

**CAPITAL A BERHAD FIRST QUARTER 2022 FINANCIAL RESULTS****GROUP REVENUE UP 159% YOY****AVIATION GROUP REVENUE UP 226% YOY****LOGISTICS REVENUE UP 58% YOY****DIGITAL REVENUE UP 175% YOY****ENGINEERING REVENUE DOWN 5% YOY****TWO CONSECUTIVE QUARTERS WITH POSITIVE CASH BALANCE**

**SEPANG, 26 May 2022** – Capital A Berhad (formerly known as AirAsia Group Berhad) (“Capital A” or the “Group”) today reported its financial results for the quarter ended 31 March 2022 (“1Q2022”).

**Unaudited Consolidated First Quarter 2022 Results of Capital A**

The Consolidated Group<sup>1</sup> posted 1Q2022 revenue of RM831 million, up 159% year-on-year (“YoY”) and 1% for quarter-on-quarter (“QoQ”) comparison. Aviation revenue grew significantly by 226% YoY and 30% QoQ to RM601 million off the back of the improved demand during the festive season together with the further easing of travel restrictions in 1Q2022. Our logistics arm, Teleport, reported considerable revenue growth of 58% YoY to RM147 million. Digital businesses consisting of airasia Super App and others reported robust revenue growth of 175% YoY. The engineering business Asia Digital Engineering (ADE) recorded a slightly softer revenue of RM19.5 million from RM20.5 million a year ago, down by 5%. The aviation, logistics, digital and engineering businesses have contributed 72%, 18%, 8% and 2%, respectively of the total revenue in 1Q2022.

In 1Q2022, fuel prices rose to record highs causing a spike in airline fuel costs. Together with higher aircraft maintenance costs to cater to strong pent-up demand, the Group EBITDA loss widened to RM483 million from RM202 million in the last year. Aviation fixed costs increased by 101% YoY, primarily attributable to higher maintenance costs, other operating expenses, increased staff costs and a larger operating fleet size as the company added additional flight frequencies and new routes to meet strong growing demand.

The airasia Super App reported an impressive 297% YoY revenue growth, leveraging off the resurgence of air travel demand and tactical campaigns, alongside the recognition of breakage income at airasia Rewards. Teleport’s revenue rose 58% YoY due to a more extensive cargo network with higher belly capacity operated in 1Q2022. Revenue of fintech arm BigPay, grew by 28% YoY in 1Q2022 due to margin improvement in payment and remittance business and transactions volume growth.

Overall, the group posted a Net Loss Before Tax of RM1,251 million in 1Q2022, which widened by 30% YoY. The strong improvement in revenue was offset by a number of factors which is mainly attributed to higher fuel and maintenance costs from the aviation group which extended to a number of its affiliate businesses.

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

**Balance Sheet and Cashflow**

The group reported a positive cash balance of RM364 million in 1Q2022 despite an average of RM297 million cash burn per month. The positive cash balance was mainly generated from the progressive business operating activities and availability of unutilised funds from various fundraising exercises which materialised in 2021.

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

"The AirAsia Aviation Group (AAAGL) has posted an encouraging quarter-on-quarter trend. In the first quarter, the consolidated group posted a healthy load factor at 76%, alongside significantly increased capacity and frequency of domestic flights, which were added to support the strong resurgence in air travel demand. In 1Q2022 demand spiked during the festive season and boosted the overall group capacity to 4.9 million available passenger seats with 3.7 million passengers flown.

"AAAGL's performance continued to improve across key metrics throughout the quarter supported by strong pent up demand and with the easing of travel restrictions in all of our core domestic markets. This is evidenced from the sharp increase in the number of flights which are up by 235% YoY and 47% QoQ to 26,916 flights in 1Q2022 alongside more robust passenger traffic compared to the same period last year. All of the airlines in the group posted a commendable load factor in 1Q2022, with AirAsia Malaysia at 74%, up by 1 ppts YoY, AirAsia Indonesia at 76%, up by 20 ppts YoY, AirAsia Philippines at 86%, up by 12 ppts YoY and AirAsia Thailand at 73%, up by 7 ppts YoY.

"When it comes to cost, airlines the world over have been adjusting fares or other ancillary prices to counter the rising oil prices. AirAsia Malaysia reintroduced fuel surcharges on 8 March 2022 for domestic and international flights. AirAsia Philippines also implemented a fuel surcharge for domestic flights due to the rising fuel prices. Since the fuel surcharge was abolished by AirAsia in 2015, the airline group has been absorbing the increased costs of oil prices. Oil prices were USD115 per barrel in 1Q2022, increased by 47% as compared to the same time last year when they were at USD78 per barrel and were up by 39% as compared to the end of 2019 when prices were USD83 per barrel.

"Despite the high costs we have endured, we remain committed to providing the best value fares in the market. The gradual lifting of travel restrictions is well underway and signifies the readiness of countries to move to an endemic phase. Following expansive and accelerated vaccination campaigns to combat the Covid-19 pandemic, most Asean countries have removed or relaxed their travel restrictions.

"The aviation group outlook remains positive as we firmly believe there will continue to be a V-shaped travel rebound and improved passenger traffic continuing throughout the remainder of the year and beyond. We are confident in the ongoing revival of air travel in the coming quarters and with the support of Asean countries which are already gradually reopening international borders, that we will be flying to pre-Covid capacity on many of our core domestic and international routes by the end of this year.

"Moreover, the aviation group continues to further stimulate travel on the ground and in the air by collaborating with the airasia Super App with the recent launch of the SUPER+ subscription plan (among many other initiatives), to provide unlimited domestic and international flight redemptions across all AirAsia Group airlines, including Covid insurance and unlimited free deliveries for airasia food orders where the service is available."

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

"In 1Q2022, Asia Digital Engineering (ADE) posted RM56.2 million revenue which greatly improved by 174% as compared to the same period last year. In tandem with the easing of travel restrictions and more planes returning to skies, the volume and comprehensive suite of maintenance repair and overhaul (MRO) engineering services provided by ADE has vastly increased. Together with our lean and cost efficient, technologically advanced operating restructure, the company generated a positive EBITDA in 1Q2022 with an EBITDA margin of 17%.

"ADE has progressively taken various strategic initiatives in recent months as we remain firmly committed to becoming an industry leader in Asean and beyond. The company announced its newly formed board of directors with each bringing a broad range of relevant experience and strategic oversight to oversee the future strategy of the company to take ADE's growth aspirations to new heights. ADE has also recruited over 100 engineering roles in Malaysia and expects to create hundreds more employment opportunities to facilitate strong forecast growth in aircraft maintenance, repair and overhaul. Additionally, ADE is optimistic that the revenue in coming quarters will continue to grow as ADE secures additional aircraft hangars to support strong upcoming base maintenance demand."

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

"In the first quarter of the year, airasia Super App posted quarterly revenue of RM58 million and a narrow EBITDA loss of RM20 million as compared to last year in the same period. The improved revenue performance was primarily attributed to a surge in domestic demand from air travel bookings in the platform, as well as recognition of breakage income from the rewards vertical. The strong travel rebound and multiple campaigns rolled out during the quarter has contributed to the higher airasia Super App average monthly active users to reach 10.7 million, up by 32% QoQ and 137% YoY.

"In addition, our new ride hailing platform, airasia ride, completed approximately 500,000 bookings during the quarter and in less than one year of operation it reached 1 million completed rides. Airasia ride has expanded to 10 cities across Malaysia in just eight months of operation. In the second quarter, the airasia ride service will be introduced in Thailand and also targets to launch in Indonesia and the Philippines by the third quarter of the year.

"During the quarter, airasia food continued to expand its coverage to more locations in Malaysia, Singapore and Thailand and at the same time launched airasia food service in Indonesia. We expect the user base and monthly active users will continue to grow together with the official launch of airasia Super App in the Philippines on 7 April, which is expected to gradually offer more lifestyle services such as ride-hailing and parcel delivery services in the country.

"In conjunction with the reopening of the international borders by key Asean countries which was mostly effective in quarter two of the year, airasia Super App has also launched the SUPER+ subscription plan which aims to boost local and international tourism for the most popular destinations within the AirAsia network. The product delivered an overwhelming response, the highest subscribers were from Thailand, followed by Malaysia, Indonesia and the Philippines.

"This year commenced with numerous positive developments in our key Asean countries and supporting campaigns launched by airasia Super App gave impetus to the travel, tourism and the e-commerce markets. We are enthusiastic about the positive results and remain confident in the outlook where we see total users will continue to grow on the back of the airline recovery, more product launches along with continued expansion in more Asean cities."

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

"Teleport posted a 1Q2022 quarterly revenue of RM147 million which surged by 58% YoY. The uptick in revenue performance was mainly attributed to Teleport operating a more extensive cargo network based on a commitment to delivering best value at lowest cost. In 1Q2022, Teleport benefited from the return of passenger flights where 40% of increased revenue was derived from higher passenger belly capacity. Delivery volume grew 451% YoY and 60% QoQ to nearly 945,000 e-commerce orders in the first quarter of 2022 including by servicing key customers such as Zalora and DHL eCommerce. Teleport had in the first quarter already achieved 65% out of its full year volume of 2021 total e-commerce orders which stood at 1.45 million.

"Total tonnage has increased by 31% compared to last year's first quarter, and the yield per kg improved by 16.6% to RM5.21 from RM4.46. We expect the margin will continue to grow in coming quarters with more new additional international lanes and a broader range of delivery hubs introduced, both on the ground and in the air through new logistics and e-commerce partnerships."

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

"Continuing the momentum from 2021, BigPay posted an encouraging total user base in 1Q2022 up by 62% YoY and 12% QoQ. Revenue was improved by 28% as compared to the preceding year in 1Q2022, which was led by the growth of BigPay's payment and remittance business. The margins and volume for our remittance business are improving coupled with the margin optimisation efforts implemented by the company. On 3 March, BigPay announced its first personal fully digital loan product as part of the wider suite of financial services offerings. We have seen the revenue contribution from this new loan product and through improvements in operating and marketing efficiencies, there was reduction in operating costs compared to the previous quarter."

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

"After two long years, we are now finally witnessing the end of the pandemic. The world is reopening and travel restrictions are subsiding in all of our core markets which will significantly benefit both our airlines and non airline businesses.

"Asean governments have recently announced that international borders will reopen with the removal of many travel restrictions. Our airlines have strategic plans in place to paint the skies red once again with a leaner and more robust model for a successful and viable operation in the future. Our aviation group has prepared comprehensively, with many new innovations and digital contactless procedures to ensure the highest standards of guest hygiene and safety as we maintain the best low cost carrier status in Asia and beyond.

"On the digital side, we will continue to forge ahead with our ambitions to become the leading super app of choice in Asean. airasia Super App recently announced a five-year strategic collaboration with Google Cloud to advance our combined vision to create a co-innovation ecosystem. Through this strategic partnership, AirAsia Group and Google can continue to combine forces and leverage core competencies to nurture technology talent, co-create software tools for open innovation, deliver data-driven intelligence on behalf of micro, small and medium-sized enterprises (MSMEs) on the platform, and ensure accessibility for diverse users in both cities and rural areas. Airasia Super App will leverage Google's rich experience in building global platforms and ecosystems to equip and engage more talent, entrepreneurs and partners who can provide even more tailor-made solutions that fit users' lives.

"Just as AirAsia has always had innovation in its DNA, Capital A will now continue to be a leader in this field with the underlying promise of providing the best value in all that we do and serve the underserved across our diverse ecosystem of travel and lifestyle products.

“The recovery has also enabled us to place renewed emphasis on our sustainability goals. As climate change gains prominence as one of the most important issues on the global agenda, we took steps to strengthen sustainability governance so as to better take on the challenge of cutting our carbon emissions. We will soon be announcing our sustainability blueprint that will lay out our short, medium and long-term strategies to reach net zero across all lines of businesses, while also setting out our social targets on diversity, investment in our people and in our communities.”

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