

**CAPITAL A BERHAD**  
**(FORMERLY KNOWN AS AIRASIA GROUP BERHAD)**  
**201701030323 (1244493-V)**  
**FIRST QUARTER REPORT ENDED 31 MARCH 2022**

**ANNOUNCEMENT**

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

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended	Quarter ended	Year ended	Year ended
	31/03/2022 RM'000	31/03/2021 RM'000	31/03/2022 RM'000	31/03/2021 RM'000
Note				
		(Restated)		(Restated)
Revenue:				
10				
- Aviation	601,378	184,609	601,378	184,609
- Logistic	146,948	93,100	146,948	93,100
- Digital and others	63,458	43,435	63,458	43,435
	811,784	321,144	811,784	321,144
Operating expenses:				
- Staff costs	(261,310)	(209,644)	(261,310)	(209,644)
- Aircraft fuel expenses	(348,363)	(72,825)	(348,363)	(72,825)
- Fuel swap losses	-	(30,109)	-	(30,109)
- Maintenance and overhaul	(146,313)	(56,905)	(146,313)	(56,905)
- User charges and other related expenses	(89,965)	(71,824)	(89,965)	(71,824)
- Logistic expenses	(134,785)	(70,050)	(134,785)	(70,050)
- Technology and IT related expenses	(56,740)	(41,018)	(56,740)	(41,018)
- Other operating expenses	(84,064)	(34,521)	(84,064)	(34,521)
Other income	1,181	63,574	1,181	63,574
11				
<b>EBITDA</b>	<b>(308,575)</b>	<b>(202,178)</b>	<b>(308,575)</b>	<b>(202,178)</b>
Depreciation of property, plant and equipment	(34,668)	(35,672)	(34,668)	(35,672)
Depreciation on right of use asset	(346,116)	(410,227)	(346,116)	(410,227)
Finance income	16,483	9,289	16,483	9,289
12				
Finance costs - lease liabilities	(160,193)	(116,833)	(160,193)	(116,833)
12				
Finance costs	(78,160)	(38,221)	(78,160)	(38,221)
<b>Net operating loss</b>	<b>(911,229)</b>	<b>(793,842)</b>	<b>(911,229)</b>	<b>(793,842)</b>
Foreign exchange losses	(52,730)	(179,281)	(52,730)	(179,281)
12				
Fair value gain on derivatives	30,614	22,414	30,614	22,414
Share of results of associates / joint venture	(143,119)	(15,043)	(143,119)	(15,043)
<b>Loss before taxation</b>	<b>(1,076,464)</b>	<b>(965,752)</b>	<b>(1,076,464)</b>	<b>(965,752)</b>
Tax expense	(745)	(1,680)	(745)	(1,680)
13				
Deferred taxation	-	(8,790)	-	(8,790)
13				
<b>Loss for the financial period</b>	<b>(1,077,209)</b>	<b>(976,222)</b>	<b>(1,077,209)</b>	<b>(976,222)</b>
Attributable to:				
- Owners of the company	(903,791)	(767,422)	(903,791)	(767,422)
- Non-controlling interests	(173,418)	(208,800)	(173,418)	(208,800)
	<b>(1,077,209)</b>	<b>(976,222)</b>	<b>(1,077,209)</b>	<b>(976,222)</b>

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

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended	Quarter ended	Year ended	Year ended
	31/03/2022 RM'000	31/03/2021 RM'000	31/03/2022 RM'000	31/03/2021 RM'000
<b>Net loss for the financial period</b>	(1,077,209)	(976,222)	(1,077,209)	(976,222)
Other comprehensive income/(loss)				
Remeasurement loss on employee benefits liability, net of tax	3,760	15,333	3,760	15,333
Fair value reserve	1,540	108,918	1,540	108,918
Cash flow hedges	(3,861)	30,058	(3,861)	30,058
Foreign currency translation differences	(55,285)	(135,278)	(55,285)	(135,278)
<b>Total comprehensive loss</b>	<b>(1,131,055)</b>	<b>(957,191)</b>	<b>(1,131,055)</b>	<b>(957,191)</b>
Total comprehensive loss attributable to:				
Owners of the Company	(957,540)	(651,997)	(957,540)	(738,086)
Non-controlling interests	(173,515)	(305,194)	(173,515)	(219,105)
	<b>(1,131,055)</b>	<b>(957,191)</b>	<b>(1,131,055)</b>	<b>(957,191)</b>

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

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	AS AT 31/03/2022 RM'000	AS AT 31/12/2021 RM'000
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	14	909,694	933,474
Right of use assets	14	9,396,593	9,750,711
Finance lease receivables	14	175,693	266,233
Investment in associates	16	1,056,484	438,004
Investment in joint venture		777	878
Investment securities	15	252,252	243,323
Intangible assets		833,548	833,450
Deferred tax assets		738,748	738,760
Receivables and prepayments	17	3,026,286	3,599,414
Deposits on aircraft purchase		622,152	610,489
Derivative financial instruments	22	165,397	165,397
		17,177,624	17,580,133
<b>CURRENT ASSETS</b>			
Inventories		156,985	153,600
Receivables and prepayments	17	913,728	608,405
Finance lease receivables	22	177,672	224,144
Amounts due from associates		67,285	67,285
Amounts due from related parties		174,420	134,153
Tax recoverable		6,125	5,408
Deposits, bank and cash balances		364,420	1,256,753
		1,860,635	2,449,748
<b>CURRENT LIABILITIES</b>			
Trade and other payables	18	2,681,530	2,308,897
Aircraft maintenance provisions and liabilities	19	1,040,913	976,633
Sales in advance		936,097	930,510
Amounts due to associates		43,297	43,297
Amounts due to related parties		157,429	129,717
Borrowings	20	684,156	887,228
Lease liabilities	21	4,280,492	3,905,769
Derivative financial instruments	22	3,236	-
Provision of taxation		21,431	21,873
		9,848,581	9,203,924
<b>NET CURRENT LIABILITIES</b>		<b>(7,987,946)</b>	<b>(6,754,176)</b>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

Note	AS AT 31/03/2022 RM'000	AS AT 31/12/2021 RM'000
<b>NON CURRENT LIABILITIES</b>		
Trade and other payables	292,992	292,691
Aircraft maintenance provisions and liabilities	4,883,506	4,860,637
Borrowings	1,420,154	1,422,661
Lease liabilities	9,687,287	10,389,525
Deferred tax liabilities	169,477	169,477
Derivative financial instruments	3,072	32,785
Provision for retirement benefits	83,039	81,084
	16,539,527	17,248,860
	<b>(7,349,849)</b>	<b>(6,422,903)</b>
<b>CAPITAL AND RESERVES</b>		
Share capital	8,654,950	8,457,172
Merger deficit	(5,507,594)	(5,507,594)
Other reserves	168,053	161,321
Foreign exchange reserve	(173,627)	(118,439)
Accumulated losses	(7,193,499)	(6,374,760)
	(4,051,717)	(3,382,300)
Non-controlling interests	(3,298,132)	(3,040,603)
Total equity	<b>(7,349,849)</b>	<b>(6,422,903)</b>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<b>(1.04)</b>	<b>(0.87)</b>

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

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Attributable to owners of the Company											Non-controlling interests RM'000	Total equity RM'000	
	Number of shares '000	Share Capital RM'000	Merger Deficit RM'000	Foreign exchange reserve RM'000	Share-based payments RM'000	RCUIDS - equity RM'000	Warrant reserve RM'000	Cash flow hedge reserve RM'000	Fair value and other reserves RM'000	Remeasurement loss on employee benefits liability RM'000	Accumulated losses RM'000			Total RM'000
<b>At 1 January 2022</b>	3,898,053	8,457,172	(5,507,594)	(118,439)	5,968	154,360	112,736	(68,499)	(29,914)	(13,330)	(6,374,760)	(3,382,300)	(3,040,603)	(6,422,903)
Net profit for the financial period	-	-	-	-	-	-	-	-	-	-	(903,791)	(903,791)	(173,418)	(1,077,209)
Other comprehensive income	-	-	-	(55,188)	-	-	-	(3,861)	1,540	3,760	-	(53,749)	(97)	(53,846)
Issuance of new shares	263,704	197,778	-	-	-	-	-	-	-	-	197,778	-	-	197,778
Dilution of interest in subsidiary	-	-	-	-	-	-	-	-	-	-	85,052	85,052	(84,014)	1,038
Share-based payment expensed	-	-	-	-	5,293	-	-	-	-	-	-	5,293	-	5,293
<b>At 31 March 2022</b>	<b>4,161,757</b>	<b>8,654,950</b>	<b>(5,507,594)</b>	<b>(173,627)</b>	<b>11,261</b>	<b>154,360</b>	<b>112,736</b>	<b>(72,360)</b>	<b>(28,374)</b>	<b>(9,570)</b>	<b>(7,193,499)</b>	<b>(4,051,717)</b>	<b>(3,298,132)</b>	<b>(7,349,849)</b>
At 1 January 2021	3,341,974	8,023,268	(5,507,594)	(57,378)	-	-	-	(101,222)	(105,506)	(18,640)	(3,447,215)	(1,214,287)	(2,355,507)	(3,569,794)
Net profit for the financial period	-	-	-	-	-	-	-	-	-	-	(767,422)	(767,422)	(208,800)	(976,222)
Other comprehensive income	-	-	-	(113,684)	-	-	-	26,481	108,918	7,621	-	29,336	(10,305)	19,031
Issuance of new shares	470,214	336,463	-	-	-	-	-	-	-	-	-	336,463	-	336,463
<b>At 31 March 2021</b>	<b>3,812,188</b>	<b>8,359,731</b>	<b>(5,507,594)</b>	<b>(171,062)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(74,741)</b>	<b>3,412</b>	<b>(11,019)</b>	<b>(4,214,637)</b>	<b>(1,615,910)</b>	<b>(2,574,612)</b>	<b>(4,190,522)</b>

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

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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**

	<b>PERIOD ENDED</b>	<b>PERIOD ENDED</b>
	<b>31/03/2022</b>	<b>31/03/2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(1,076,464)	(965,752)
Adjustments:		
Property, plant and equipment		
- Depreciation	34,049	35,672
- Gain on disposal	(72)	(39,662)
- Write off	68	-
Rights of Use Asset		
- Depreciation	346,116	410,227
Intangible assets		
- Amortisation	619	70
Provision for retirement benefit	4,718	4,327
Aircraft maintenance provisions	37,855	-
Impairment of receivables, related parties, joint ventures and investment securities	36,458	-
Fair value gain on derivative financial instruments	(30,614)	(22,414)
Share of results of associates and joint venture	143,119	15,043
Net unrealised foreign exchange (gain)/losses	(50,736)	149,923
Dividend income from:		
Share-based payments	5,293	-
Interest expense	52,617	58,967
Interest on lease liabilities	160,193	116,834
Interest income	(16,483)	(9,289)
	(353,264)	(246,054)
<b>Changes in working capital</b>		
Inventories	(4,354)	(5,972)
Receivables and prepayments	(328,709)	25,880
Trade and other payables and provisions	257,600	187,247
Sales in advance	13,971	(24,928)
Intercompany balances	17,910	(182,133)
<b>Cash used in operations</b>	(396,846)	(245,960)
Interest paid	(43,840)	(17,241)
Interest received	1,000	932
Tax refund/(paid)	611	(2,483)
Retirement benefit paid	(1,972)	(242)
<b>Net cash used in operating activities</b>	<b>(441,047)</b>	<b>(264,994)</b>

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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**

	<b>PERIOD ENDED</b>	<b>PERIOD ENDED</b>
	<b>31/03/2022</b>	<b>31/03/2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment		
- Additions	(948.0)	(6,281)
- Proceeds from disposal	51.0	44,606
Addition in intangible assets	-	(701)
Additional investment in an associate	(176,280)	-
Acquisition of other investments	(4,206)	(4,787)
Deposits paid for aircraft purchased	(7,562)	-
<b>Net cash (used in)/generated from investing activities</b>	<b>(188,945)</b>	<b>32,837</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares	-	336,464
Proceeds from borrowings	169,170	-
Repayment of borrowings and lease liabilities	(429,124)	(181,545)
<b>Net cash generated from financing activities</b>	<b>(259,954)</b>	<b>154,919</b>
<b>NET DECREASE FOR THE FINANCIAL PERIOD</b>	<b>(889,946)</b>	<b>(77,238)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>	<b>1,256,753</b>	<b>533,278</b>
<b>CURRENCY TRANSLATION DIFFERENCES</b>	<b>(2,387)</b>	<b>(8,318)</b>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	<b>364,420</b>	<b>447,722</b>

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

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**NOTES TO THE QUARTERLY REPORT**

**1. Basis of preparation**

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

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

**2. Summary of significant accounting policies**

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

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

**3. Auditors' report on preceding annual financial statements**

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

**4. Seasonality of operations**

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

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

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



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**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**

**6. Changes in composition of the Group**

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 (formerly known as AirAsia Investment Limited) (“AAA”) 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 16.

**7. Changes in estimates**

There were no changes in estimates that have had a material effect on the results of the current quarter and financial period-to-date.

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

During the financial period to date, the Company issued 263,703,740 new ordinary shares at a total value of RM 197,777,805 under the conversion of RCUIDS.

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

**9. Dividends paid and proposed**

No dividend has been proposed during the period ended 31 March 2022.

**10. Revenue**

	<b>Quarter ended 31/03/2022 RM million</b>	<b>Quarter ended 31/3/2021 RM million</b>
<u>Aviation revenue</u>		
Passenger revenue		
- seat sales	495.4	155.1
- others	93.0	10.0
Aircraft operating lease income	13.0	19.5
	601.4	184.6
Logistic	146.9	93.1
<u>Digital &amp; Others revenue</u>		
- airasia Super App	39.7	10.0
- BigPay	6.0	4.7
- Others	17.8	28.7
	811.8	321.1

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**11. Other income**

	<b>Quarter ended 31/03/2022 RM million</b>	<b>Quarter ended 31/03/2021 RM million</b>
Gain on disposal of property, plant and equipment	0.1	39.7
Others	1.1	23.8
	1.2	63.5

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

**12. Finance income/(costs) and foreign exchange losses**

	<b>Quarter ended 31/03/2022 RM million</b>	<b>Quarter ended 31/03/2021 RM million</b>	<b>Year ended 31/03/2022 RM million</b>	<b>Year ended 31/03/2021 RM million</b>
<b>(a) Finance income</b>				
Interest income from:				
- deposits with licensed banks	0.4	0.7	0.4	0.7
- from associates	1.2	1.1	1.2	1.1
- finance lease receivables	14.3	7.3	14.3	7.3
Discounting effect on financial instruments and others	0.6	0.2	0.6	0.2
	16.5	9.3	16.5	9.3
<b>(b) Finance costs</b>				
Bank borrowings	(28.4)	(12.9)	(28.4)	(12.9)
RCUIDS profit payment	(15.2)	-	(15.2)	-
Discounting effect on financial instruments, bank facilities and other charges	(34.6)	(25.3)	(34.6)	(25.3)
	(78.2)	(38.2)	(78.2)	(38.2)
<b>(c) Foreign exchange gains/(losses)</b>				
- realized	(2.0)	(29.4)	(2.0)	(29.4)
- unrealized	(50.7)	(149.9)	(50.7)	(149.9)
	(52.7)	(179.3)	(52.7)	(179.3)

**13. Income tax and Deferred tax**

**Income tax expense**

The current taxation charge for the period to date of RM0.7 million mainly relates to foreign branches taxes.

**Deferred taxation**

No deferred tax recognised for the period ended 31 March 2022.

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**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**

**14. Property, plant and equipment, ROU and Finance Lease receivables**

(a) acquisition and disposals

During the period ended 31 March 2022, the Group acquired property, plant and equipment with a total cost of RM0.9 million (year ended 31 March 2021: RM6.3 million).

During the period ended 31 March 2022, proceeds from the disposal of property, plant and equipment amounted to RM0.05 million (year ended 31 March 2021: RM44.6 million).

(b) revaluation

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

(c) impairment

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

**15. Quoted investments and properties**

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

**16. Investments in associates**

	<b>As at 31/03/2022 RM million</b>	<b>As at 31/12/2021 RM million</b>
<b>Cost</b>		
Investment	1,849.4	1,087.9
Share of results and reserves	(733.7)	(590.7)
Impairment loss	(59.2)	(59.2)
	1,056.5	438.0

MFRS128 provides that entities discontinue recognising their share of further losses when its share of the losses equals to or exceeds its interest in the associate. Accordingly, the Group has recognised losses to the extent of its interest in these associates. The increase in cost of investment is related to investment in AAV as indicated in Note 6.

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**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**

**17. Receivables and prepayments**

	<b>As at 31/03/2022 RM million</b>	<b>As at 31/12/2021 RM million</b>
<u>Non-current</u>		
Prepayments	2,854.6	3,185.2
Deposits and other receivables	171.7	414.2
	3,026.3	3,599.4
<u>Current</u>		
Trade and other receivables	821.8	438.6
Prepayments	63.8	54.5
Deposits	28.1	115.3
	913.7	608.4

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

**18. Trade and other payables**

	<b>As at 31/03/2022 RM million</b>	<b>As at 31/12/2021 RM million</b>
<u>Non-current</u>		
Other payables	293.0	292.7
<u>Current</u>		
Trade payables	1,649.1	1,306.4
Other payables	145.7	119.8
Accruals for fuel	47.6	77.2
Others	839.1	805.4
	2,681.5	2,308.8

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

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**19. Aircraft maintenance provision/ payables**

	<b>As at 31/03/2022 RM million</b>	<b>As at 31/12/2021 RM million</b>
Aircraft maintenance provision	1,517.9	1,480.2
Aircraft maintenance payables	2,250.9	2,502.0
Aircraft maintenance reserves	2,155.6	1,855.1
	<hr/> 5,924.4	<hr/> 5,837.3
Current	1,040.9	976.7
Non Current	4,883.5	4,860.6
	<hr/> 5,924.4	<hr/> 5,837.3

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

The liabilities of the aircraft provisions/ payables are covered through the Group's prepaid engine maintenance cost to a service provider as disclosed in Note 17.

**20. Borrowings**

	<b>As at 31/03/2022 RM million</b>	<b>As at 31/12/2021 RM million</b>
<u>Short term</u>		
Term loans	252.0	332.3
Term loans (Deferred fuel hedge settlements)	100.8	219.9
Revolving credit	78.9	85.0
Convertible loan note	252.5	250.0
	<hr/> 684.2	<hr/> 887.2
<u>Long term</u>		
Term loans	795.5	600.2
RCUIDS	624.7	822.4
	<hr/> 1,420.2	<hr/> 1,422.6
Total	<hr/> 2,104.4	<hr/> 2,309.8

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The currency profile of borrowings are as follows:	<b>As at 31/03/2022 RM million</b>	<b>As at 31/12/2021 RM million</b>
Ringgit Malaysia	921.3	1,063.1
US Dollar	1,055.9	1,120.2
Philippine Peso	80.3	79.7
Indonesian Rupiah	46.9	46.8
	2,104.4	2,309.8

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

As of 31 March 2022, a total of RM 197.8 million RCUIDS converted into ordinary shares. Further details of RCUIDS as disclosed in Note 23.

**21. Lease liabilities**

The lease liabilities amounting to RM14.0 billion includes deferred aircraft leases of approximately RM2.2 billion. The lease liabilities are supported by ROU assets of RM9.4 billion (net of impairment) and finance lease receivables of RM0.4 billion (net of impairment).

The Group had completed restructuring of total 101 aircraft leases up to date of this report including the waiver of the lease rentals in arrears as well as reducing future lease rates with a corresponding longer lease term where necessary and return of aircraft.

**22. Derivative financial instruments**

(a) Forward Foreign Exchange Contracts

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

(b) Interest Rate Hedging.

As at 31 March 2022, the Group has six (6) interest rate swaps with an outstanding amount of US\$161million. These interest rate swaps are entered with one (1) counterparty and will mature between 2028 and 2029.

(c) Fuel Hedging

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

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Type of Derivatives	Notional Value As at 31/3/2022 RM million	Fair value 31/3/2022 Assets/(Liabilities) RM million
<b><u>Interest rate contracts</u></b>		
- More than 3 years	677.3	(2.17)

The related accounting policies, cash requirements of the derivatives, risks associated with the derivatives and policies to mitigate those risks are unchanged since the last financial year.

(d) Early redemption option

The RCUIDS issued by the Group as disclosed in Note 23 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

**23. Status of corporate proposals announced**

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

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

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

The salient features of the RCUIDS are as follows:

- (a) The profit rate of the RCUIDS is 8% per annum computed based on the nominal value of the outstanding RCUIDS and payable quarterly in arrears. Total profit payment paid in the quarter is as disclosed in Note 12.
- (b) The Company shall redeem annually 25% of the outstanding RCUIDS, which has not been converted or redeemed, commencing on the 4th anniversary from the issue date of the RCUIDS. Therefore, the RCUIDS is classified as long term liabilities as indicated in Note 20.

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**23. Status of corporate proposals announced (cont'd)**

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

Utilisation of Proceeds	Expected timeframe	Proposed Utilisation RM m	Actual Utilisation RM m	Unutilised Amounts RM m
Fuel Hedging Settlement	5 months	226.7	169.2	57.5
Aircraft lease and maintenance	Within 12 months	202.8	202.8	-
AirAsia Digital Sdn. Bhd. business units	Within 12 months	73.7	73.7	-
General working capital expenses	Within 12 months	451.0	350.0	101.0
Estimated expenses	Within 3 months	20.3	20.3	-
		974.5	816.0	158.5

**24. Contingent assets**

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

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

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

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

Capital commitments for property, plant and equipment:

	<b>As at 31/3/2022 RM million</b>	<b>As at 31/12/2021 RM million</b>
Approved and contracted for	97,814.5	97,123.8



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**27. Material related party transactions**

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

	<b>Quarter ended 31/3/2022 RM million</b>	<b>Quarter ended 31/3/2021 RM million</b>
1. Transaction of the Group with associates of a subsidiary		
a. Purchase of cargo transportation capacity		
- Thai AirAsia	0.1	4.3
b. Commission charged		
- Thai AirAsia	8.1	3.9
c. Management fees		
- Thai AirAsia	6.2	0.3
2. Transaction of the Group with company with common directors and shareholders		
a. Purchase of cargo transportation capacity		
- AirAsia X	70.4	14.7
- Thai AirAsia X	2.7	28.6
b. Management fees		
- AirAsia X	0.2	-

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**28. Review of Group Performance**

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

	Aviation RM'000	Engineering RM'000	Teleport RM'000	SuperApp RM'000	BigPay RM'000	Others RM'000	Total Segments RM'000	Elimination adjustments RM'000	Total RM'000
<b>31/03/2022</b>									
Revenue	628,994	56,178	146,948	57,728	5,985	84,353	980,186	(168,402)	811,784
Staff costs	(122,471)	(21,384)	(11,638)	(34,928)	(13,661)	(55,409)	(259,491)	(1,819)	(261,310)
Fuel costs	(348,363)	-	-	-	-	-	(348,363)	-	(348,363)
Maintenance and overhaul	(190,950)	(18,925)	-	-	-	-	(209,875)	63,562	(146,313)
User charges and other related expenses	(119,143)	-	(134,785)	(7,467)	(1,804)	(41)	(263,240)	38,490	(224,750)
Other operating expenses	(102,229)	(6,428)	(5,626)	(35,911)	(22,357)	(36,276)	(208,827)	68,023	(140,804)
Other income	(15,979)	-	3	84	47	0	(15,845)	17,026	1,181
EBITDA	(270,141)	9,441	(5,098)	(20,494)	(31,790)	(7,373)	(325,455)	16,880	(308,575)
Depreciation & amortisation									(380,784)
Interest expense									(238,353)
Interest income									16,483
Derivative gain									30,614
Share of results of associates/ joint venture									(143,119)
Foreign exchange loss									(52,730)
Loss before tax									<u>(1,076,464)</u>

	Aviation RM'000	Engineering RM'000	Teleport RM'000	SuperApp RM'000	BigPay RM'000	Others RM'000	Total Segments RM'000	Elimination adjustments RM'000	Total RM'000
<b>31/03/2021</b>									
Revenue	231,257	20,498	93,269	19,984	4,666	80,038	449,712	(128,568)	321,144
Staff costs	(101,466)	(18,934)	(7,599)	(25,885)	(5,627)	(50,492)	(210,003)	359	(209,644)
Fuel costs	(102,934)	-	-	-	-	-	(102,934)	-	(102,934)
Maintenance and overhaul	(83,876)	(8)	-	-	-	-	(83,884)	26,979	(56,905)
User charges and other related expenses	(65,177)	-	(92,629)	(6,654)	-	(10)	(164,470)	22,596	(141,874)
Other operating expenses	(71,551)	(859)	(3,205)	(15,495)	(16,567)	(41,032)	(148,709)	73,170	(75,539)
Other income	50,036	-	349	247	(12,939)	1	37,694	25,880	63,574
EBITDA	(143,711)	697	(9,815)	(27,803)	(30,467)	(11,495)	(222,594)	20,416	(202,178)
Depreciation & amortisation									(445,899)
Interest expense									(155,054)
Interest income									9,289
Derivative gain									22,414
Share of results of associates/ joint venture									(15,043)
Foreign exchange loss									(179,281)
Loss before tax									<u>(965,752)</u>

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**28. Review of Group Performance (cont'd.)**

*Consolidated Group Performance*

The Group reported a revenue of RM811.8 million in 1Q2022, more than double the revenue in 1Q2021, supported by the revival of air travel during the quarter as travel restrictions, including testing, quarantine and entry requirements, were gradually relaxed. In the first quarter, 64% of the Group's revenue was attributed to the aviation segment while 15% of revenue was derived from logistic business, 15% from its digital and other businesses and the remaining 6% was contributed by the engineering business.

Teleport revenue improved by 57%, while Super App and BigPay saw steady growth in their revenues as they launched more products and invested in technology and talent to scale up their respective businesses.

The Group reported a net loss of RM1,077.2 million in 1Q2022 as compared to RM976.2 million in 1Q2021. The current quarter recorded a share of loss of RM143.1 million from an associate, following the completion of the restructuring and recapitalisation plan of the associate. Despite the resumption of operations and the increase in capacity, higher revenue during the quarter was partially offset by higher operation cost on fuel and maintenance.

**Cashflow commentary for current quarter against corresponding quarter**

<b>Net Cash Flow</b>	<b>Period ended 31/03 /2022 RM million</b>	<b>Period ended 31/12/2021 RM million</b>
Cash from/(to) Operating activities	(441.0)	(265.0)
Cash from/(to) Investing activities	(188.9)	32.8
Cash from/(to) Financing activities	(260.0)	154.9
Net cash flow for the Period	<u>(889.9)</u>	<u>(77.3)</u>

Operating Cash outflow was negative due to higher fuel cost and higher expenses for maintenance. Cash flow from investing activities included the additional investment into AAV and utilisation of the proceeds from a term loan as disclosed in Note 20. The cash inflow from financing activities for the current period included proceeds of a term loan received, net off payments for deferred fuel hedge settlements and payment of debt and aircraft leases.

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**28. Review of Group Performance (cont'd.)**

**(a) Aviation**

**Performance indicators**

	Jan to March 2022	Jan to March 2021	Change %
Passengers Carried	3,749,237	976,968	284%
Capacity	4,941,132	1,463,826	238%
Seat Load Factor	76%	67%	9%
RPK (million)	3,231	888	264%
ASK (million)	4,288	1,329	223%
Average Fare (RM)	131	159	-17%
Unit Passenger Revenue (RM)	161	204	-21%
Revenue / ASK (sen)	14.08	15.03	-6%
Revenue / ASK (US cents)	3.35	3.66	-8%
Cost / ASK (sen)	32.96	72.75	-55%
Cost / ASK (US cents)	7.85	17.70	-56%
Cost / ASK-ex Fuel (sen)	24.84	64.97	-62%
Cost / ASK-ex Fuel (US cents)	5.92	15.81	-63%
Aircraft (end of period)	152	149	2%
Average Stage Length (km)	868	906	-4%
Number of Flights	26,916	8,036	235%
Fuel Consumed (Barrels)	722,539	230,043	214%
Average Fuel Price (US\$ / Barrel)	115	78	47%

Following the further relaxation of travel protocols domestically by Malaysia, Indonesia and the Philippines in the first quarter, the Aviation Group introduced additional capacity of 238% YoY to support the surge of demand. This resulted in the more than doubling of revenue from 1Q2021.

The Aviation Group posted a healthy load factor of 76% with 284% increase in passengers carried. AirAsia Malaysia saw the number of passengers carried and the capacity improved by 464% and 455%, respectively YoY, off the back of the resumption of a significant number of additional domestic flights, and the relaunch of numerous domestic routes to connect people between major cities, particularly during the festive season. Despite the increase in capacity, AirAsia Malaysia maintained a commendable load factor of 74%.

AirAsia Indonesia also achieved a much-improved load factor of 76% in 1Q2022, an increase from 56% in 1Q201. Additional frequencies were added for domestic flights to meet the huge pent up demand especially between Jakarta and Denpasar and Jakarta and Medan.

AirAsia Philippines continues to record the Group's highest quarterly load factor at 86%, which rose by 12 ppts YoY, uninterrupted by the steep rise of Omicron variant cases in the Philippines during the quarter. The Philippines domestic market has returned to pre-covid levels and there is a huge demand expected for the summer travels.

The Aviation Group reported a revenue of RM629.0 million for 1Q2022, an increase of 100% YoY, supported by the easing of travel restrictions in various key regional countries, coupled

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**28. Review of Group Performance (cont'd.)**

with pent up demand. However, the increase in revenue was dampened by additional costs arising from the hike in fuel price and maintenance and overhaul costs. Aviation Group reported a widened negative EBITDA of RM270.1 million as compared to a negative EBITDA of RM143.7 million in 1Q2021. Towards the end of 1Q2022, AirAsia Malaysia implemented a fuel surcharge to buffer the effect of the increase in fuel price.

**(b) Asia Digital Engineering (ADE)**

Asia Digital Engineering (“ADE”) reported a revenue of RM56.2 million in 1Q2022, an increase of 174% YoY, as the relaxation of travel restrictions in various countries have led to travel resumption and driven the demand for MRO services. ADE provides a comprehensive suite of aviation MRO services, including line and base maintenance services, spare parts workshop services, engineering maintenance services, component warehousing and digital and innovation services. The MRO market is expected to recover in line with improvement in travel volumes.

ADE reported a positive EBITDA of RM9.4 million in 1Q2022 primarily driven by maintaining a lean and efficient cost structure. The revenue is expected to grow in the coming quarters as ADE secures additional aircraft hangars to support the upcoming base maintenance demand.

**(c) Digital**

	Jan to Mar 2022	Jan to Mar 2021	change %
<b>SuperApp</b>			
Monthly Active Users (MAU)(‘000)	10,740	4,537	136.7%
No. of Transactions (‘000)	2,862	1,801	58.9%
Gross Booking Value (RM) (‘million)	872	441	97.6%
<b>BigPay</b>			
Total Users (cumulative)	3,182,737	1,651,743	92.7%
Carded Users (cumulative)	1,168,361	714,544	63.5%
<b>Teleport</b>			
Tonnage (tonnes)	25,625	19,497	31.4%
Yield (RM/kg)	5.21	4.46	16.6%
No. of Delivery (‘000)	945	171	451.1%

**(i) airasia Super App**

Airasia Super App recorded a higher quarterly revenue of RM57.7 million and lower EBITDA loss of RM20.5 million in 1Q2022, primarily driven by continued resurgence of travel demand from border reopening and tactical campaigns, alongside with the recognition of revenue from airasia Rewards.

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**28. Review of Group Performance (cont'd.)**

Additionally, the improved results were achieved from lower cost of sales and optimisation of key operating expenses.

Airasia Super App's Online Travel Agency (OTA) platform grew by another 18% in average daily bookings during the quarter in light of the return of travel demand.

In March 2022, airasia Super App introduced a smarter way to experience the world of airasia with the launch of its revolutionary SUPER+ subscription plan, which was available for purchase across Thailand, Malaysia, Indonesia and the Philippines concurrently. Subscribers of the brand new SUPER+ pass are able to enjoy flying anywhere with unlimited flight redemption across all AirAsia airlines, unlimited free delivery for airasia Food orders, and Covid pre-departure insurance coverage.

Airasia Ride continues to grow in completed rides, achieving approximately 500,000 completed rides in 1Q2022. Airasia Ride has introduced a driver focused community, with exclusive driver benefits and corporate programs.

In 1Q2022, airasia Food continued to focus on expanding its coverage and increasing its user base in Malaysia, Singapore and Thailand. In the same quarter, airasia Food was launched in Indonesia to increase the product range offered to the users in Indonesia. Airasia Xpress, our on-demand parcel delivery service, is seeing an increased number of orders, with an increase in repeat orders.

As a result, the average Monthly Active Users (MAU) of the Super App saw an increase across all markets due to the pick up in travel demand in 1Q2022. Additionally, the OTA platform and SUPER+ pass that was launched in March 2022 contributed further to the increase in MAU. For Malaysia, the increase in MAU was driven mainly by airasia Ride, which recorded a higher transaction frequency.

**(ii) BigPay Group**

BigPay's user base grew 64% YoY as growth momentum from the end of 2021 carried through into the quarter. Revenue for the quarter was up 28% vs last year, led by continued growth in both payments and remittance businesses. Focus shifted towards going to "top of wallet" to engage stronger with our key customer segments and drive higher payments usage. This, along with margin optimisation efforts benefited the payments business. The remittance business also saw improving margins and volume growth. With the launch of BigPay's fully digital lending platform in the quarter, there was an initial revenue contribution from this new loan product. Through improvements in operating and marketing efficiency, there was a 28% reduction in operating costs compared to the previous quarter. Combined with improving unit economics, negative EBITDA improved by 20% over the last quarter.

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**28. Review of Group Performance (cont'd.)**

**(iii) Teleport**

Teleport's quarterly revenue was 57% higher YoY. Half of this uplift was due to Teleport operating a more extensive cargo network in 2022. Nevertheless, 40% of the revenue increase was attributable to higher passenger belly capacity in 2022 as passenger network flights returned. Average passenger belly capacity in 1Q 2022 was still 90% below pre-Covid peak but improvements are expected to continue as the passenger network ramps up from this point forward.

Delivery segment's volume grew 451% YoY and 60% QoQ to nearly 950,000 deliveries in 1Q2022. Unit economics also improved QoQ as Teleport increased the proportion of deliveries utilising air cargo from 64% to 75%. Growth in high margin deliveries is expected to continue in 2022 as new international lanes and delivery hubs are added.

**29. Variation of results against preceding quarter**

The Group recorded a net loss of RM1,238.9 million for the quarter under review, against the net loss of RM1,008.3 million in the immediately preceding quarter ended 31 December 2021 primarily due to the share of loss from an associate and higher fuel cost despite revenue growing by 16% in this quarter.

**30. Profit forecast**

No profit forecast has been issued.

**31. Commentary on prospects**

The outlook for the Group is positive. Amid high rates of Covid vaccination and booster shots around the world and in the region, many of our key markets, particularly those in Asean, have begun to reopen their international borders by removing or relaxing their travel restrictions. In Asean, Cambodia, Malaysia, Singapore, Vietnam, Laos, Thailand and Indonesia have completely removed any Covid-testing and quarantine requirements for fully vaccinated travellers. While the Philippines, Myanmar and Brunei still require either pre-departure and/or on-arrival testing, these requirements are expected to be gradually relaxed as the Covid situation stabilises further in these countries.

The aviation segment continues to optimise its network and fleet strategy, by resuming popular routes while launching new ones to cater to strong pent-up demand. Additionally, international air traffic gradually improved when travel restrictions were lifted. To propel travel rebounds, Capital A has enhanced its revenue growth through promotions such as the SUPER+ pass, which combines flight tickets on domestic and international flights within Asean, unlimited free food delivery, and Covid-19 related cancellation coverage for up to one full year. Supportively, all the signs are pointing toward the return of regional air travel to a greater degree of normalcy within this year, and the recovery of international air traffic rapidly throughout 2022 and the year ahead.

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**31. Commentary on prospects (cont'd)**

Due to a hike in fuel prices, the Group has reintroduced a fuel surcharge for all domestic flights in Malaysia and the Philippines, as well as for international flights across all countries from March 2022 onward. AirAsia has not been charging a fuel surcharge since it was abolished in 2015. Despite the devastating impact of the Covid-19 pandemic, we still managed to deflect the rising operational costs and offered low fares amongst the peers.

ADE will fully expand its strategy as the Group's newly formed engineering company and will be committed to being a leading global provider of the very best engineering quality and service for AirAsia and other third-party airlines in the region. Also, ADE will continue to grow with the support of securing additional aircraft hangars to support the upcoming base maintenance demand.

For the digital segment, airasia Super App is expected to grow noticeably off the back of the continued resurgence of travel demand from border reopening and tactical campaigns, alongside expected growth from airasia Food, airasia Ride and airasia Xpress. Additionally, Teleport is expected to continue growing throughout 2022 as we add new international lanes and delivery hubs. In March 2022, BigPay fully launched the digital lending platform to provide new loan products. Currently, BigPay Later Personal Loans is available to selected users and will be progressively rolled out to more and more people.

Capital A will continue to increase awareness of sustainability and the importance of climate change across our business operations. We will strive to adopt more initiatives that will further minimise our carbon footprint and aim to help deliver the aviation industry's target of net zero by 2050. Given that Capital A is now a diversified group, we are committed to ensuring to build a sustainable airline and apply the same principles to all businesses under the Capital A umbrella.

Based on the above, the Board is optimistic that the Group will perform better in 2022.

**32. Material Litigation**

As at 31 December 2021, there was no material litigation against the Group.



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**33. Earnings per share**

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

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE</b>	
	<b>Quarter ended 31/03/2022</b>	<b>Quarter ended 31/03/2021</b>	<b>Year ended 31/03/2022</b>	<b>Year ended 31/03/2021</b>
Net loss attributable to owners of the Company (RM'000)	(903,791)	(767,422)	(903,791)	(767,422)
Weighted average number of ordinary shares in issue ('000)	4,049,374	3,558,948	4,049,374	3,558,948
Basic earnings per share (sen)	(22.3)	(21.6)	(22.3)	(21.6)
Diluted earnings per share (sen)	N/A	N/A	N/A	N/A

**34. Authorisation for issue**

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

By order of the Board

HARMINDER SINGH A/L JAILA SINGH  
(P.C Reg No: 201908001591)(LS0009855)  
COMPANY SECRETARY  
26 MAY 2022