PRESS RELEASE

AIRASIA GROUP BERHAD THIRD QUARTER 2021 FINANCIAL RESULTS

INVESTMENT HOLDING COMPANY WITH PORTFOLIO OF SYNERGISTIC BUSINESSES

FIXED COSTS REDUCTION OF 23% YOY, 15% QOQ BY AVIATION GROUP

SUFFICIENT LIQUIDITY FOR 2022

TRAVEL HAS RETURNED, INCREASED BOOKINGS FOR 4Q AND 2022

SEPANG, 22 November 2021 – AirAsia Group Berhad ("AirAsia" or the "Group") today reported its financial results for the quarter ended 30 September 2021 ("3Q2021").

<u>Unaudited Consolidated Third Quarter 2021 Results of AirAsia Group Berhad</u>

The Consolidated Group[1] posted 3Q2021 revenue of RM296 million, lower by 37% year-on-year ("YoY") and 20% quarter-on-quarter ("QoQ"). Aviation revenue declined 70% YoY and 37% QoQ as travel demand was constrained by limited available flights caused by the lockdown imposed in Malaysia, since January 2021. Digital businesses reported stronger revenue, up 141% YoY led by contributions from Teleport, which tripled its revenue YoY driven by strategic growth in its cargo network.

EBITDA loss was RM281 million for the quarter, which narrowed by 38% YoY. Fixed costs were successfully reduced by 23% YoY, primarily attributed to lower staff costs and lower other operating expenses. The Consolidated Group ended the quarter with an improved cash position of RM401 million due to cash proceeds from Fly Leasing, funds from the convertible loan note into BigPay and tight ongoing control of costs. Net operating cash flow burn was lower YoY, averaging RM68 million per month in 3Q2021.

The airasia Super App reported 7% YoY revenue growth, attributed to new product offerings and commissions. BigPay posted significant growth in revenue, up 26% YoY driven by payments and remittances. Teleport's revenue tripled YoY due to strategic growth of its cargo network to establish its presence in the market.

The Consolidated Group posted a 3Q2021 Net Loss Before Tax of RM1.11 billion, which narrowed by 4% YoY. Active capacity management and concentration on flying the most profitable routes as well as lease restructuring, asset optimisation, targeted cost control and the absence of any fuel swap loss, resulted in a 65% reduction in aviation operating expenses YoY. Overall, the loss was attributed to a shortfall in revenue and a foreign exchange loss of RM217 million in comparison to a foreign exchange gain of RM44 million in 3Q2020.

<u>Operating Performance</u>

AirAsia Philippines outperformed AirAsia's other airline entities during the third quarter of 2021, reporting stronger YoY and QoQ key operational metrics. AirAsia Philippines demonstrated a strong

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

performance in 3Q2021, posting 167% growth in the number of passengers carried YoY and a 5% increase QoQ. Load factor was healthy at 77%, attributed to active capacity management.

Revenue per ASK ("RASK") for the Consolidated Group improved by 48% YoY to 21.83 sen during the quarter, while load factor was firm at 67%, 1 ppt higher YoY, supported by active capacity management.

Cost Performance

Airline operating expenses for 3Q2021 reduced by 65% YoY while fixed costs were efficiently reduced by 23% YoY and 15% QoQ. Airline staff costs declined the most by 38% YoY and 4% QoQ, contributed by headcount rationalisation, salary cuts and natural attrition. Other operating expenses reduced by 11% YoY and 33% QoQ due to strict cost control measures implemented for marketing, rental and IT spend.

On the airline performance results and outlook, Group CEO of AirAsia Aviation, Bo Lingam said:

"Load factor for the Group remains healthy in 3Q2021 at 67%, up 1 ppt attributed to active capacity management to match demand. Growth during the quarter was driven by AirAsia Philippines which grew its passengers by 167% YoY and pushed the load factor up to 77%.

"AirAsia Malaysia, AirAsia Indonesia and AirAsia Thailand experienced subdued momentum QoQ due to limited operations as travel was restricted for the most part of the quarter. Nonetheless, in a month-on-month (MoM) breakdown, AirAsia Malaysia more than doubled the number of passengers carried in September as compared to August, which resulted in a 13 percentage point ("ppt") higher load factor improvement. The encouraging growth was primarily driven by the opening of the Langkawi travel bubble from 16 September. Since then, we have observed a continuous improvement in bookings, as travel demand gradually recovers following the authorisation of nationwide interstate and some limited international travel, since 11 October onwards.

"Aside from Malaysia, recent positive developments for air travel across Thailand, Indonesia and the Philippines have contributed to a significant increase in seats sold for immediate and near-term travel, in line with our expectation of stronger bookings for spontaneous travel due to pent-up demand. The upcoming year-end holiday season will further spur air travel demand, especially in the visiting friends and relatives (VFR) as well as the leisure and spontaneous travel markets. We expect to see a continuation of this upward trend throughout 4Q and well into 2022 as global travel restrictions continue to ease. Our aim is to fly 60% of our pre-Covid domestic flight capacity by December 2021.

"We continued to improve our cost base through stringent cost containment measures. Our 3Q2021 fixed costs reduced 23% YoY, as airline staff costs were down 38% YoY due to headcount rationalisation & attrition. Other operating expenses reduced by 11% YoY and another 33% QoQ due to strict cost control measures implemented for marketing, rental and IT spend. We have been reporting a zero fuel swap loss since 2Q2021.

"Many countries have started to reopen and allow vaccinated travellers in. Most recently, the governments of Malaysia and Singapore announced the commencement of the Vaccinated Travel Lane (VTL), which paves the way for a gradual flight resumption between these two countries. We look forward to kick starting our Kuala Lumpur-Singapore flights at the end of this month and we are hopeful of the establishment of similar initiatives in other key markets in the near future.

"We continue to work closely with the authorities to ensure that the highest standards of health and safety are maintained at all times. In addition, we have also implemented numerous contactless innovations and procedures to provide a more hygenic and and seamless travel experience for our guests and to help restore consumer confidence in air travel.

"With our robust short haul business model, lean operations, contactless procedures, optimised network, strong dominance in Asean combined with pent-up demand, vaccines and travel lane formations, we remain confident of a fast recovery upon the further relaxation of travel restrictions in the near future."

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

"Asia Digital Engineering is actively ramping up its service offerings to become the leading maintenance repair and overhaul (MRO) provider in Asia. In 3Q2021, ADE obtained foreign approval from the Indonesian authority to conduct base maintenance works in Malaysia. ADE also received the relevant approvals to carry out base maintenance services for the A320neo aircraft type in Malaysia. While rapidly expanding its service capabilities, ADE expects to receive a number of additional approvals by the end of 2021. To further support our expansion plan, we have embarked on a fundraising exercise which is expected to complete by the end of first half next year. Having successfully completed the first cargo-on-seat conversion for Teleport and carried out the first ka-band installation for airasia wifi, ADE is actively exploring strategic partnerships and collaborations with service providers, including an inflight broadband solution, to further enhance its position as a one-stop solution for all MRO requirements."

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

"It's a new era for the airasia Super App. We have just reached our one year milestone in October and we are on the right track to becoming the all in one travel and lifestyle platform of choice in Asean. We have launched many products and services in our first year, starting in Malaysia and we remain committed to bring the new airasia way of life to our many millions of users across the region in the near future. In 3Q2021, we acquired the Gojek business in Thailand for a share swap consideration, which valued airasia superapp at US$1 billion and kick started the rollout of our products and services in the Kingdom.

"We also launched airasia ride in Klang Valley, which gained substantial traction and closed more than 40,000 bookings within the first month. Soon after, we expanded airasia ride to Langkawi and Penang, and passengers can now book their rides while they are on our flights that are equipped with airasia wifi.

"Airasia Super App revenue increased by 7% YoY while our average monthly active users increased by 40% QoQ, driven by food and ride offerings.

"The aim is to deliver a seamless one stop travel and lifestyle experience for our users. As we continue to grow and evolve based on consumer demand, we revamped airasia fresh into airasia grocer and expanded both airasia grocer and airasia food into more cities. Our new product, airasia money, gained further traction with digital car insurance offerings.

"As expected, our Travel vertical saw higher bookings as travel restrictions were lifted. In September, the Travel vertical recorded 400% higher transaction volume MoM drive by Flights, Hotels and SNAP. Last month, we celebrated the gradual reopening in travel by strengthening our OTA positioning, connecting users to 700 international airline brands flying to over 3,000 destinations and promoting more than 300,000 hotels worldwide through the convenience of our single app. Just last week, we launched FACES, which is truly a game changer for fully integrated contactless travel and lifestyle experiences. It is an exciting time for us and we look forward to launching more products, partnerships and collaborations for the benefit of our users."

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

"Teleport's revenue tripled YoY and increased 2% QoQ, lifted by a strategic growth in its cargo network. Delivery volume grew 53% YoY and 49% QoQ to more than 300,000 in 3Q2021. Margins improved for the quarter through active optimisation of the cargo network. Most recently, Teleport launched its first dedicated 737-800 freighter, which will accelerate its goal to shift from a pure air freight logistics player to a complete multi-modal operator. Stationed in Bangkok, the freighter allows us to be able to reach key markets including Hong Kong, Shanghai, Chennai, Mumbai and all other major destinations in Southeast Asia. We are fully committed to meet growing air cargo needs in the region by enhancing our capabilities and strengthening our position in the market. We are also in the midst of our first fundraising initiative which is expected to complete by the end of the year."

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

"BigPay posted a higher total user base in 3Q2021 by 28% YoY, lifted by an increase in new users by 169% YoY. This was primarily attributed to our marketing campaigns resulting in stronger traction. Topline grew 26% YoY, driven by continued higher performance in payments and remittance products. With the investment led by SK Group, we are now well on our way to further expand our products and services in Asean. We will soon be increasing our wallet size and launching new services including responsible credit, microinsurance and savings. In addition, we officially applied for a digital banking licence in Malaysia with a consortium of strategic partners."

On the group's outlook, CEO of AirAsia Group Berhad, Tan Sri Tony Fernandes said:

"As a Group, we have taken advantage of the downtime in flying to tap new revenue streams and fully transform ourselves into an investment holding company with a portfolio of synergistic travel and lifestyle businesses. In just over a year and a half, Asia Digital Engineering, Airasia superapp, Teleport and BigPay have gained significant traction and established a strong presence in our key markets. As the world continues to open up and a strong recovery in air travel is on the horizon, we have ensured our portfolio companies are given autonomy to run their business independently to encourage innovation and ensure speed to market through even higher efficiency. Together as a group, each of our businesses continue to leverage significant data and industry leading technology to deliver the best value at the lowest cost, supported by one of Asia's leading brands that remains committed to serving the underserved.

"As for funding, we are pleased to share that we have received shareholder's approval for the proposed renounceable rights issue of up to RM1 billion, at the Extraordinary General Meeting held on 11 November 2021. We expect to complete the exercise by the end of this year. We have also completed two batches of lease restructuring and expect to complete the full exercise by the end of 2021. This will positively result in a lower lease rental per aircraft in the future. Additionally, we have received the approval from Danajamin Nasional Berhad (Danajamin) for an 80% guaranteed loan of up to RM500 million under the Danajamin Prihatin Guarantee Scheme and an approval from a foreigner lender for a US$150 million loan facility of which US$100 million has been drawn down. While we continue to evaluate further funding, potential monetisation and other corporate exercises, as for now we expect to have sufficient liquidity until year end and throughout 2022."

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