mandate shall only continue to be in full force until:
 - (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the AGM at which this shareholders' mandate is approved, at which time it will lapse, unless by an ordinary resolution passed at that AGM, such authority is renewed;
 - (b) the expiration of the period within which the next AGM after the date is required to be held pursuant to Section 340(2) of the Companies Act, 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
 - (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting of the Company,

whichever is the earliest.

THAT the Directors of the Company and/or any one of them be and are hereby authorised to complete and do all such acts and things and take all such steps and to execute all such transactions, deeds, agreements, arrangements and/or undertakings as the Directors in their discretion deem fit, necessary, expedient and/or appropriate in the best interest of the Company in order to implement, finalise and give full effect to the Recurrent Related Party Transactions with full powers to assent to any modifications, variations and/or amendments thereto.

AND THAT as the estimates given for the Recurrent Related Party Transactions specified in Section 2.3 of the Circular being provisional in nature, the Directors of the Company and/or any one of them be and are hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the procedures set out in Section 2.6 of the Circular."

Please refer to Note E.

(Ordinary Resolution 6)

7. PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY OF CAPITAL A BERHAD ("THE COMPANY")

"**THAT** subject always to the Companies Act, 2016 ("Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Board of Directors ("Directors") of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the best interest of the Company provided that:

- i. the aggregate number of issued shares in the Company ("Shares") purchased ("Purchased Shares") or held by the Company pursuant to this resolution does not exceed ten per cent (10%) of the total number of issued shares of the Company at any point in time; and
- ii. the maximum amount of funds to be allocated by the Company for the purpose of purchasing its Shares shall not exceed the amount of the retained profits of the Company at the time of the purchase,

("Proposed Share Buy-Back").

THAT the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this ordinary resolution and will continue to be in force until:

- a. the conclusion of the next Annual General Meeting ("AGM") of the Company, following at which time the authority shall lapse, unless the authority is renewed by ordinary resolution passed at that meeting, either unconditionally or subject to conditions; or
- b. the expiration of the period within which the next AGM of the Company is required by law to be held; or
- c. the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own Shares before the aforesaid expiry date and, in any event, in accordance with the provisions of the Act, Constitution of the Company, Listing Requirements and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

THAT the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares until all the Purchased Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force:

- i. To cancel all or part of the Purchased Shares;
- ii. To retain all or part of the Purchased Shares as treasury shares;
- iii. To distribute all or part of the Purchased Shares as dividends to shareholders;
- iv. To resell all or part of the Purchased Shares on Bursa Securities in accordance with the relevant rules of Bursa Securities;

Notice of Annual General Meeting (cont'd)

- v. To transfer all or part of the Purchased Shares for the purposes of or under an employees' share scheme;
- vi. To transfer all or part of the Purchased Shares as purchase consideration; and/or
- vii. In any other manner as may be prescribed by applicable laws and/or regulations and guidelines applied from time to time by Bursa Securities, and/or any other relevant authority for the time being in force,

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act, 1991, and to enter into or execute, on behalf of the Company, any instrument, agreement and/or arrangement with any person, and with full power to assent to any condition, modification, variation and/or amendment as may be imposed by Bursa Securities or any relevant regulatory authority, and/or as may be required in the best interest of the Company and to take all such steps as the Directors may deem fit, necessary and expedient in the best interest of the Company in order to implement, finalise and give full effect to the purchase by the Company of its Shares."

Please refer to Note F.

OTHER ORDINARY BUSINESS

- 8. To transact any other business of which due notice shall have been given.

By Order of the Board

HARMINDER SINGH A/L JAILA SINGH
(P.C. REG. NO. 201908001591) (LS0009855)

Company Secretary
Selangor Darul Ehsan, Malaysia
28 April 2023

VIRTUAL AGM

1. The Sixth Annual General Meeting of the Company ("6th AGM") will be conducted as a virtual meeting through live streaming from the Broadcast Venue at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur, 64000 KLIA, Selangor Darul Ehsan, Malaysia using the RPV facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. via the **TIIH Online** website at <https://tiih.online>. Please follow the procedures as set out in the **Administrative Note** which is available at the Company's website at https://capitala.airasia.com/home_ir.html
2. The **Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016** which requires the Chairperson of the meeting to be present at the main venue of the meeting.
3. Members and/or proxy(ies) and/or corporate representative(s) and/or attorney(s) **WILL NOT BE ALLOWED** to be physically present at the Broadcast Venue on the day of the 6th AGM, instead are to attend, speak (including posing questions to the Board of Directors via real time submission of typed texts) and vote (collectively, "participate") remotely at the 6th AGM using the RPV facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. via the **TIIH Online** website at <https://tiih.online>

NOTES ON APPOINTMENT OF PROXY

1. Pursuant to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 and Rule 41(a) of the Company's Constitution, only those Foreigners (as defined in the Constitution) who hold shares up to the current prescribed foreign ownership limit of 45.0% of the total number of issued shares of the Company, on a first-in-time basis based on the Record of Depositors to be used for the forthcoming Annual General Meeting ("AGM" or "the Meeting"), shall be entitled to vote. A proxy appointed by a Foreigner not entitled to vote, will similarly not be entitled to vote. Consequently, all such disenfranchised voting rights shall be automatically vested in the Chairman of the AGM.
2. A member must be registered in the Record of Depositors at 5.00 p.m. on 7 June 2023 ("General Meeting Record of Depositors") in order to attend and vote at the Meeting. A depositor shall not be regarded as a member entitled to attend the Meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors. Any changes in the entries on the Record of Depositors after the abovementioned date and time shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
3. A member entitled to attend and vote is entitled to appoint not more than two (2) proxies (or in the case of a corporation, to appoint a representative(s) in accordance with Section 333 of the Companies Act, 2016) to attend and vote in his stead. There shall be no restriction as to the qualification of the proxy(ies).
4. The Form of Proxy in the case of an individual shall be signed by the appointor or his attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
5. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
7. The Form of Proxy or other instruments of appointment shall not be treated as valid unless deposited at the registered office of the Company at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur, 64000 KLIA Selangor, Malaysia or by electronic lodgement via the **TIIH Online** website at <https://tiih.online> **not less than forty-eight (48) hours** before the time set for holding the Meeting. **Faxed copies of the duly executed form of proxy are not acceptable.**
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), all resolutions set out in this Notice will be put to vote by way of poll.
9. By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Notice of Annual General Meeting (cont'd)

EXPLANATORY NOTES:

A. Audited Financial Statements together with the Reports of the Directors and Auditors thereon for the financial year ended 31 December 2022

This Agenda item is meant for discussion only in accordance with Sections 248(2) and 340(1) of the Companies Act, 2016 ("the Act"). The audited financial statements do not require the formal approval of shareholders; hence, the matter will not be put forward for voting.

B. To approve the Non-Executive Directors' Remuneration for the period from 16 June 2023 until the next Annual General Meeting ("AGM") of the Company to be held in the year 2024 (Ordinary Resolution 1)

The Board of Directors ("Directors") recommended that the Non-Executive Directors' Remuneration for the period from 16 June 2023 or any adjournment thereof until the next AGM of the Company to be held in the year 2024 shall remain unchanged as per the financial year ended 31 December 2022, as shown below:-

	Non-Executive Chairman (RM)	Per Non-Executive Director/ Per other Committee Member (RM)
Non-Executive Directors' Fees (per annum)		
Board of Directors	N/A	262,500
Audit Committee	75,000	60,000
Nomination and Remuneration Committee	55,000	35,000
Safety Review Board	55,000	35,000
Risk Management and Sustainability Committee	55,000	35,000

	Board of Directors (RM)	Board Committees (RM)
Non-Executive Directors' Benefits (per attendance by each Director or committee member)		
Meeting allowance	2,000	2,000

Other Non-Executive Directors' Benefits

Insurance premiums on medical coverage, and other claimable expenses incurred in the course of carrying out their duties.	Up to a total amount of RM100,000 for all Non-Executive Directors.
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The shareholders' approval being sought under **Ordinary Resolution 1** is for the payment of the remuneration to the Non-Executive Directors of the Company for the period from 16 June 2023 or any adjournment thereof up to the next AGM of the Company to be held in the year 2024 in accordance with the remuneration structure as set out above, and to authorise the Board of Directors to disburse the fees on a monthly basis.

C. Re-election of Directors of the Company who retire by rotation pursuant to Rule 119 of the Company's Constitution and who being eligible had offered themselves for re-election (Ordinary Resolutions 2 and 3)

Datuk Kamarudin Bin Meranun and Dato' Mohamed Khadar Bin Merican (collectively, "the retiring Directors") are due for retirement by rotation pursuant to Rule 119 of the Constitution of the Company, and being eligible, had offered themselves for re-election as Directors of the Company at the upcoming Sixth Annual General Meeting ("6th AGM") of the Company.

For the purpose of determining the eligibility of the retiring Directors to stand for re-election at the 6th AGM and in accordance with Practice 6.1 of the Malaysian Code on Corporate Governance 2021 ("MCCG"), the Board through its Nomination and Remuneration Committee ("NRC") had conducted an assessment of the Directors of the Company based on (i) performance and level of contribution to Board deliberation through their skills and experience; and (ii) level of objectivity, impartiality and their abilities to act in the best interest of the Company. The Board had endorsed the NRC's recommendation that the retiring Directors are eligible to stand for re-election based on the satisfactory findings of the last Board performance evaluation.

Pursuant to Practice 5.7 of the MCCG, and Paragraph 8.27(2) and Appendix 8A of the MMLR of Bursa Securities, the profile of the Directors seeking re-election are set out in the Company's Annual Report 2022 and on its corporate website at https://capitala.airasia.com/home_ir.html.

D. Authority to allot shares pursuant to Sections 75 and 76 of the Act (Ordinary Resolution 5)

Ordinary Resolution 5 if passed, will empower the Directors of the Company authority to issue ordinary shares in the Company at their discretion without having to first convene another general meeting provided that the aggregate number of shares issued pursuant to this resolution during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company at any point of time ("Proposed 10% General Mandate"). The authority for the Proposed 10% General Mandate will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM of the Company is required by law to be held, whichever is earlier.

The Proposed 10% General Mandate, if granted, will provide the flexibility to the Company for any future fund raising activities, including but not limited to further placing of shares for the purposes of funding future investment project(s), repayment of bank borrowing(s), working capital and/or acquisition(s), or such other application as the Directors may deem fit in the best interest of the Company, and thereby reducing administrative time and costs associated with the convening of additional shareholders' meeting(s).

E. Proposed Renewal of Existing Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Mandate") (Ordinary Resolution 6)

Ordinary Resolution 6, if passed, will allow the Capital A group of companies to enter into Recurrent Related Party Transactions of a revenue or trading nature pursuant to the provisions of the MMLR of Bursa Securities. Please refer to the Circular to Shareholders dated 28 April 2023 for further information.

F. Proposed Renewal of Share Buy-Back Authority of the Company (Ordinary Resolution 7)

Ordinary Resolution 7, if passed, will empower the Company to purchase its own ordinary shares of up to 10% of the total number of issued shares of the Company through Bursa Securities as may be determined by the Directors of the Company at any time within the time stipulated by utilising the funds allocated out of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase. Details of the Proposed Share Buy-Back are contained in the Statement to Shareholders dated 28 April 2023.

GRI Content Index

Pillars	GRI STANDARD	DISCLOSURE	PAGE	LOCATION	REMARKS	
General Disclosure	General Disclosures					
		The organisation and its reporting practices				
		2-1 Organizational details	88-89 6; 8-9	Introduction: About This Report Annual Report: Corporate Information		
		2-2 Entities included in the organization's sustainability reporting	88-89	Introduction: About This Report		
		2-3 Reporting period, frequency and contact point	88-89	Introduction: About This Report		
		2-4 Restatements of information	143	Waste Management: Hazardous Waste		
		2-5 External assurance	-	Capital A aims to obtain internal assurance from the Group Internal Audit department to strengthen the credibility of the Sustainability Statement		
		Activities and workers				
		2-6 Activities, value chain and other business relationships	8-9; 30-31	Annual Report: Our Investment Case and Our Corporate Structure		
		2-7 Employees	161-171	Talent Attraction and Retention		
		2-8 Workers who are not employees	-	Information unavailable/incomplete		
		GRI 2: General Disclosures 2021				
		Governance				
		2-9 Governance structure and composition	94 32-43	Introduction: Sustainability Governance Annual Report: Our Leadership		
		2-10 Nomination and selection of the highest governance body	94 32-43	Introduction: Sustainability Governance Annual Report: Our Leadership		
		2-11 Chair of the highest governance body	94 32-43	Introduction: Sustainability Governance Annual Report: Our Leadership		
		2-12 Role of the highest governance body in overseeing the management of impacts	94 32-43	Introduction: Sustainability Governance Annual Report: Our Leadership		
		2-13 Delegation of responsibility for managing impacts	94 32-43	Introduction: Sustainability Governance Annual Report: Our Leadership		
		2-14 Role of the highest governance body in sustainability reporting	94	Introduction: Sustainability Governance		
		2-15 Conflicts of interest	-	Code of Conduct: https://www.capitala.com/misc/210330_AAPPLS004_Code_of_Conduct_and_Ethics_03_00.pdf		

Pillars	GRI STANDARD	DISCLOSURE	PAGE	LOCATION	REMARKS	
General Disclosure		2-16 Communication of critical concerns	103-104	Corporate Governance: Grievance Mechanisms	Whistleblowing Channel: https://www.capitala.com/whistleblowing_channel.html	
		2-17 Collective knowledge of the highest governance body	32-43	Annual Report: Our Leadership	Corporate Leadership: https://www.capitala.com/corporate_leadership.html	
		2-18 Evaluation of the performance of the highest governance body	94 188	Introduction: Sustainability Governance Corporate Governance Overview Statement		
		2-19 Remuneration policies	-	Remuneration Policy: https://www.capitala.com/misc/AirAsia_Group_Remuneration_Policy_Statement_2004021.pdf		
		2-20 Process to determine remuneration	-	Remuneration Policy: https://www.capitala.com/misc/AirAsia_Group_Remuneration_Policy_Statement_2004021.pdf		
		2-21 Annual total compensation ratio	197 222	Corporate Governance Overview Statement: Remuneration Financial Statement		
		Strategy, policies and practices				
		2-22 Statement on sustainable development strategy	92-93	Introduction: Looking to the Future with Our Sustainability Redbook		
		2-23 Policy commitments	102-104	Corporate Governance: Ethics and Integrity	Policies: https://www.capitala.com/corporate_governance.html	
		2-24 Embedding policy commitments	102-104	Corporate Governance: Ethics and Integrity		
		2-25 Processes to remediate negative impacts	102-104	Corporate Governance: Grievance Mechanisms	Whistleblowing Channel: https://www.capitala.com/whistleblowing_channel.html	
		2-26 Mechanisms for seeking advice and raising concerns	102-104	Corporate Governance: Grievance Mechanisms		
		2-27 Compliance with laws and regulations	102-104	Corporate Governance: Ethics and Integrity	Policies: https://www.capitala.com/corporate_governance.html	
		2-28 Membership associations	97	Introduction: Membership Associations		
		Stakeholder Engagement				
		2-29 Approach to stakeholder engagement	107-111	Introduction: Stakeholder Engagement		

GRI Content Index (cont'd)

Pillars	GRI STANDARD	DISCLOSURE	PAGE	LOCATION	REMARKS
	Material Topics				
	GRI 3: Material Topics 2021	3-1 Process to determine material topics 100-101	98	Introduction: Materiality	
		3-2 List of material topics	98	Introduction: Materiality	
	Corporate Governance				
	GRI 3: Material Topics 2021	3-3 Management of material topics	102-106	Corporate Governance	
	GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	102-103	Corporate Governance: Ethics and Integrity	
		205-3 Confirmed incidents of corruption and actions taken	102-103	Corporate Governance: Ethics and Integrity	
	Guest Experience				
	GRI 3: Material Topics 2021	3-3 Management of material topics	107-114	Guest Experience	
	GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	111	Guest Experience	
	Technology, Innovation and Information Security				
	GRI 3: Material Topics 2021	3-3 Management of material topics	115-123	Technology, Innovation and Information Security	
	GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	121	Technology, Innovation and Information Security: Cybersecurity Breaches	
	Supply Chain Management				
	GRI 3: Material Topics 2021	3-3 Management of material topics	124-127	Supply Chain Management	
	GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	127	Supply Chain Management: Our Suppliers Across the Countries We Operate In	

Pillars	GRI STANDARD	DISCLOSURE	PAGE	LOCATION	REMARKS
	GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	125	Supply Chain Management: Supplier Selection Process	
		308-2 Negative environmental impacts in the supply chain and actions taken	125	Supply Chain Management: Supplier Selection Process	
	GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	125	Supply Chain Management: Supplier Code of Conduct	
	GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	125	Supply Chain Management: Supplier Code of Conduct	
	GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	125	Supply Chain Management: Supplier Selection Process	
		414-2 Negative social impacts in the supply chain and actions taken	125	Supply Chain Management: Supplier Selection Process	

Pillars	GRI STANDARD	DISCLOSURE	PAGE	LOCATION	REMARKS
	Climate Strategy				
	GRI 3: Material Topics 2021	3-3 Management of material topics	128-142	Climate Strategy	
		302-1 Energy consumption within the organization	139-141	Climate Strategy: Scope 1 and Scope 2 Emissions	
		302-2 Energy consumption outside of the organization	139-141	Climate Strategy: Scope 3 Emissions	
		302-3 Energy intensity	139-141	Climate Strategy: Scope 1 and Scope 2 Emissions	
		302-4 Reduction of energy consumption	139-141	Climate Strategy: Scope 1 and Scope 2 Emissions	
	GRI 304: Biodiversity 2016	304-3 Habitats protected or restored	141-142	Climate Strategy: Biodiversity	

GRI Content Index (cont'd)

Pillars	GRI STANDARD	DISCLOSURE	PAGE	LOCATION	REMARKS	
Environmental	GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	139-141	Climate Strategy: Scope 1 Emissions		
		305-2 Energy indirect (Scope 2) GHG emissions	139-141	Climate Strategy: Scope 2 Emissions		
		305-3 Other indirect (Scope 3) GHG emissions	139-141	Climate Strategy: Scope 3 Emissions		
		305-4 GHG emissions intensity	139-141	Climate Strategy: Scope 1 and Scope 2 Emissions		
		305-5 Reduction of GHG emissions	139-141	Climate Strategy: Scope 1 and Scope 2 Emissions		
		305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	141	Climate Strategy: Other Greenhouse Gas Emissions		
	Waste Management					
	GRI 3: Material Topics 2021	3-3 Management of material topics	143-149	Waste Management		
	GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	149	Waste Management: Water Consumption		
		303-4 Water discharge	149	Waste Management: Wastewater Management		
		303-5 Water consumption	149	Waste Management: Water Consumption		
	GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	143	Waste Management: Hazardous Waste and Non-Hazardous Waste		
		306-2 Management of significant waste-related impacts	143	Waste Management: Hazardous Waste and Non-Hazardous Waste		
		306-3 Waste generated	143-144	Waste Management: Hazardous Waste and Non-Hazardous Waste		
		306-4 Waste diverted from disposal	144	Waste Management: Hazardous Waste and Non-Hazardous Waste		
306-5 Waste directed to disposal		143-144	Waste Management: Hazardous Waste and Non-Hazardous Waste			
Health and Safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	150-160	Health and Safety			

Pillars	GRI STANDARD	DISCLOSURE	PAGE	LOCATION	REMARKS
Social	GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	150-152	Health and Safety: Operational Safety	
		403-2 Hazard identification, risk assessment, and incident investigation	152	Health and Safety: Safety Reporting System	
		403-3 Occupational health services	150-152	Health and Safety: Operational Safety	
		403-4 Worker participation, consultation, and communication on occupational health and safety	152	Health and Safety: Safety Reporting System	
		403-5 Worker training on occupational health and safety	152-153	Health and Safety: Safety Training	
		403-6 Promotion of worker health	152-153	Health and Safety: Allstars Safety Day	
	GRI 403: Occupational Health and Safety 2018	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	150-152	Health and Safety: Operational Safety	
		403-8 Workers covered by an occupational health and safety management system	150	Health and Safety: Operational Safety	
		403-9 Work-related injuries	154	Health and Safety: Safety Performance	
		403-10 Work-related ill health	154	Health and Safety: Safety Performance	
Talent Attraction and Retention					
GRI 3: Material Topics 2021	3-3 Management of material topics	161-171	Talent Attraction and Retention		

GRI Content Index (cont'd)

Pillars	GRI STANDARD	DISCLOSURE	PAGE	LOCATION	REMARKS	
Social	GRI 401: Employment 2016	401-1 New employee hires and employee turnover	165	Talent Attraction and Retention: New Hires		
		401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	169	Talent Attraction and Retention: Benefits		
		401-3 Parental leave	169	Talent Attraction and Retention: Benefits		
	GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	166	Talent Attraction and Retention: Investing in Learning and Development		
		404-2 Programs for upgrading employee skills and transition assistance programs	166	Talent Attraction and Retention: Investing in Learning and Development		
		404-3 Percentage of employees receiving regular performance and career development reviews	168	Talent Attraction and Retention: Employee Appraisals		
	GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	161-163	Talent Attraction and Retention: Strengthening Diversity and Inclusion		
		405-2 Ratio of basic salary and remuneration of women to men	161-163	Talent Attraction and Retention: Gender Pay Gap		
	Community Investment					
	GRI 3: Material Topics 2021	3-3 Management of material topics	172-176	Community Investment		
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	172-176	Community Investment			

Glossary

Airlines

Aircraft at end of Period	Number of aircraft owned or on lease arrangements of over one month's duration at the end of the period.
Aircraft Utilisation	Average number of block hours per day per aircraft operated.
Available Seat Kilometres (ASK)	Total seats flown multiplied by the number of kilometres flown.
Average Fare	Passenger seat sales, surcharges and fees divided by number of passengers.
Block Hours	Hours of service for aircraft, measured from the time that the aircraft leaves the terminal at the departure airport to the time that it arrives at the terminal at the destination airport.
Capacity	Number of seats flown.
Cost per ASK (CASK)	Revenue less net operating profit divided by available seat kilometres.
Cost per ASK, excluding Fuel (CASK ex fuel)	Revenue less net operating profit and aircraft fuel expenses, divided by available seat kilometres.
Load Factor	Number of passengers as a percentage of capacity.
Passengers Carried	Number of earned seats flown. Earned seats comprise seats sold to passengers (including no-shows), seats provided for promotional purposes and seats provided to staff for business travel.
Revenue per ASK (RASK)	Revenue excluding lease income divided by available seat kilometres.
Revenue Passenger Kilometres (RPK)	Number of passengers multiplied by the number of kilometres those passengers have flown.
Stage Length	Length of the journey flown by a one-way flight.

Digital

Average Monthly Gross Booking Value	Average booking price for all bookings of Super App products in a month.
Number Of Transaction	Number of sales transactions completed by users.
Monthly Active Users	Number of unique users who visit a site within the month.
Carded Users	Number of users with an active card.

Logistics

Tonnage (tonnes)	Cargo capacity sold and utilised.
No. of Delivery	Number of parcels sold and delivered.

Form of Proxy

CAPITAL A BERHAD
 [Registration No.: 201701030323 (1244493-V)]
 (“the Company”) Incorporated in Malaysia

I/We _____ NRIC No./Passport No./Co. No.: _____
 (FULL NAME AS PER NRIC/CERTIFICATE OF INCORPORATION IN BLOCK LETTERS) (COMPULSORY)

of _____
 (FULL ADDRESS)

telephone no. _____, email address _____, being a member of the

Company, hereby appoint _____
 (FULL NAME IN BLOCK LETTERS)

NRIC No./Passport No.: _____ of _____
 (COMPULSORY) (FULL ADDRESS)

_____ telephone no. _____, email address _____

and, _____ NRIC No./Passport No.: _____
 (FULL NAME IN BLOCK LETTERS) (COMPULSORY)

of _____
 (FULL ADDRESS)

telephone no. _____, email address _____

*or failing him/her, the Chairman of the Meeting, as my/our proxy(ies) to vote in my/our name and on my/our behalf at the Sixth Annual General Meeting (“6th AGM”) of the Company to be conducted as a virtual meeting through live streaming from the Broadcast Venue at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur, 64000 KLIA, Selangor Darul Ehsan, Malaysia using the Remote Participation and Voting facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. via the TIH Online website at <https://tjih.online> on Thursday, 15 June 2023 at 10.00 a.m. and at any adjournment thereof, on the following resolutions referred to in the Notice of the 6th AGM, and to vote as indicated below:

AGENDA

No. 1	To receive the Audited Financial Statements together with the Reports of the Directors and Auditors thereon for the financial year ended 31 December 2022		
Resolutions	Description	FOR	AGAINST
Ordinary Business			
Ordinary Resolution 1	To approve the Non-Executive Directors’ Remuneration for the period from 16 June 2023 until the next Annual General Meeting of the Company to be held in the year 2024		
Ordinary Resolution 2	To re-elect Datuk Kamarudin bin Meranun as a Director of the Company, who retires by rotation pursuant to Rule 119 of the Company’s Constitution		
Ordinary Resolution 3	To re-elect Dato’ Mohamed Khadar bin Merican as a Director of the Company, who retires by rotation pursuant to Rule 119 of the Company’s Constitution		
Ordinary Resolution 4	To re-appoint Ernst & Young PLT as Auditors of the Company and to authorise the Board of Directors to determine their remuneration		
Special Business			
Ordinary Resolution 5	Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016		
Ordinary Resolution 6	Proposed renewal of existing shareholders’ mandate and new shareholders’ mandate for Recurrent Related Party Transactions of a revenue or trading nature		
Ordinary Resolution 7	Proposed Renewal of Share Buy-Back Authority of the Company		

(Please indicate with an “X” in the appropriate spaces how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting, as he/she thinks fit.)

*Delete the words “or failing him/her, the Chairman of the Meeting” if not applicable.

No. of shares held:			
CDS Account No.:			
The proportion of my/our holding to be represented by my/our proxies are as follows:		<i>No. of Shares</i>	<i>Percentage</i>
	First Proxy		
	Second Proxy		
Date:			

 Signature(s) / Common Seal of Members(s)

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VIRTUAL AGM

1. The 6th AGM of the Company will be conducted as a virtual meeting through live streaming from the Broadcast Venue at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur, 64000 KLIA, Selangor Darul Ehsan, Malaysia using the Remote Participation and Voting facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. via the **TIIH Online** website at <https://tiih.online>. Please follow the procedures as set out in the **Administrative Note** which is available at the Company's website at https://capitalairasia.com/home_ir.html
2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting.
3. Members and/or proxy(ies) and/or corporate representative(s) and/or attorneys **WILL NOT BE ALLOWED** to be physically present at the Broadcast Venue on the day of the 6th AGM, instead are to attend, speak (including posing questions to the Board of Directors via real time submission of typed texts) and vote (collectively, participate) remotely at the 6th AGM via the RPV provided by Tricor Investor & Issuing House Services Sdn. Bhd.

Notes to Form of Proxy

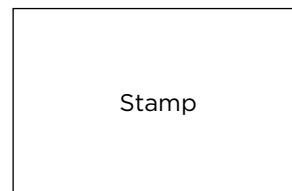
1. Pursuant to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 and Rule 41(a) of the Company's Constitution, only those Foreigners (as defined in the Constitution) who hold shares up to the current prescribed foreign ownership limit of 45.0% of the total number of issued shares of the Company, on a first-in-time basis based on the Record of Depositors to be used for the forthcoming Annual General Meeting ("AGM" or "the Meeting"), shall be entitled to vote. A proxy appointed by a Foreigner not entitled to vote, will similarly not be entitled to vote. Consequently, all such disenfranchised voting rights shall be automatically vested in the Chairman of the AGM.
2. A member must be registered in the Record of Depositors at 5.00 p.m. on 7 June 2023 ("General Meeting Record of Depositors") in order to attend and vote at the Meeting. A depositor shall not be regarded as a member entitled to attend the Meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors. Any changes in the entries on the Record of Depositors after the abovementioned date and time shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
3. A member entitled to attend and vote is entitled to appoint not more than two (2) proxies (or in the case of a corporation, to appoint a representative(s) in accordance with Section 333 of the Companies Act, 2016) to attend and vote in his stead. There shall be no restriction as to the qualification of the proxy(ies).
4. The Proxy Form in the case of an individual shall be signed by the appointor or his attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
5. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

7. The Proxy Form or other instruments of appointment shall not be treated as valid unless deposited at the registered office of the Company at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur, 64000 KLIA Selangor, Malaysia or by electronic lodgement via the **TIIH Online** website at <https://tiih.online> **not less than forty-eight (48) hours** before the time set for holding the Meeting. **Faxed copies of the duly executed form of proxy are not acceptable.**
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

Personal data privacy notice:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with all applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will fully and wholly indemnify the Company on full indemnity basis (whether demanded or not) in respect of penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of the warranty.

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The Company Secretary
CAPITAL A BERHAD
[Registration No.: 201701030323 (1244493-V)]

RedQ, Jalan Pekeliling 5
Lapangan Terbang Antarabangsa
Kuala Lumpur, 64000 KLIA
Selangor Darul Ehsan, Malaysia

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Capital A Berhad

[Registration No.: 201701030323 (1244493-V)]

RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur
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