PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 OF CAPITAL A BERHAD AND THE NOTES THEREON

Attachment A

3. Effects on the pro forma consolidated statement of financial position (contd.)

Pro Forma 1 (contd.):

The Pro Forma 1 incorporates the effects of the Proposed Internal Reorganisation (contd.).

For illustrative purposes, the pro forma consolidated statement of financial position of AAAGL and AAB group after incorporating the effects of the Proposed Internal Reorganisation are as follows:

(a) AAAGL group

The adjusted net liabilities of AAAGL group after incorporating the effects of the Proposed Internal Reorganisation are as follows:

	RM'000
Net liabilities of AAAGL group as per accountants report as at 31 December 2023	(5,187,037)
Add: Net assets adjustment arising from acquisition of AA Com Travel Philippines Inc	356
Adjustments relating to the Proposed Internal Reorganisation (Pro Forma 1):	
Capital contribution from CAB	3,468,577
Elimination of perpetual capital securities	(1,090,577)
Net liabilities of AAAGL group as at 31 December 2023 after incorporating effects of Proposed Internal Reorganisation	(2,808,681)

(b) AAB group

The adjusted net liabilities of AAB group after incorporating the effects of the Proposed Internal Reorganisation are as follows:

	RM'000
Net liabilities of AAB group as per accountants report as at 31 December 2023	(1,504,694)
Adjustments relating to the Material Subsequent Events (Pro Forma 1):	
Adjustment relating to Proposed Internal Reorganisation	
Reversal of impairment of perpetual capital securities	1,090,577
Proposed dividend to CAB from 2023 profits	(3,468,577)
Net liabilities of AAB group as at 31 December 2023 after incorporating effects of Proposed Internal Reorganisation	(3,882,694)

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3. Effects on the pro forma consolidated statement of financial position (contd.)

Pro Forma 2:

The Pro Forma 2 incorporates the effects of Pro Forma 1 and the effect of the Proposed Disposal of AAAGL and Proposed Distribution.

a) Based on the conditional share sale purchase agreement ("SSPA") dated 25 April 2024, the Group intends to dispose 100% equity interest in AAAGL to AirAsia Group Berhad ("AAG") for a consideration to be satisfied via the issuance of 2,307,692,307 AAG shares ("Consideration Shares"). At the point of the signing of the original conditional SSPA, AAX Shares have been assigned a price of RM1.30 per share (based on 5-day volume weighted average price ("VWAP") of AAX Share price up to and including the latest practical date ("LPD") on 15 April 2024) giving a total purchase consideration of RM3,000,000,000. Subsequently on 26 July 2024, CAB, AAG and AAX signed a conditional supplemental share sale and purchase agreement ("SSSPA") whereby AAG novates the acquisition of AAAGL to AAX. All terms and conditions stated in the original SSPA dated 25 April 2024 between CAB and AAG remain consistent with the SSSPA except for the removal of the AAX's internal restructuring in its entirety in relation to the share exchange between AAX and AAG.

   For the purpose of illustration in the Pro Forma Consolidated Statement of Financial Position as at 31 December 2023, the purchase consideration was illustrated at RM3,576,923,076 based on the issue price of AAX Shares of RM1.55 per share, which was determined based on the 5-day volume weighted average price ("VWAP") of AAX Share price up to and including the latest practical date ("LPD") on 27 March 2025 as a proxy. However, in the event the market price of AAX Shares falls below RM1.55 per share on the completion date of the Proposed Disposal of AAAGL, the fair value of the purchase consideration for the Proposed Disposal of AAAGL will fall below RM3,576,923,076. Similarly, should the market price of AAX Shares increase above RM1.55 per share on the completion date of the Proposed Disposal of AAAGL, the fair value of the purchase consideration for the Proposed Disposal of AAAGL will be higher than RM3,576,923,076.

   There is no assurance that the market price of the AAX Shares will maintain at RM1.55 per share on the completion date of the Proposed Disposal of AAAGL. The market price of the AAX Shares is influenced by, among others, the prevailing market sentiments, the volatility of the equity market, the liquidity of the AAX Shares, the outlook and prospects of the industries in which AAX operates, changes in regulatory requirements or market conditions. In addition, the performance of the Malaysian share market (where the AAX Shares is listed) is dependent on the economic and political conditions in Malaysia as well as external factors such as, among others, the performance of the world bourses and flows of foreign funds.

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PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 OF CAPITAL A BERHAD AND THE NOTES THEREON

Attachment A

3. Effects on the pro forma consolidated statement of financial position (contd.)

Pro Forma 2 (contd.):

The Pro Forma 2 incorporates the effects of Pro Forma 1 and the effect of the Proposed Disposal of AAAGL and Proposed Distribution (contd.).

a) (contd.)

As such, the actual gain or loss on the Proposed Disposal of AAAGL will depend on the market price of AAX Shares at date of completion of the Proposed Disposal of AAAGL and may be materially different from what is envisaged in the Pro Forma Consolidated Statement of Financial Position.

b) The Company proposes to reduce its issued and paid-up share capital via a distribution of fixed number of 1,692,307,692 AAX Shares to the shareholders of the Company. The Proposed Distribution will result in the deconsolidation of AAAGL and its subsidiaries as the Group's interest in AAX will be diluted from 67.44% to 19.18%. It is assumed that the Group will not be able to exercise significant influence in AAX and therefore recognises AAX as an investment in securities (under fair value through other comprehensive income).

At the point of the signing of the original SSPA, AAX Shares have been assigned a price of RM1.30 per share (based on 5-day VWAP of AAX Share price up to and including the LPD on 15 April 2024) resulting in a total distribution to shareholders of the Company of approximately RM2,200,000,000. Subsequently on 26 July 2024, CAB, AAG and AAX signed a conditional SSSPA whereby AAG novates the acquisition of AAAGL to AAX. All terms and conditions stated in the original SSPA dated 25 April 2024 between CAB and AAG remain consistent with the SSSPA except for the removal of the AAX's internal restructuring in its entirety in relation to the share exchange between AAX and AAG.

For the purpose of illustration in the Pro Forma Consolidated Statement of Financial Position as at 31 December 2023, the Proposed Distribution is calculated based on RM1.55 per share, using the 5-day VWAP of AAX Share price up to and including the LPD on 27 March 2025 as a proxy. Accordingly, the Proposed Distribution is illustrated at RM2,623,076,923. Any increase or decrease in market share price of AAX Shares above or below RM1.55 per share will affect the amount of the Proposed Distribution to the entitled shareholders of the Company on the entitlement date. Therefore, the actual amount to be distributed pursuant to the Proposed Distribution will depend on the market price of AAX Shares on entitlement date and may be materially different from what is envisaged in the Pro Forma Consolidated Statement of Financial Position.

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3. Effects on the pro forma consolidated statement of financial position (contd.)

Pro Forma 2 (cont'd.):

The Pro Forma 2 incorporates the effects of Pro Forma 1 and the effect of the Proposed Disposal of AAAGL and Proposed Distribution (cont'd.)

The effect from the Proposed Distribution to CAB's investment in AAX is as follows:

	No. of AAX Shares	RM'000
AAX Shares owned by CAB after the Proposed Acquisition of AAX Shares by CAB	57,072,850	88,463
Fair value of purchase consideration to be received from the Proposed Disposal of AAAGL	2,307,692,307	3,576,923
Total AAX Shares after the Proposed Disposal of AAAGL	2,364,765,157	3,665,386
Less: Proposed Distribution	(1,692,307,692)	(2,623,077)
Remaining AAX Shares retained by CAB	672,457,465	1,042,309

On 21 March 2025, the High Court of Malaya has confirmed CAB's issued share capital reduction and repayment under Section 116 of the Companies Act 2016 pursuant to the Proposed Distribution, and that the exact amount of the issued share capital of CAB to be reduced to facilitate the Proposed Distribution will depend on the application by CAB to the High Court of Malaya after the Entitlement Date based on the prevailing market price of AAX Shares. For clarity, further to the aforementioned confirmation granted by the High Court of Malaya, the Proposed Corporate Exercises are still subject to the fulfilment of certain conditions precedent of the SSPAs. The Entitlement Date will be determined later by CAB after all the conditions precedent of the SSPAs have been fulfilled.

The Proposed Disposal of AAAGL and the Proposed Distribution will have the following effect to CAB's shareholder equity:

	RM'000
Fair value of purchase consideration for the Proposed Disposal of AAAGL	3,576,923
Add: Net liabilities of AAAGL and its subsidiaries	2,808,681
Less: Derecognition of goodwill in AAAGL in CAB	(7,334)
Less: Transaction costs	(7,759)
Less: Estimated capital gains tax (i)	(60,000)
Net effect from disposal of AAAGL prior to Proposed Distribution	6,310,511
Less: Proposed Distribution	(2,623,077)
Net effect from disposal of AAAGL after the Proposed Distribution	3,687,434

(i) Capital gains tax has been calculated based on 2% of the gross disposal price of the capital asset in accordance with the Finance (No.2) Bill 2023.

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3. Effects on the pro forma consolidated statement of financial position (contd.)

Pro Forma 2 (cont'd.):

The Pro Forma 2 incorporates the effects of Pro Forma 1 and the effect of the Proposed Disposal of AAAGL and Proposed Distribution (cont'd.)

The Proposed Disposal of AAAGL and the Proposed Distribution will have the following effect to CAB's shareholder equity (cont'd.):

The transaction costs in relation to the Proposed Disposal of AAAGL are estimated at RM7,759,000, which shall be charged out to the profit or loss of the Group accordingly.

The balances outstanding after the Proposed Corporate Exercises between AAX and CAB will be as follows:

	RM'000
Net balance due to AAX from CAB as at Pro forma 1	(398,139)
Crystalisation of amount due to CAB from AAAGL subsequent to the Proposed Disposal of AAAGL	652,572
Net balance due from AAX to CAB as at Pro forma 2	254,433

Pro Forma 3:

The Pro Forma 3 incorporates the effects of Pro Forma 2 and the Proposed Disposal of AAB group.

Based on the conditional share sale purchase agreement dated 25 April 2024 (as supplemented by SSSPA dated 26 July 2024), the Group intends to dispose AAB and its subsidiaries to AAX for a cash consideration of RM3,800,000,000.

The effect of the Proposed Disposal of AAB is as follows:

	RM'000
Cash consideration for the Proposed Disposal of AAB	3,800,000
Add: Net liabilities of AAB	3,882,694
Less: Transaction cost	(7,759)
Gain on Proposed Disposal of AAB	7,674,935

The Proposed Disposal of AAB will result in the realisation of the merger deficit of RM5,507,594 that arose from the acquisition of AAB by CAB in prior years. Accordingly, the entire merger deficit will be reclassified to accumulated losses in CAB.

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 OF CAPITAL A BERHAD AND THE NOTES THEREON

Attachment A

3. Effects on the pro forma consolidated statement of financial position (contd.)

Pro Forma 3:

The Pro Forma 3 incorporates the effects of Pro Forma 2 and the Proposed Disposal of AAB group (cont'd.)

The balances outstanding after the Proposed Corporate Exercises between AAX and CAB will be as follows:

	RM'000
Net balance due from AAX to CAB as at Pro forma 2	254,433
Crystalisation of amount due to AAB from CAB subsequent to the Proposed Disposal of AAB	(3,823,365)
Amount due from AAX for the Proposed Disposal of AAB	3,800,000
Net balance due from AAX to CAB as at Pro forma 3	231,068

Pro Forma 4:

The Pro Forma 4 incorporates the effects of Pro Forma 3 and the Proposed Capital Reduction.

For the purpose of illustration in the Pro Forma Consolidated Statement of Financial Position as at 31 December 2023, the Company proposes a reduction of its issued share capital of RM5,396,799,000 being equivalent to the accumulated losses as per Pro Forma 3, pursuant to Section 116 of the Companies Act 2016.

The effect of the Proposed Capital Reduction is as follows:

Share capital

	RM'000
Share capital as at Pro forma 3	6,088,665
Less: Reduction of issued share capital arising from the Proposed Capital Reduction	(5,396,799)
Share capital as at Pro forma 4	691,866

Deposit, bank and cash balances

	RM'000
Deposit, bank and cash balances as at Pro forma 3	313,290
Less: Transaction cost	(2,000)
Deposit, bank and cash balances as at Pro forma 4	311,290

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PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 OF CAPITAL A BERHAD AND THE NOTES THEREON

Attachment A

Pro Forma 4:

The Pro Forma 4 incorporates the effects of Pro Forma 3 and the Proposed Capital Reduction (cont'd.).

The effect of the Proposed Capital Reduction is as follows (cont'd.):

Accumulated losses

	RM'000
Accumulated losses as at Pro forma 3	(5,394,799)
Less: Adjustment to accumulated losses arising from the Proposed Capital Reduction	5,396,799
Less: Transaction cost	(2,000)
Accumulated losses as at Pro forma 4	-

The transaction costs in relation to the Proposed Capital Reduction are estimated at RM2,000,000, which shall be charged out to the profit or loss of the Group accordingly.

1. Combined Income Statements for the Remaining Businesses of Capital A Group (excluding the Aviation Segment)

The unaudited combined income statements for the Remaining Businesses of Capital A Group (excluding the Aviation Segment) for the FYE 31 December 2021 to FYE 31 December 2024 are set out below:

(a) FYE 31 December 2021[(1)]

	ADE Group	AirAsia MOVE Group	Teleport Group	BigPay Group	Santan	Brand AA	[(2)]Others	[(3)]Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	101,333	147,283	534,441	20,910	2,828	-	195,693	(36,150)	966,338
Other income	-	(1,816)	7,592	3,979	124	-	(384)	(4,672)	4,823
Operating expenses	(95,079)	(327,924)	(591,580)	(149,619)	(7,484)	(35)	(292,326)	31,091	(1,432,956)
Operating profit/(loss)	**6,254**	**(182,457)**	**(49,547)**	**(124,730)**	**(4,532)**	(35)	**(97,017)**	**(9,731)**	**(461,795)**
Finance income	-	2,260	303	893	16	-	31,309	(6,778)	28,003
Finance costs	(3)	(12,459)	(1,064)	(14,824)	(158)	-	(1,422)	6,778	(23,152)
Net operating profit/(loss)	**6,251**	**(192,656)**	**(50,308)**	**(138,661)**	**(4,674)**	(35)	**(67,130)**	**(9,731)**	**(456,944)**
Other gains/(losses)[(4)]	3	(2,247)	(1,858)	(350)	(1)	-	(7,881)	-	(12,334)
Share of results of associates and joint ventures	-	(453)	1,135	-	-	-	-	-	682
PBT/(LBT)	**6,254**	**(195,356)**	**(51,031)**	**(139,011)**	**(4,675)**	**(35)**	**(75,011)**	**(9,731)**	**(468,596)**
Taxation	**(12,763)**	**304**	**(580)**	**-**	**-**	**-**	**158**	**-**	**(12,881)**
LAT	**(6,509)**	**(195,052)**	**(51,611)**	**(139,011)**	**(4,675)**	**(35)**	**(74,853)**	**(9,731)**	**(481,477)**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE REMAINING BUSINESSES OF CAPITAL A GROUP (EXCLUDING THE AVIATION SEGMENT) *(CONT'D)*

	ADE Group	AirAsia MOVE Group	Teleport Group	BigPay Group	Santan	Brand AA	[2]Others	[3]Elimination	Total
Operating profit/(loss) margin (%)	6.2	(123.9)	(9.3)	(596.5)	(160.3)	-	(49.6)	N/A	(47.8)
PBT/(LBT) margin (%)	6.2	(132.6)	(9.5)	(664.8)	(165.3)	-	(38.3)	N/A	(48.5)
LAT margin (%)	(6.4)	(132.4)	(9.7)	(664.8)	(165.3)	-	(38.3)	N/A	(49.8)

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE REMAINING BUSINESSES OF CAPITAL A GROUP (EXCLUDING THE AVIATION SEGMENT) ***(CONT'D)***

(b) FYE 31 December 2022[(1)]

	ADE Group	AirAsia MOVE Group	Teleport Group	BigPay Group	Santan	Brand AA	[(2)]Others	[(3)]Elimination	Total
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue	285,760	377,792	480,451	30,145	34,986	-	215,695	(20,077)	1,404,752
Other income	12	398	47	493	46	-	1,047	-	2,043
Operating expenses	(238,327)	(406,643)	(542,261)	(155,322)	(35,847)	(47)	(358,578)	(62,640)	(1,799,665)
Operating profit/(loss)	**47,445**	**(28,453)**	**(61,763)**	**(124,684)**	**(815)**	(47)	**(141,836)**	**(82,717)**	**(392,870)**
Finance income	1	3,058	601	2,216	97	-	91,284	(11,635)	85,622
Finance costs	(1,390)	(19,886)	(4,037)	(17,804)	(145)	-	(61,917)	11,621	(93,558)
Net operating profit/(loss)	**46,056**	**(45,281)**	**(65,199)**	**(140,272)**	**(863)**	(47)	**(111,469)**	**(82,731)**	**(400,806)**
Other gains/(losses)[(4)]	269	(5,783)	1,215	6,045	(6)		38,526	-	40,266
Share of results of associates and joint ventures	-	(675)	384	-	-	-	-	-	(291)
PBT/(LBT)	**46,325**	**(51,739)**	**(63,600)**	**(134,227)**	**(869)**	**(47)**	**(73,943)**	**(82,731)**	**(360,831)**
Taxation	(13,825)	(284)	(2,805)	(22)	-	-	(1,296)	-	(18,232)
PAT/(LAT)	**32,500**	**(52,023)**	**(66,405)**	**(134,249)**	**(869)**	**(47)**	**(75,239)**	**(82,731)**	**(379,063)**
Operating profit/(loss) margin (%)	16.6	(7.5)	(12.9)	(413.6)	(2.3)	-	(65.8)	N/A	(28.0)
PBT/(LBT) margin (%)	16.2	(13.7)	(13.2)	(445.3)	(2.5)	-	(34.3)	N/A	(25.7)
PAT/(LAT) margin (%)	11.4	(13.8)	(13.8)	(445.3)	(2.5)	-	(34.9)	N/A	(27.0)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE REMAINING BUSINESSES OF CAPITAL A GROUP (EXCLUDING THE AVIATION SEGMENT) *(CONT'D)*

(c) FYE 31 December 2023[(1)]

	ADE Group	AirAsia MOVE Group	Teleport Group	BigPay Group	Santan	Brand AA	[(2)]Others	[(3)]Elimination	Total
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue	573,996	668,893	740,383	45,742	133,600	44,685	173,269	(43,349)	2,337,219
Other income	-	2,200	2,980	278	541	12	19,943	(18,000)	7,954
Operating expenses	(463,067)	(591,445)	(730,786)	(140,361)	(114,328)	(28,018)	(2,123,781)	51,896	(4,139,890)
Operating profit/(loss)	**110,929**	**79,648**	**12,577**	**(94,341)**	**19,813**	**16,679**	**(1,930,569)**	**(9,453)**	**(1,794,717)**
Finance income	9	45	379	-	14	-	83,176	(8,793)	74,830
Finance costs	(21,617)	(14,967)	(12,773)	(20,234)	(16)	-	(113,268)	13,350	(169,525)
Net operating profit/(loss)	**89,321**	**64,726**	**183**	**(114,575)**	**19,811**	**16,679**	**(1,960,661)**	**(4,896)**	**(1,889,412)**
Other gains/(losses)[(4)]	(1,347)	(121)	(4,613)	11,299	(20)	(557)	(10,788)	-	(6,147)
Share of results of associates and joint ventures	-	(220)	(516)	-	-	-	-	-	(736)
PBT/(LBT)	**87,974**	**64,385**	**(4,946)**	**(103,276)**	**19,791**	**16,122**	**(1,971,449)**	**(4,896)**	**(1,896,295)**
Taxation	26,927	(9,310)	1,834	-	(3,977)	(3,923)	(4,440)	-	7,111
PAT/(LAT)	**114,901**	**55,075**	**(3,112)**	**(103,276)**	**15,814**	**12,199**	**(1,975,889)**	**(4,896)**	**(1,889,184)**
Operating profit/(loss) margin (%)	19.3	11.9	1.7	(206.2)	14.8	37.3	(1,114.2)	N/A	(76.8)
PBT/(LBT) margin (%)	15.3	9.6	(0.7)	(225.8)	14.8	36.1	(1,137.8)	N/A	(81.1)
PAT/(LAT) margin (%)	20.0	8.2	(0.4)	(225.8)	11.8	27.3	(1,140.4)	N/A	(80.8)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE REMAINING BUSINESSES OF CAPITAL A GROUP (EXCLUDING THE AVIATION SEGMENT) ***(CONT'D)***

(d) FYE 31 December 2024

	ADE Group	AirAsia MOVE Group	Teleport Group	BigPay Group	Santan	Brand AA	[2]Others	[3]Elimination	Total
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue	727,243	552,795	1,088,156	38,313	193,455	220,329	178,203	(81,487)	2,917,007
Other income/(losses)	(2,950)	1,736	2,311	2,393	2,461	-	18,778	-	24,729
Operating expenses	(630,001)	(438,542)	(1,051,373)	(119,642)	(184,696)	(45,998)	(263,658)	81,487	(2,652,423)
Operating profit/(loss)	**94,292**	**115,989**	**39,094**	**(78,936)**	**11,220**	**174,331**	**(66,677)**	**-**	**289,313**
Finance income	27	2,303	759	-	6	-	94,229	(21,705)	75,619
Finance costs	(65,308)	(17,000)	(55,774)	(23,966)	(15)	(4)	(43,373)	21,705	(183,735)
Net operating profit/(loss)	**29,011**	**101,292**	**(15,921)**	**(102,902)**	**11,211**	**174,327**	**(15,821)**	**-**	**181,197**
Other losses[4]	6,054	(3,277)	(1,351)	(28,290)	(28)	(2,949)	(12,341)	-	(42,182)
Share of results of associates and joint ventures	-	-	(245)	-	-	-	-	-	(245)
PBT/(LBT)	**35,065**	**98,015**	**(17,517)**	**(131,192)**	**11,183**	**171,378**	**(28,162)**	**-**	**138,770**
Taxation	37,077	(9,495)	541	(13)	(3,631)	(708)	(483)	-	23,288
PAT/(LAT)	**72,142**	**88,520**	**(16,976)**	**(131,205)**	**7,552**	**170,670**	**(28,645)**	**-**	**162,058**
Operating profit/(loss) margin (%)	13.0	21.0	3.6	(206.0)	5.8	79.1	(37.4)	N/A	9.9
PBT/(LBT) margin (%)	4.8	17.7	(1.6)	(342.4)	5.8	77.8	(15.8)	N/A	4.8
PAT/(LAT) margin (%)	9.9	16.0	(1.6)	(342.5)	3.9	77.5	(16.1)	N/A	5.6

Notes:

(1) The segmental financial information of the Remaining Businesses of Capital A Group (excluding the Aviation Segment) is based on the audited accounts of our respective subsidiaries. The segmental financial information differs from the segmental financial information prepared based on the audited consolidated financial statements of our Group due to the difference in the materiality threshold at the subsidiary level and Capital A Group level. Certain adjustments made at the subsidiary level were not reflected at our Group level due to a lower materiality threshold adopted at our subsidiary level.

(2) 'Others' segment comprises Capital A and the other non-core businesses of Capital A Group under the following companies:

Company	***Principal activities***
Move Digital Sdn Bhd, AAD Holdings Inc, Capital Aviation Services Sdn Bhd, Redbeat Capital Sdn Bhd and CAPI	*Investment holding company*
AirAsia SEA Sdn Bhd and AirAsia SEA Limited	*Management services*
Ikhlas Com Travel Sdn Bhd	*Trading on e-commerce platform for Muslim-centric products and services*
Outclass Education Technology and Employment Services Sdn Bhd	*Training and consultancy services*
Capital A Consultancy Sdn Bhd	*Consultancy services*
AirAsia Tech Centre Singapore	*Research and experimental development on IT and software for cybersecurity*
AirAsia Magic Sdn Bhd	*Drone training and related drone services*
Fleet Consolidated Pte Ltd	*Renting of air transport equipment without operator*

(3) Consolidation elimination adjustments on inter-company transactions entered into between the Remaining Businesses.

(4) Comprise net fair value gain/(loss) on derivatives and foreign exchange gain/(loss).

The key operating statistics of the Remaining Businesses of our Group are as follows:

Key operating statistics	**FYE 31 December 2021**	**FYE 31 December 2022**	**FYE 31 December 2023**	**FYE 31 December 2024**
ADE Group				
Number of C-checks	12	48	66	63
Number of aircraft serviced for line maintenance checks	159	152	160	179
AirAsia MOVE Group				
Unique transacting users ('mil)	1.6	4.9	6.4	5.0
Monthly active users ('mil)	4.9	10.7	14.2	14.6
Teleport Group				
Available cargo capacity (tonnes)	313,297	839,950	1,430,830	1,643,558
Chargeable weight (tonnes)	101,178	105,571	209,023	295,926
Utilisation rate (%)	32.3	12.6	14.6	18.0
BigPay Group				
Number of carded customers	1,035,376	1,311,867	1,495,808	1,602,650
Number of active carded customers	386,595	308,319	267,993	266,693
Santan				
In-flight products(1) ('mil)	-	3.4	8.0	14.9
Restaurant and café(2) ('mil)	0.9	0.7	1.5	3.0

Notes:

(1) Number of units sold for perishable and non-perishable F&B.

(2) Number of units sold for F&B.

1.1 Revenue

FYE 31 December 2021 vs FYE 31 December 2022

Revenue from the Remaining Businesses of Capital A Group (excluding the Aviation Segment) increased from approximately RM966.3 million for the FYE 31 December 2021 to approximately RM1,404.8 million for the FYE 31 December 2022, representing an increase of RM438.4 million or 45.4%.

The overall increase in revenue of the Remaining Business of Capital A Group (excluding the Aviation Segment) was mainly due to higher revenue from:

(i) ADE Group, for which ADE Group recorded an increase in revenue from approximately RM101.3 million for the FYE 31 December 2021 to approximately RM285.8 million for the FYE 31 December 2022, representing an increase of approximately RM184.4 million or 182.0%. Such increase in revenue was mainly attributable to the relaxation of travel restrictions in various countries that have led to travel resumption and increased flights which drove the demand for aviation MRO services, in particular, line maintenance under the EMS and from the CWS;

(ii) AirAsia MOVE Group, for which AirAsia MOVE Group recorded an increase in revenue from approximately RM147.3 million for the FYE 31 December 2021 to approximately RM377.8 million for the FYE 31 December 2022, representing an increase of approximately RM230.5 million or 156.5%. Such increase in revenue was mainly driven by increased in sales of flight services as compared to the preceding financial year due to the continued resurgence in air travel demand from border reopening;

(iii) BigPay Group, for which BigPay Group recorded an increase in revenue from approximately RM20.9 million for the FYE 31 December 2021 to approximately RM30.1 million for the FYE 31 December 2022, representing an increase of approximately RM9.2 million or 44.2%. Such increase in revenue was mainly driven by growth in payments and remittance services which was in line with the expansion of BigPay Group's product offerings coupled higher transaction volume as a result of the resumption of domestic and international travelling. During the FYE 31 December 2022, BigPay Group began to allow users to transfer funds using DuitNow Transfer and DuitNow QR, and has also launched Stash which allows users to set aside funds to help them budget and manage their money or spending, allowing BigPay Group to earn interest yield from users' funds held in a trust account; and

(iv) Santan, for which Santan recorded an increase in revenue from approximately RM2.8 million for the FYE 31 December 2021 to approximately RM35.0 million for the FYE 31 December 2022, representing an increase of approximately RM32.2 million or 1,137.1%. Such increase in revenue was mainly attributable to the launch of its in-flight catering business in August 2022 coupled with the reopening of borders as well as the upliftment of social restrictions which led to higher footfall in Santan's F&B service outlets. Prior to the launch of its in-flight catering business, Santan's revenue was generated from the operation and management of F&B service chain.

The above was partly offset by a decrease in revenue from Teleport Group of approximately RM54.0 million or 10.1% from approximately RM534.4 million for the FYE 31 December 2021 to approximately RM480.5 million for the FYE 31 December 2022. Such decrease in revenue was mainly due to more logistics services provided using unused cargo belly space of passenger aircraft during the financial year, which generally have lower yield per kg (USD0.70 per kg) as compared to the yield per kg (USD2.15 per kg) of logistics services provided using freighter aircraft. For the FYE 31 December 2022, the chargeable weight of passenger aircraft was 88,663 tonnes, representing 84.0% of the total chargeable weight (FYE 31 December 2021: 27,072 tonnes representing 26.8% of the total chargeable weight). More logistics services were provided using unused cargo belly space of passenger aircraft as it was no longer economically viable to offer logistics services using freighter aircraft in line with the recovery of fleets from hibernation as international border restrictions began to ease.

FYE 31 December 2022 vs FYE 31 December 2023

Revenue from the Remaining Businesses of Capital A Group (excluding the Aviation Segment) increased from approximately RM1,404.8 million for the FYE 31 December 2022 to approximately RM2,337.2 million for the FYE 31 December 2023, representing an increase of RM932.5 million or 66.4%.

The overall increase in revenue of the Remaining Business of Capital A Group (excluding the Aviation Segment) was mainly due to higher revenue from:

(i) ADE Group, for which ADE Group recorded an increase in revenue from approximately RM285.8 million for the FYE 31 December 2022 to approximately RM574.0 million for the FYE 31 December 2023, representing an increase of approximately RM288.2 million or 100.9%. Such increase in revenue was mainly attributable to higher demand for aviation MRO services as a result of surge in flight activity driven by the relaxation of travel restrictions and reopening of borders, coupled with the expanded hangar capacity with the launch of 2 hangar lines in Senai International Airport, Johor in April 2023;

(ii) AirAsia MOVE Group, for which AirAsia MOVE Group recorded an increase in revenue from approximately RM377.8 million for the FYE 31 December 2022 to approximately RM668.9 million for the FYE 31 December 2023, representing an increase of approximately RM291.1 million or 77.1%. Such increase in revenue was mainly driven by higher sales of flight services which was in line with the growth in air travel activities which was primarily driven by the relaxation of travel restrictions, reopening of borders as well as the recovery of the tourism sector;

(iii) Teleport Group, for which Teleport Group recorded an increase in revenue from approximately RM480.5 million for the FYE 31 December 2022 to approximately RM740.4 million for the FYE 31 December 2023, representing an increase of approximately RM259.9 million or 54.1%. Such increase in revenue was mainly due to higher volume delivered by Teleport Group of 103,452 tonnes to 209,023 tonnes for the FYE 31 December 2023 (FYE 31 December 2022: 105,571 tonnes). The increase in cargo belly was mainly driven by higher flight counts as more aircrafts gradually returned to service following the upliftment of travel restrictions;

(iv) BigPay Group, for which BigPay Group recorded an increase in revenue from approximately RM30.1 million for the FYE 31 December 2022 to approximately RM45.7 million for the FYE 31 December 2023, representing an increase of approximately RM15.6 million or 51.7%. Such increase in revenue was mainly driven by the growth in usage and volume within its payments, remittance, top-up and lending businesses. BigPay Group also began to allow users to make payment using cross-border QR codes using the BigPay platform in May 2023; and

(v) Santan, for which Santan recorded an increase in revenue from approximately RM35.0 million for the FYE 31 December 2022 to approximately RM133.6 million for the FYE 31 December 2023, representing an increase of approximately RM98.6 million or 281.9%. Such increase in revenue was mainly attributable to the surge in demand for in-flight F&B in line with the recovery of AirAsia's flight frequencies and spending growth of passengers as well as higher footfall for its F&B service outlets.

For the FYE 31 December 2023, Brand AA recorded revenue of RM44.7 million (FYE 31 December 2022: nil) attributable to the royalty fee derived from AAAGL pursuant to the MBLA mainly attributable to sub-license royalty fees from TAA, IAA, PAA and AAB for period from 1 July 2023 to 31 December 2023. Brand AA did not generate any revenue for the FYE 31 December 2022 as it was a special purpose vehicle company with no business operations during the said financial year and the IP Assignment Agreement was only entered into on 27 June 2023.

<u>FYE 31 December 2023 vs FYE 31 December 2024</u>

Revenue from the Remaining Businesses of Capital A Group (excluding the Aviation Segment) increased from approximately RM2,337.2 million for the FYE 31 December 2023 to approximately RM2,917.0 million for the FYE 31 December 2024, representing an increase of RM579.8 million or 24.8%.

The overall increase in revenue of the Remaining Business of Capital A Group (excluding the Aviation Segment) was mainly due to higher revenue from:

(i) ADE Group, for which ADE Group recorded an increase in revenue from approximately RM574.0 million for the FYE 31 December 2023 to approximately RM727.2 million for the FYE 31 December 2024, representing an increase of approximately RM153.2 million or 26.7%. Such increase in revenue was mainly attributable to higher sales from CWS and EMS. The addition of new hangar capacity allowed ADE Group to provide more aircraft maintenance services;

(ii) Teleport Group, for which Teleport Group recorded an increase in revenue from approximately RM740.4 million for the FYE 31 December 2023 to approximately RM1,088.2 million for the FYE 31 December 2024, representing an increase of RM347.8 million or 47.0%. Such increase in revenue was mainly attributable to higher volumes from the e-commerce marketplaces in China, collaboration with third-party airlines, full year operations of own freighters as well as increase in capacity from cargo belly due to higher flight frequencies;

(iii) Santan, for which Santan recorded an increase in revenue from approximately RM133.6 million for the FYE 31 December 2023 to approximately RM193.5 million for the FYE 31 December 2024, representing an increase of approximately RM59.9 million or 44.8%. Such increase in revenue was mainly attributable to the higher sales of in-flight F&B in line with the recovery of AirAsia's flight frequencies as well as expansion of ready-to-eat food products; and

(iv) Brand AA, for which Brand AA recorded an increase in revenue from approximately RM44.7 million for the FYE 31 December 2023 to approximately RM220.3 million for the FYE 31 December 2024, representing an increase of approximately RM175.6 million or 393.1%. Such increase in revenue was mainly attributable to sub-license royalty fees received from AAB, TAA, IAA, PAA, CAA, TAAX, AAX for the full financial year.

The above was partly offset by a decrease in revenue from:

(i) AirAsia MOVE Group, for which AirAsia MOVE Group recorded a decrease in revenue from approximately RM668.9 million for the FYE 31 December 2023 to approximately RM552.8 million for the FYE 31 December 2024, representing a decrease of approximately RM116.1 million or 17.4%. Such decrease in revenue was mainly due to lower sales of flight services as a result of the price competition with other online travel agencies which lead to a decrease in online channel sales; and

(ii) BigPay Group, for which BigPay Group recorded a decrease in revenue from approximately RM45.7 million for the FYE 31 December 2023 to approximately RM38.3 million for the FYE 31 December 2024, representing a decrease of approximately RM7.4 million or 16.2%. Such decrease in revenue was mainly due to lower unprofitable payment transactions such as cross-border transactions, where the transaction costs exceeded revenue earned. To mitigate this, BigPay Group passed on the transaction costs to the customers which led to a decrease in these transactions.

1.2 Other income

FYE 31 December 2021 vs FYE 31 December 2022

Other income from the Remaining Businesses of Capital A Group (excluding the Aviation Segment) decreased from approximately RM4.8 million for the FYE 31 December 2021 to approximately RM2.0 million for the FYE 31 December 2022, representing a decrease of RM2.8 million or 57.6%.

The overall decrease in other income of the Remaining Business of Capital A Group (excluding the Aviation Segment) was mainly due to lower other income from the following:

(i) Teleport Group, for which Teleport Group recorded a decrease in other income from approximately RM7.6 million for the FYE 31 December 2021 to less than RM0.1 million for the FYE 31 December 2022, representing a decrease of approximately RM7.5 million. Such decrease in other income was mainly due to the absence of one-off gain on disposal of platforms by AirAsia Com Travel Sdn Bhd during the financial year; and

(ii) BigPay Group, for which BigPay Group recorded a decrease in other income from approximately RM4.0 million for the FYE 31 December 2021 to RM0.5 million for the FYE 31 December 2022, representing a decrease of approximately RM3.5 million. Such decrease was mainly due to absence of government subsidies during the financial year. The government subsidies received by BigPay Group during the FYE 31 December 2021 mainly consist of one-off subsidies from Singapore Economic Development Board (EDB) Innovation Development Scheme to encourage companies' technology development and innovation activities, to bring about the development of product and processes from Singapore.

The above was partly offset by other income recorded by AirAsia MOVE Group of approximately RM0.4 million for the FYE 31 December 2022 as compared to other losses recorded by AirAsia MOVE Group of approximately RM1.8 million for the FYE 31 December 2021 due to one-off loss on disposal of investment in a subsidiary.

FYE 31 December 2022 vs FYE 31 December 2023

Other income from the Remaining Businesses of Capital A Group (excluding the Aviation Segment) increased from approximately RM2.0 million for the FYE 31 December 2022 to approximately RM8.0 million for the FYE 31 December 2023, representing an increase of RM5.9 million or 289.3%.

The overall increase in other income of the Remaining Business of Capital A Group (excluding the Aviation Segment) was mainly due to higher other income from:

(i) AirAsia MOVE Group, for which AirAsia MOVE Group recorded an increase in other income from approximately RM0.4 million for the FYE 31 December 2022 to approximately RM2.2 million for the FYE 31 December 2023, representing an increase of approximately RM1.8 million. Such increase in other income was mainly due to income generated from fees paid by AirAsia drivers for training classes offered for Public Service Vehicle License and wage subsidies from Social Security Organisation;

(ii) Teleport Group, for which Teleport Group recorded an increase in other income from less than RM0.1 million for the FYE 31 December 2022 to approximately RM3.0 million for the FYE 31 December 2023, representing an increase of approximately RM2.9 million. Such increase in other income was mainly due to the recognition of forfeited revenue pursuant to TAAX's restructuring plan, which Teleport Group and TAAX agreed to reduce the amount owed to each party. Such decrease in amount owed to TAAX was recorded as forfeited revenue during the FYE 31 December 2023; and

(iii) 'others' segment, for which 'others' segment recorded an increase in other income from approximately RM1.0 million for the FYE 31 December 2022 to approximately RM19.9 million for the FYE 31 December 2023, representing an increase of approximately RM18.9 million. Such increase in other income was mainly due to public relation fees charged to Brand AA.

FYE 31 December 2023 vs FYE 31 December 2024

Other income from the Remaining Businesses of Capital A Group (excluding the Aviation Segment) increased from approximately RM8.0 million for the FYE 31 December 2023 to approximately RM24.7 million for the FYE 31 December 2024, representing an increase of RM16.8 million or 210.9%.

The overall increase in other income of the Remaining Business of Capital A Group (excluding the Aviation Segment) was mainly due to higher other income from:

(i) BigPay Group, for which BigPay Group recorded an increase in other income from approximately RM0.3 million for the FYE 31 December 2023 to approximately RM2.4 million for the FYE 31 December 2024, representing an increase of approximately RM2.1 million. Such increase in other income was mainly attributable to higher interest income from its lending business during the financial year; and

(ii) Santan, for which Santan recorded an increase in other income from approximately RM0.5 million for the FYE 31 December 2023 to approximately RM2.5 million for the FYE 31 December 2024, representing an increase of approximately RM1.9 million. Such increase in other income was mainly attributable to the commencement of warehouse and ground handling services offered during the financial year.

The above was partly offset by:

(i) ADE Group, for which ADE Group recorded other losses of approximately RM3.0 million for the FYE 31 December 2024 mainly due to rotable parts written off;

(ii) AirAsia MOVE Group, for which AirAsia MOVE Group recorded a decrease in other income from approximately RM2.2 million for the FYE 31 December 2023 to approximately RM1.7 million for the FYE 31 December 2024, representing a decrease of approximately RM0.5 million. Such decrease in other income was mainly due to the absence of fees received from a financial institution in Indonesia for a co-brand partnership during the financial year;

(iii) Teleport Group, for which Teleport Group recorded a decrease in other income from approximately RM3.0 million for the FYE 31 December 2023 to approximately RM2.3 million for the FYE 31 December 2024, representing a decrease of RM0.7 million. Such decrease in other income was mainly due to the absence of the recognition of forfeited revenue during the financial year; and

(iv) 'others' segment, for which 'others' segment recorded a decrease in other income from approximately RM19.9 million for the FYE 31 December 2023 to approximately RM18.8 million for the FYE 31 December 2024, representing a decrease of RM1.2 million or 5.8%. Such decrease in other income was mainly due to the absence of government grant received by AirAsia Tech Centre Singapore during the financial year (FYE 31 December 2023: RM0.83 million).

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1.3 Operating expenses

The table below sets out the operating expenses for the Remaining Businesses (excluding the Aviation Segment) for the financial years under review:

(a) FYE 31 December 2021

	ADE Group	AirAsia MOVE Group	Teleport Group	BigPay Group	Santan	Brand AA	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Maintenance and overhaul	5,795	(76)	-	-	31	-	18	-	5,768
User charges and other related expenses	-	35,506	538,043	-	1,977	-	205	-	575,731
Staff costs	72,215	124,252	36,226	27,626	2,207	-	204,816	(2,791)	464,551
Depreciation and amortisation	6,683	21,439	2,241	4,805	1,657	-	2,985	-	39,810
Other operating expenses[(1)]	10,386	146,803	15,070	117,188	1,612	35	84,302	(28,300)	347,096
Operating expenses	**95,079**	**327,924**	**591,580**	**149,619**	**7,484**	**35**	**292,326**	**(31,091)**	**1,432,956**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE REMAINING BUSINESSES OF CAPITAL A GROUP (EXCLUDING THE AVIATION SEGMENT) *(CONT'D)*

(b) FYE 31 December 2022

	ADE Group	AirAsia MOVE Group	Teleport Group	BigPay Group	Santan	Brand AA	Others	Elimination	Total
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Maintenance and overhaul	79,819	1,804	-	-	3	-	1,746	-	83,372
User charges and other related expenses	-	102,181	421,956	-	26,311	-	2,778	-	553,226
Staff costs	112,161	161,704	54,721	35,424	7,399	-	216,763	-	588,172
Depreciation and amortisation	16,405	20,096	3,524	9,534	2,062	-	1,989	-	53,610
Other operating expenses(1)	29,942	120,858	62,060	110,364	72	47	135,302	62,640	521,285
Operating expenses	**238,327**	**406,643**	**542,261**	**155,322**	**35,847**	**47**	**358,578**	**62,640**	**1,799,665**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE REMAINING BUSINESSES OF CAPITAL A GROUP (EXCLUDING THE AVIATION SEGMENT) *(CONT'D)*

(c) FYE 31 December 2023

	ADE Group	AirAsia MOVE Group	Teleport Group	BigPay Group	Santan	Brand AA	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Maintenance and overhaul	248,956	2,433	16,368	-	-	-	6	-	267,763
User charges and other related expenses	116	108,785	590,384	-	78,634	-	1,639	-	779,558
Staff costs	161,538	168,325	75,084	35,023	17,726	3,751	191,476	-	652,923
Depreciation and amortisation	33,933	5,171	12,508	1,332	614	-	1,823	-	55,381
Other operating expenses(1)	18,524	306,731	36,442	104,006	17,354	24,267	(2)1,928,837	51,896	2,384,265
Operating expenses	**463,067**	**591,445**	**730,786**	**140,361**	**114,328**	**28,018**	**2,123,781**	**51,896**	**4,139,890**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE REMAINING BUSINESSES OF CAPITAL A GROUP (EXCLUDING THE AVIATION SEGMENT) *(CONT'D)*

(d) FYE 31 December 2024

	ADE Group	AirAsia MOVE Group	Teleport Group	BigPay Group	Santan	Brand AA	Others	Elimination	Total
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Fuel costs[3]	-	-	17,425	-	-	-	-	-	17,425
Maintenance and overhaul	316,631	2,202	71,667	-	99	-	19	-	390,618
User charges and other related expenses	193	94,431	811,108	-	133,387	-	1,839	(18,803)	1,022,155
Staff costs	236,265	122,460	95,844	38,653	29,029	5,062	161,917	-	689,230
Depreciation and amortisation	45,859	9,918	19,990	8,172	1,898	-	887	-	86,724
Other operating expenses[1]	31,053	209,531	35,339	72,817	20,283	40,936	98,996	(62,684)	446,271
Operating expenses	**630,001**	**438,542**	**1,051,373**	**119,642**	**184,696**	**45,998**	**263,658**	**(81,487)**	**2,652,423**

Notes:

(1) Other operating expenses comprise, among others, impairment loss on investment in subsidiary, marketing and promotion costs, professional fees and administrative expenses.

(2) Subsequent to the FYE 31 December 2023, our Company entered into the SSPAs on 25 April 2024 for the Proposed Disposals. Hence, for the FYE 31 December 2023, our Company recognised an impairment loss of RM1,853.0 million on our investment in AAB. Such impairment loss is non-recurring pursuant to the Proposed AAB Disposal.

(3) There were no fuel costs recorded for the FYE 31 December 2021, FYE 31 December 2022 and FYE 31 December 2023. For the FYE 31 December 2024, Teleport Group recorded fuel costs of approximately RM17.4 million due to the freighter lease expenses to AAB being allocated between fuel costs and maintenance and overhaul expenses starting from the 3-month FPE 30 September 2024. Prior to the 3-month FPE 30 September 2024, Teleport Group's freighter lease expenses was fully charged to maintenance and overhaul expenses.

FYE 31 December 2021 vs FYE 31 December 2022

Operating expenses of the Remaining Businesses of Capital A Group (excluding the Aviation Segment) increased from approximately RM1,433.0 million for the FYE 31 December 2021 to approximately RM1,799.7 million for the FYE 31 December 2022, representing an increase of RM366.7 million or 25.6%.

Such increase was mainly attributable to the increase in operating expenses from:

(i) ADE Group of approximately RM143.2 million from approximately RM95.1 million for the FYE 31 December 2021 to approximately RM238.3 million for the FYE 31 December 2022 which was mainly due to:

   (a) higher maintenance and overhaul expenses of approximately RM74.0 million in line with higher cost of consumables and freight charges as a result of the increase in demand for aviation MRO services in tandem with the resumption of air travel demand;

   (b) higher staff costs of approximately RM39.9 million in line with higher headcount to support the expansion of aviation MRO activities carried out in support of increase in line maintenance work. For information purposes, the number of headcount for line maintenance work increased to 411 personnel as at 31 December 2022 (31 December 2021: 271 personnel);

   (c) higher other operating expenses of approximately RM19.6 million attributable to higher expenses for rental of hangar as well as upkeep and maintenance costs; and

   (d) higher depreciation and amortisation expenses of approximately RM9.7 million attributable to the increase in depreciation of rotables parts acquired from AAB in November 2021;

(ii) AirAsia MOVE Group of approximately RM78.6 million from approximately RM327.9 million for the FYE 31 December 2021 to approximately RM406.5 million for the FYE 31 December 2022 which was mainly due to the following:

   (a) higher user charges and other related expenses of approximately RM66.7 million as a result of higher cost of sales of unlimited pass subscription, delivery cost for delivery business and e-hailing businesses, which was in line with the higher revenue as explained in Section 2.11.1 above; and

   (b) higher staff costs of approximately RM37.5 million in line with higher headcount to support the business expansion as evidenced by the increase in revenue during the financial year. For information purposes, the number of headcount increased to 871 personnel as at 31 December 2022 (31 December 2021: 800 personnel).

   The above was partly offset by lower other operating expenses of RM25.9 million mainly attributable to the absence of IT system expenses and lower outsourcing costs for web development;

(iii) BigPay Group of approximately RM5.7 million from approximately RM149.6 million for the FYE 31 December 2021 to approximately RM155.3 million for the FYE 31 December 2022 which was mainly attributable to:

(a) higher staff costs of approximately RM7.8 million in line with higher headcount mainly for product and technology engineering roles for product development. For information purposes, the number of headcount increased to 192 personnel as at 31 December 2022 (31 December 2021: 162 personnel); and

(b) higher depreciation and amortisation expenses of approximately RM4.7 million as a result of higher amortisation of intangible assets from the development costs of the BigPay platform.

The above was partly offset by lower other operating expenses of RM6.8 million mainly attributable to lower marketing costs; and

(iv) Santan of approximately RM28.4 million from approximately RM7.5 million for the FYE 31 December 2021 to approximately RM35.8 million for the FYE 31 December 2022 which was mainly due to:

(a) higher user charges and other related expenses of approximately RM24.3 million as a result of higher F&B costs and commission paid to airlines pursuant to the launching of Santan's in-flight catering business in August 2022; and

(b) higher staff costs of approximately RM5.2 million as a result of higher costs relating to warehouse staff pursuant to the launching of Santan's in-flight catering business in August 2022; and

(v) 'others' segment of approximately RM66.3 million mainly attributable to the provision of impairment on other investment and provision of doubtful debts by MOVE Digital.

<u>**FYE 31 December 2022 vs FYE 31 December 2023**</u>

Operating expenses of the Remaining Businesses of Capital A Group (excluding the Aviation Segment) increased from approximately RM1,799.7 million for the FYE 31 December 2022 to approximately RM4,139.9 million for the FYE 31 December 2023, representing an increase of RM2,340.2 million or 130.0%.

Such increase was mainly attributable to:

(i) impairment loss of RM1,853.0 million on our investment in AAB pursuant to the SSPAs entered into by our Company on 25 April 2024 for the Proposed AAB Disposal which is not expected to recur in the future as Capital A will no longer hold an investment in AAB following the completion of the Proposed AAB Disposal;

(ii) the increase in the operating expenses of ADE Group of RM224.7 million from approximately RM238.3 million for the FYE 31 December 2022 to approximately RM463.1 million for the FYE 31 December 2023 which was mainly due to:

(a) higher maintenance and overhaul expenses of approximately RM169.1 million as a result of higher cost of consumables and freight charges which is in line with the higher revenue (as explained in Section 2.11.1 above), as well as higher hangar rental, maintenance, and utility costs from the addition of 2 leased hangar lines in Senai International Airport;

(b) higher staff costs of approximately RM49.4 million as a result of higher headcount to support the expansion of aviation MRO activities carried out by 148 personnel. For information purposes, the number of headcount for ADE Group increased to 1,526 personnel as at 31 December 2023 (31 December 2022: 1,378 personnel); and

(c) higher depreciation and amortisation expenses of approximately RM17.5 million as a result of higher depreciation on right-of-assets for the hangars as well as the land allocated for the construction of new hangar lines in KLIA;

(iii) the increase in the operating expenses of AirAsia MOVE Group of approximately RM184.8 million from approximately RM406.6 million for the FYE 31 December 2022 to approximately RM591.4 million for the FYE 31 December 2023 mainly due to higher marketing and promotion costs, software expenses as well as system maintenance and development costs for the AirAsia MOVE platform, which were driven by the increase in travel demand due to the resumption of travel;

(iv) the increase in the operating expenses of Teleport Group of approximately RM188.5 million from approximately RM542.3 million for the FYE 31 December 2022 to approximately RM730.8 million for the FYE 31 December 2023 which was mainly due to:

(a) higher user changes and other related expenses of approximately RM168.4 million as a result of higher cargo belly costs which were in line with higher volumes and number of operating AirAsia aircrafts as well as the commencement of Teleport Group's own freighters in July 2023;

(b) maintenance and overhaul expenses of approximately RM16.4 million incurred during the financial year as Teleport Group commenced its own freighters in July 2023; and

(c) higher staff costs of approximately RM20.4 million as a result of higher headcounts to support sales and operational activities. For information purposes, the number of headcount increased to 697 personnel as at 31 December 2023 (31 December 2022: 661 personnel);

(v) the increase in the operating expenses of Santan of approximately RM78.4 million from approximately RM35.8 million for the FYE 31 December 2022 to approximately RM114.3 million for the FYE 31 December 2023 which was mainly due to the following:

(a) higher user charges and other related expenses of approximately RM52.3 million as a result of higher F&B cost and higher commission paid to airlines for full year operation of its in-flight catering business;

(b) higher other operating expenses of approximately RM17.3 million as a result of higher warehouse rental, maintenance expenses, fuel costs for motor vehicle, marketing and promotion expenses as well as shared services costs; and

(c) higher staff costs of approximately RM10.3 million as a result of higher warehouse staff costs under its in-flight catering services launched in August 2022. For information purposes, the number of headcount increased to 374 personnel as at 31 December 2023 (31 December 2022: 239 personnel); and

(vi) the increase in the operating expenses of Brand AA of approximately RM28.0 million from less than RM0.1 million for the FYE 31 December 2022 to approximately RM28.0 million for the FYE 31 December 2023 which was mainly due to, among others, public relation fees and management fees charged by Capital A.

The above was partly offset by a decrease in the operating expenses of BigPay Group of approximately RM15.0 million from approximately RM155.3 million for the FYE 31 December 2022 to approximately RM140.4 million for the FYE 31 December 2023 which was mainly due to:

(a) lower depreciation and amortisation expenses of approximately RM8.2 million mainly attributable to lower amortisation of intangible assets from development costs of BigPay platform; and

(b) lower other operating expenses of approximately RM6.4 million mainly due to the lower marketing costs and reduction in physical cards from fewer customers applied for physical cards.

FYE 31 December 2023 vs FYE 31 December 2024

Operating expenses of the Remaining Businesses of Capital A Group (excluding the Aviation Segment) decreased from approximately RM4,139.9 million for the FYE 31 December 2023 to approximately RM2,652.4 million for the FYE 31 December 2024, representing a decrease of RM1,487.5 million or 35.9%.

Such decrease was mainly attributable to:

(i) the absence of impairment loss of RM1,853.0 million on our investment in AAB during the financial year;

(ii) the decrease in the operating expenses of AirAsia MOVE Group of RM152.9 million from approximately RM591.4 million for the FYE 31 December 2023 to approximately RM438.5 million for the FYE 31 December 2024 which was mainly attributable to:

  (a) lower other operating expenses of approximately RM97.2 million mainly attributable to lower marketing and promotion expenses for offline marketing during the financial year resulted from AirAsia MOVE Group's strategic decision to invest in online marketing and reduce spending on offline marketing; and

  (b) lower staff costs of approximately RM45.9 million mainly attributable to lower number of headcounts, lower bonuses as well as capitalisation of staff costs in relation to the development of platform and application. For information purpose, the number of headcount decreased to 740 personnel as at 31 December 2024 (31 December 2023: 905 personnel);

(iii) the decrease in the operating expenses of BigPay Group of approximately RM20.7 million from approximately RM140.4 million for the FYE 31 December 2023 to approximately RM119.6 million for the FYE 31 December 2024 which was mainly attributable to lower other operating expenses of approximately RM31.2 million mainly attributable to lower IT expenses in relation to migration of in-house lending system as well as optimisation in cloud expenses.

The above was partly offset by:

(i) the increase in the operating expenses of ADE Group of approximately RM166.9 million from approximately RM463.1 million for the FYE 31 December 2023 to approximately RM630.0 million for the FYE 31 December 2024 which was mainly due to;

  (a) higher staff costs of approximately RM74.7 million mainly due to increase in number of headcount to support the expansion of its business. For information purposes, the number of headcount increased to 1,932 personnel as at 31 December 2024 (31 December 2023: 1,526 personnel); and

(b) higher maintenance and overhaul expenses of approximately RM67.8 million mainly due to higher cost of consumables and freight charges, component repairs and overhauls cost which is in line with the higher revenue;

(ii) the increase in the operating expenses of Teleport Group of approximately RM320.6 million from approximately RM730.8 million for the FYE 31 December 2023 to approximately RM1,051.4 million for the FYE 31 December 2024 which was mainly due to;

(a) higher user charges and other related expenses of approximately RM220.7 million mainly due to higher cargo belly costs which were in line with higher volumes and number of operating AirAsia aircrafts as well as the commencement of Teleport Group's own freighters in July 2023;

(b) higher maintenance and overhaul expenses of approximately RM55.3 million mainly due to the full year operations of its 3 freighters; and

(c) higher staff costs of approximately RM20.8 million mainly due to higher salaries and wages in line with increase in e-commerce shipments as well as increase in number of headcount for the expansion of sale and operational activities. For information purposes, the number of headcount increased to 763 personnel as at 31 December 2024 (31 December 2023: 697 personnel);

(iii) the increase in the operating expenses of Santan of approximately RM70.4 million from approximately RM114.3 million for the FYE 31 December 2023 to approximately RM184.7 million for the FYE 31 December 2024 which was mainly due to:

(a) higher user charges and other related expenses of approximately RM54.8 million mainly due to higher shared service expenses for amongst others, finance, information communication technology, cybersecurity, recruitment and procurement; and

(b) higher staff costs of approximately RM11.3 million mainly due to increase in number of headcount as a result of absorption of staff from IAA and PAA as well as higher bonuses. For information purposes, the number of headcount increased to 449 personnel as at 31 December 2024 (31 December 2023: 374 personnel); and

(iv) the increase in the operating expenses of Brand AA of approximately RM18.0 million from approximately RM28.0 million for the FYE 31 December 2023 to approximately RM46.0 million for the FYE 31 December 2024 which was mainly due to higher other operating expenses mainly due to increase in sponsorship and marketing expenses as well as management fees charged by Capital A.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE REMAINING BUSINESSES OF CAPITAL A GROUP (EXCLUDING THE AVIATION SEGMENT) *(CONT'D)*

1.4 Operating profit/(loss) and operating profit/(loss) margin

The table below sets out the operating profit/(loss) and operating profit/(loss) margin for the Remaining Businesses (excluding the Aviation Segment) for the financial years under review:

	FYE 31 December 2021	FYE 31 December 2022	FYE 31 December 2023	FYE 31 December 2024
	RM'000	RM'000	RM'000	RM'000
Operating profit/(loss)	(461,795)	(392,870)	(1,794,717)	289,313
Operating profit/(loss) margin (%)	(47.8)	(28.0)	(76.8)	9.9

FYE 31 December 2021 vs FYE 31 December 2022

Operating losses of the Remaining Businesses of Capital A Group (excluding the Aviation Segment) decreased from approximately RM461.8 million for the FYE 31 December 2021 to approximately RM392.9 million for the FYE 31 December 2022, representing a decrease of RM68.9 million or 14.9%. As a result, operating loss margin of the Remaining Businesses decreased to 28.0% for the FYE 31 December 2022 (FYE 31 December 2021: 47.8%).

The overall decrease in the operating losses of the Remaining Business of Capital A Group (excluding the Aviation Segment) was mainly due to the following reasons:

(i) lower operating loss from AirAsia MOVE Group which decreased by approximately RM154.0 million to approximately RM28.5 million for the FYE 31 December 2022 (FYE 31 December 2021: RM182.5 million) which was in line with its higher revenue for the financial year as explained in Section 2.11.1 above. As a result, AirAsia MOVE Group's operating loss margin decreased to 7.5% for the FYE 31 December 2022 (FYE 31 December 2021: 123.9%);

(ii) lower operating loss from Santan which decreased by approximately RM3.8 million to approximately RM0.8 million for the FYE 31 December 2022 (FYE 31 December 2021: RM4.5 million) which was in line with its higher revenue for the financial year as explained in Section 2.11.1 above. As a result, Santan's operating loss margin decreased to 2.3% for the FYE 31 December 2022 (FYE 31 December 2021: 160.3%); and

(iii) higher operating profit from ADE Group which increased by approximately RM41.2 million to approximately RM47.4 million for the FYE 31 December 2022 (FYE 31 December 2021: RM6.3 million) which was in line with its higher revenue for the financial year as explained in Section 2.11.1 above. As a result, ADE Group's operating profit margin increased to 16.6% for the FYE 31 December 2022 (FYE 31 December 2021: 6.2%).

The above decrease in operating losses was partly offset by:

(i) higher operating loss from Teleport Group which increased by approximately RM12.2 million to approximately RM61.8 million for the FYE 31 December 2022 (FYE 31 December 2021: RM49.5 million) which was in line with its lower revenue for the financial year as explained in Section 2.11.1 above. As a result, Teleport Group's operating loss margin increased to 12.9% for the FYE 31 December 2022 (FYE 31 December 2021: 9.3%); and

(ii) higher operating loss from 'others' segment which increased by approximately RM44.8 million to approximately RM141.8 million for the FYE 31 December 2022 (FYE 31 December 2021: RM97.0 million). Although the 'others' segment recorded higher revenue for the FYE 31 December 2022, it recorded higher operating loss due to higher operating expenses incurred during the financial year as explained in Section 2.11.3 above. In line with its higher operating loss, operating loss margin of 'others' segment increased to 65.8% (FYE 31 December 2021: 49.6%).

FYE 31 December 2022 vs FYE 31 December 2023

Operating losses of the Remaining Businesses of Capital A Group (excluding the Aviation Segment) increased from approximately RM392.9 million for the FYE 31 December 2022 to approximately RM1,794.7 million for the FYE 31 December 2023, representing an increase of RM1,401.8 million or 356.8%. As a result, operating loss margin of the Remaining Businesses increased to 76.8% for the FYE 31 December 2023 (FYE 31 December 2022: 28.0%).

The overall increase in operating losses of the Remaining Business of Capital A Group (excluding the Aviation Segment) was mainly due to higher operating loss from 'others' segment which increased by approximately RM1,788.7 million to approximately RM1,930.6 million for the FYE 31 December 2023 (FYE 31 December 2022: RM141.8 million). Such increase in operating losses was mainly due to the recognition of impairment loss amounting to RM1,853.0 million on our investment in AAB as explained in Section 2.11.3 above.

FYE 31 December 2023 vs FYE 31 December 2024

The Remaining Businesses of Capital A Group (excluding the Aviation Segment) recorded an operating profit of approximately RM289.3 million and an operating profit margin of 9.9% for the FYE 31 December 2024 as compared to operating losses of approximately RM1,794.7 million and operating loss margin of 76.8% for the FYE 31 December 2023. This was mainly attributable to:

(i) lower operating loss from 'others' segment which decreased by approximately RM1,863.9 million to approximately RM66.7 million for the FYE 31 December 2024 (FYE 31 December 2023: RM1,930.6 million) which was mainly attributable to the absence of impairment loss amounting to RM1,853.0 million on our investment in AAB as explained in Section 2.11.3 above. In line with its lower operating loss, operating loss margin of 'others' segment decreased to 37.4% for the FYE 31 December 2024 (FYE 31 December 2023: 1,114.2%);

(ii) higher operating profit from AirAsia MOVE Group which increased by approximately RM36.3 million to approximately RM116.0 million for the FYE 31 December 2024 (FYE 31 December 2023: RM79.6 million) which was mainly attributable to lower operating expenses as explained in Section 2.11.3 above. As a result, operating profit margin of AirAsia MOVE Group increased to 21.0% for the FYE 31 December 2024 (FYE 31 December 2023: 11.9%);

(iii) higher operating profit from Teleport Group which increased by approximately RM26.5 million to approximately RM39.1 million for the FYE 31 December 2024 (FYE 31 December 2023: RM12.6 million) which was in line with its higher revenue for the financial year as explained in Section 2.11.1 above. As a result, Teleport Group's operating profit margin increased to 3.6% for the FYE 31 December 2024 (FYE 31 December 2023: 1.7%);

(iv) lower operating loss from BigPay Group which decreased by approximately RM15.4 million to approximately RM78.9 million for the FYE 31 December 2024 (FYE 31 December 2023: RM94.3 million) which was mainly attributable to lower operating expenses as explained in Section 2.11.3 above. As a result, operating loss margin of BigPay Group decreased marginally to 206.0% for the FYE 31 December 2024 (FYE 31 December 2023: 206.2%); and

(v) higher operating profit from Brand AA which increased by approximately RM157.7 million to approximately RM174.3 million for the FYE 31 December 2024 (FYE 31 December 2023: RM16.7 million) which was in line with its higher revenue for the financial year as explained in Section 2.11.1 above. As a result, operating profit margin of Brand AA increased to 77.5% for the FYE 31 December 2024 (FYE 31 December 2023: 27.3%).

The above was partly offset by:

(i) lower operating profit from ADE Group which decreased by approximately RM16.6 million to approximately RM94.3 million for the FYE 31 December 2024 (FYE 31 December 2023: RM110.9 million) which was mainly due to the higher operating expenses as explained in Section 2.11.3 above. As a result, the operating profit margin of ADE Group decreased to 13.0% for the FYE 31 December 2024 (FYE 31 December 2023: 19.3%); and

(ii) lower operating profit from Santan which decreased by approximately RM8.6 million to approximately RM11.2 million for the FYE 31 December 2024 (FYE 31 December 2023: RM19.8 million) which was mainly due to the higher operating expenses as explained in Section 2.11.3 above. As a result, the operating profit margin of Santan decreased to 5.8% for the FYE 31 December 2024 (FYE 31 December 2023: 14.8%).

1.5 Finance income

FYE 31 December 2021 vs FYE 31 December 2022

Finance income of the Remaining Businesses of Capital A Group (excluding the Aviation Segment) increased from approximately RM28.0 million for the FYE 31 December 2021 to approximately RM85.6 million for the FYE 31 December 2022, representing an increase of RM57.6 million or 205.8%.

Such increase in finance income was mainly due to the increase in finance income from 'others' segment of RM60.0 million to approximately RM91.3 million for the FYE 31 December 2022 (FYE 31 December 2021: RM31.3 million) mainly attributable to interest income on advances to subsidiaries.

FYE 31 December 2022 vs FYE 31 December 2023

Finance income of the Remaining Businesses of Capital A Group (excluding the Aviation Segment) decreased from approximately RM85.6 million for the FYE 31 December 2022 to approximately RM74.8 million for the FYE 31 December 2023, representing a decrease of RM10.8 million or 12.6%.

Such decrease in finance income was mainly due to the decrease in finance income from 'others' segment of RM8.1 million to approximately RM83.2 million for the FYE 31 December 2023 (FYE 31 December 2022: RM91.3 million) mainly attributable to lower interest charged by Move Digital for inter-company loan extended to BigPay Group.

FYE 31 December 2023 vs FYE 31 December 2024

Finance income of the Remaining Businesses of Capital A Group (excluding the Aviation Segment) increased marginally from approximately RM74.8 million for the FYE 31 December 2023 to approximately RM75.6 million for the FYE 31 December 2024, representing an increase of RM0.8 million or 1.1%.

1.6 Finance costs

FYE 31 December 2021 vs FYE 31 December 2022

Finance costs of the Remaining Businesses of Capital A Group (excluding the Aviation Segment) increased from approximately RM23.2 million for the FYE 31 December 2021 to approximately RM93.6 million for the FYE 31 December 2022, representing an increase of RM70.4 million or 304.1%.

Such increase in finance costs was mainly attributable to higher finance costs incurred by 'others' segment of RM60.5 million due to higher profit payment for RCUIDS.

FYE 31 December 2022 vs FYE 31 December 2023

Finance costs of the Remaining Businesses of Capital A Group (excluding the Aviation Segment) increased from approximately RM93.6 million for the FYE 31 December 2022 to approximately RM169.5 million for the FYE 31 December 2023, representing an increase of RM76.0 million or 81.2%.

Such increase in finance costs was mainly attributable to:

(i) higher finance costs incurred by 'others' segment which increased by approximately RM51.4 million to approximately RM113.3 million for the FYE 31 December 2023 (FYE 31 December 2022: RM61.9 million) due to higher profit payment for RCUIDS; and

(ii) higher finance costs incurred by ADE Group which increased by approximately RM20.2 million to approximately RM21.6 million for the FYE 31 December 2023 (FYE 31 December 2022: RM1.4 million due to higher interest expenses on borrowings and lease liabilities pursuant to the addition of 2 leased hangar lines in Senai International Airport.

FYE 31 December 2023 vs FYE 31 December 2024

Finance costs of the Remaining Businesses of Capital A Group (excluding the Aviation Segment) increased from approximately RM169.5 million for the FYE 31 December 2023 to approximately RM183.7 million for the FYE 31 December 2024, representing an increase of RM14.2 million or 8.4%.

Such increase in finance costs was mainly attributable to:

(i) higher finance costs incurred by ADE Group which increased by approximately RM43.7 million to approximately RM65.3 million for the FYE 31 December 2024 (FYE 31 December 2023: RM21.6 million) due to higher interest expenses on borrowings and interest expenses on lease liabilities for leased hangars; and

(ii) higher finance costs incurred by Teleport Group which increased by approximately RM43.0 million to approximately RM55.8 million for the FYE 31 December 2024 (FYE 31 December 2023: RM12.8 million) due to higher interest expenses on borrowings and interest expenses on lease liabilities.

The above was partly offset by lower finance costs incurred by 'others' segment by approximately RM69.9 million to approximately RM43.4 million for the FYE 31 December 2024 (FYE 31 December 2023: RM113.3 million) which was mainly attributable to lower profit payment for RCUIDS as a result of conversion of RCUIDS to ordinary shares of Capital A.

1.7 Other gains/(losses)

<u>FYE 31 December 2021 vs FYE 31 December 2022</u>

The Remaining Businesses of Capital A Group (excluding the Aviation Segment) recorded other gains of approximately RM40.3 million for the FYE 31 December 2022 as compared to other losses of approximately RM12.3 million for the FYE 31 December 2021.

This was mainly attributed to the fluctuation of exchange rates for the translation of receivables/payables of the Remaining Businesses at the point of transaction against the exchange rate as at the end of the financial year as well as the fluctuation of exchange rates for the translation of receivables/payables at the point of transaction against the exchange rate as at the point of settlement and was mainly contributed by:

(i) gain on foreign exchange of approximately RM1.2 million recorded by Teleport Group for the FYE 31 December 2022 as compared to loss on foreign exchange of approximately RM1.9 million for the previous financial year;

(ii) gain on foreign exchange of approximately RM6.0 million recorded by BigPay Group for the FYE 31 December 2022 as compared to loss on foreign exchange of approximately RM0.4 million for the previous financial year; and

(iii) gain on foreign exchange of approximately RM38.6 million recorded by 'others' segment for the FYE 31 December 2022 as compared to loss on foreign exchange of approximately RM7.9 million for the previous financial year.

The above was partly offset by an increase in loss on foreign exchange of AirAsia MOVE Group of approximately RM3.6 million to RM5.8 million for the FYE 31 December 2022 (FYE 31 December 2021: RM2.2 million).

<u>FYE 31 December 2022 vs FYE 31 December 2023</u>

The Remaining Businesses of Capital A Group (excluding the Aviation Segment) recorded other losses of approximately RM6.1 million for the FYE 31 December 2023 as compared to other gains of approximately RM40.3 million for the FYE 31 December 2023.

This was mainly attributed to:

(i) decrease in gain on foreign exchange of approximately RM22.6 million mainly due to the fluctuation of exchange rates for the translation of receivables/payables of the Remaining Businesses at the point of transaction against the exchange rate as at the end of the financial year as well as the fluctuation of exchange rate for the translation of receivables/payables of the Remaining Businesses at the point of transaction against the exchange rate as at the point of settlement; and

(ii) loss on fair value of derivatives amounting to RM23.8 million for the FYE 31 December 2023 (FYE 31 December 2022: nil) arising from fair value loss on RCUIDS.

FYE 31 December 2023 vs FYE 31 December 2024

Other losses of the Remaining Businesses of Capital A Group (excluding the Aviation Segment) increased by approximately RM36.0 million from approximately RM6.1 million for the FYE 31 December 2023 to approximately RM42.2 million for the FYE 31 December 2024, representing an increase of RM36.0 million or 586.2%.

This was mainly due to the fluctuation of exchange rates for the translation of receivables/payables of the Remaining Businesses at the point of transaction against the exchange rate as at the end of the financial year as well as the fluctuation of exchange rates for the translation of receivables/payables at the point of transaction against the exchange rate as at the point of settlement and was mainly contributed by loss on foreign exchange of approximately RM28.3 million recorded by BigPay Group for the FYE 31 December 2024 as compared to gain on foreign exchange of approximately RM11.3 million for the previous financial year.

1.8 Share of results of associates and joint ventures

FYE 31 December 2021 vs FYE 31 December 2022

The Remaining Businesses of Capital A Group (excluding the Aviation Segment) recorded share of losses of associates and joint ventures of approximately RM0.3 million for the FYE 31 December 2022 as compared to share of gains of associates and joint ventures of approximately RM0.7 million for the FYE 31 December 2021 which was mainly attributed to:

(i) the decrease in share of gains of associates and joint ventures of Teleport Group of RM0.7 million to approximately RM0.4 million for the FYE 31 December 2022 (FYE 31 December 2021: RM1.1 million) due to the absence of share of results of an associate company as a result of consolidation of its financials as it became a subsidiary during the financial year; and

(ii) the increase in share of losses of associates and joint ventures of AirAsia MOVE Group of approximately RM0.2 million to approximately RM0.7 million for the FYE 31 December 2022 (FYE 31 December 2021: RM0.5 million) as a result of losses incurred by its joint venture, RedRecords Sdn Bhd, due to higher marketing costs.

FYE 31 December 2022 vs FYE 31 December 2023

Share of losses of associates and joint ventures of the Remaining Businesses of Capital A Group (excluding the Aviation Segment) increased from approximately RM0.3 million for the FYE 31 December 2022 to approximately RM0.7 million for the FYE 31 December 2023, representing an increase of RM0.4 million or 153.8%. The increase was mainly attributable to share of losses of associates and joint ventures from Teleport Group of approximately RM0.5 million for the FYE 31 December 2023 mainly due to losses incurred by its associate company, Teleport Commerce Philippines, Inc due to recognition of tax settlement during the FYE 31 December 2023.

FYE 31 December 2023 vs FYE 31 December 2024

Share of losses of associates and joint ventures of the Remaining Businesses of Capital A Group (excluding the Aviation Segment) decreased from approximately RM0.7 million for the FYE 31 December 2023 to approximately RM0.2 million for the FYE 31 December 2024, representing a decrease of RM0.5 million or 66.7%. Such decrease was mainly attributable to:

(i) the absence of share of losses of associates and joint ventures of AirAsia MOVE Group during the financial year as we did not recognise losses relating to a joint venture, RedRecords Sdn Bhd during the financial year where its share of losses exceeds our Group's investment in the joint venture; and

(ii) the decrease in share of losses of associates and joint ventures of Teleport Group of approximately RM0.3 million to approximately RM0.2 million for the FYE 31 December 2024 (FYE 31 December 2023: RM0.5 million) as a result of consolidation of an associate's financials, Teleport Commerce Philippines, Inc as it became a subsidiary during the financial year.

1.9 PBT/(LBT) and PBT/(LBT) margin

The table below sets out the PBT/(LBT) and PBT/(LBT) margin for the Remaining Businesses (excluding the Aviation Segment) for the financial years under review:

	FYE 31 December 2021	FYE 31 December 2022	FYE 31 December 2023	FYE 31 December 2024
	RM'000	RM'000	RM'000	RM'000
PBT/(LBT)	(468,596)	(360,831)	(1,896,295)	138,770
PBT/(LBT) margin (%)	(48.5)	(25.7)	(81.1)	4.8

FYE 31 December 2021 vs FYE 31 December 2022

LBT of the Remaining Businesses of Capital A Group (excluding the Aviation Segment) decreased from approximately RM468.6 million for the FYE 31 December 2021 to approximately RM360.8 million for the FYE 31 December 2022, representing a decrease of RM107.8 million or 23.0%.

The overall decrease in LBT of the Remaining Business of Capital A Group (excluding the Aviation Segment) was mainly due to:

(i) higher PBT from ADE Group of approximately RM40.0 million which was in line with its higher revenue as explained in Section 2.11.1 above; and

(ii) lower LBT from AirAsia MOVE Group of approximately RM143.6 million which was in line with its higher revenue as explained in Section 2.11.1 above.

In line with the above, the Remaining Businesses recorded lower LBT margin of 25.7% for the FYE 31 December 2022 (FYE 31 December 2021: 48.5%).

FYE 31 December 2022 vs FYE 31 December 2023

LBT of the Remaining Businesses of Capital A Group (excluding the Aviation Segment) increased from approximately RM360.8 million for the FYE 31 December 2022 to approximately RM1,896.3 million for the FYE 31 December 2023, representing an increase of RM1,535.5 million or 425.5%.

The overall increase in LBT of the Remaining Business of Capital A Group (excluding the Aviation Segment) was mainly due to higher operating expenses from 'others' segment due to the recognition of impairment loss amounting to RM1,853.0 million on our investment in AAB (as explained in Section 2.11.3 above) and was partly offset by:

(i) higher PBT from ADE Group of approximately RM41.7 million which was in line with its higher revenue as explained in Section 2.11.1 above; and

(ii) PBT recorded from AirAsia MOVE Group, Santan and Brand AA of approximately RM64.4 million, RM19.8 million and RM16.1 million for the FYE 31 December 2023 respectively as compared to LBT of approximately RM51.7 million, RM0.9 million and less than RM0.1 million for the previous financial year respectively which was in line with their higher revenue as explained in Section 2.11.1 above;

(iii) lower LBT from Teleport Group of approximately RM58.7 million which was in line with its higher revenue as explained in Section 2.11.1 above; and

(iv) lower LBT from BigPay Group of approximately RM31.0 million which was in line with its higher revenue as explained in Section 2.11.1 above.

In line with the above, the Remaining Businesses of Capital A Group (excluding the Aviation Segment) recorded higher LBT margin of approximately 81.1% for the FYE 31 December 2023 (FYE 31 December 2022: 25.7%).

<u>**FYE 31 December 2023 vs FYE 31 December 2024**</u>

The Remaining Businesses of Capital A Group (excluding the Aviation Segment) recorded a PBT of approximately RM138.8 million for the FYE 31 December 2024 as compared to LBT of approximately RM1,896.3 million for the FYE 31 December 2023. This was mainly contributed by:

(i) lower LBT from 'others' segment of approximately RM1,943.3 million which was in line with lower operating expenses as explained in Section 2.11.3 above;

(ii) higher PBT from AirAsia MOVE Group of approximately RM98.0 million for the FYE 31 December 2024 which was in line with the higher operating profit as explained in Section 2.11.4 above; and

(iii) higher PBT from Brand AA of approximately RM155.3 million which was in line with its higher revenue as explained in Section 2.11.1 above.

The above was partly offset by the:

(i) lower PBT from ADE Group of approximately RM52.9 million mainly due to higher operating expenses and finance costs as explained in Sections 2.11.1 and 2.11.6 above;

(ii) higher LBT from Teleport Group of approximately RM12.6 million mainly due to higher finance costs as explained in Section 2.11.6 above which was partly offset by higher revenue;

(iii) higher LBT from BigPay Group of approximately RM27.9 million mainly due to the other losses of approximately RM28.3 million recorded during the financial year; and

(iv) lower PBT from Santan of approximately RM8.6 million mainly due to lower operating profit as explained in Section 2.11.4 above.

In line with the above, the Remaining Businesses of Capital A Group (excluding the Aviation Segment) recorded PBT margin of 4.8% for the FYE 31 December 2024 as compared to LBT margin of 81.1% for the FYE 31 December 2023.

1.10 PAT/(LAT) and PAT/(LAT) margin

The table below sets out the PAT/(LAT) and PAT/(LAT) margin for the Remaining Businesses (excluding the Aviation Segment) for the financial years under review:

	FYE 31 December 2021	FYE 31 December 2022	FYE 31 December 2023	FYE 31 December 2024
	RM'000	RM'000	RM'000	RM'000
PAT/(LAT)	(481,477)	(379,063)	(1,889,184)	162,058
PAT/(LAT) margin (%)	(49.8)	(27.0)	(80.8)	5.6

FYE 31 December 2021 vs FYE 31 December 2022

LAT of the Remaining Businesses of Capital A Group (excluding the Aviation Segment) decreased from approximately RM481.5 million for the FYE 31 December 2021 to approximately RM379.1 million for the FYE 31 December 2022, representing a decrease of RM102.4 million or 21.3%. The overall decrease in LAT of the Remaining Business of Capital A Group (excluding the Aviation Segment) was mainly due to the reasons as explained in Section 2.11.9 above.

In line with the lower LAT recorded by the Remaining Businesses, its LAT margin decreased to 27.0% for the FYE 31 December 2022 (FYE 31December 2021: 49.8%).

FYE 31 December 2022 vs FYE 31 December 2023

LAT of the Remaining Businesses of Capital A Group (excluding the Aviation Segment) increased from approximately RM379.1 million for the FYE 31 December 2022 to approximately RM1,889.2 million for the FYE 31 December 2023, representing an increase of RM1,510.1 million or 398.4%. The overall increase in LAT of the Remaining Business of Capital A Group (excluding the Aviation Segment) was mainly due to the reasons as explained in Section 2.11.9 above.

In line with the higher LAT recorded by the Remaining Businesses, its LAT margin increased to 80.8% for the FYE 31 December 2023 (FYE 31December 2022: 27.0%).

FYE 31 December 2023 vs FYE 31 December 2024

The Remaining Businesses of Capital A Group (excluding the Aviation Segment) recorded PAT of approximately RM162.1 million and PBT margin of 5.6% which was mainly attributable to the reasons as explained in Section 2.11.9 above and tax income from ADE Group of RM37.1 million as a result of the reversal of taxation for the years of assessment 2022 and 2023 pursuant to the income tax exemption granted by the Ministry of Finance.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF CAPITAL A GROUP (INCLUDING THE AVIATION SEGMENT)

The following discussion and analysis of our Group's financial condition and results of operations should be read in conjunction with the audited consolidated financial statements of Capital A for the FYE 31 December 2019 to FYE 31 December 2023 as well as the unaudited consolidated financial statements of Capital A for the FYE 31 December 2024.

1. HISTORICAL FINANCIAL STATEMENTS

1.1 Consolidated Income Statements

The table below sets out a summary of our Group's audited consolidated income statements for the FYE 31 December 2019 to FYE 31 December 2023 as well as our Group's unaudited consolidated income statements for the FYE 31 December 2024 which includes the Aviation Segment and the Remaining Businesses:

	Audited					Unaudited
	FYE 31 December 2019	[1](Restated) FYE 31 December 2020	[2](Restated) FYE 31 December 2021	[3](Restated) FYE 31 December 2022	FYE 31 December 2023	[4]FYE 31 December 2024
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue	11,860,403	3,274,399	1,682,896	6,437,068	14,692,536	1,497,790
Other income	648,826	342,718	264,994	154,264	303,074	30,782
Operating expenses	(11,784,652)	(9,039,371)	(4,793,499)	(7,985,141)	(14,850,299)	(2,293,883)
Operating profit/(loss)	**724,577**	**(5,422,254)**	**(2,845,609)**	**(1,393,809)**	**145,311**	**(765,311)**
Finance income	119,990	115,944	35,314	40,305	38,804	3,816
Finance costs	(775,733)	(713,651)	(679,807)	(1,004,922)	(1,339,680)	(158,457)
Net operating profit/(loss)	**68,834**	**(6,019,961)**	**(3,490,102)**	**(2,358,426)**	**(1,155,565)**	**(919,952)**
Other gains/(losses)	(141,620)	532,177	(39,707)	(1,211,487)	1,103,724	(40,854)
Share of results of associates and joint ventures	(448,874)	(63,515)	(45,227)	(345,393)	(16,729)	(247)
PBT/(LBT)	**(521,660)**	**(5,551,299)**	**(3,575,036)**	**(3,915,306)**	**(68,570)**	**(961,053)**
Taxation	238,437	(336,629)	(145,739)	(511)	(27,744)	14,490
Loss for the financial year from continuing operations	**(283,223)**	**(5,887,928)**	**(3,720,775)**	**(3,915,817)**	**(96,314)**	**(946,563)**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF CAPITAL A GROUP (INCLUDING THE AVIATION SEGMENT) *(CONT'D)*

	Audited					Unaudited
	FYE 31 December 2019	**[1](Restated) FYE 31 December 2020**	**[2](Restated) FYE 31 December 2021**	**[3](Restated) FYE 31 December 2022**	**FYE 31 December 2023**	**[4]FYE 31 December 2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Profit for the financial year from discontinued operations	**-**	**-**	**-**	**-**	**-**	**455,376**
Loss for the financial year	**(283,223)**	**(5,887,928)**	**(3,720,775)**	**(3,915,817)**	**(96,314)**	**(491,186)**
Net profit/(loss) for the financial year attributable to:						
- Owners of our Company:						
from continuing operations	(315,807)	(5,111,667)	(2,991,075)	(3,238,029)	336,789	(897,312)
from discontinuing operations	-	-	-	-	-	422,201
	(315,807)	(5,111,667)	(2,991,075)	(3,238,029)	336,789	(475,111)
- Non-controlling interests:						
from continuing operations	32,584	(776,261)	(729,700)	(677,788)	(433,103)	(49,250)
from discontinuing operations	-	-	-	-	-	33,175
	32,584	(776,261)	(729,700)	(677,788)	(433,103)	(16,075)
	(283,223)	**(5,887,928)**	**(3,720,775)**	**(3,915,817)**	**(96,314)**	**(491,186)**
Operating profit/(loss) margin (%)	6.1	(165.6)	(169.1)	(21.7)	1.0	(51.1)
LBT margin (%)	(4.4)	(169.5)	(212.4)	(60.8)	(0.5)	(64.2)
LAT margin from continuing operations (%)	(2.4)	(179.8)	(221.1)	(60.8)	(0.7)	(63.2)
Weighted average number of ordinary shares in issue ('000)	3,341,974	3,341,974	3,785,670	4,053,123	4,187,400	4,286,579
Basic EPS/(LPS) (sen):						
from continuing operations	(9.4)	(153.0)	(79.0)	(79.9)	8.0	(20.9)
from discontinuing operations	-	-	-	-	-	9.8

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF CAPITAL A GROUP (INCLUDING THE AVIATION SEGMENT) ***(CONT'D)***

	Audited					Unaudited
	FYE 31 December 2019	(1)(Restated) FYE 31 December 2020	(2)(Restated) FYE 31 December 2021	(3)(Restated) FYE 31 December 2022	FYE 31 December 2023	(4)FYE 31 December 2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Operating statistics of the Aviation Segment						
Passengers carried	51,559,070	13,309,353	4,812,364	24,247,725	49,250,326	63,188,637
Capacity	60,884,616	17,941,988	6,500,182	28,931,734	55,907,707	70,831,032
Load factor (%)	85	74	74	84	88	89
RPK (million)	63,382	14,268	4,149	24,378	57,389	74,568
ASK (million)	74,642	19,121	5,723	29,196	66,164	84,674
Aircraft utilisation (hours per day)	13.0	9.6	6.2	12.0	12.0	13.0
Average fare (RM)	178	175	160	192	224	243

Please refer to Appendix IV (A) for the unaudited combined income statements of the Remaining Businesses of our Group (excluding the Aviation Segment) together with the commentaries for the FYE 31 December 2021 to FYE 31 December 2024.

Notes:

(1) Capital A Group's audited consolidated income statements for the FYE 31 December 2020 was restated due to reclassification of digital travel and lifestyle services revenue from other income to revenue following the expansion of our Group's core business.

(2) Capital A Group's audited consolidated income statements for the FYE 31 December 2021 was restated due to reclassification of aircraft operating lease income from revenue to other income to better reflect the revenue generation source as lease income does not form part of our Group's core business.

(3) Capital A Group's audited consolidated income statements for the FYE 31 December 2022 was restated as certain foreign exchange gains or losses arising from intra-group transactions were accounted in the statement of other comprehensive income rather than in the consolidated income statements.

(4) Pursuant to the Proposed Corporate Exercises, the financial condition and result of operations of the Aviation Segment have been presented as discontinued operations in the unaudited consolidated financial statements of Capital A Group for the FYE 31 December 2024. As a result, there are no commentaries for the Capital A Group (including Aviation Segment) for the FYE 31 December 2024.

1.2 Consolidated Statements of Financial Position

The table below sets out a summary of our Group's audited consolidated statements of financial position for the FYE 31 December 2019 to FYE 31 December 2023 as well as our Group's unaudited consolidated statements of financial position for the FYE 31 December 2024 which includes the Aviation Segment and the Remaining Businesses:

	Audited					Unaudited
	As at 31 December 2019	**[1](Restated) As at 31 December 2020**	**[2](Restated) As at 31 December 2021**	**[3](Restated) As at 31 December 2022**	**As at 31 December 2023**	**[4]As at 31 December 2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Total non-current assets	20,302,355	17,104,717	17,580,133	18,158,572	25,956,319	1,552,881
Total current assets	5,292,363	2,761,116	2,449,748	1,768,957	2,498,832	732,324
Disposal groups and assets held for sale	-	-	-	-	-	26,692,278
Total assets	**25,594,718**	**19,865,833**	**20,029,881**	**19,927,529**	**28,455,151**	**28,977,483**
Share capital	8,023,268	8,023,268	8,457,172	8,654,977	8,711,742	8,768,569
Merger deficit	(5,507,594)	(5,507,594)	(5,507,594)	(5,507,594)	(5,507,594)	(5,507,594)
Foreign exchange reserve	171,137	(57,378)	601,494	1,178,273	217,047	756,976
Retained earnings/(accumulated losses)	1,664,452	(3,447,215)	(7,094,693)	(10,254,769)	(12,321,978)	(12,853,347)
Other reserves	147,067	(225,368)	161,321	204,020	138,642	47,379
Total shareholders' funds/(deficit)	**4,498,330**	**(1,214,287)**	**(3,382,300)**	**(5,725,093)**	**(8,762,141)**	**(8,788,017)**
Non-controlling interests	(1,587,590)	(2,355,507)	(3,040,603)	(3,791,865)	(1,862,596)	(1,312,394)
Total equity	**2,910,740**	**(3,569,794)**	**(6,422,903)**	**(9,516,958)**	**(10,624,737)**	**(10,100,411)**
Total non-current liabilities	15,548,509	14,772,023	17,248,860	19,166,464	23,911,817	1,451,043
Total current liabilities	7,135,469	8,663,604	9,203,924	10,278,023	15,168,071	797,992

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF CAPITAL A GROUP (INCLUDING THE AVIATION SEGMENT) *(CONT'D)*

	Audited					Unaudited
	As at 31 December 2019	[1](Restated) As at 31 December 2020	[2](Restated) As at 31 December 2021	[3](Restated) As at 31 December 2022	As at 31 December 2023	[4]As at 31 December 2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Liabilities associated with disposal groups	-	-	-	-	-	36,828,859
Total liabilities	**22,683,978**	**23,435,627**	**26,452,784**	**29,444,487**	**39,079,888**	**39,077,894**
Total equity and liabilities	**25,594,718**	**19,865,833**	**20,029,881**	**19,927,529**	**28,455,151**	**28,977,483**
Number of issued Shares ('000)	3,341,974	3,341,974	3,898,053	4,161,793	4,254,582	4,308,106
Net assets (RM'000)	4,498,330	(1,214,287)	(3,382,300)	(5,725,093)	(8,762,141)	(8,788,017)
Net assets per Share (RM)	1.35	(0.36)	(0.87)	(1.38)	(2.06)	(2.04)

Notes:

(1) Capital A Group's audited statements of financial position as at 31 December 2020 was restated due to reclassification of negative balance in prepaid agent from receivables and prepayments to trade and other payables.

(2) Capital A Group's audited statements of financial position as at 31 December 2021 was restated due to recognition of certain foreign exchange gains or losses arising from intra-group transactions in the statement of other comprehensive income, rather than in the statement of profit or loss.

(3) Capital A Group's audited statements of financial position as at 31 December 2022 was restated as certain foreign exchange gains or losses arising from intra-group transactions were accounted in the statement of other comprehensive income rather than in the consolidated income statements.

(4) Pursuant to the Proposed Corporate Exercises, the financial condition and result of operations of the Aviation Segment have been presented as discontinued operations in the unaudited consolidated financial statements of Capital A Group for the FYE 31 December 2024. As a result, there are no commentaries for the Capital A Group (including Aviation Segment) for the FYE 31 December 2024.

1.3 Consolidated Statements of Cash Flow

The table below sets out a summary of our Group's audited consolidated statements of cash flow for the FYE 31 December 2019 to FYE 31 December 2023 as well as our Group's unaudited consolidated statements of cash flow for the FYE 31 December 2024 which includes the Aviation Segment and the Remaining Businesses:

	Audited					Unaudited
	FYE 31 December 2019	FYE 31 December 2020	FYE 31 December 2021	[1](Restated) FYE 31 December 2022	FYE 31 December 2023	[2]FYE 31 December 2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net cash generated from/(used in) operating activities	2,552,817	(2,168,247)	(677,699)	(283,499)	1,413,430	3,343,892
Net cash generated from/(used in) investing activities	4,721,847	489,316	389,037	(209,104)	(101,588)	(25,731)
Net cash generated from/(used in) financing activities	(8,086,909)	(412,483)	1,070,348	(313,701)	(1,169,722)	(2,928,468)
Net increase/(decrease) for the financial year	**(842,245)**	**(2,091,414)**	**781,686**	**(806,304)**	**142,120**	**(389,693)**
Currency translation differences	41,507	65,043	(69,660)	(34,869)	43,212	522,090
Cash and cash equivalents at the beginning of the year	3,293,014	2,492,276	465,905	1,177,931	336,758	32,608
Cash and cash equivalents at the end of the year	**2,492,276**	**465,905**	**1,177,931**	**336,758**	**522,090**	**944,391**

Note:

(1) Capital A Group's audited statements of cash flows for the FYE 31 December 2022 was restated as certain foreign exchange gains or losses arising from intra-group transactions were accounted in the statement of other comprehensive income rather than in the consolidated income statements.

(2) Pursuant to the Proposed Corporate Exercises, the financial condition and result of operations of the Aviation Segment have been presented as discontinued operations in the unaudited consolidated financial statements of Capital A Group for the FYE 31 December 2024. As a result, there are no commentaries for the Capital A Group (including Aviation Segment) for the FYE 31 December 2024.

2. COMMENTARY ON HISTORICAL FINANCIAL PERFORMANCE

2.1 Revenue

Our Group's revenue can be segregated into the following:

(i) Aviation Segment

The Aviation Segment comprises the businesses of AAAGL Group and AAB Group. AAAGL Group is principally involved in the provision of short-haul domestic and international passenger air transport services for the respective airlines' markets in Thailand, the Philippines, Indonesia and Cambodia. Meanwhile, the AAB Group is principally involved in the provision of short-haul domestic and international passenger air transport services for the Malaysian market.

(ii) ADE Group

ADE Group is principally involved in the provision of aviation MRO services for aircraft. Their services include EMS, CWS, ESS and DIS.

(iii) AirAsia MOVE Group

AirAsia MOVE Group is principally involved in the operations and management of the AirAsia MOVE platform. The AirAsia MOVE platform offers a comprehensive suite of travel-related services, including flights, hotels, duty-free shopping, travel insurance, airport transfers and e-hailing rides.

(iv) Teleport Group

Teleport Group is principally involved in the provision of logistics services and solutions under the trade name "Teleport". It has 3 types of services, namely:

- Teleport Air Cargo, which refers to airport-to-airport logistics services;
- Teleport eCommerce, which refer to customisable first-to-last-mile cross-border delivery services; and
- Teleport Next Day, which refers to cross-border door-to-door parcel delivery services carried out within the next day.

(v) BigPay Group

BigPay Group is principally involved in the provision of digital financial services through the BigPay platform. The services offered through the BigPay platform include payments, international remittances and domestic transfers, utilities, Analytics and Stash and lending services.

(vi) Santan

Santan is principally involved in the provision of in-flight catering services as well as the operation and management of a F&B service chain, and the preparation and sale of frozen ready-to-eat food products.

(vii) Others

Others comprise the businesses of Brand AA as well as the businesses of the companies as set out in note (2) of Section 2.11 of this Appendix.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF CAPITAL A GROUP (INCLUDING THE AVIATION SEGMENT) ***(CONT'D)***

The table below sets out our Group's revenue by business segments for the financial years under review:

	Audited					**Unaudited**
	FYE 31 December 2019	**(Restated) FYE 31 December 2020**	**(Restated) FYE 31 December 2021**	**(Restated) FYE 31 December 2022**	**FYE 31 December 2023**	**FYE 31 December 2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Aviation Segment	11,571,588	3,044,911	1,570,042	5,639,687	13,616,656	[1]-
Remaining Businesses	288,815	453,187	1,002,488	1,424,830	2,380,568	2,998,494
	11,860,403	3,498,098	2,572,530	7,064,517	15,997,224	2,998,494
Eliminations	-	(223,699)	(889,634)	(627,449)	(1,304,688)	(1,500,704)
Total	**11,860,403**	**3,274,399**	**1,682,896**	**6,437,068**	**14,692,536**	**1,497,790**

Note:

(1) Pursuant to the Proposed Corporate Exercises, the financial condition and result of operations of the Aviation Segment have been presented as discontinued operations in the unaudited consolidated financial statements for the FYE 31 December 2024. As a result, there are no commentaries for the FYE 31 December 2024 in this Appendix.

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FYE 31 December 2019 vs FYE 31 December 2020

Our Group's revenue decreased to approximately RM3.3 billion for the FYE 31 December 2020 from RM11.9 billion for the FYE 31 December 2019, representing a decrease of approximately RM8.6 billion or 72.4%.

The decline in revenue was mainly due to decrease in revenue from the Aviation Segment by approximately RM8.5 billion or 73.7% to approximately RM3.0 billion for the FYE 31 December 2020 from RM11.6 billion for the FYE 31 December 2019. This was primarily due to the COVID-19 pandemic, whereby governments worldwide have imposed travel restrictions and various containment measures at different points to curb the spread of COVID-19, which subdued travel demand. This resulted in our Group operating at only 29% of its seat capacity in 2019.

FYE 31 December 2020 vs FYE 31 December 2021

Our Group's revenue decreased to approximately RM1.7 billion for the FYE 31 December 2021 from approximately RM3.3 billion for the FYE 31 December 2020, representing a decrease of approximately RM1.6 billion or 48.6%.

The decline in revenue was mainly due to decrease in revenue from the Aviation Segment by approximately RM1.5 billion or 48.4% to approximately RM1.6 billion for the FYE 31 December 2021 from RM3.0 billion for the FYE 31 December 2020. This was primarily due to our Group operating at only 36% of its seat capacity in 2020, given that domestic and international flight operations were disrupted due to travel restrictions and government lockdowns in the operating countries as a result of the COVID-19 pandemic.

FYE 31 December 2021 vs FYE 31 December 2022

Our Group's revenue increased to approximately RM6.4 billion for the FYE 31 December 2022 from approximately RM1.7 billion for the FYE 31 December 2021, representing an increase of approximately RM4.8 billion or 282.5%.

The increase in our Group's revenue was mainly attributable to the increase in revenue from the Aviation Segment by approximately RM4.1 billion or 259.2% to approximately RM5.6 billion for the FYE 31 December 2022 from approximately RM1.6 billion for the FYE 31 December 2021. This was primarily attributable to the lifting of domestic and international travel restrictions in most of our Group's core markets, which led to a surge in air travel demand for the domestic and international travel. Our Group's capacity for the FYE 31 December 2022 was 28.9 million seats flown with a load factor of 84%, which increased by 22.4 million seats from the previous corresponding year.

FYE 31 December 2022 vs FYE 31 December 2023

Our Group's revenue increased to approximately RM14.7 billion for the FYE 31 December 2023 from approximately RM6.4 billion for the FYE 31 December 2022, representing an increase of approximately RM8.3 billion or 128.2%.

The increase in our Group's revenue was mainly attributable to the increase in revenue from the Aviation Segment by approximately RM8.0 billion or 141.4% to approximately RM13.6 billion for the FYE 31 December 2023 from approximately RM5.6 billion for the FYE 31 December 2022. This was mainly attributable to the reopening of international borders and a surge in travel demand, together with the increase in average fares by RM32 or 16.7% from RM192 for the FYE 31 December 2022 to RM224 for the FYE 31 December 2023. Our Group's capacity for the FYE 31 December 2023 was 55.9 million seats flown with a load factor of 88%, which increased by 27.0 million seats from the FYE 31 December 2022. The increase in revenue from Aviation Segment was also partly due to the increase in ancillary income (which comprises of baggage fees, assigned seats, cancellations, documentation and other fees, and on-board sale of meals and merchandise) by RM1.5 billion or 156.9% as a result of higher number of passengers, resulting from our Group bringing more aircraft back into service.

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2.2 Other Income

The table below sets out our Group's other income by business segments for the financial years under review:

	Audited					Unaudited
	FYE 31 December 2019	(Restated) FYE 31 December 2020	(Restated) FYE 31 December 2021	(Restated) FYE 31 December 2022	FYE 31 December 2023	[1]FYE 31 December 2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Aviation Segment	4,392,659	794,499	550,543	88,388	380,365	[1]
Remaining Businesses	196,579	27,710	9,496	2,043	25,954	24,729
	4,589,238	822,209	560,039	90,431	406,319	24,729
Eliminations	(3,940,412)	(479,491)	(295,045)	63,833	(103,245)	6,053
Total	**648,826**	**342,718**	**264,994**	**154,264**	**303,074**	**30,782**

Note:

(1) Pursuant to the Proposed Corporate Exercises, the financial condition and result of operations of the Aviation Segment have been presented as discontinued operations in the unaudited consolidated financial statements for the FYE 31 December 2024. As a result, there are no commentaries for the FYE 31 December 2024 in this Appendix.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF CAPITAL A GROUP (INCLUDING THE AVIATION SEGMENT) *(CONT'D)*

	Audited					Unaudited
	FYE 31 December 2019	(Restated) FYE 31 December 2020	(Restated) FYE 31 December 2021	(Restated) FYE 31 December 2022	FYE 31 December 2023	FYE 31 December 2024
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Gain/(loss) on disposal of property, plant and equipment	101,544	184,139	32,921	(56,364)	78,991	(3,588)
Gain on recognition of finance lease receivables	22,458	-	-	-	-	-
Fees charged to associates providing commercial air transport services	73,584	29,807	-	-	-	-
Fees charged to related parties providing commercial air transport services	35,866	7,679	-	9,568	-	-
Dividend income from investment in securities	3,729,849	487,315	285,549	-	-	-
Aircraft operating lease income	-	-	153,290	63,631	61,655	-
Others[(1)]	625,937	113,269	84,659	73,726	290,035	21,141
Eliminations	(3,940,412)	(479,491)	(291,425)	63,703	(127,607)	6,053
Total	**648,826**	**342,718**	**264,994**	**154,264**	**303,074**	**30,782**

Note:

(1) Comprise, amongst others, commission, advertising income, forfeited revenue, insurance claims, management fee for provision of shared services to associates and deferred gain on the disposal of aircraft engine. For avoidance of doubt, others in FYE 31 December 2019 also include non-aviation revenue such as BigPay and Santan.

FYE 31 December 2019 vs FYE 31 December 2020

Our Group's other income decreased to approximately RM342.7 million for the FYE 31 December 2020 from approximately RM648.8 million for the FYE 31 December 2019, representing a decrease of approximately RM306.1 million or 47.2%.

The decrease in other income was mainly due to lower other income from the Aviation Segment by RM3.6 billion, which in turn was mainly due to the lower dividend income from investment securities by RM3.2 billion.

FYE 31 December 2020 vs FYE 31 December 2021

Our Group's other income decreased to approximately RM265.0 million for the FYE 31 December 2021 from approximately RM342.7 million for the FYE 31 December 2020, representing a decrease of approximately RM77.7 million or 22.7%.

The decrease in other income was mainly due to lower other income from the Aviation Segment by approximately RM244.0 million, which in turn was due to lower dividend income from investment securities by approximately RM201.8 million.

FYE 31 December 2021 vs FYE 31 December 2022

Our Group's other income was approximately RM154.3 million for the FYE 31 December 2022 as compared to approximately RM265.0 million for the FYE 31 December 2021, representing a decrease of approximately RM110.7 million or 41.8%.

The decrease in other income was mainly due to the lower other income from the Aviation Segment by approximately RM462.2 million, which in turn was mainly due to the following:

(i) absence of dividend income from investment securities of approximately RM285.5 million;

(ii) decrease in aircraft operating lease income by approximately RM89.7 million; and

(iii) losses on disposal of property, plant and equipment of approximately RM56.4 million for the FYE 31 December 2022 as compared to gain on disposal of property, plant and equipment of approximately RM32.9 million for the FYE 31 December 2021.

FYE 31 December 2022 vs FYE 31 December 2023

Our Group's other income increased to approximately RM303.1 million for the FYE 31 December 2023 from approximately RM154.3 million for the FYE 31 December 2022, representing an increase of approximately RM148.8 million or 96.5%.

The increase in other income was mainly due to higher other income from the Aviation Segment by approximately RM292.0 million attributable to the following:

(i) increase in others by approximately RM166.5 million mainly attributable to the recognition of deferred gain on disposal of aircraft engine relating to sales and leaseback arrangement; and

(ii) gain on disposal of property, plant and equipment of approximately RM80.7 million.

2.3 Operating Expenses

The table below sets out our Group's operating expenses by business segments for the financial years under review:

	Audited					Unaudited
	FYE 31 December 2019	(Restated) FYE 31 December 2020	(Restated) FYE 31 December 2021	(Restated) FYE 31 December 2022	FYE 31 December 2023	[(1)]FYE 31 December 2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Aviation Segment	11,245,958	8,227,311	4,081,362	6,726,812	14,133,969	[(1)]-
Remaining Businesses	714,196	854,339	1,464,047	1,737,024	4,191,786	2,733,910
	11,960,154	9,081,650	5,545,409	8,463,836	18,325,755	2,733,910
Eliminations	(175,502)	(42,279)	(751,910)	(478,695)	(3,475,456)	(440,027)
Total	**11,784,652**	**9,039,371**	**4,793,499**	**7,985,141**	**14,850,299**	**2,293,883**

Note:

(1) Pursuant to the Proposed Corporate Exercises, the financial condition and result of operations of the Aviation Segment have been presented as discontinued operations in the unaudited consolidated financial statements for the FYE 31 December 2024. As a result, there are no commentaries for the FYE 31 December 2024 in this Appendix.

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The table below sets out our Group's operating expenses by cost components for the financial years under review:

	Audited					Unaudited
	FYE 31 December 2019	(Restated) FYE 31 December 2020	(Restated) FYE 31 December 2021	(Restated) FYE 31 December 2022	FYE 31 December 2023	FYE 31 December 2024
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Aircraft fuel expenses	4,204,771	1,962,679	393,941	2,956,244	5,813,251	17,425
Maintenance and overhaul	1,331,260	636,931	817,603	1,124,096	2,633,765	390,618
User charges and other related expenses	1,758,689	961,730	837,062	1,488,583	3,114,445	1,040,958
Staff costs	1,876,196	1,166,818	797,202	1,230,220	2,119,072	689,230
Depreciation of property, plant and equipment	225,153	150,920	164,685	132,042	139,677	65,444
Depreciation of right-of-use assets	1,241,749	1,922,078	1,655,887	1,309,533	1,566,935	21,280
Other operating expenses	1,322,336	2,280,494	688,741	289,094	1,061,329	508,955
	11,960,154	9,081,650	5,355,121	8,529,812	16,448,474	2,733,910
Eliminations	(175,502)	(42,279)	(561,622)	(544,671)	(1,598,175)	(440,027)
Total	**11,784,652**	**9,039,371**	**4,793,499**	**7,985,141**	**14,850,299**	**2,293,883**

FYE 31 December 2019 vs FYE 31 December 2020

Our Group's operating expenses decreased to RM9.0 billion for the FYE 31 December 2020 from RM11.8 billion for the FYE 31 December 2019, representing a decrease of RM2.7 billion or 23.3%.

The decrease in operating expenses was mainly attributable to the decrease in operating expenses from the Aviation Segment by approximately RM3.0 billion. The decrease in operating expenses from the Aviation Segment was mainly attributable to the following:

(i) decrease in aircraft fuel expenses by approximately RM2.2 billion mainly due to lower fuel consumption as our Group aircraft were operating at only 29% of its seat capacity in 2019 as a result of the travel restrictions and various containment measures to curb the spread of COVID-19;

(ii) decrease in user charges and other related expenses by approximately RM1.1 billion mainly due to the savings from ground handling as a result of the implementation of innovations including contactless procedures; and

(iii) decrease in staff costs by approximately RM656.1 million mainly attributable to the headcount rationalisation, salary cuts and natural attrition,

which was partially offset by the increase in other operating expenses by approximately RM1.1 billion mainly due to the higher provision of doubtful debts by approximately RM1.1 billion.

FYE 31 December 2020 vs FYE 31 December 2021

Our Group's operating expenses decreased to approximately RM4.8 billion for the FYE 31 December 2021 from approximately RM9.0 billion for the FYE 31 December 2020, representing a decrease of approximately RM4.2 billion or 47.0%.

The decrease in operating expenses was mainly attributable to the decrease in operating expenses from the Aviation Segment by RM4.1 billion which was mainly attributable to the following:

(i) decrease in aircraft fuel expenses by approximately RM1.6 billion mainly due to lower fuel consumption as our Group's aircraft were operating at only 36% of its seat capacity in 2020, given that domestic and international flight operations was disrupted due to the travel restrictions and various containment measures to curb the spread of COVID-19. For information purposes, fuel consumption from flight operations decreased to 190,048 tonnes for FYE 31 December 2021 as compared to 617,369 tonnes for FYE 31 December 2020;

(ii) decrease in other operating expenses by approximately RM1.5 billion mainly due to the lower provision of doubtful debts by approximately RM1.2 billion; and

(iii) decrease in staff costs by approximately RM554.6 million mainly attributable to a major cost control measure undertaken by our Group which includes right sizing of manpower and salary cuts for management, staff and directors.

FYE 31 December 2021 vs FYE 31 December 2022

Our Group's operating expenses increased to approximately RM8.0 billion for the FYE 31 December 2022 from approximately RM4.8 billion for the FYE 31 December 2021, representing an increase of approximately RM3.2 billion or 66.6%.

The increase in operating expenses was mainly due to the increase in operating expenses from the Aviation Segment by approximately RM2.6 billion which was mainly due to the increase in aircraft fuel expenses by approximately RM2.6 billion as a result of higher jet fuel price and fuel consumption primarily attributable to the lifting of domestic and international travel restrictions in most of our Group's core markets, which led to a surge in air travel demand for the domestic and international travel, which was in line with the increase in flight operations from the Aviation Segment as explained in Section 2.1 above. For information purposes, fuel consumption from flight operations increased to 821,212 tonnes for the FYE 31 December 2022 as compared to 190,048 tonnes for the FYE 31 December 2021.

FYE 31 December 2022 vs FYE 31 December 2023

Our Group's operating expenses increased to approximately RM14.9 billion for the FYE 31 December 2023 from approximately RM8.0 billion for the FYE 31 December 2022, representing an increase of approximately RM6.9 billion or 86.0%.

The increase in operating expenses was mainly due to the increase in operating expenses from the Aviation Segment by approximately RM7.4 billion. The increase in operating expenses from the Aviation Segment was mainly due to the following:

(i) increase in aircraft fuel expenses by approximately RM2.9 billion as a result of higher fuel consumption from flight operations mainly attributable to a surge in travel demand following the reopening of international borders. For information purposes, fuel consumption from flight operations increased to 1,528,233 tonnes for the FYE 31 December 2023 as compared to 821,212 tonnes for the FYE 31 December 2022;

(ii) increase in user charges and other related expenses by approximately RM1.4 billion mainly due to the increase in route charges, landing charges, check-in counter charges, passenger service charges, credit card commission as well as commission to the travel agents, which were in tandem with the increase in revenue; and

(iii) increase in maintenance and overhaul expenses by approximately RM1.3 billion mainly due to the increase in expenses for repair and overhaul components, increased consumables and refurbishment of off-wing engines, which were in tandem with the increase in revenue.

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2.4 Operating Profit/(Loss) and Operating Profit/(Loss) Margin

The table below sets out our Group's operating profit/(loss) and operating profit/(loss) margin by business segments for the financial years under review:

	Audited										Unaudited	
	FYE 31 December 2019		(Restated) FYE 31 December 2020		(Restated) FYE 31 December 2021		(Restated) FYE 31 December 2022		FYE 31 December 2023		[2]FYE 31 December 2024	
	RM'000	[1]%	RM'000	[1]%	RM'000	[1]%	RM'000	[1]%	RM'000	[1]%	RM'000	[1]%
Aviation Segment	4,718,289	40.8	(4,387,901)	(144.1)	(1,960,777)	(124.9)	(998,737)	(17.7)	(136,948)	(1.0)	[2]-	[2]-
Remaining Businesses	(228,802)	(79.2)	(373,442)	(82.4)	(452,063)	(45.1)	(310,151)	(21.8)	(1,785,264)	(75.0)	289,313	9.6
	4,489,487	37.9	(4,761,343)	(136.1)	(2,412,840)	(93.8)	(1,308,888)	(18.5)	(1,922,212)	(120)	289,313	9.6
Eliminations	(3,764,910)	-	(660,911)	-	(432,769)	-	(84,921)	-	2,067,523	-	(1,054,624)	-
Total	**724,577**	**6.1**	**(5,422,254)**	**(165.6)**	**(2,845,609)**	**(169.1)**	**(1,393,809)**	**(21.7)**	**145,311**	**1.0**	**(765,311)**	**(51.1)**

Notes:

(1) Computed as operating profit/(loss) divided by the total revenue of the Aviation Segment, Remaining Businesses or Capital A Group (as the case may be) before eliminations.

(2) Pursuant to the Proposed Corporate Exercises, the financial condition and result of operations of the Aviation Segment have been presented as discontinued operations in the unaudited consolidated financial statements for the FYE 31 December 2024. As a result, there are no commentaries for the FYE 31 December 2024 in this Appendix.

FYE 31 December 2019 vs FYE 31 December 2020

Our Group recorded an operating loss of approximately RM5.4 billion for the FYE 30 December 2020 as compared to an operating profit of approximately RM724.6 million for the FYE 30 December 2019. The operating loss from the Aviation Segment accounted for 80.9% of our Group's operating loss for the FYE 31 December 2020. This was mainly due to the decrease in revenue from the Aviation Segment following the COVID-19 pandemic, as explained in Section 2.1 above, and other expenses, including a fuel swap loss of approximately RM972 million as well as the impairment of right-of-use assets, receivables, amount due from an associate and related parties, investment in an associate, and finance lease receivables totalling RM1.9 billion. In addition, during the FYE 31 December 2020, our Group only operated at 29% of its capacity in 2019.

As a result of the above, our Group recorded an overall operating loss margin of 165.6% for the FYE 31 December 2020 as compared to an operating profit margin of 6.1% for the FYE 31 December 2019.

FYE 31 December 2020 vs FYE 31 December 2021

Our Group's operating loss decreased by approximately RM2.6 billion or 47.5% to approximately RM2.8 billion for the FYE 31 December 2021. The decrease in operating loss was mainly due to the decrease in operating loss from the Aviation Segment by approximately RM2.4 billion resulting from our Group's effort to undertake major cost control measures, as explained in Section 2.3 above.

Despite that our Group's operating loss decreased by 47.5%, our Group's overall operating loss margin increased to 169.1% for FYE 31 December 2021 as compared to an operating loss margin of 165.6% for FYE 31 December 2020 mainly due to the reclassification of the aircraft operating lease income of RM153.3 million from revenue to other income, which will better reflect the revenue generation source as lease income does not form part of our Group's core business.

FYE 31 December 2021 vs FYE 31 December 2022

Our Group's operating loss decreased by approximately RM1.5 billion or 51.0% to approximately RM1.4 billion for the FYE 31 December 2022. The decreased in operating loss was mainly attributable to the following:

(i) decrease in operating loss from Aviation Segment by approximately RM962.0 million as a result of the increase in revenue from the Aviation Segment as explained in Section 2.1 of this Appendix, and

(ii) decrease in operating loss from AirAsia MOVE Group by approximately RM145.5 million as a result of the increase in revenue from AirAsia Move Group as explained in Section 2.11.1 of this Appendix.

As a result of the above, our Group's overall operating loss margin narrowed to 21.7% for the FYE 31 December 2022 from 169.1% for the FYE 31 December 2021.

FYE 31 December 2022 vs FYE 31 December 2023

Our Group achieved operating profit of approximately RM145.3 million for the FYE 31 December 2023. This was mainly attributable to the following:

(i) decrease in operating loss from Aviation Segment by approximately RM861.8 million as a result of increase in revenue from the Aviation Segment as explained in Section 2.1;

(ii) AirAsia MOVE Group achieved operating profit of approximately RM122.1 million for the FYE 31 December 2023 as compared to an operating loss of approximately RM12.0 million for the FYE 31 December 2022 as a result of increase in revenue as explained in Section 2.11.1 of this Appendix; and

(iii) ADE Group's operating profit for the FYE 31 December 2023 increased by RM70.7 million or 151.9% as compared to preceding financial year as a result of increase in revenue as explained in Section 2.11.1 of this Appendix.

As a result of the above, our Group recorded operating profit margin of 1.0% for the FYE 31 December 2023 as compared to operating loss margin of 21.7% for the FYE 31 December 2022.

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2.5 Finance Income

The table below sets out the components of our Group's finance income for the financial years under review:

	Audited					Unaudited
	FYE 31 December 2019	(Restated) FYE 31 December 2020	(Restated) FYE 31 December 2021	(Restated) FYE 31 December 2022	FYE 31 December 2023	[1]FYE 31 December 2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Interest income from						
- Deposits, cash and bank balances with licensed banks	38,800	9,585	1,169	2,053	3,784	1,396
- Amounts due from associates	11,426	29,018	12,851	9,074	-	2,420
- Finance lease receivables	61,402	50,768	16,143	18,064	5,886	-
Impact of discounting effect on financial instruments	8,362	25,249	4,760	10,434	27,573	-
Others	-	1,324	391	680	1,561	-
Total	**119,990**	**115,944**	**35,314**	**40,305**	**38,804**	**3,816**

Note:

(1) Pursuant to the Proposed Corporate Exercises, the financial condition and result of operations of the Aviation Segment have been presented as discontinued operations in the unaudited consolidated financial statements for the FYE 31 December 2024. As a result, there are no commentaries for the FYE 31 December 2024 in this Appendix.

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FYE 31 December 2019 vs FYE 31 December 2020

Our Group's finance income decreased by approximately RM4.1 million or 3.4% to approximately RM115.9 million for the FYE 31 December 2020 from approximately RM120.0 million for the FYE 31 December 2019. The decrease in finance income was mainly due to the following:

(i) lower interest income from deposits, cash and bank balances with licensed banks by approximately RM29.2 million. Our Group's deposits, cash and bank balances with licensed banks stood at approximately RM533.3 million as at 31 December 2020 (FYE 31 December 2019: RM2.6 billion); and

(ii) lower interest income from finance lease receivables by approximately RM10.6 million as a result of lower finance lease receivables as at 31 December 2020 of approximately RM938.2 million (FYE 31 December 2019: RM1.2 billion).

The decrease in interest income was partially offset by the following:

(i) higher income from the impact of discounting effect on financial instruments by approximately RM16.9 million mainly due to the adjustment on discount rate applied on unwinding of lease security deposit; and

(ii) higher interest income from amounts due from associates by approximately RM17.6 million mainly attributable to the higher interest income received by our Group on the loans to AirAsia Japan Co., Ltd.

FYE 31 December 2020 vs FYE 31 December 2021

Our Group's finance income decreased by approximately RM80.6 million or 69.5% to approximately RM35.3 million for the FYE 31 December 2021 from approximately RM115.9 million for the FYE 31 December 2020. The decrease in finance income was mainly due to the following:

(i) lower interest income from finance lease receivables by approximately RM34.6 million as a result of lower finance lease receivables as at 31 December 2021 of approximately RM490.4 million (FYE 31 December 2020: RM938.2 million);

(ii) lower income from the impact of discounting effect on financial instruments by approximately RM20.5 million mainly due to the adjustment on discount rate applied on unwinding of lease security deposit; and

(iii) lower interest income from the amount due from associates by approximately RM16.2 million.

FYE 31 December 2021 vs FYE 31 December 2022

Our Group's finance income increased by approximately RM5.0 million or 14.1% to RM40.3 million for the FYE 31 December 2022 from approximately RM35.3 million for the FYE 31 December 2021. The increase in finance income was mainly attributable to the following:

(i) higher income from the impact of discounting effect on financial instruments by approximately RM5.7 million mainly due to the adjustment on discount rate applied on unwinding of lease security deposit;

(ii) higher interest income from finance lease receivables by approximately RM1.9 million; and

(iii) higher interest income from deposits, cash and bank balances with licensed banks by approximately RM0.9 million as a result of higher weighted average effective annual interest rate of deposits of 2.93% for the FYE 31 December 2022 as compared to 1.83% for the FYE 31 December 2021.

The increase in interest income was partially offset by the lower interest income from amounts due from associates by approximately RM3.8 million.

FYE 31 December 2022 vs FYE 31 December 2023

Our Group's finance income decreased slightly by approximately RM1.5 million or 3.7% to approximately RM38.8 million for the FYE 31 December 2023 from approximately RM40.3 million for the FYE 31 December 2022. The decrease in finance income was mainly attributable to the following:

(i) lower interest income from finance lease receivables by approximately RM12.2 million as a result of lower finance lease receivables as at 31 December 2023 of approximately RM158.0 million (FYE 31 December 2022: RM375.8 million); and

(ii) absence of interest income from amounts due from associates by approximately RM9.1 million.

The decrease in interest income due to above was partially offset by the higher finance income from the impact of discounting effect on financial instruments by approximately RM17.1 million mainly due to the adjustment on discount rate applied on unwinding of lease security deposit.

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2.6 Finance Costs

The table below sets out the components of our Group's finance costs for the financial years under review:

	Audited					Unaudited
	FYE 31 December 2019	(Restated) FYE 31 December 2020	(Restated) FYE 31 December 2021	(Restated) FYE 31 December 2022	FYE 31 December 2023	[(1)]FYE 31 December 2024
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Interest expense						
- Bank borrowings	157,839	53,883	101,584	210,224	319,194	41,279
- Lease liabilities	503,093	578,211	500,044	705,152	852,954	18,088
- Provision of retirement benefits	-	-	5,350	4,809	3,808	14
Impact of discounting effect on financial instruments	101,753	75,521	70,101	-	3,209	(9)
RCUIDS profit payment	-	-	-	61,879	112,406	81,027
Others	13,048	6,036	2,728	22,858	48,109	18,058
Total	**775,733**	**713,651**	**679,807**	**1,004,922**	**1,339,680**	**158,457**

Note:

(1) Pursuant to the Proposed Corporate Exercises, the financial condition and result of operations of the Aviation Segment have been presented as discontinued operations in the unaudited consolidated financial statements for the FYE 31 December 2024. As a result, there are no commentaries for the FYE 31 December 2024 in this Appendix.

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FYE 31 December 2019 vs FYE 31 December 2020

Our Group's finance costs decreased by approximately RM62.1 million or 8.0% to approximately RM713.7 million for the FYE 31 December 2020 from approximately RM775.7 million for the FYE 31 December 2019. The decrease in finance costs was mainly attributable to the following:

(i) lower interest expenses on bank borrowing by approximately RM104.0 million; and

(ii) lower expenses from the impact of discounting effect on financial instruments by approximately RM26.2 million.

The decrease in finance costs was partially offset by higher finance costs on lease liabilities by approximately RM75.1 million as a result of the sale and leaseback of 14 aircrafts in the second half of 2019.

FYE 31 December 2020 vs FYE 31 December 2021

Our Group's finance costs decreased by approximately RM33.8 million or 4.7% to approximately RM679.8 million for the FYE 31 December 2021 from approximately RM713.7 million for the FYE 31 December 2020. The decrease in finance costs was mainly attributable to the lower interest expenses on lease liabilities by approximately RM78.2 million as a result of restructuring of aircraft leases where our Group extended the leases for longer period with lower lease rental, which was partially offset by the higher interest expenses on bank borrowing by approximately RM47.7 million due to the increase in borrowings by approximately RM1.0 billion for the FYE 31 December 2021.

FYE 31 December 2021 vs FYE 31 December 2022

Our Group's finance costs increased by approximately RM325.1 million or 47.8% to approximately RM1.0 billion for the FYE 31 December 2022 from approximately RM679.8 million for the FYE 31 December 2021. The increase in finance cost was mainly due to the following:

(i) higher interest expenses on lease liabilities by approximately RM205.1 million as a result of the extension of lease period of aircrafts which lead to higher lease liabilities as at 31 December 2022 of approximately RM15.1 billion (FYE 31 December 2021: RM14.3 billion);

(ii) higher interest expenses on bank borrowings by approximately RM108.6 million mainly due to the increase in borrowings by approximately RM0.6 billion for the FYE 31 December 2022 and higher interest rates; and

(iii) RCUIDS profit payment amounting to approximately RM61.9 million.

The increase in finance costs was partially offset by absence of the expenses from the impact of discounting effect on financial instruments for the FYE 31 December 2022 (FYE 31 December 2021: RM70.1 million).

FYE 31 December 2022 vs FYE 31 December 2023

Our Group's finance costs increased by approximately RM0.3 billion or 33.3% to approximately RM1.3 billion for the FYE 31 December 2023 from approximately RM1.0 billion for the FYE 31 December 2022. The increase in finance costs was mainly due to the following:

(i) higher interest expense on lease liabilities by approximately RM147.8 million mainly due to higher lease liabilities as at 31 December 2023 as a result of the deemed acquisition of AAV (previously held as an associate) as a subsidiary;

(ii) higher interest expense on bank borrowing by approximately RM109.0 million due to the increase in borrowings by approximately RM1.5 billion for the FYE 31 December 2023; and

(iii) higher RCUIDS profit payment by approximately RM50.5 million due to valuation of derivative assets from RCUIDS not taken up in prior year amounting to RM42 million.

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2.7 Other Gains/Losses

The table below sets out the components of our Group's other gains/losses for the financial years under review:

	Audited					Unaudited
	FYE 31 December 2019	(Restated) FYE 31 December 2020	(Restated) FYE 31 December 2021	(Restated) FYE 31 December 2022	FYE 31 December 2023	[(2)]FYE 31 December 2024
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Foreign exchange gains/(losses)	105,973	444,763	(71,084)	(1,256,508)	(328,455)	(40,854)
Net fair value gains/(losses) on derivatives	(247,593)	(141,953)	31,377	45,021	(13,254)	-
Gain on disposal of investment in an associate	-	[(1)]152,911	-	-	-	-
Fair value of the retained interest in a previous associate	-	[(1)]76,456	-	-	-	-
Gain on remeasurement of previously held interest in associates	-	-	-	-	1,445,433	-
Total other gains/(losses)	**(141,620)**	**532,177**	**(39,707)**	**(1,211,487)**	**1,103,724**	**(40,854)**

Notes:

(1) *On 29 December 2020, our Group executed a share purchase agreement with Tata Sons Private Limited to dispose 32.7% equity interest in AirAsia (India) Limited for a consideration of approximately RM152.9 million, which resulted in a gain on disposal of RM152.9 million for the FYE 31 December 2020. The share purchase agreement provides for an option for the sale of remaining 16.3% equity interest of our Group in AirAsia (India) Limited, for which the total consideration of the option is approximately RM76.5 million. As a result, our Group reclassified the remaining equity interest in AirAsia (India) Limited from "investment in associates" to "investment securities" and remeasured to a fair value of approximately RM76.5 million in accordance with MFRS 9.*

(2) *Pursuant to the Proposed Corporate Exercises, the financial condition and result of operations of the Aviation Segment have been presented as discontinued operations in the unaudited consolidated financial statements for the FYE 31 December 2024. As a result, there are no commentaries for the FYE 31 December 2024 in this Appendix.*

FYE 31 December 2019

Our Group recorded other losses of approximately RM141.6 million for the FYE 31 December 2019, which was mainly due to the fair value losses on derivatives of approximately RM247.6 million, of which approximately RM198.6 million was due to the losses from the foreign currency hedging contract. The losses on derivatives were partially offset by the foreign exchange gain of approximately RM106.0 million for the FYE 31 December 2019 arising from the amount due to/from our Group's associates and joint ventures.

FYE 31 December 2020

Our Group has recorded other gains of approximately RM532.2 million for the FYE 31 December 2020, which was mainly attributable to the foreign exchange gains of approximately RM444.8 million, out of which RM436.3 was unrealised gain.

FYE 31 December 2021

Our Group has recorded other losses of approximately RM39.7 million for the FYE 31 December 2021, which was mainly due to foreign exchange losses of approximately RM71.1 million, out of which approximately RM50.0 million were unrealised losses. The foreign exchange losses were partially offset by the fair value gain from interest rate hedging contracts of approximately RM31.4 million for the FYE 31 December 2021.

FYE 31 December 2022

Our Group has recorded other losses of approximately RM1.2 billion for the FYE 31 December 2022, which was mainly due to the foreign exchange losses of approximately RM1.3 billion, of which approximately RM1.2 billion was unrealised losses. The foreign exchange losses were partially offset by the gain on termination of hedging contracts of approximately RM45.0 million for the FYE 31 December 2022.

FYE 31 December 2023

Our Group has recorded other gains of approximately RM1.1 billion for the FYE 31 December 2023, which was mainly due to the gain on remeasurement of previously held interest in associates of approximately RM1.4 billion as a result of the deemed acquisition of AAV as a subsidiary. The gain on remeasurement of previously held interest in associates was partially offset by the foreign exchange losses of approximately RM328.5 million, of which approximately RM205.1 million was realised losses.

2.8 Share of Results of Joint Ventures and Associates

The table below sets out the details of our Group's share of results of joint ventures and associates for the financial years under review:

	Audited					Unaudited
	FYE 31 December 2019	(Restated) FYE 31 December 2020	(Restated) FYE 31 December 2021	(Restated) FYE 31 December 2022	FYE 31 December 2023	[(1)]FYE 31 December 2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Share of results of joint ventures	-	(693)	(453)	(658)	(220)	-
Share of results of associates	(448,874)	(62,822)	(44,774)	(344,735)	(16,509)	(247)
Total	**(448,874)**	**(63,515)**	**(45,227)**	**(345,393)**	**(16,729)**	**(247)**

Note:

(1) Pursuant to the Proposed Corporate Exercises, the financial condition and result of operations of the Aviation Segment have been presented as discontinued operations in the unaudited consolidated financial statements for the FYE 31 December 2024. As a result, there are no commentaries for the FYE 31 December 2024 in this Appendix.

FYE 31 December 2019 vs FYE 31 December 2020

Our Group recorded a share of losses of associates and joint ventures of approximately RM63.5 million for the FYE 31 December 2020 as compared to approximately RM448.9 million for the FYE 31 December 2019, representing a decrease of approximately RM385.4 million or 85.9%. The decrease in the share of losses of associates was mainly attributable to the absence of share of losses in AirAsia (India) Limited of RM280 million including recognition of prior year losses as a result of an increase in our Group's investment in AirAsia (India) Limited.

FYE 31 December 2020 vs FYE 31 December 2021

Our Group recorded a share of losses of associates and joint ventures of approximately RM45.2 million for the FYE 31 December 2021 as compared to approximately RM63.5 million for the FYE 31 December 2020, representing a decrease of approximately RM18.3 million or 28.8%. The decrease in the share of losses of associates was mainly attributable to our Group has not recognised losses relating to TAA, where its share of losses exceeds our Group's interest in this associate as a result of grim earnings brought about by the COVID-19 pandemic.

FYE 31 December 2021 vs FYE 31 December 2022

Our Group recorded a share of losses of associates and joint ventures of approximately RM345.4 million for the FYE 31 December 2022 as compared to approximately RM45.2 million for the FYE 31 December 2021, representing an increase of approximately RM300.2 million or 663.7%. This was mainly due to share of losses of AAV which became our 43% associate following the completion of a restructuring plan for AAV and TAA in January 2022 (FYE 31 December 2021: our Group's equity interest in AAV is nil).

FYE 31 December 2022 vs FYE 31 December 2023

Our Group recorded a share of losses of associates and joint ventures of approximately RM16.7 million for the FYE 31 December 2023 as compared to approximately RM345.4 million for the FYE 31 December 2022, representing a decrease of approximately RM328.7 million or 95.2%. This was mainly due to lower losses in AAV for the current financial year.

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2.9 Taxation

The table below sets out a summary of our Group's taxation, as well as a comparison of our Group's effective tax rate and statutory tax rate in Malaysia for the financial years under review:

	Audited					Unaudited
	FYE 31 December 2019	(Restated) FYE 31 December 2020	(Restated) FYE 31 December 2021	(Restated) FYE 31 December 2022	FYE 31 December 2023	[(1)]FYE 31 December 2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
LBT	(521,660)	(5,551,299)	(3,575,036)	(3,915,306)	(68,570)	(961,053)
Taxation	(238,437)	336,629	145,739	511	27,744	14,490
Effective tax rate (%)	45.7	(6.1)	(4.1)	(0.01)	(40.5)	1.5
Malaysia statutory tax rate (%)	24.0	24.0	24.0	24.0	24.0	24.0

Note:

(1) Pursuant to the Proposed Corporate Exercises, the financial condition and result of operations of the Aviation Segment have been presented as discontinued operations in the unaudited consolidated financial statements for the FYE 31 December 2024. As a result, there are no commentaries for the FYE 31 December 2024 in this Appendix.

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FYE 31 December 2019

Our Group recorded a reversal of tax of approximately RM238.4 million for the FYE 31 December 2019. This was mainly attributable to the reversal of deferred tax liabilities of approximately RM779.2 million as a result of the sale and leaseback transaction in the prior year, which was partially offset by the tax effect of the following:

(i) non-deductible expenses amounting to approximately RM275.5 million;

(ii) deferred tax assets not recognised amounting to approximately RM247.7 million; and

(iii) deferred tax asset derecognised on investment tax allowance of approximately RM161.4 million.

FYE 31 December 2020

Despite our Group having recorded a LBT of approximately RM5.6 billion, our Group recorded a tax expense of approximately RM336.6 million. This was mainly due to the tax effect of the following:

(i) deferred tax assets not recognised amounting to approximately RM1.5 billion; and

(ii) non-deductible expenses amounting to approximately RM313.6 million,

which was partially offset by the following:

(i) non-taxable income of approximately RM91.7 million;

(ii) overprovision of deferred tax in respect of previous years amounting to approximately RM79.5 million; and

(iii) joint venture's and associates' results reported net of tax amounting to approximately RM15.2 million.

FYE 31 December 2021

Despite our Group having recorded a LBT of approximately RM3.6 billion, our Group recorded a tax expense of approximately RM145.7 million for the FYE 31 December 2021. This was mainly due to the tax effect of the following:

(i) deferred tax assets not recognised of approximately RM649.4 million; and

(ii) non-deductible expenses amounting to approximately RM327.1 million.

FYE 31 December 2022

Despite our Group having recorded a LBT of approximately RM3.9 billion, our Group recorded a tax expense of approximately RM0.5 million for the FYE 31 December 2022. This was mainly due to the tax effect of the following:

(i) non-deductible expenses amounting to approximately RM1.0 billion; and

(ii) deferred tax assets not recognised approximately RM59.3 million; and

(iii) underprovision of income tax in respect of previous years amounting to approximately RM1.8 million, which was partially offset by the following:

(i) joint venture's and associates' results reported net of tax amounting to approximately RM82.9 million;

(ii) non-taxable income of approximately RM30.4 million; and

(iii) overprovision of deferred tax in respect of previous years amounting to approximately RM7.7 million.

FYE 31 December 2023

Despite our Group having recorded a LBT of approximately RM68.6 million, our Group recorded a tax expense of approximately RM27.7 million for the FYE 31 December 2023. This was mainly due to the tax effect of the following:

(i) non-deductible expenses amounting to approximately RM267.8 million;

(ii) deferred tax assets not recognised amounting to approximately RM212.0 million,

which was partially offset by the following:

(i) remeasurement of previously held interest in associate of approximately RM347.0 million; and

(ii) non-taxable income of approximately RM84.7 million.

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2.10 LBT, LBT margin, LAT and LAT margin

The table below sets out our Group's LBT, LBT margin, LAT and LAT margin for the financial years under review:

	Audited					Unaudited
	FYE 31 December 2019	(Restated) FYE 31 December 2020	(Restated) FYE 31 December 2021	(Restated) FYE 31 December 2022	FYE 31 December 2023	[1]FYE 31 December 2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
LBT	(521,660)	(5,551,299)	(3,575,036)	(3,915,306)	(68,570)	(961,053)
LBT margin (%)	(4.4)	(169.5)	(212.4)	(60.8)	(0.5)	(64.2)
LAT	(283,223)	(5,887,928)	(3,720,775)	(3,915,817)	(96,314)	(491,186)
LAT margin (%)	(2.4)	(179.8)	(221.1)	(60.8)	(0.7)	(32.8)

Note:

(1) Pursuant to the Proposed Corporate Exercises, the financial condition and result of operations of the Aviation Segment have been presented as discontinued operations in the unaudited consolidated financial statements for the FYE 31 December 2024. As a result, there are no commentaries for the FYE 31 December 2024 in this Appendix.

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FYE 31 December 2019 vs FYE 31 December 2020

Our Group's LBT and LAT increased to approximately RM5.6 billion and approximately RM5.9 billion in the FYE 31 December 2020 from approximately RM521.7 million and approximately RM283.2 million in the FYE 31 December 2019, representing an increase of approximately RM5.0 billion or 964.2% and approximately RM5.6 billion or 1,978.9% respectively. The increase in LBT and LAT was mainly due to the increase in operating loss by approximately RM6.1 billion as a result of lower revenue recorded for the FYE 31 December 2020, as explained in Section 2.4 above, which was partially offset by the other gains of approximately RM532.2 million as compared to other losses of approximately RM141.6 million as recorded in the previous financial year. Please refer to Section 2.7 above for the details on our Group's other gains/losses.

Our Group's LBT and LAT margins also increased substantially to 169.5% and 179.8%, respectively in the FYE 31 December 2020. This was mainly due to the lower operating margin as a result of the COVID-19 pandemic which adversely affected our Group's revenue for the said financial year, as explained in Section 2.4 above.

FYE 31 December 2020 vs FYE 31 December 2021

Our Group's LBT and LAT decreased to approximately RM3.6 billion and approximately RM3.7 billion in the FYE 31 December 2021 from approximately RM5.6 billion and approximately RM5.9 billion in the FYE 31 December 2020, representing a decrease of approximately RM2.0 billion or 35.6% and approximately RM2.2 billion or 36.8% respectively. The decrease in LBT and LAT was mainly attributable to the decrease in operating loss by approximately RM2.6 billion, as explained in Section 2.4 above.

Notwithstanding, our Group's LBT and LAT margins increased to 212.4% and 221.1%, respectively in the FYE 31 December 2021. The increase in our Group's LBT and LAT margin was mainly due to the increase in operating loss margin as explained in Section 2.4 and due to foreign exchange loss of RM71.1 million and share of losses of associate of RM44.8 million.

FYE 31 December 2021 vs FYE 31 December 2022

Our Group's LBT and LAT increased to approximately RM3.9 billion in the FYE 31 December 2022 from approximately RM3.6 billion and approximately RM3.7 billion in the FYE 31 December 2021, representing an increase of approximately RM0.3 billion or 9.5% and approximately RM0.2 billion or 5.2% respectively. The increase in LBT and LAT was mainly due to higher finance costs and foreign exchange loss as explained in Sections 2.6 and 2.7 above, which was partially offset by higher revenue as explained in Section 2.1.

As a result, our Group's LBT and LAT margin narrowed to 60.8% in the FYE 31 December 2022.

FYE 31 December 2022 vs FYE 31 December 2023

Our Group's LBT and LAT decreased to approximately RM68.6 million and approximately RM96.3 million in the FYE 31 December 2023 from approximately RM3.9 billion in the FYE 31 December 2022, representing a decrease of approximately RM3.8 billion or 98.2% and RM3.8 billion or 97.5% respectively. The decrease in LBT and LAT was mainly due to our Group achieving an operating profit of approximately RM145.3 million for the current financial year, as explained in Section 2.4 above as well as other gains recorded of approximately RM1.1 billion as compared to other losses incurred of approximately RM1.2 billion for the previous year, was however partially offset by the increase in finance cost by approximately RM334.8 million as explained in Section 2.6 above.

As a result, our Group's LBT and LAT margin improved to 0.5% and 0.7% in the FYE 31 December 2023 respectively.

3. CASH FLOWS

The table below sets out the summary of our Group's cash flows for the financial years under review which includes the Aviation Segment and the Remaining Business:

	Audited					Unaudited
	FYE 31 December 2019	**FYE 31 December 2020**	**FYE 31 December 2021**	**(Restated) FYE 31 December 2022**	**FYE 31 December 2023**	**[(1)]FYE 31 December 2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Net cash generated from/(used in) operating activities	2,522,817	(2,168,247)	(677,699)	(283,499)	1,413,430	3,343,892
Net cash generated from/(used in) investing activities	4,721,847	489,316	389,037	(209,104)	(101,588)	(25,731)
Net cash generated from/(used in) financing activities	(8,086,909)	(412,483)	1,070,348	(313,701)	(1,169,722)	(2,928,468)
Net increase/(decrease) for the financial year	**(842,245)**	**(2,091,414)**	**781,686**	**(806,304)**	**142,120**	**(389,693)**
Currency translation differences	41,507	65,043	(69,660)	(34,869)	43,212	522,090
Cash and cash equivalents at the beginning of the year	3,293,014	2,492,276	465,905	1,177,931	336,758	32,608
Cash and cash equivalents at the end of the year	**2,492,276**	**465,905**	**1,177,931**	**336,758**	**522,090**	**944,391**

Note:

(1) Pursuant to the Proposed Corporate Exercises, the financial condition and result of operations of the Aviation Segment have been presented as discontinued operations in the unaudited consolidated financial statements of Capital A Group for the FYE 31 December 2024. As a result, there are no commentaries for the Capital A Group (including Aviation Segment) for the FYE 31 December 2024.

<u>FYE 31 December 2019</u>

Net cash for operating activities

For the FYE 31 December 2019, our Group's operating profit before working capital changes was approximately RM2.7 billion. Our Group's net cash generated from operating activities was approximately RM2.5 billion after adjusting for the following key items:

(i) interest paid amounting to approximately RM193.0 million;

(ii) decrease in payable and provisions of approximately RM167.5 million; and

(iii) decrease in receivables and prepayments of approximately RM154.3 million.

Net cash for investing activities

For the FYE 31 December 2019, our Group recorded net cash generated from investing activities of approximately RM4.7 billion, which was mainly attributable to the proceeds from the disposal of property, plant and equipment of approximately RM4.8 billion mainly consisting of aircraft engines, airframes and service potential (including the disposal of 14 aircraft pursuant to the sale and leaseback arrangement with Castlelake LP and Aircastle Limited).

The cash inflow was partially offset by the addition of property, plant and equipment amounting to approximately RM295.7 million which was mainly attributable to the enhancement of buildings.

Net cash for financing activities

For the FYE 31 December 2019, our Group recorded net cash used in financing activities of approximately RM8.1 billion, which was mainly due to the following:

(i) dividend paid to shareholders of approximately RM3.4 billion;

(ii) repayment of borrowings amounting to approximately RM3.3 billion; and

(iii) repayment of lease liabilities amounting to approximately RM2.1 billion.

<u>FYE 31 December 2020</u>

Net cash for operating activities

For the FYE 31 December 2020, our Group's operating loss before working capital changes was approximately RM1.3 billion. Our Group's net cash used in operating activities was approximately RM2.2 billion after adjusting for the following:

(i) amounts due from/to associates, joint venture and related parties of approximately RM1.0 billion; and

(ii) increase in payables and provision of approximately RM251.0 million.

Net cash for investing activities

For the FYE 31 December 2020, our Group recorded net cash generated from investing activities of approximately RM489.3 million, which was mainly attributable to the following:

(i) proceeds from the disposal of property, plant and equipment of approximately RM277.3 million mainly consisting of aircraft engines, airframes and service potential; and

(ii) proceeds from the disposal of 32.7% equity interest in AirAsia (India) Limited of approximately RM152.9 million to Tata Sons Private Limited pursuant to the share purchase agreement dated 29 December 2020.

Net cash for financing activities

For the FYE 31 December 2020, our Group recorded net cash used in financing activities of approximately RM412.5 million, which was mainly due to the repayment of lease liabilities and borrowings amounting to approximately RM880.2 million and approximately RM136.9 million respectively, which was partially offset by the proceeds from borrowings of approximately RM604.6 million for our Group's working capital purposes.

FYE 31 December 2021

Net cash for operating activities

For the FYE 31 December 2021, our Group's operating loss before working capital changes was approximately RM776.2 million. Our Group's net cash used in operating activities was approximately RM677.7 million after adjusting for the following key items:

(i) amounts due from/to associates, joint venture and related parties of approximately RM356.6 million;

(ii) decrease in payable and provision of approximately RM154.0 million; and

(iii) interest paid amounting to approximately RM93.9 million.

Net cash for investing activities

For the FYE 31 December 2021, our Group recorded net cash generated from investing activities of approximately RM389.0 million, which was mainly attributable to the following:

(i) proceeds of approximately RM240.0 million from the disposal of 3,333,333 common shares, representing 10.94% of the outstanding shareholding of Fly Leasing Ltd to Carlyle Aviation Elevate Ltd, which was completed on 5 August 2021; and

(ii) receipt of finance lease receivables of approximately RM102.4 million.

Net cash for financing activities

For the FYE 31 December 2021, our Group recorded net cash generated from financing activities of approximately RM1.1 billion, which was mainly attributable to the proceeds of approximately RM1.0 billion raised from the issuance of 1,299,350,959 RCUIDS with a nominal value of approximately RM974.5 million which was completed on 31 December 2021.

<u>FYE 31 December 2022</u>

Net cash for operating activities

For the FYE 31 December 2022, our Group's operating loss before working capital changes was approximately RM188.1 million. Our Group's net cash used in operating activities was approximately RM283.5 million after adjusting for the following key items:

(i) increase in receivables and prepayments of approximately RM739.0 million;

(ii) increase in sales in advance of approximately RM497.5 million as a result of increased in booking of flights;

(iii) increase in payable and provisions of approximately RM259.8 million;

(iv) interest paid of approximately RM233.1 million;

(v) amounts due from/to associates, joint venture and related parties of approximately RM215.1 million; and

(vi) increase in inventories of approximately RM50.9 million mainly attributable to the higher purchases on duty free and in-flight inventories at the end of the year to fulfil the demand for the sale in-flight next year in tandem with the lifting of the domestic and international travel restrictions.

Net cash for investing activities

For the FYE 31 December 2022, our Group recorded net cash used in investing activities of approximately RM209.1 million, which was mainly due to the following:

(i) additional investment in an associate amounting to approximately RM177.3 million;

(ii) addition of property, plant, equipment amounting to RM89.3 million mainly consisting aircraft spares, work in progress for office renovation, office equipment, furniture and fittings as well as operating plant and ground equipment; and

(iii) proceeds from disposal of an investment security of approximately RM83.0 million;

Net cash for financing activities

For the FYE 31 December 2022, our Group recorded net cash used in financing activities of approximately RM313.7 million, which was mainly due to the following:

(i) payment of lease liabilities amounting to approximately RM1.2 billion;

(ii) proceeds from borrowings of approximately RM1.2 billion for working capital purposes and purchase of aircrafts; and

(iii) repayment of borrowings amounting to approximately RM309.5 million.

FYE 31 December 2023

Net cash for operating activities

For the FYE 31 December 2023, our Group's operating profit before working capital changes was approximately RM2.5 billion. Our Group's net cash generated from operating activities was approximately RM1.4 billion after adjusting for the following key items:

(i) increase in receivables and prepayments by approximately RM757.3 million;

(ii) amounts due from/to associates, joint venture and related parties by approximately RM732.1 million mainly due to the deemed acquisition of AAV as a subsidiary as well as increase in amount due to related parties;

(iii) decrease in payables and provisions by approximately RM691.4 million; and

(iv) interest paid of approximately RM431.6 million.

Net cash for investing activities

For the FYE 31 December 2023, our Group recorded net cash used in investing activities of approximately RM101.6 million, which was mainly due to the following:

(i) addition of property, plant and equipment of approximately RM357.7 million mainly consisting work in progress for new hangars, purchase of office equipment and furniture, aircraft spares and operating plant and ground equipment;

(ii) net of cash acquired from the acquisition of subsidiary of approximately RM228.4 million;

(iii) proceeds from disposal of property, plant and equipment of approximately RM196.0 million mainly consisting aircraft engines, airframes and service potential;

(iv) acquisition of non-controlling interest in AAI of approximately RM75.7 million;

(v) deposit paid for aircraft purchase of approximately RM62.9 million; and

(vi) increase in deposit with licensed banks of approximately RM24.5 million.

Net cash for financing activities

For the FYE 31 December 2023, our Group recorded net cash used in financing activities of approximately RM1.2 billion, which was mainly due to the following:

(i) payment of lease liabilities amounting to approximately RM2.0 billion;

(ii) receipt of proceeds from borrowings of approximately RM1.3 billion for working capital purposes; and

(iii) repayment of borrowings amounting to approximately RM397.0 million.

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4. KEY FINANCIAL RATIOS

The key financial ratios of our Group which includes the Aviation Segment and the Remaining Businesses are as follows:

	Audited					Unaudited
	FYE 31 December 2019	**FYE 31 December 2020**	**FYE 31 December 2021**	**FYE 31 December 2022**	**FYE 31 December 2023**	**[6]FYE 31 December 2024**
Revenue per ASK (sen)[1]	15.60	15.06	16.67	19.04	20.27	22.20
Cost per ASK (sen)[2]	15.02	35.24	69.62	25.71	18.29	23.72
Cost per ASK - excluding fuel (sen)[3]	9.39	24.96	62.68	15.58	9.50	14.82
Current ratio (times)[4]	0.74	0.32	0.27	0.17	0.16	0.92
Gearing ratio (times)[5]	2.29	N/A	N/A	N/A	N/A	N/A

Notes:

(1) Revenue excluding lease income divided by available seat kilometres.

(2) Revenue less net operating profit divided by available seat kilometres.

(3) Revenue less net operating profit and aircraft fuel expenses, divided by available seat kilometres.

(4) Computed based on current assets divided by current liabilities.

(5) Computed based on total borrowings and lease liabilities less deposit, cash and bank balances divided by total shareholders' equity.

(6) Pursuant to the Proposed Corporate Exercises, the financial condition and result of operations of the Aviation Segment have been presented as discontinued operations in the unaudited consolidated financial statements of Capital A Group for the FYE 31 December 2024. As a result, there are no commentaries for the Capital A Group (including Aviation Segment) for the FYE 31 December 2024.

4.1 Revenue per ASK

FYE 31 December 2019 vs FYE 31 December 2020

The revenue per ASK decreased to 15.06 sen for the FYE 31 December 2020 from 15.60 sen for the FYE 31 December 2019, representing a decrease of 0.54 sen or 3.5%. The decrease in revenue per ASK was mainly due to imposition of travel restrictions and various containment measures at different points to curb the spread of COVID-19.

FYE 31 December 2020 vs FYE 31 December 2021

The revenue per ASK increased to 16.67 sen for the FYE 31 December 2021 from 15.06 sen for the FYE 31 December 2020, representing an increase of 1.61 sen or 10.7%. The increase in revenue per ASK was mainly due to the encouraging fare environment with rational competition. While our Group's ASK decreased 13.4 billion or 70.1% to 5.7 billion for the FYE 31 December 2021, our Group's revenue decreased RM1.6 billion or 48.6% to RM1.7 billion for the FYE 31 December 2021.

FYE 31 December 2021 vs FYE 31 December 2022

The revenue per ASK increased to 19.04 sen for the FYE 31 December 2022 as compared to 16.67 sen for the FYE 31 December 2021, representing an increase of 2.37 sen or 14.2%. The increase in revenue per ASK was mainly attributable to higher revenue recorded as a result of the surge in domestic and international travel demand in our Group's core markets, as explained in Section 2.1 above, which was backed by a higher number of operating aircraft. As at 31 December 2022, our Group operated a total of 84 aircrafts, restoring 35 aircrafts to service compared to the year prior. In addition, average fare increased by 20.0% from RM160 for the FYE 31 December 2021 to RM192 for the FYE 31 December 2022.

FYE 31 December 2022 vs FYE 31 December 2023

The revenue per ASK increased to 20.27 sen for the FYE 31 December 2023 as compared to 19.04 sen for the FYE 31 December 2022, representing an increase of 1.23 sen or 6.5%. The increase in revenue per ASK was mainly attributable to the encouraging growth in passengers carried coupled which was backed by a higher number of operating aircraft. As at 31 December 2023, our Group operated a total of 162 aircrafts as compared to 84 aircrafts as at 31 December 2022. In addition, the average fare increased by 16.7% from RM192 for the FYE 31 December 2022 to RM224 for the FYE 31 December 2023.

4.2 Cost per ASK

FYE 31 December 2019 vs FYE 31 December 2020

The cost per ASK increased to 35.24 sen for the FYE 31 December 2020 from 15.02 sen for the FYE 31 December 2019, representing an increase of 20.22 sen or 134.6%. The increase in cost per ASK was mainly due to the increase in depreciation cost on right-of-use assets and finance costs for the year due to the higher number of leased aircraft for the FYE 31 December 2020. While our Group had successfully negotiated for deferrals with lessors, pursuant to the practical expedient provision available under Amendments to MFRS16: COVID-19 Related Rent Concessions, the income statement charges for depreciation and interest were not adjusted. In addition, the ASK for the FYE 31 December 2020 was also reduced to 19.1 billion from 74.6 billion as a result of the COVID-19 pandemic.

FYE 31 December 2020 vs FYE 31 December 2021

Despite the operating expenses for the Aviation Segment being reduced by 50.4% for the FYE 31 December 2021, the cost per ASK increased to 69.62 sen for the FYE 31 December 2021 from 35.24 sen for the FYE 31 December 2020, representing an increase of 34.38 sen or 97.6%. The increase in cost per ASK was mainly due to reduction of ASK from 19.1 billion for FYE 31 December 2020 to 5.7 billion for FYE 31 December 2021 following the COVID-19 pandemic.

FYE 31 December 2021 vs FYE 31 December 2022

Despite that the operating expenses for the Aviation Segment increased by 64.8% for the FYE 31 December 2022, the cost per ASK decreased to 25.71 sen for the FYE 31 December 2022 from 69.62 sen for the FYE 31 December 2021, representing a decrease of 43.91 sen or 63.1%. The decrease in cost per ASK was mainly attributable to the growth in ASK by 23.5 billion or 410.2% as a result of the surge in domestic and international travel demand in our Group's core markets following the easing of travel restrictions, which led to an increase in the number of flights with the higher number of operating aircraft, 84 aircraft as at 31 December 2022 (FYE 31 December 2021: 49 aircraft).

FYE 31 December 2022 vs FYE 31 December 2023

The cost per ASK decreased to 18.29 sen for the FYE 31 December 2023 from 25.71 sen for the FYE 31 December 2022, representing a decrease of 7.42 sen or 28.9%. The decrease in cost per ASK was driven by the operational cost efficiencies, lower average fuel prices and increase in ASK due to recovery of air travel demand.

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4.3 Cost Per ASK – Excluding Fuel

FYE 31 December 2019 vs FYE 31 December 2020

The cost per ASK – excluding fuel increased to 24.96 sen for the FYE 31 December 2020 as compared to 9.39 sen for the FYE 31 December 2019, representing an increase of 15.57 sen or 165.8%. The increase in cost per ASK – excluding fuel was mainly due to an increase in depreciation cost on right-of-use assets and finance costs for the year due to the higher number of leased aircraft for the FYE 31 December 2020. While our Group had successfully negotiated for deferrals with lessors, pursuant to the practical expedient provision available under Amendments to MFRS16: COVID-19 Related Rent Concessions, the income statement charges for depreciation and interest were not adjusted. In addition, the ASK for the FYE 31 December 2020 was also reduced to 19.1 billion from 74.6 billion as a result of the COVID-19 pandemic.

FYE 31 December 2020 vs FYE 31 December 2021

The cost per ASK – excluding fuel increased to 62.68 sen for the FYE 31 December 2021 as compared to 24.96 sen for the FYE 31 December 2020, representing an increase of 37.72 sen or 151.1%. The increase in cost per ASK – excluding fuel was mainly due to reduction of ASK from 19.1 billion for FYE 31 December 2020 to 5.7 billion for FYE 31 December 2021 as a result of the COVID-19 pandemic.

FYE 31 December 2021 vs FYE 31 December 2022

The cost per ASK – excluding fuel decreased to 15.58 sen for the FYE 31 December 2022 as compared to 62.68 sen for the FYE 31 December 2021, representing a decrease of 47.1 sen or 75.1%. The decrease in cost per ASK – excluding fuel was mainly attributable to the growth in ASK by 23.5 billion or 410.2% as a result of the surge in domestic and international travel demand in our Group's core markets following the easing of travel restrictions, which led to an increase in the number of flights with the higher number of operating aircraft, 84 aircraft as at 31 December 2022 (FYE 31 December 2021: 49 aircraft).

FYE 31 December 2022 vs FYE 31 December 2023

The cost per ASK – excluding fuel decreased to 9.50 sen for the FYE 31 December 2022 as compared to 15.58 sen for the FYE 31 December 2022, representing a decrease of 6.08 sen or 39.0%. The decrease in cost per ASK – excluding fuel was mainly attributable to operational cost efficiencies and increase in ASK due to recovery of air travel demand.

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4.4 Current Ratio

	Audited					Unaudited
	FYE 31 December 2019	(Restated) FYE 31 December 2020	(Restated) FYE 31 December 2021	(Restated) FYE 31 December 2022	FYE 31 December 2023	[1]FYE 31 December 2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current assets	5,292,363	2,761,116	2,449,748	1,768,957	2,498,832	732,324
Current liabilities	7,135,469	8,663,604	9,203,924	10,278,023	15,168,071	797,992
Net current liabilities	**(1,843,106)**	**(5,902,488)**	**(6,754,176)**	**(8,509,066)**	**(12,669,239)**	**(65,668)**
Current ratio (times)	0.74	0.32	0.27	0.17	0.16	0.92

Note:

(1) Pursuant to the Proposed Corporate Exercises, the financial condition and result of operations of the Aviation Segment have been presented as discontinued operations in the unaudited consolidated financial statements for the FYE 31 December 2024. As a result, there are no commentaries for the FYE 31 December 2024 in this Appendix.

Our Group's current ratio decreased to 0.32 times as at the 31 December 2020 from 0.74 times as at the 31 December 2019. The decrease in the current ratio as at 31 December 2020 was mainly due to the decrease in deposits, cash and balances by RM2.1 billion, as explained in Section 3 of this Appendix. Our Group's current ratio decreased to 0.27 times as at 31 December 2021 mainly due to the increase in lease liabilities by approximately RM658.6 million and decrease in receivables and prepayments by approximately RM496.7 million.

Our Group's current ratio decreased to 0.17 times as at 31 December 2022 from 0.27 times as at 31 December 2021. The decrease in the current ratio as at 31 December 2022 was mainly due to the decrease in deposits, cash and balances by RM0.8 billion as explained in Section 3 of this Appendix. Our Group's current ratio decreased slightly to 0.16 times as at 31 December 2023.

4.5 Gearing Ratio

	Audited					Unaudited
	FYE 31 December 2019	(Restated) FYE 31 December 2020	(Restated) FYE 31 December 2021	(Restated) FYE 31 December 2022	FYE 31 December 2023	[3]FYE 31 December 2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net debt[1]/(net cash)	10,300,570	13,190,831	15,348,430	17,524,609	22,928,869	1,577,778
Net assets /Total shareholders' equity	4,498,330	(1,214,287)	(3,382,300)	(5,725,093)	(8,762,141)	(8,788,017)
Gearing ratio (times)	2.29	[2]N/A	[2]N/A	[2]N/A	[2]N/A	[2]N/A

Notes:

(1) Net debt refers to total borrowings and lease liabilities less deposit, cash and bank balances.

(2) No gearing ratio is presented as our Group has negative total shareholders' equity.

(3) Pursuant to the Proposed Corporate Exercises, the financial condition and result of operations of the Aviation Segment have been presented as discontinued operations in the unaudited consolidated financial statements for the FYE 31 December 2024. As a result, there are no commentaries for the FYE 31 December 2024 in this Appendix.

As at 31 December 2019, our Group gearing ratio was 2.29 times mainly due to the adoption of MFRS 16 Leases by our Group effective 1 January 2019, which gave rise to an increase in lease liabilities of RM12.5 billion as at 31 December 2019.

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5. WORKING CAPITAL

We have been financing our Group's operations through internal and external sources of funds. The internal sources of funds comprise shareholders' equity and cash generated from our Group's business operations, while the external sources of funds mainly comprise banking facilities from financial institutions, credit extended by our Group's suppliers/principals as well as proceeds raised from the issuance of debts and equity securities. The decision to utilise either internally generated funds or borrowings for our Group's business operations depends on, amongst others, the cash and bank balances, expected cash inflows, future working capital requirements, future capital expenditure requirements and the interest rate on borrowings.

Our Board is confident that the working capital will be sufficient for our Group's existing and foreseeable requirements for a period of at least 12 months from the date of this Circular after taking into consideration, amongst others, the following:

(i) the expected cash inflows and outflows, future working capital requirements, future capital expenditure requirements and the interest expenses of the Group (excluding the Aviation Segment); and

(ii) the resumption of the collection of the Deferred Brand Licence Payments from AAAGL no later than 30 September 2025. Capital A endeavours to complete the Proposed Corporate Exercise by end of March 2025 and accordingly, the brand deferral condition under the Brand Deferral Letter would be uplifted immediately upon the completion of the AAX Private Placement.

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6. BORROWINGS

The total borrowings of our Group which includes the Aviation Segment and the Remaining Businesses are as follows:

	Audited					Unaudited
	As at 31 December 2019	(Restated) As at 31 December 2020	(Restated) As at 31 December 2021	(Restated) As at 31 December 2022	As at 31 December 2023	[(1)]As at 31 December 2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current						
Term loans	86,714	266,447	600,224	1,302,468	2,282,067	192,432
Revenue bond	-	-	-	-	-	-
Other facilities	-	-	-	447,789	613,407	508,518
Swap creditors loan	-	6,110	-	-	-	-
RCUIDS	-	-	822,437	655,499	685,125	492,051
	86,714	**272,557**	**1,422,661**	**2,405,756**	**3,580,599**	**1,193,001**
Current						
Term loans	238,524	313,688	332,262	233,564	579,181	29,821
RCUIDS	-	-	-	-	-	164,008
Other facilities	-	-	-	-	-	-
Revolving credit	3,628	120,000	85,010	31,760	7,000	-
Commodity Murabahah Finance	100,000	-	-	-	-	-
Swap creditors loan and deferral	-	582,624	219,896	-	-	-
Convertible loan note	-	-	250,060	265,634	276,127	76,612
	342,152	**1,016,312**	**887,228**	**530,958**	**862,308**	**270,441**
Total borrowings	**428,866**	**1,288,869**	**2,309,889**	**2,936,714**	**4,442,907**	**1,463,442**

Note:

(1) Pursuant to the Proposed Corporate Exercises, the financial condition and result of operations of the Aviation Segment have been presented as discontinued operations in the unaudited consolidated financial statements for the FYE 31 December 2024. As a result, borrowings of Aviation Segment were not accounted in current liabilities or non-current liabilities of the Capital A Group as at 31 December 2024 and there are no commentaries for the FYE 31 December 2024 in this Appendix.

As at 31 December 2019 vs as at 31 December 2020

Our Group's borrowings increased by approximately RM860.0 million or 200.5% from approximately RM428.9 million as at 31 December 2019 to approximately RM1,288.9 million as at 31 December 2020. This was mainly due to our Group restructuring its exposure in hedges through financing the commodity hedging contracts settlement either via deferral instalment payments or conversion into working capital loan. During the FYE 31 December 2020, our Group drewdown a term loan of approximately RM280 million with a revolving credit of approximately RM20 million for working capital purposes. The increase in borrowings was partially offset by the full repayment of Commodity Murabaha finance during the FYE 31 December 2020.

As at 31 December 2020 vs as at 31 December 2021

Our Group's borrowings increased by approximately RM1.0 billion or 79.2% from approximately RM1.3 billion as at 31 December 2020 to approximately RM2.3 billion as at 31 December 2021. This was mainly due to our Group completing a renounceable right issue of 7-year RCUIDS at nominal value of RM0.75 each based on the Shariah principal of Murabahah comprising 1,299,350,959 RCUIDS together with 649,675,479 free detachable warrants. The profit rate for the RCUIDS is 8% per annum. Our Group also secured an investment of up to USD100 million convertible loan notes at coupon of 6% from a South Korean conglomerate. During the FYE 31 December 2021, our Group drewdown a working capital loan from a non-financial institution amounting to USD 100 million at interest rate of 11.75% per annum as well as a short-term working capital loan from a non-financial institution amounting to USD25 million at interest rate of LIBOR+2.5% per annum.

As at 31 December 2021 vs as at 31 December 2022

Our Group's borrowings increased by approximately RM0.6 billion or 27.1% from approximately RM2.3 billion as at 31 December 2021 to approximately RM2.9 billion as at 31 December 2022. This was mainly attributable to our Group obtaining a term loan facility amounting to USD75 million from a non-financial institution as well as drawdown the working capital loan from a non-financial institution amounting to USD50 million. During the FYE 31 December 2022, our Group secured a Predelivery Payment financing at a net borrowing amount of USD102.5 million from a non-financial institution. The increase in borrowings was partially offset by repayment of swap creditors loan and deferral.

As at 31 December 2022 vs as at 31 December 2023

Our Group's borrowings increased by approximately RM1.5 billion or 51.3% from approximately RM2.9 billion as at 31 December 2022 to approximately RM4.4 billion as at 31 December 2023. This was mainly attributable to our Group obtaining a USD131 million term loan from a financial institution, a USD 75 million term loan facility from a non-financial institution as well as TAA entering into a long-term agreement with a financial institution for a loan facility of THB1,000 million. During the FYE 31 December 2023, our Group also obtained a senior secured loan facility of USD100 million from a non-financial institution.

(i) As at 31 December 2023

As at 31 December 2023, our Group's total borrowings were approximately RM4.4 billion, all of which were interest-bearing.

The details of our Group's bank borrowings as at 31 December 2023 are set out below:

Types	Purpose	Tenure	Weighted average interest rate	Less than 1 year	Between 1 to 5 years	More than 5 years	Total
		Year	%	RM'000	RM'000	RM'000	RM'000
Convertible loan note[1]	For AirAsia Digital's business units' product and market expansion	1 year	6.00	276,127	-	-	276,127
Revolving credit	To enhance e-commerce platforms and marketability of Sabah products; and to further promote Sabah tourism destinations on airasia.com, the digital super app of AirAsia	8 years	7.00	7,000	-	-	7,000
RCUIDS	Fuel hedging settlement, aircraft lease and maintenance payments, marketing expenses, technology development costs and product and market expansion costs for AirAsia Digital's business units, general working capital and expenses in relation to the rights issue of RCUIDS	7 years	8.00	-	685,125	-	685,125
Other facilities	Pre-delivery payment to aircraft manufacturers, and construction and setup of MRO facility	3 – 4 years	11.06	38,678	613,407	-	652,085
Term loans[2]	Working capital	5 – 8 years	8.49	540,503	1,592,067	690,000	2,822,570
Total				862,308	2,890,599	690,000	4,442,907

Notes:

(1) *Approximately RM276.1 million of the total convertible loan note is denominated in USD.*

(2) *Approximately RM1,167 million of the total term loans are denominated in USD.*

(ii) As at 31 December 2024

As at 31 December 2024, our Group's total borrowings were approximately RM1.5 billion, all of which were interest-bearing.

The details of our Group's bank borrowings as at 31 December 2024 are set out below:

Types	Purpose	Tenure	Weighted average interest rate	Less than 1 year	Between 1 to 5 years	More than 5 years	Total
		Year	%	RM'000	RM'000	RM'000	RM'000
Convertible loan note	For AirAsia Digital's business units' product and market expansion	1 year	6.00	76,612	-	-	76,612
Revenue Bond	Aircraft lease and maintenance payments	4 years	14.00	-	-	-	-
Revolving credit	To enhance e-commerce platforms and marketability of Sabah products; and to further promote Sabah tourism destinations on airasia.com, the digital super app of AirAsia	8 years	7.00	-	-	-	-
RCUIDS	Fuel hedging settlement, aircraft lease and maintenance payments, marketing expenses, technology development costs and product and market expansion costs for AirAsia Digital's business units, general working capital and expenses in relation to the rights issue of RCUIDS	7 years	8.00	164,008	492,051	-	656,059
Other facilities	Pre-delivery payment to aircraft manufacturers, and construction and setup of MRO facility	3 – 4 years	11.06	-	508,518	-	508,518
Term loans	Working capital	5 – 8 years	8.49	29,821	192,432	-	222,253
Total				270,441	1,193,001		1,463,442

INDEPENDENT MARKET RESEARCH REPORT

PROVIDENCE STRATEGIC PARTNERS SDN BHD
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67-1, Block D, Jaya One, Jalan Prof Diraja Ungku Aziz,
46200 Petaling Jaya, Selangor, Malaysia.
T: +603 7625 1769

Date: 11 April 2025

The Board of Directors
CAPITAL A BERHAD
Wisma Capital A,
19-04-02, 19, Lorong Dungun,
Bukit Damansara,
50490 Kuala Lumpur,
Wilayah Persekutuan,
Malaysia

Dear Sirs/Madam,

Independent Market Research ("IMR") Report on the Aviation Maintenance, Repair and Overhaul ("MRO") Service Industry, the Logistics Service Industry, the Mobile Application ("Mobile App") Industry, the Digital Financial Service Industry, the In-flight Catering Service Market and Food and Beverage ("F&B") Market and the Airline Industry in conjunction with the Proposed Regularisation Plan of Capital A Berhad

PROVIDENCE STRATEGIC PARTNERS SDN BHD ("**PROVIDENCE**") has prepared this IMR report on the Aviation MRO Service Industry, the Logistics Service Industry, the Mobile App Industry, the Digital Financial Service Industry, the In-flight Catering Service Market, the F&B Market and the Airline Industry for Capital A Berhad.

PROVIDENCE has taken prudent measures to ensure reporting accuracy and completeness by adopting an independent and objective view of these industries within the confines of secondary statistics, primary research and evolving industry dynamics.

For and on behalf of PROVIDENCE:

MELISSA LIM
EXECUTIVE DIRECTOR

About PROVIDENCE STRATEGIC PARTNERS SDN BHD:

PROVIDENCE is an independent research and consulting firm based in Petaling Jaya, Selangor, Malaysia. Since our inception in 2017, PROVIDENCE has been involved in the preparation of independent market research reports for capital market exercises. Our reports aim to provide an independent assessment of industry dynamics, encompassing aspects such as industry performance, demand and supply conditions and competitive landscape.

About MELISSA LIM:

Melissa Lim is the Executive Director of PROVIDENCE. She has more than 15 years of experience in market research for capital market exercises. Melissa Lim holds a Bachelor of Commerce (Double major in Marketing and Management) from Murdoch University, Australia.

Capital A Berhad and its subsidiaries (collectively referred to as "**Capital A Group**") are principally involved in the aviation, digital and logistics businesses which comprise 6 main business segments, i.e. aviation MRO services, logistics services, travel-related service platform, digital financial services, in-flight catering and the F&B services. Thus, this IMR report will cover the following industries:

- The aviation MRO service industry, which is an industry in which Capital A Group operates through Asia Digital Engineering Sdn Bhd ("**ADE**") and its subsidiaries (collectively referred to as "**ADE Group**");
- The logistics service industry, which is an industry in which Capital A Group operates through Teleport Everywhere Pte Ltd and its subsidiaries (collectively referred to as "**Teleport Group**");
- The mobile app industry, which denotes demand for mobile apps including AirAsia MOVE platform, which is operated and managed by AirAsia MOVE Sdn Bhd and its subsidiaries (collectively referred to as "**AirAsia MOVE Group**");
- The digital financial service industry, which denotes the performance of the digital financial services business offered by BigPay Pte Ltd and its subsidiaries (collectively referred to as "**BigPay Group**");
- The in-flight catering service market, which is an industry in which Capital A Group operates through Santan Food Services Sdn Bhd ("**Santan**");
- The F&B market, which is a market which Capital A Group serves through Santan; and
- The airline industry, which correlates to the growth of the aviation MRO service, logistics service, mobile app and digital financial service industries, and in-flight catering service market. The industry size was computed based on the airline industry size in Malaysia, Indonesia, Thailand and the Philippines as these are the key markets Capital A Group had previously generated revenue from. For the FYE 31 December 2023, revenue generated from Malaysia, Indonesia, Thailand and the Philippines comprised 95.0% of Capital A Group's total revenue.

The above is summarised in the table below:

Industry	Applicable Capital A subsidiary(ies)	Business description of Capital A business segment
Aviation MRO service	ADE Group	Aviation MRO services
Logistics service	Teleport Group	Logistics services - Airport-to-airport logistics services under Teleport Air Cargo - Customisable first- to last-mile cross-border delivery services under Teleport eCommerce - Cross-border door-to-door parcel delivery services under Teleport Next Day
Mobile app	AirAsia MOVE Group	Travel-related services platform operation and management - Travel-related services including flights, hotels, duty-free shopping, travel insurance, airport transfers and e-hailing rides
Digital financial service	BigPay Group	Digital financial services provided in Malaysia, Singapore and Thailand - Payments - International remittances and domestic transfers - Utilities - Analytics and Stash - Lending services
In-flight catering service	Santan	In-flight catering services
F&B	Santan	F&B businesses in Malaysia relating to: - Operation and management of a F&B service chain - Preparation and sale of frozen ready-to-eat food products
Airline	-	The key end-user industry for ADE Group, AirAsia MOVE Group, BigPay Group and Santan, and correlates with the growth of Teleport Group which leverages on passenger and freighter aircraft to provide logistics services.

1 THE AVIATION MRO SERVICE INDUSTRY IN SOUTHEAST ASIA

INTRODUCTION

Aviation MRO services refer to the maintenance, repair, modification and overhaul services of aircraft. These services mainly comprise:

- Line maintenance – refers to any maintenance activities carried out before a flight to ensure the aircraft is fit for the intended flight. This service is performed without the requirement of hangar space;
- Base maintenance – refers to routine hangar maintenance checks, or ad hoc defect investigations or rectification or refurbishment activities. This service requires the aircraft to be docked in a hangar; and
- Component and parts repair – refers to the restoration, replacement or repair of aircraft components which are damaged, faulty, worn out or not functioning as intended.

Other products and services may also be provided alongside the abovementioned aviation MRO services such as sale of consumables, parts, equipment and tool inventory access, repair management works, technical services (such as fleet management, and technical and design support), and provision of related digital tools.

Generally, aviation MRO services are vital to ensure an aircraft's airworthiness, which depicts that the aircraft is in a safe condition for operations. At the same time, timely aviation MRO servicing would extend the lifespan of an aircraft as this would reduce occurrences of unanticipated downtime and need for ad hoc repairs. As such, this would improve operational efficiency which would improve profitability for the airline.

Capital A Group is involved in the provision of aviation MRO services through ADE Group.

INDUSTRY PERFORMANCE, SIZE AND GROWTH

The industry size of the aviation MRO service industry in Southeast Asia, as measured by revenues of industry players, increased from USD7.2 billion (RM31.0 billion[1]) in 2017 to USD7.8 billion (RM32.3 billion[1]) in 2019 at a compound annual growth rate ("**CAGR**") of 4.1%.

In 2020, the airline industry was adversely impacted by the outbreak of the Coronavirus Disease 2019 ("**COVID-19**") pandemic, which resulted in the implementation of border closures and nationwide lockdowns. This led to a fall in the demand for certain types of aviation MRO services in Southeast Asia such as line maintenance services which are typically carried out before a flight to ensure the aircraft is fit for the intended flight. As such, the industry size decreased by approximately 34.6% to USD5.1 billion (RM21.4 billion[1]) in 2020, before increasing by approximately 3.9% to USD5.3 billion (RM22.0 billion[1]) in 2021.

In 2022, the aviation MRO service industry size in Southeast Asia improved further by approximately 20.8% to USD6.4 billion (RM28.2 billion[1]). The aviation MRO service industry size in Southeast Asia grew to USD7.0 billion (RM32.1 billion[1]) in 2023 and subsequently grew to an estimated USD7.3 billion (RM33.4 billion) in 2024.

Moving forward, PROVIDENCE forecasts the aviation MRO service industry in Southeast Asia to grow by a CAGR of 5.0%, from an estimated USD7.7 billion (RM35.2 billion[1]) in 2025 to USD8.5 billion (RM38.9 billion[1]) in 2027.

[1] Exchange rate from USD to RM was converted based on average annual exchange rates extracted from published information from Bank Negara Malaysia at:
2017: USD1 = RM4.3008
2019: USD1 = RM4.1427
2020: USD1 = RM4.2016
2021: USD1 = RM4.1454
2022: USD1 = RM4.4005
2023: USD1 = RM4.5900
2024-2027: USD1 = RM4.5711(based on 2024 average annual exchange rates)

PROVIDENCE

Aviation MRO service industry size in Southeast Asia by country

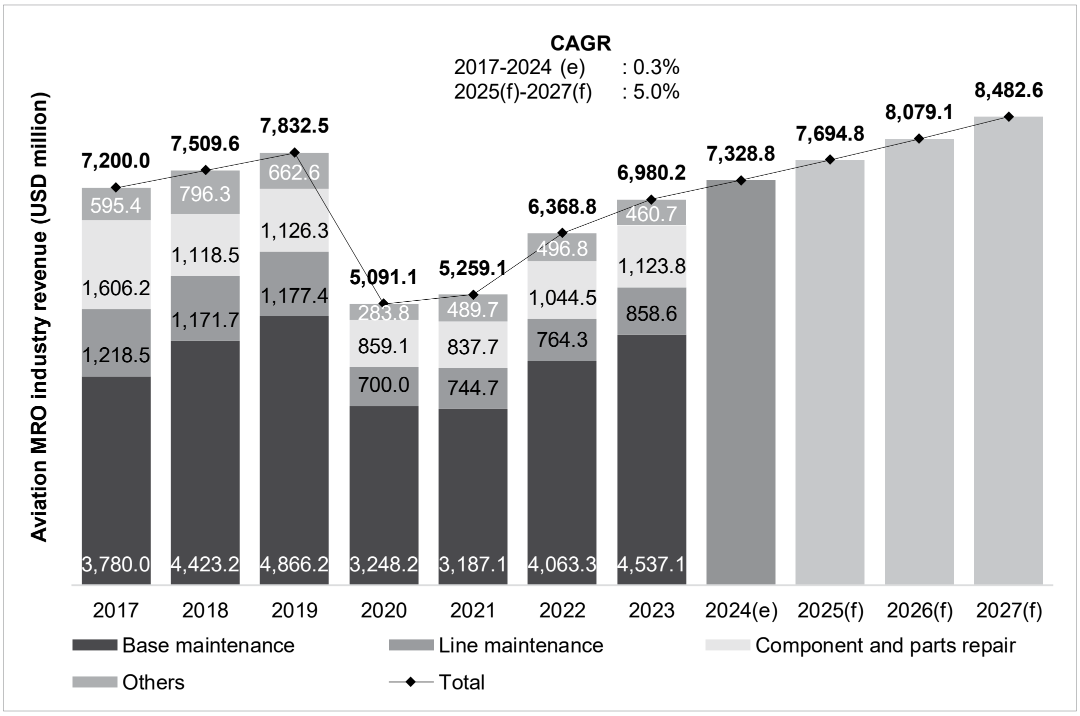
Year	USD million			
	Malaysia	Indonesia	Philippines	Total Southeast Asia[1]
2017	1,404.0	1,000.8	446.4	7,200.0
2018	1,516.9	1,053.1	473.1	7,509.6
2019	1,684.0	1,108.1	501.3	7,832.5
2020	1,115.0	726.7	351.3	5,091.1
2021	1,146.5	757.3	352.4	5,259.1
2022	1,439.4	891.6	414.0	6,368.8
2023	1,598.5	956.3	418.8	6,980.2
2024(e)				7,328.8
2025(f)				7,694.8
2026(f)				8,079.1
2027(f)				8,482.6
CAGR (2017-2024(e))				**0.3%**
CAGR (2025(f)-2027(f))				**5.0%**

Notes:

(i) Southeast Asia countries include Malaysia, Indonesia and the Philippines and other countries, namely Singapore, Vietnam, Laos, Brunei and Cambodia, Thailand and Myanmar
(ii) (e) - Estimate
(iii) (f) – Forecast

Source: Allied Market Research, PROVIDENCE analysis

Aviation MRO service industry size in Southeast Asia by type of service



Notes:
(i) (e) - Estimate
(ii) (f) – Forecast

Source: Allied Market Research, PROVIDENCE analysis

Generally, base maintenance services is the largest contributor to the aviation MRO service industry in Southeast Asia, having contributed 52.5% to 65.0% of the total aviation MRO service industry in Southeast Asia between 2017 and 2023. Meanwhile, sale of components and parts repair is the second largest contributor to the aviation MRO service industry size in Southeast Asia, with 14.4% to 22.3% of the total aviation MRO service industry in Southeast Asia generated from this service segment between 2017 and 2023. Line maintenance services contributed 12.0% to 16.9% of the total aviation MRO service industry in Southeast Asia.

DEMAND CONDITIONS: KEY GROWTH DRIVERS

Emergence of new airlines in the Southeast Asian region will result in an increased demand for aviation MRO services

Several new airlines in Southeast Asia emerged in the past 5 years, or are in the process of starting operations. Examples of these airlines include:

- **MJets Air (formerly known as "Kargo Xpress")** is a Malaysian cargo airline which commenced operations in 2021. Currently, the airline owns a fleet of 6 aircraft[2];
- **Super Air Jet** is an Indonesian low-cost passenger airline which commenced operations in 2021. Currently, the airline holds a fleet of 61 aircraft[2];
- **BBN Airlines Indonesia** is an Indonesian cargo airline which was established in 2022. It has a fleet of 7 aircraft[2];
- **Vietravel Airlines** is a Vietnamese passenger airline that was founded in 2019 and commenced operations in 2020. The airline has a fleet size of 3 aircraft.[2] The airline plans to increase its fleet to 20 aircraft by 2026[3];
- **Sun Air** is a new Vietnamese airline that offers private jet-charter flights. It commenced operations in 2022, and currently has a fleet consisting of 3 aircraft[4];
- **Pattaya Airways** is a Thai cargo airline which commenced operations in 2024. It currently has 2 aircraft[2]; and
- **Really Cool Airlines** is a new Thai passenger airline that aims to start operations by the end of 2025. It holds an Air Operating License from the Civil Aviation Authority of Thailand, and is awaiting consideration for an Air Operator Certificate[5];
- **Indonesia Airlines** is a new Indonesian airline which will commence operations in 2025. Currently, the airline has yet to apply for an Air Operator Certificate from the Indonesian Ministry of Transportation[6].

With the emergence of these new airlines in Southeast Asia, there would be an increase in the number of flights as well as the number of aircraft in service. This is expected to increase demand for aviation MRO services within the region.

Rise in airline passenger and cargo volume will drive the aviation MRO service industry in Southeast Asia

As the airline industry is the end-user industry of the aviation MRO service industry, a rise in airline passenger and cargo volumes will result in the growth of demand for aviation MRO services to undertake services such as line maintenance services. Please refer to **Chapter 7: Airline Industry in Southeast Asia (Demand Conditions: Key Growth Drivers)** for more details on the airline industry in Southeast Asia.

Growth of airline fleets will lead to increased demand for aviation MRO services

As airlines in Southeast Asia expand their aircraft fleets, the number of aircraft in service within the region will grow. This will result in increased demand for aviation MRO services as the number of aircraft to

[2] Source: Planespotters.net
[3] Source: Vietnamplus (11 October 2023) "Vietravel Airlines targets to operate 20 aircraft by 2026"
[4] Source: Sunair.vn
[5] Source: The Straits Times (15 November 2024) "Thai airline Really Cool hopes to start flying in December to regional cities including Singapore"
[6] Source: Travel And Tour World (10 March 2025) "Indonesia Airlines aims to boost global aviation connectivity with a strategic expansion under Singapore-based Calypte Holding and a strong aircraft fleet"

carry out aviation MRO services (such as base and line maintenance) for increases. Some of the announcements of fleet expansions by airlines include:

- **Vietnam Airlines**, which currently has 96 aircraft[2] under its fleet, intends to issue requests for proposals to aircraft manufacturers to purchase 50 narrow-body aircraft in 2025[7];
- **Malaysia Airlines**, which currently has 84 aircraft[2] under its fleet, has placed a lease for 25 new narrow-body aircraft which are expected to be delivered by 2026[8], as well as acquire 20 new wide-body aircraft which are expected to be delivered by 2028[9];
- **Thai Airways International**, which currently owns 78 aircraft[2] (including its regional subsidy Thai Smile), announced its plan to acquire 45 aircraft to replace decommissioned aircraft[10]; and
- **Singapore Airlines**, which currently owns 162 aircraft under its fleet[11], is also in the midst of procuring another 31 aircraft to be included into its fleet by 2025.[12] The airline also intends to purchase up to 12 new aircraft to be utilised for air freight cargo.[13] The delivery of these aircraft is expected begin in the fourth quarter of 2025.

As such, the aviation MRO service industry is expected to benefit as the number of aircraft within the Southeast Asian region grows.

Introduction of digital tools will benefit the aviation MRO service industry in Southeast Asia

The introduction of digital tools can improve and enhance the operational processes of an aviation MRO service provider. For example, through the use of predictive analysis algorithms, aviation MRO service providers are able to identify potential problems in advance and perform preventive maintenance. This thus enables aviation MRO service providers and the airlines to better monitor the aircraft and reduce incidences of unscheduled maintenance and unplanned downtimes of aircraft. In turn, this would allow aviation MRO service providers to better manage their maintenance schedules and improve their operational efficiency.

SUPPLY CONDITIONS

Availability of aircraft components, parts and consumables

Aircraft components, parts and consumables are critical to replace, repair and maintain aircraft. Aircraft components and parts are typically purchased from aircraft manufacturers while consumables can be purchased from various suppliers.

Availability of human resources

A critical element for providing aviation MRO services include the availability of trained and experienced engineers and technicians. It is essential that an aviation MRO service provider is able to hire, train and retain talented employees with the required technical skills and engineering capabilities, and experience. Generally, there is no shortage of skilled resources as the number of graduates in the fields of engineering, manufacturing and construction in Malaysia accounted for 19.5% of total graduates in 2023[14].

[7] Source: Reuters (13 November 2024) "Vietnam Airlines to request bids for 50 narrowbody jets next year "
[8] Source: Malaysia Airlines (14 February 2022) "Air Lease Corporation Announces Lease Placement of 25 New Boeing 737-8 Aircraft with Malaysia Aviation Group"
[9] Source: Reuters (15 August 2022) "Malaysia Airlines signs provisional deal for 20 Airbus A330neos"
[10] Source: The Nation Thailand (14 February 2024) "Not all 45 new planes acquired will be bought, says THAI CEO"
[11] Source: Civil Aviation Authority of Singapore
[12] Source: New Straits Times (9 November 2023) "Singapore Airlines expands fleet size"
[13] Source: Singapore Airlines (15 December 2021) "Singapore Airlines Selects Airbus A350F To Renew Freighter Fleet"
[14] Source: Ministry of Higher Education. Latest publicly available information is in 2023.

RELEVANT LAWS AND REGULATIONS

Aviation MRO service providers must obtain approvals from local civil aviation authorities in each respective country they operate in order to provide aviation MRO services such as line maintenance or base maintenance. They must also obtain approvals from the respective local civil aviation authorities of a registered aircraft to provide line maintenance for the said aircraft in airports located in another country.

COMPETITIVE OVERVIEW

PROVIDENCE has identified 20 industry players, including ADE, on the basis that the companies are involved in the provision of aviation MRO services for passenger and freighter aircraft, and are based in Malaysia. The table below sets out the details of the industry players:

Company name	Latest audited financial year end ("FYE")	Revenue (RM '000)	Gross Profit ("GP") (RM '000)	GP margin (%) [a]	Profit/Loss After Tax ("PAT/LAT") (RM '000)	PAT margin (%) [b]
Admal Sdn Bhd	31 March 2024	3,300	2,121	64.3	141	4.3
APR Aerospace Engineering Sdn Bhd	31 December 2023	725	502	69.3	73	10.0
Asia AeroTechnic Sdn Bhd	31 December 2023	37,047	2,437	6.6	(7,384)	-
ADE Group	**31 December 2023**	**573,996**	**169,775**	**29.6**	**115,325**	**20.1**
Asia Pacific Aircraft Component Services Sdn Bhd (formerly known as SR Technics Malaysia Sdn Bhd)	31 March 2024	49,932 [d]	29,417 [e]	58.9	(7,351) [e]	-
Berjaya Air Sdn Bhd	30 June 2024	8,780	8,009	91.2	(1,923)	-
Dviation Technics Sdn Bhd	31 December 2023	16,057	4,965	30.9	728	4.5
EJA Sdn Bhd	31 December 2023	5,908	2,301	38.9	205	3.5
ExecuJet MRO Services Malaysia Sdn Bhd	31 December 2023	80,115	43,088	53.8	9,949	12.4
Honeywell Aerospace Avionics Malaysia Sdn Bhd	31 December 2023	1,123,904	239,949	21.3	282,662	25.2
Kop Aviation Sdn Bhd	31 December 2023	1,887	244	12.9	(552)	-
Layang Layang Aerospace Sdn Bhd	30 September 2024	71,989	2,754	3.8	680	0.9
Pos Aviation Engineering Services Sdn Bhd	31 December 2023	18,761	(5,530)	(29.5)	(7,174)	-
Prima Air Sdn Bhd [c]	31 December 2023	N/A	N/A	N/A	N/A	N/A
Raya Airways Sdn Bhd	31 December 2023	366,580	32,650	8.9	(31,864)	-
Safeair Technical Sdn Bhd	31 December 2023	2,747	1,135	41.3	474	17.3

Company name	Latest audited financial year end ("FYE")	Revenue (RM '000)	Gross Profit ("GP") (RM '000)	GP margin (%) [a]	Profit/Loss After Tax ("PAT/LAT") (RM '000)	PAT margin (%) [b]
Scandinavian Avionics (Malaysia) Sdn Bhd	31 December 2023	8,750	1,423	16.3	617	7.1
Sepang Aircraft Engineering Sdn Bhd	31 December 2023	153,062	35,269	23.0	45,448	29.7
SR Aviation Sdn Bhd	31 December 2023	2,634	2,305	87.5	384	14.6
Systematic Aviation Services Sdn Bhd [c]	31 August 2023	N/A	N/A	N/A	N/A	N/A

Notes:

(i) The list contains information based on publicly disclosed information as at 7 April 2025
(ii) [a] GP margin is computed based on GP over revenue
(iii) [b] PAT margin is computed based on PAT over revenue
(iv) [c] Not available as it is a private exempt company
(v) [d] Financial information is based on segmental financial information of its aviation MRO services
(vi) [e] Financial information is based on consolidated financial information as segmental financial information of its aviation MRO services is not publicly available

Source: Companies Commission of Malaysia, various company websites, ADE Group, PROVIDENCE

INDUSTRY REVENUE SHARE

ADE Group's industry revenue share in the aviation MRO service industry in Southeast Asia in 2023, in accordance with the type of aviation MRO service, is as follows:

Type of aviation MRO services	Industry size (USD million)	Industry size [a] (RM million)	ADE Group 's revenues (RM million)	Industry revenue share (%)
Base maintenance	4,537.1	20,825	71.9	0.3
Line maintenance	858.6	3,941	139.4	3.5
Component and parts repair	1,123.8	5,158	330.9	6.4
Total aviation MRO service industry size	6,980.2	32,039	574.0	1.8

Note:

(i) [a] Exchange rate from USD to RM was converted based on average annual exchange rates in 2023 extracted from published information from Bank Negara Malaysia at USD1= RM4.5900

Source: Allied Market Research, ADE Group, PROVIDENCE

ADE Group's industry revenue share in the aviation MRO service industry in Southeast Asia in 2024, in accordance with the type of aviation MRO service, is as follows:

Type of aviation MRO services	Industry size (USD million)	Industry size [a] (RM million)	ADE Group 's unaudited revenues (RM million)	Industry revenue share (%)
Base maintenance	Not available [b]	Not available [b]	95.1	-
Line maintenance	Not available [b]	Not available [b]	179.5	-
Component and parts repair	Not available [b]	Not available [b]	398.3	-
Total aviation MRO service industry size	7,328.8	33,501	724.3	2.2

Notes:

(i) [a] Exchange rate from USD to RM was converted based on average annual exchange rates in 2024 extracted from published information from Bank Negara Malaysia at USD1= RM4.5711

(ii) [b] Industry size for the type of services is not yet available for 2024

Source: Allied Market Research, ADE Group, PROVIDENCE

PROSPECTS AND OUTLOOK FOR ADE GROUP

Moving forward, the aviation MRO service industry in Southeast Asia is expected to continue to grow and record a CAGR of 5.0% between 2025 and 2027. This will be largely driven by the emergence of new airlines, rise in airline passenger and cargo volume, growth of airline fleets and introduction of digital tools.

In light of the growing aviation MRO service industry in Southeast Asia, ADE Group stands to benefit in light of its plans to expand its capacity by increasing the number of hangar lines and expanding into other countries in Southeast Asia.

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2 THE LOGISTICS SERVICE INDUSTRY IN SOUTHEAST ASIA

INTRODUCTION

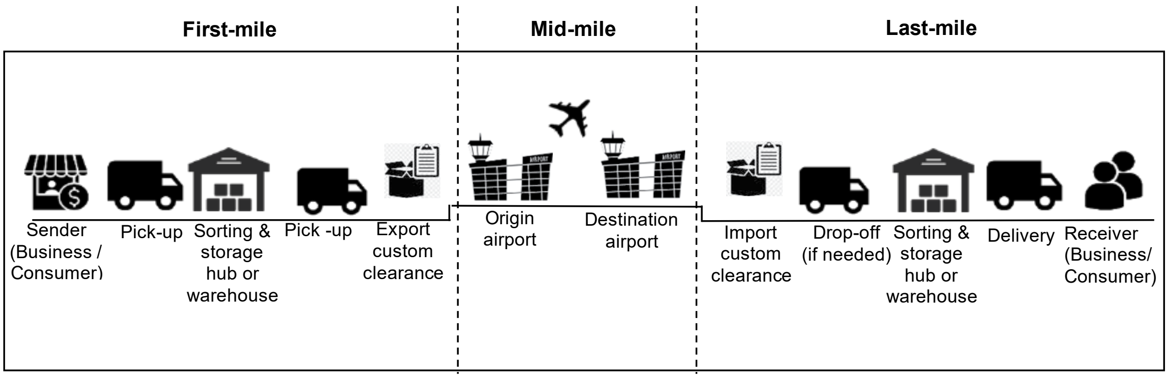
Logistics services involve the coordination and management of transportation, storage and delivery of parcels and cargos from one location to another. Parcels and cargos include parcels (which are generally small parcels weighing less than approximately 35 kg or have a total dimension of 140cm in height and 70 cm in width and depth), loose cargo (which are goods that are carried in bulk) and palletised cargo (which are goods carried in bulk using palletised equipment).

Logistics services include the following:

(a) **First-mile** – where parcels and cargos are picked up from the merchant's premises and sent to the hub, and includes custom clearance processes;

(b) **Mid-mile** – where the parcels and cargos are picked up from the hub and delivered to the airport where it is transported via air to the destination airport; and

(c) **Last-mile** – where the parcels and cargos undergo custom clearance and are dropped off at the hub, and delivered to the customers' premises.



Logistic services can be executed and customised to provide various types of services. Examples of types of logistics services provided include:

(i) Air freight services – delivery of parcels, loose cargos and/or palletised cargos from the origin airport to destination airport;

(ii) First- to last-mile delivery – refers to logistics services involving a combination of first-mile, mid-mile and last-mile delivery services as mentioned above;

(iii) Express parcel delivery services – refers to the delivery of parcels in a short span of time.

Teleport Group is involved in the abovementioned logistics services.

INDUSTRY PERFORMANCE, SIZE AND GROWTH

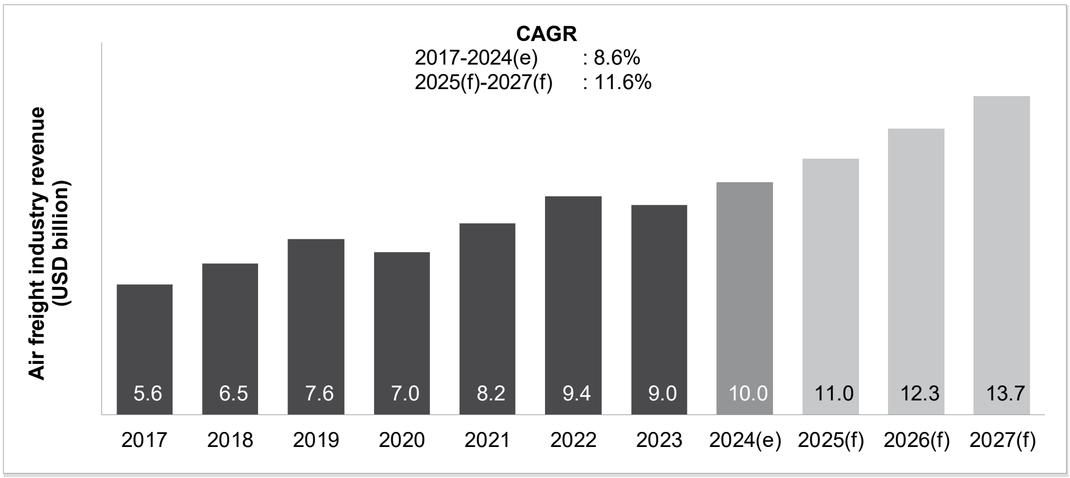
The air freight industry size in Southeast Asia grew at a CAGR of 8.6% between 2017 and 2024, from USD5.6 billion (RM24.1 billion[1]) to an estimated USD10.0 billion (RM45.7 billion[1]). In 2023, the air freight industry in Southeast Asia fell by 4.3% from USD9.4 billion (RM41.4 billion[1]) in 2022 to USD9.0 billion (RM41.3 billion[1]). This fall was largely due to challenging economic conditions after inflationary pressures post the COVID-19 pandemic led to lower consumer spending, which resulted in lower global trade in early 2023. However, household spending in Southeast Asia improved from USD1.9 billion (RM8.3 billion[1]) in 2022 to USD2.0 billion (RM9.2 billion[1]) in 2023.[15] The air freight industry in Southeast Asia has recovered in 2024 to reach an estimated USD10.0 billion (RM45.7 billion[1]), buoyed by improved consumer spending which resulted in higher global trade activities.

The air freight industry size in Southeast Asia is forecast to grow by a CAGR of 11.6%, from an estimated USD11.0 billion (RM50.3 billion[1]) in 2025 to USD13.7 billion (RM62.6 billion[1]) in 2027.

[15] Source: The GlobalEconomy.com. Latest publicly available information is in 2023.

PROVIDENCE

Air freight industry size in Southeast Asia



Notes:

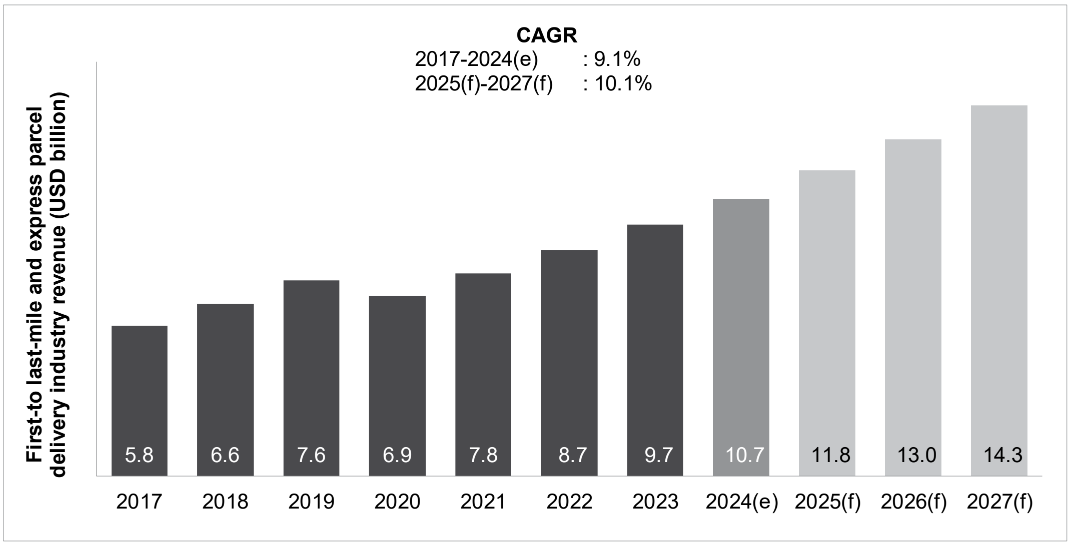
(i) (e) - Estimate
(ii) (f) – Forecast

Source: Mordor Intelligence, PROVIDENCE analysis

The first- to last-mile and express parcel delivery industry size in Southeast Asia grew at a CAGR of 9.1% between 2017 and 2024, from USD5.8 billion (RM24.9 billion[1]) in 2017 to an estimated USD10.7 billion (RM48.9 billion[1]) in 2024.

Moving forward, the first- to last-mile and express parcel delivery industry size in Southeast Asia is forecast to grow by a CAGR of 10.1%, from an estimated USD11.8 billion (RM53.9 billion[1]) in 2025 to USD14.3 billion (RM65.4 billion[1]) in 2027.

First-to last-mile delivery and express parcel delivery industry size in Southeast Asia



Notes:

(i) (e) - Estimate
(ii) (f) – Forecast

Source: Mordor Intelligence, PROVIDENCE analysis

DEMAND CONDITIONS: KEY GROWTH DRIVERS

The growth of e-commerce will drive the demand for logistics services

E-commerce in Southeast Asia has been largely driven by growing disposable income, growing number of Internet users as well as the proliferation of mobile devices.

The average gross domestic product ("**GDP**") per capita in Southeast Asia grew from USD11,058 (RM47,558[1]) in 2017 to USD11,919 (RM54,708[1]) in 2023, registering a CAGR of 1.3%.[16] This signifies a steady increase in disposable income amongst the population in Southeast Asia which will lead to higher consumer spending, thus benefitting the e-commerce industry.

In addition, the number of Internet users across the region has also been growing. The Internet adoption in Southeast Asia, as represented by the percentage of individuals using the Internet, increased from 50.1% in 2017 to an estimated 73.5% in 2023.[17] There is also a proliferation of mobile devices such as smartphones and tablets in Southeast Asia, with mobile cellular subscriptions growing from 919.8 million subscriptions in 2017 to an estimated 928.3 million subscriptions in 2023, registering a CAGR of 0.2%.[18] This indicates that a growing number of persons with access to the Internet and mobile devices, thereby increasing accessibility to shopping online.

In addition, with the availability of e-commerce marketplaces in Southeast Asia (such as Shopee, Lazada, Zalora, AliExpress and Tokopedia), consumers have more options, greater access to a wider range of products, and are unrestricted to geographical locations.

The growth of e-commerce in Southeast Asia will result in an increase in demand for air freight services as well as first- to last-mile and express parcel delivery services to facilitate the transportation of parcels delivered to e-commerce consumers.

The growth in global trade will lead to increased demand for logistics services

Global trade has generally been growing, albeit some troughs and peaks over the years. In Southeast Asia, the total value of imports and exports grew from USD2.6 trillion (RM12.0 trillion[1]) in 2017 to USD3.8 trillion (RM16.7 trillion[1]) in 2022, registering a CAGR of 7.9%.[19] While global trade was impacted early in 2023 by challenging economic conditions, it began to recover towards the end of 2023.

Logistics services enable consumers and businesses to have better access to goods regardless of location, and enable the export of resources including fuel, crops, meat and metals, to other parts of the world. As such, the growth in global trade will lead to higher demand for logistics services to facilitate the movement of goods from one country to another.

Improvement and development of infrastructure will contribute to the growth of the logistics service industry

The improvement and development of infrastructure, such as airports, highways, roads, seaports and railway tracks, across the region will improve connectivity. This will enable faster deliveries of parcels and cargos as travel time is reduced, ease traffic congestion allowing for faster and more predictable transportation timing, and reduce transit time for parcels and cargos as they can be delivered directly to the city with an airport or seaport.

For example, improved highway and road and railway connectivity would shorten travel time and ease traffic congestions, which will benefit first-mile, last-mile and express parcel deliveries. Meanwhile, the expansion in the number of airports will also enable greater connectivity in reaching certain cities, which would reduce transit times and costs. This would benefit mid-mile deliveries in the particular city.

Therefore, as infrastructure connectivity across Southeast Asia continues to improve, logistics service providers will have the opportunity to optimise costs, shorten their delivery times and expand their geographical coverage.

[16] Source: World Bank. Latest publicly available information is in 2023.
[17] Source: World Bank, Trading Economics. Latest publicly available information is in 2023.
[18] Source: World Bank. Latest publicly available information is in 2023.
[19] Source: UN Comtrade. Latest publicly available data is as at 2022.

Growth in demand for express parcel delivery services from consumers and businesses will drive the logistics service industry

Express parcel delivery services may involve a combination of different modes of transportation including air freight and land transport, to arrive at the customers' doorstep within a short span of time. The express parcel delivery industry in Southeast Asia grew from USD3.7 billion (RM15.9 billion[1]) in 2017 to an estimated USD6.8 billion (RM31.1 billion[1]) in 2024, registering a CAGR of 9.1%.[20]

Increasingly hectic lifestyles as urbanisation rate grows in the region have led to a growth in demand for parcels to be delivered within the next-day or on-demand. This has increased the demand for express parcel delivery services to fulfil consumer demands and business needs across various industries including, but not limited to retail products, food and beverages, documents, pharmaceuticals and groceries. As such, express parcel delivery services create new opportunities for logistics service providers, thus contributing to the growth of the overall logistics service industry.

Government initiatives to support the logistics and transportation industry in Southeast Asia

Governments across Southeast Asia have been implementing various initiatives and policies aimed at supporting the logistics and transportation industries in the respective countries.

In Malaysia, the Government of Malaysia launched the National Transport Policy 2019-2030 in 2019 which is aimed towards developing an efficient, integrated and secure transport infrastructure, thereby contributing towards a sustainable transportation industry. Under the Budget 2025, the Government of Malaysia announced the intensification of major road projects to improve connectivity and boost the local economy, including the Phase 1b of the Pan Borneo Sabah Highway project, Phase 2 of the Sarawak-Sabah Link Road project, as well as the North-South Expressway expansion from 4 lanes to 6 lanes between Sedenak and Simpang Renggam.

Further, the Government of Malaysia has also established Digital Free Trade Zones ("**DFTZ**") to allow the facilitation of seamless cross-border trade as well as enable local businesses to export their goods with priority provided to goods sold via e-commerce. The DFTZ also promotes efficiency in fulfilment in cross-border custom clearance to cater to high volumes of small parcels. In addition, the Government of Malaysia has also announced developments aimed at improving the logistics infrastructure in the country, including East Coast Rail Link and the KLIA Aeropolis.

In Singapore, the Government of Singapore has also implemented initiatives aimed at driving the logistics service industry in the country. This includes the Industry Transformation Map ("**ITM**"), which was launched in 2016 and subsequently refreshed in 2022. The Logistics ITM 2025 aims to grow the logistics service industry by transforming existing warehouses, upskilling workers to house digital technologies, digitalising the logistics sector as well as building specialisation to capture opportunities internationally. Additionally, under the ITM, the Government of Singapore has also implemented the Logistics Industry Digital Plan in 2017 as a method to enable the digitalisation of logistics service providers.

In Indonesia, the Government of Indonesia has launched the National Logistics Ecosystem ("**NLE**") platform in 2020, as a method to reduce the percentage of logistics cost of GDP from 23.5% to 17.0%.[21] The NLE is a platform that aims to provide an ecosystem that allows an easy flow of international goods and documentation throughout the delivery process of goods, thus benefiting logistics service providers. Through the NLE, the Government of Indonesia aims to promote cooperation between the Government of Indonesia and private agencies through data exchange, improvements in supply chain, reduction in repetitions and duplications of processes as well as provide support to information technology systems which focuses on logistics process, and connecting existing logistics systems.

In Vietnam, the Government of Vietnam adopted the Action Plan Improvement of Competitiveness and Development of Vietnam's Logistics Service by 2025 in 2017 ("**Action Plan 2017**"). Through the Action Plan 2017, the Government of Vietnam aims to develop the logistics service industry into a high value-added sector in order to support the development of manufacturing industry, import and exports as well as commercial activities. The Action Plan 2017 targets to achieve various goals by 2025, including the growth of contribution of the logistics service industry to the GDP to reach 8-10%, costs of logistics services to reduce to 16-20% of GDP, as well as the improvement in Logistics Performance Index ("**LPI**") ranking across the globe. In addition, the Action Plan 2017 involves the implementation of various initiatives aimed to achieve the abovementioned goals, such as improving policies and laws relating to

[20] Source: Mordor Intelligence
[21] Source: Cabinet Secretariat of the Republic of Indonesia

logistics services, developing logistics infrastructure and market for the logistics services, as well as training, raising awareness and quality of human resources.

In Thailand, the Government of Thailand has implemented the Thailand 4.0 strategy in 2018 which is a 20-year strategy aimed at promoting the development of infrastructure and people. The strategy aims to transform the country into an innovative, value-based industry with emphasis on various industries including the aviation and logistics service industry. Through the Thailand 4.0 strategy, the Government of Thailand aims to develop infrastructure, build liveable smart cities and financial centres, target industries that utilise advanced technology, promote tourism as well as sectors such as human resources, education, research and technology. These measures aim to increase the accumulation of capital, knowledge and advanced technologies, as well as develop the nation into a centre of regional commerce, investment and transportation. Further, the Government of Thailand has also implemented the Motorways-Rail Map (MRM), which is a master plan aimed at improving transportation by constructing 10 new routes connecting motorways and railways in the entire country by 2037. Through the construction of these new routes, the logistics service industry is expected to benefit as it will offer new routes for logistics service providers which could shorten the routes or ease traffic congestions.

Meanwhile, in Laos, the Government of Laos has implemented the Trade and Transport Facilitation Strategy 2025 – 2030 in 2025 which is expected to improve trade and logistics facilitation in the country. The strategy comprises 12 measures and 23 programs which includes, amongst others, streamlining border procedures, as well as logistics efficiency. Through the strategy, the Government aims to, amongst others, accelerate the clearance and processing time for goods at international checkpoints by 50%, as well as improve Laos' logistics efficiency index on World Bank to a minimum of 3.4.

The abovementioned Government initiatives are expected to support the growth of the logistics service industry. Initiatives aimed at developing new infrastructure and promoting digitalisation will benefit logistics service providers as it will optimise routes resulting in shorter and less congested routes. This will enable logistics service providers to optimise costs and shorten their delivery times, thus allowing them to provide more efficient services, reduce costs and take on more orders.

SUPPLY CONDITIONS

The critical supply factor for the logistics service providers is the availability of modes of transportation such as cars, bikes, trucks, passenger aircraft (where packages and cargos are stored in the cargo belly) and freighter aircraft to transport packages and cargos. The rates of these modes of transportation are determined by various factors including price of fuel and other supply and demand factors. Logistics service providers may either work with third-parties to leverage on their fleet of vehicles and aircraft, or own or lease their own vehicles and aircraft.

RELEVANT LAWS AND REGULATIONS

In order to operate, logistics service providers must obtain the relevant permits and certificates for courier services. For example in Malaysia, this includes the Non-Universal Service Licence – Courier Service from the Malaysian Communications and Multimedia Commission ("**MCMC**") while in Indonesia, this includes the Courier Services Permit from the Ministry of Communication and Digital Affairs in Indonesia. In Thailand, logistics service providers must obtain the Multimodal Transportation Operator Licence from the local Ministry of Transportation to operate in the country is required to provide air freight services.

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COMPETITIVE OVERVIEW

PROVIDENCE has identified 9 industry players, including Teleport Group, on the basis that the companies:

(i) Provide air freight and/or first- to last-mile and express parcel delivery services;
(ii) Are headquartered in Southeast Asia; and
(iii) Has a revenue of RM2.0 million and above.

The table below sets out the details of the industry players:

Company name	Air freight	First- to last-mile and express parcel delivery services	Headquarters	Latest FYE	Revenue (RM'000)	GP (RM '000)	GP margin (%) [a]	PAT/LAT (RM'000)	PAT margin (%) [b]
Asia Cargo Network Sdn Bhd	✓	-	Malaysia	31 December 2022	706,062	110,916	15.7	6,619	0.9
GD Express Sdn Bhd	✓	✓	Malaysia	31 December 2023	275,142	47,274	17.2	(25,499)	-
MAB Kargo Sdn Bhd	✓	-	Malaysia	31 December 2023	1,681,416	54,944	3.3	454,517	27.0
Ninja Logistics Pte Ltd	-	✓	Singapore	30 June 2024	3,150,085 [c]	NA	NA	(679,835) [c]	-
Parcel to Post Services Sdn Bhd	-	✓	Malaysia	30 June 2024	15,095	2,755	18.3	(689)	-
Taurus One Pte Ltd (formerly known as Janio Technologies Pte Ltd)	-	✓	Singapore	30 June 2023	146,238 [d]	NA	NA	(63,956) [d]	-
Teleport Group	✓	✓	**Malaysia**	**31 December 2023**	**744,719** [e]	**126,223** [e]	**16.9**	**(3,129)** [e]	-
Tiong Nam Logistic Holdings Berhad	-	✓	Malaysia	31 March 2024	758,617	111,952	14.8	57,725	7.6
Xend Sdn Bhd	-	✓	Malaysia	31 December 2023	6,190	1,119	18.1	(722)	-

Notes:

(i) This list contains information based on publicly disclosed information as at 7 April 2025
(ii) Freight forwarding companies have been excluded from the list
(iii) This list is not exhaustive

(iv) [a] GP margin is computed based on GP over revenue
(v) [b] PAT margin is computed based on PAT over revenue
(vi) [c] Exchange rate from SGD to RM was converted based on average annual exchange rates in 2024 extracted from published information from Bank Negara Malaysia at SGD1 = RM3.4208
(vii) [d] Exchange rate from SGD to RM was converted based on average annual exchange rates in 2023 extracted from published information from Bank Negara Malaysia at SGD1 = RM3.3981
(viii) [e] Exchange rate from USD to RM was converted based on average annual exchange rates in 2023 extracted from published information from Bank Negara Malaysia at USD1 = RM4.5900

Source: Companies Commission of Malaysia, various company websites, Teleport Group, PROVIDENCE

INDUSTRY REVENUE SHARE

Teleport Group's industry revenue share in the logistics service industry in Southeast Asia in 2023, in accordance to the type of logistics services is as follows:

Type of logistics services	Industry size (USD billion)	Industry size [a] (RM billion)	Teleport Group's revenues (RM million)	Industry revenue share (%)
Air freight	9.0	41.3	599.7	1.5
First- to last-mile and express parcel delivery services	9.7	44.5	145.0	0.3

Note:

(i) [a] Exchange rate from USD to RM was converted based on average annual exchange rates in 2023 extracted from published information from Bank Negara Malaysia at USD1= RM4.5900

Source: Mordor Intelligence, Teleport Group, PROVIDENCE

Teleport Group's industry revenue share in the logistics service industry in Southeast Asia in 2024, in accordance to the type of logistics services is as follows:

Type of logistics services	Industry size (USD billion)	Industry size [a] (RM billion)	Teleport Group's unaudited revenues (RM million)	Industry revenue share (%)
Air freight	10.0	45.7	728.3	1.6
First- to last-mile and express parcel delivery services	10.7	48.9	314.9	0.6

Note:

(i) [a] Exchange rate from USD to RM was converted based on average annual exchange rates in 2024 extracted from published information from Bank Negara Malaysia at USD1= RM4.5711

Source: Mordor Intelligence, Teleport Group, PROVIDENCE

PROSPECTS AND OUTLOOK FOR TELEPORT GROUP

Moving forward, the air freight industry size in Southeast Asia is forecast to grow by a CAGR of 11.6% between 2025 and 2027. Meanwhile, the first- to last-mile and express parcel delivery industry size in Southeast Asia is forecast to grow by a CAGR of 10.1% over the same period.

The logistics service industry size in Southeast Asia is expected to be driven by the growth of e-commerce in Southeast Asia, growth in global trade, improvement and development of infrastructure, growth in demand for express parcel delivery services and Government initiatives to support the logistics and transportation industries in Southeast Asia.

Teleport Group stands to benefit from the growth of the logistics service industry in Southeast Asia in light of its plans to grow its Teleport Air Cargo, Teleport eCommerce and Teleport Next Day services.

3 THE MOBILE APP INDUSTRY IN SOUTHEAST ASIA

INTRODUCTION

A mobile app refers to a platform which is designed to run on a mobile device such as a smartphone or tablet. A mobile app is purpose-built to fulfil specific functionality(ies), such as communication, e-commerce, financial transactions, travel-related service booking, mobile games and/or entertainment.

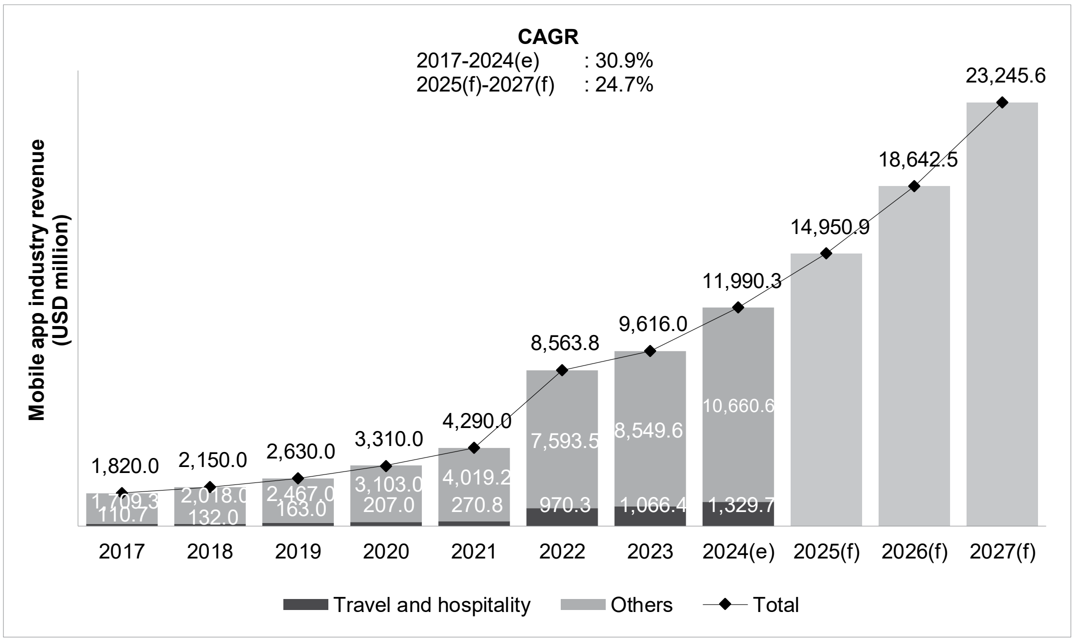
AirAsia MOVE Group is involved in the operations and management of a travel-related services platform, namely the AirAsia MOVE platform. AirAsia MOVE platform offers a variety of travel-related services, including flights, hotels, duty-free shopping, travel insurance, airport transfers and e-hailing rides.

INDUSTRY PERFORMANCE, SIZE AND GROWTH

The mobile app industry size, as measured by revenue, increased from USD1.8 billion (RM7.7 billion[1]) in 2017 to an estimated USD12.0 billion (RM54.9 billion[1]) in 2024 at a CAGR of 30.9%. Specifically, the travel and hospitality mobile app segment grew from USD110.7 million (RM476.1 million[1]) in 2017 to an estimated USD1.3 billion (RM6.1 billion[1]) in 2024, registering a CAGR of 42.2%.

Moving forward, the mobile app industry size in Southeast Asia is forecast to grow by a CAGR of 24.7%, from an estimated USD15.0 billion (RM68.6 billion[1]) million in 2025 to USD23.2 billion (RM106.0 billion[1]) in 2027.

Mobile app industry size in Southeast Asia by type



Notes:

(i) (e) - Estimate
(ii) (f) - Forecast

Source: Allied Market Research, PROVIDENCE analysis

DEMAND CONDITIONS: KEY GROWTH DRIVERS

Proliferation of mobile devices, and increasing mobile broadband penetration will widen the target market for the mobile app industry in Southeast Asia

The proliferation of mobile devices as well as increased mobile broadband penetration are expected to drive the mobile app industry in Southeast Asia.

In recent years, mobile devices, including smartphones, have become a necessity for urban dwellers to conduct day-to-day activities including work, socialising, booking travel-related services and shopping, as well as conduct transactions and make payments. In Southeast Asia, the number of mobile cellular subscriptions grew from approximately 919.8 million in 2017 to approximately 936.0 million in 2021, registering a CAGR of 0.4%.[22] This indicates the growing number of mobile device users in the region.

Meanwhile, the total number of mobile broadband subscriptions in the region grew from 531.6 million subscriptions in 2017 to 745.4 million subscriptions in 2023, at a CAGR of 5.8%.[23] The rise in adoption of mobile broadband subscriptions signifies an increasing number of mobile devices with Internet access. This poses as a larger potential market for mobile apps.

In addition, various Governments in countries in Southeast Asia have introduced initiatives to encourage the use of smartphones and the Internet. The Government of Malaysia has implemented various initiatives for low-income and/or senior citizens to increase the adoption rate of smartphones as well as improve Internet coverage. This includes the National Fiberisation and Connectivity Plan (NFCP) 2019-2023, which aims to improve broadband quality and coverage, and reduce the cost of broadband services to allow greater Internet access across all spectrums of society. Under the said plan, the Government of Malaysia plans to optimise digital infrastructure development and deployment across the nation, enhance connectivity in socio-economic sectors including education, agriculture and healthcare, as well as utilise local mobile networks to extensively connect regional and international networks. As a result, mobile broadband has reached a penetration rate of 131.1% as at December 2024.[24] Further, the Government of Malaysia has also introduced the Smart Phone Financing Scheme under the 12 Malaysia Plan which aims to provide subsidies for civil servants to purchase computers, smartphones or smart watches.

In Singapore, the Government of Singapore has introduced various initiatives aimed at improving the adoption rate of smartphones among low-income and/or senior citizens. Among the initiatives includes the Go Digital programme which was launched in 2020. The programme aims to raise the digital skills of 100,000 senior citizens by offering special plans which are available to them, which includes larger data bundles at a lower cost, thus allowing senior citizens to enjoy the benefits of digital services provided by mobile apps. Further, the Government of Singapore implemented the Mobile Access for Seniors initiative for lower-income senior citizens. The initiative will provide subsidies for smartphones as well as a one-year subsidised mobile data subscription plan from local mobile service providers. In addition, the Government of Singapore has also introduced the Digital Readiness Blueprint, which aims to expand and enhance digital access for inclusivity by providing computers and tablets at subsidised rates to low-income households.

Meanwhile in Vietnam, the Government of Vietnam has implemented initiatives focused on increasing the smartphone adoption rate for low-income and/or senior citizens. The Government of Vietnam also approved the Digital Infrastructure Strategy to 2025 which aims to boost the smartphone adoption rate among the population to 85% by the end of 2022.[25] In March 2024, the smartphone adoption rate in Vietnam was over 84.0%.[26] Additionally, the Vietnamese Ministry of Information and Communications also plans to support the production of low-cost smartphones by selling smartphones at an estimated cost of USD50 per piece through various subsidies, to achieve the goal of smartphone penetration rate at 100%.[27]

Therefore, the affordability of smartphones and mobile devices as well as incentives implemented by the Governments across Southeast Asia will support the proliferation of smartphones and mobile devices with Internet access in the region. This in turn will result in the growth of the mobile app industry, as the rise in number of mobile device users and increased mobile broadband penetration rate will lead to a wider target market for mobile apps.

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[22] Source: World Bank. Latest publicly available information is as at 2021.
[23] Source: International Telecommunication Union. Latest publicly available information is as at 2023.
[24] Source: MCMC
[25] Source: OpenGov Asia
[26] Source: Edtech Agency (4 March 2024) "Vietnam aiming for 100% smartphone use by the end of 2024"
[27] Source: Hanoi Times

Growing economy and increasing disposable income over the long term signifies growth potential for the mobile app industry

Southeast Asia is a developing region with positive economic growth. The total GDP of Southeast Asia rose from approximately USD2.8 trillion (RM12.0 trillion[1]) in 2017 to USD3.4 trillion (RM15.6 trillion[1]) in 2023, registering a CAGR of 3.3% over the period.[28]

Meanwhile, the average GDP per capita in Southeast Asia has also been growing from approximately USD11,058 (RM47,558[1]) in 2017 to USD11,919 (RM54,708[1]) in 2023, at a CAGR of 1.3%.[29] This depicts a rise in disposable income amongst the population in Southeast Asia, which indicates a more affluent population with more spending power.

As the economies in the region develop and disposable incomes of the population in Southeast Asia grow, the mobile app industry is expected to grow in tandem as there would be a growing demand for products and services offered through mobile apps including booking travel-related services such as flights, hotels, duty-free shopping, travel insurance, airport transfers and e-hailing rides.

Further, the growing economy and disposable income in the region also signifies growth in urbanisation in the region. This is expected to lead to lifestyle changes which will result in a growing need for convenience. As such, this will subsequently lead to an increase in usage of mobile apps, primarily due to the convenience offered. By utilising mobile apps, users can conduct day-to-day activities with ease through their mobile devices whenever and wherever as long as they have access to Internet. Since working consumers have limited amount of spare time in their daily lives, they will opt for the convenience of using mobile apps to save time over money. This in turn, will lead to the growth in the utilisation rate of mobile apps, which will drive the mobile app industry across Southeast Asia.

Use of big data analytics and artificial intelligence ("AI") in mobile apps will encourage the use of mobile apps and improve user retention

By using big data analytics, mobile app providers are able to gather and analyse data provided by users which allows mobile app providers to better understand customer needs and preferences. Therefore, this allows mobile app providers to enhance their mobile apps to cater to individual needs and preferences and enhance user experience. Additionally, with big data analytics, targeted promotions and marketing activities may be personalised to suit individual users based on the data gathered. This will in turn encourage the usage of mobile apps.

In addition, the emergence of AI has also changed the way mobile apps enable customer service. Through the use of AI, mobile app providers are able to utilise AI chatbots instead of human workers to provide customer service and after-sales support. By utilising AI chatbots, mobile app users can easily tend to basic customer queries 24 hours daily, thus providing users with easy access to customer service and after-sales support services at any time of the day.

Therefore, with the use of big data analytics and AI, mobile apps are expected to improve user experience, which will subsequently encourage more users to utilise mobile apps to conduct day-to-day activities. Additionally, this could also result in greater user retention as users would be loyal to mobile apps which satisfies their needs, goals and interest.

SUPPLY CONDITIONS

A critical component for operating a mobile app is the talent in charge of developing, enhancing and maintaining the mobile app as well as the hosting services to store data gathered by the platform. This can either be undertaken in-house or outsourced to third-party mobile app developers. Meanwhile, mobile app providers using big data analytics to personalise user experience on their mobile app will also require data engineers, scientists and/or analysts to analyse and interpret the data gathered. Thus, there is a need for mobile app providers to hire, retain and train data engineers, scientists and/or analysts, or outsource such services to third-party providers.

[28] Source: World Bank. Latest publicly available information is as at 2023.
[29] Source: World Bank. Latest publicly available information is as at 2023.

RELEVANT LAWS AND REGULATIONS

Generally, mobile app providers do not require any licence, approval or permit to operate a mobile app. However, they may require certain approvals to provide the services offered through the mobile app. For instance, for mobile apps that offer travel-related services in Malaysia, mobile app providers are required to obtain Inbound Tour Operating Business Licence and Travel Agency Business Licence from the Ministry of Tourism, Arts and Culture Malaysia to carry out domestic tour and travel agency businesses in Malaysia or the Intermediation Business (E-Hailing) License from the Ministry of Transport Malaysia to carry out e-hailing services.

COMPETITIVE OVERVIEW

PROVIDENCE has identified 7 industry players, including AirAsia MOVE Group, on the basis that the companies:

(i) Offer travel services, i.e. flight and hotel bookings;
(ii) Offer their services to country(ies) in Southeast Asia; and
(iii) Offer at least 3 more other travel and/or lifestyle services.

The table below sets out the details of the industry players:

Company name	Mobile app name	Service offerings	Headquarters	Countries served	Latest FYE	Revenue (RM '000)	GP (RM '000)	GP margin (%) [a]	PAT (RM '000)	PAT margin (%) [b]
AirAsia MOVE Group	**AirAsia MOVE**	**Hotel, flight, travel add-ons, e-hailing, transport, e-commerce, insurance, rewards, financial services, games**	**Malaysia**	**Malaysia, Thailand, the Philippines, Indonesia**	**31 December 2023**	**668,896 [c]**	**539,747 [c]**	**80.7**	**55,075 [c]**	**8.2**
PT Global Digital Niaga	BliBli	Hotel, flight, travel add-ons, transport, groceries, insurance, vouchers, e-commerce, purchase vehicle, mobile top-up	Indonesia	Indonesia	N/A[d]	N/A[d]	N/A[d]	N/A[d]	N/A[d]	N/A[d]
JD.com, Inc.	JD.com	Hotel, flight, transport, groceries, e-commerce, financial services, insurance, medical	PRC	Malaysia, PRC, Macau, Hong Kong, United States, Japan, Singapore, Thailand, Korea	31 December 2023	698,630,794 [e f]	102,865,346 [e f]	14.7	14,979,834 [e f]	2.1

Company name	Mobile app name	Service offerings	Headquarters	Countries served	Latest FYE	Revenue (RM '000)	GP (RM '000)	GP margin (%) [a]	PAT (RM '000)	PAT margin (%) [b]
		services, vouchers, games								
Klook Travel Technology Limited	Klook	Hotel, flight, travel add-ons, e-hailing, transport, insurance, food, car rental, entertainment, mobile top-up	Hong Kong	International	N/A	N/A[d]	N/A[d]	N/A[d]	N/A[d]	N/A[d]
M-Service JSC	MoMo	Hotel, flight, transport, groceries, insurance, food, financial services, ticketing, games, mobile top-up	Vietnam	Vietnam	N/A[d]	N/A[d]	N/A[d]	N/A[d]	N/A[d]	N/A[d]
Sea Limited	Shopee	Hotel, flight, transport, groceries, insurance, food, financial services, ticketing, games, mobile top-up, insurance, e-commerce	Singapore	Singapore, Indonesia, Taiwan, Thailand, Malaysia, Vietnam, the Philippines, Brazil, Mexico Colombia, and Chile	31 December 2023	36,192,999 [c g]	12,456,452 [c g]	34.4	746,710 [c g]	2.1[h]
PT Trinusa Travelindo	Traveloka	Hotel, flight, travel add-ons, e-hailing, transport, entertainment, insurance, financial services, games, car rental	Indonesia	Australia, Indonesia, Japan, the Philippines, Malaysia, Singapore, Thailand, and Vietnam	N/A[d]	N/A[d]	N/A[d]	N/A[d]	N/A[d]	N/A[d]

Notes:

(i) The list contains information based on publicly disclosed information as at 7 April 2025
(ii) [a] GP margin is computed based on GP over revenue
(iii) [b] PAT margin is computed based on PAT over revenue
(iv) [c] Exchange rate from USD to RM was converted based on average annual exchange rates in 2023 extracted from published information from Bank Negara Malaysia at USD1 = RM4.5900
(v) [d] Not available as it is a private exempt company
(vi) [e] Exchange rate from RMB to RM was converted based on average annual exchange rates in 2023 extracted from published information from Bank Negara Malaysia at RMB1 = RM0.6441
(vii) [f] Financial information is based on consolidated financial information and may include other businesses, as the segmental financial information is not publicly available
(viii) [g] Financial information is based on segmental financial information
(ix) [h] PAT margin is computed based on consolidated financial information as segmental financial information is not publicly available

Source: Companies Commission of Malaysia, various company websites, AirAsia MOVE Group, PROVIDENCE

INDUSTRY REVENUE SHARE

AirAsia MOVE Group's industry revenue share in the mobile app industry in Southeast Asia in 2023 is as follows:

	Industry size (USD million)	Industry size [a] (RM million)	AirAsia MOVE Group's revenue (RM million)	Industry revenue share (%)
Mobile apps focusing on travel and hospitality	1,066.4	4,894.8	668.9	13.7
Total mobile apps industry	9,616.0	44,137.4		1.5

Note:

(i) [a] Exchange rate from USD to RM was converted based on average annual exchange rates in 2023 extracted from published information from Bank Negara Malaysia at USD1= RM4.5900

Source: Allied Market Research, AirAsia MOVE Group, PROVIDENCE

AirAsia MOVE Group's industry revenue share in the mobile app industry in Southeast Asia in 2024 is as follows:

	Industry size (USD million)	Industry size [a] (RM million)	AirAsia MOVE Group's unaudited revenue (RM million)	Industry revenue share (%)
Mobile apps focusing on travel and hospitality	Not available [b]	Not available [b]	530.5	-
Total mobile apps industry	11,990.3	54,808.9		1.0

Notes:

(i) [a] Exchange rate from USD to RM was converted based on average annual exchange rates in 2024 extracted from published information from Bank Negara Malaysia at USD1= RM4.5711
(ii) [b] Industry size for the type of services is not yet available for 2024

Source: Allied Market Research, AirAsia MOVE Group, PROVIDENCE

PROSPECTS AND OUTLOOK FOR AIRASIA MOVE GROUP

Moving forward, the mobile app industry size in Southeast Asia is forecast to grow by a CAGR of 24.7% between 2025 and 2027. This growth is expected to be driven by the proliferation of mobile devices and increased mobile broadband penetration, growing economy and increasing disposable income, use of big data analytics and AI in mobile apps.

AirAsia MOVE Group stands to benefit from the growing mobile app industry in Southeast Asia in light of its future plans to grow its sales through the AirAsia MOVE platform and the growing airline industry in Southeast Asia as illustrated in Chapter 7 of this IMR report.

4 DIGITAL FINANCIAL SERVICE INDUSTRY IN SOUTHEAST ASIA

INTRODUCTION

Digital financial services refer to the financial-related services offered through a digital platform. Such digital financial services include the following:

(i) Payments and fund transfer – include payments, fund transfers and remittances using virtual cards, electronic wallets ("**e-wallets**"), DuitNow QR, cross-border QR, other digital platform users as well as local and international bank accounts;

(ii) Insurance, personal finance and loans – include insurance plans, lending services and instalment plans sold through digital platforms;

(iii) Wealth management – includes financial advisory and planning, investment management and stock market trading services through digital platforms.

BigPay Group offers the BigPay platform which provides digital financial services, including payments, fund transfer and remittance, insurance and lending services, amongst others. These digital financial services are offered in Malaysia, Singapore and Thailand.

INDUSTRY PERFORMANCE, SIZE AND GROWTH

The digital financial service industry in Southeast Asia, as measured by revenue, grew from USD1.9 billion (RM8.2 billion[1]) in 2017 to an estimated USD13.1 billion (RM59.9 billion[1]) in 2024, registering a CAGR of 32.0%.

Specifically, the digital financial service industry in Malaysia increased from USD191.2 million (RM822.3 million[1]) in 2017 to USD1.3 billion (RM6.0 billion[1]) in 2023 at a CAGR of 36.8%, whereas the digital financial service industry in Singapore grew from USD417.9 million (RM1.8 billion[1]) in 2017 to USD4.0 billion (RM18.4 billion[1]) in 2023 at a CAGR of 45.7%. Meanwhile the digital financial service industry in Thailand increased from USD279.2 million (RM1.2 billion[1]) in 2017 to USD1.5 billion (RM6.9 billion[1]) in 2023 at a CAGR of 31.8%.

Moving forward, the digital financial service industry in Southeast Asia is forecast to grow by a CAGR of 19.5%, from an estimated USD15.6 billion (RM71.3 billion[1]) in 2025 to USD22.3 billion (RM101.9 billion[1]) in 2027.

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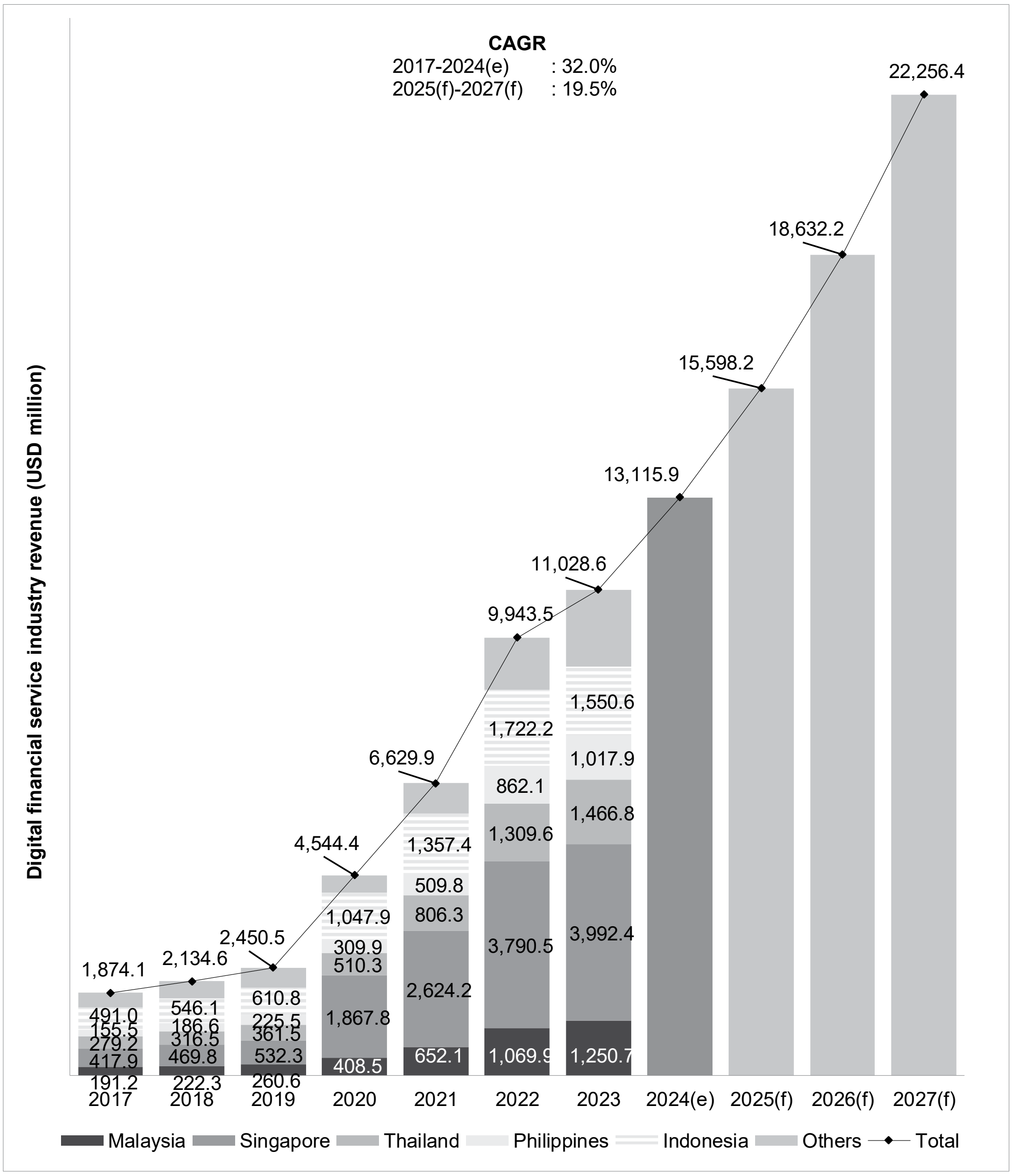
Digital financial service industry in Southeast Asia (by country)



Notes:

(i) (e) – Estimate
(ii) (f) - Forecast

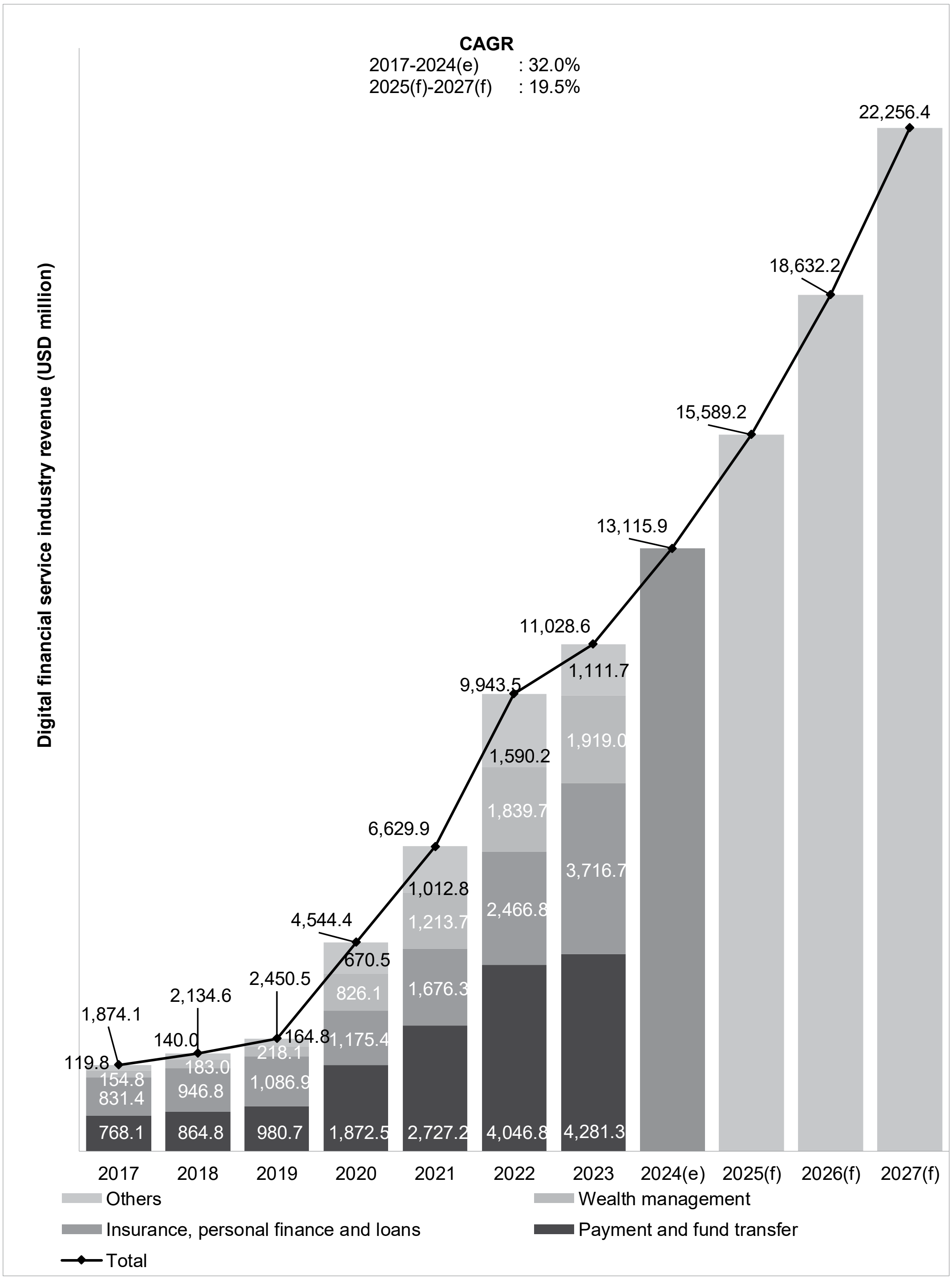
Source: Allied Market Research, PROVIDENCE analysis

The digital financial service industry in Southeast Asia can also be segmented by types of services offered. In particular, the industry size for payment and fund transfers grew from USD768.1 million (RM3.3 billion[1]) in 2017 to USD4.3 billion (RM19.7 billion[1]) in 2023 at a CAGR of 33.2%, while revenue for insurance, personal finance and loans grew from USD831.4 million (RM3.6 billion[1]) to USD3.7 billion (RM17.0 billion[1]) over the same period at a CAGR of 30.2%.

INDEPENDENT MARKET RESEARCH REPORT *(CONT'D)*

PROVIDENCE

Digital financial service industry in Southeast Asia (by type of services)



Notes:

(i) (e) – Estimate
(ii) (f) - Forecast

Source: Allied Market Research, PROVIDENCE analysis

DEMAND CONDITIONS: KEY GROWTH DRIVERS

Economic growth and rising disposable income in Southeast Asia will contribute to the growth of the digital financial service industry

Please refer to **Chapter 4: The Mobile App Industry in Southeast Asia (Demand Conditions: Key Growth Drivers)** for more details on growing economy and disposable income in Southeast Asia. As the economies in the region develop and disposable incomes of the population in Southeast Asia grow, the population is expected to spend more frequently and make more payments and purchases. This in turn will create more demand for payments using digital financial services, primarily due to its convenience and accessibility.

Further, the growing economy and disposable income in the region also signifies growth in urbanisation in the region. This is expected to lead to lifestyle changes which will result in a growing need for convenience. As such, this will subsequently lead to an increase in usage of digital financial service platforms, primarily due to the convenience offered. This in turn, will drive the digital financial service industry across Southeast Asia.

Underbanked and unbanked population in Southeast Asia indicates potential for the growth of digital financial service industry

In Southeast Asia, the rate of underbanked or unbanked people among the Southeast Asian population stood at over 37.0% in 2021.[30] The unbanked population comprises adult population who do not own any bank account to deposit or withdraw money. Typically, this constitutes adults who either do not have any income, or do not believe in the need to use the financial system, and more than half of them are not from the urban areas in Southeast Asia.

Digital financial platforms are widely accessible to underbanked or unbanked people as compared to banks and financial institutions as digital financial service platforms do not require pre-requisites compared to a bank or financial institution. As such, lending services offered through digital financial service platforms and virtual cards are more accessible as long as the customer can undergo the know-your-customer (KYC) process imposed by the digital financial service platform provider as proof of identity.

With a lack of proof of income and credit score rating, the underbanked and unbanked population will divert towards digital financial services for short-term financing services, and this has been driving, and will continue to drive, demand for digital financial services in Southeast Asia.

Proliferation of mobile devices and increasing mobile broadband penetration will drive the digital financial service industry in Southeast Asia

The proliferation of mobile devices as well as increasing mobile broadband penetration are expected to drive the digital financial service industry in Southeast Asia. Please refer to **Chapter 4: The Mobile App Industry in Southeast Asia (Demand Conditions: Key Growth Drivers)** for more details on increasing usage of mobile devices and mobile broadband penetration rates.

The proliferation of mobile devices including smartphones and increasing mobile broadband penetration signifies an increasing number of mobile devices with Internet access. This will improve the accessibility of the population in Southeast Asia to digital financial services and pose as a larger potential market for these services.

Benefits of using e-wallets will contribute to the growth of the digital financial service industry

The digital financial service industry is also expected to be driven by the adoption of e-wallets due to the convenience it provides. E-wallets are safe and convenient for consumers as they offer contactless payments without the need for physical cash. Further, e-wallets can also be utilised for conducting various other activities including paying for utilities or parking, and purchasing products and services.

[30] Source: World Bank. Does not include Brunei, Timor-Leste and Vietnam. Latest publicly available information is as at 2021.

Government initiatives aimed at driving the usage of digital financial services will support the growth of the digital financial service industry in Southeast Asia

Various initiatives and policies have been introduced in Southeast Asia to drive the adoption of digital financial services.

The Association of Southeast Asian Nations ("**ASEAN**") has implemented the ASEAN Digital Masterplan 2025 which aims to encourage businesses and people to participate in the digital economy by providing the ASEAN community with improved digital services, and create a digitally-inclusive society through the adoption and utilisation of these digital services. Further, ASEAN has also implemented the ASEAN Digital Integration Framework Action Plan 2019-2025 as a method to help overcome the barriers of digital integration. The action plan places priority on various areas in order to accelerate ASEAN's plans to realise digital integration, such as enabling seamless digital payments to promote safe and secure, efficient and interoperable e-payment systems.

In Malaysia, the Government of Malaysia has released the Malaysia Digital Economy Blueprint in 2021, which plans to accelerate Malaysia into a technologically advanced economy. Under this blueprint, the Government of Malaysia aims to drive digital transformation in the public sector by ensuring government agencies adopt cashless payments as the preferred method for payment, as well as create an inclusive digital society through the promotion of electronic payment onboarding programme for merchants and consumers.

Meanwhile in Singapore, the Government of Singapore has implemented the Digital Readiness Blueprint. Among the strategic thrusts in the blueprint include expanding and enhancing digital access for inclusivity by promoting the usage of electronic or cashless payment methods through customised mobile packages for those with specific needs, and widening the access to basic digital enablers.

In Thailand, the Bank of Thailand issued the Directions for Development of Payment Systems Under the New Financial Sector Landscape of Thailand, which illustrates Thailand's 3-year payment systems development strategy. Through this development strategy, digital financial service platforms will act as a catalyst to support efficient and sustainable transition of the financial sector within Thailand to a digital economy.

The abovementioned Government initiatives implemented by ASEAN and the Governments are expected to drive the adoption of digital financial services across Southeast Asia.

SUPPLY CONDITIONS

A critical component for operating a digital financial services platform is the talent required to develop, enhance and maintain the platform. The platform can either be developed in-house or outsourced to third-party platform developers. Meanwhile, digital financial service providers using big data analytics to personalise user experience on their platform will also require data engineers, scientists and/or analysts to analyse and interpret the data gathered. Thus, there is a need for digital financial service providers to hire, retain and train data engineers, scientists and/or analysts, or outsource such services to third-party providers.

RELEVANT LAWS AND REGULATIONS

Generally, mobile app providers do not require any licence, approvals or permits to operate a mobile app. However, they may require certain approvals to provide the services offered through the mobile app. For instance, digital financial service providers will need to obtain e-money licences in Malaysia and Thailand or Major Payment Institutions to allow for digital payments and fund transfers.

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COMPETITIVE OVERVIEW

PROVIDENCE has identified 6 industry players, including BigPay Group, on the basis that the companies:

(i) Offer digital financial services; and
(ii) Are headquartered in Southeast Asia.

The table below sets out the details of the industry players:

Company name	Platform name	Payments and fund transfer	Lending	Insurance plans	Money management feature	Others	Headquarters	Countries served	Latest FYE	Revenue (RM '000)	GP (RM '000)	GP margin [a] (%)	PAT (RM '000)	PAT margin [b] (%)
BigPay Group	**BigPay**	✓	✓	✓	✓	✓	**Malaysia**	**Malaysia, Singapore**	**31 December 2023**	**46,010[c]**	**45,955[c]**	**99.9**	**(103,881[c])**	**-**
Boost Holdings Sdn Bhd	Boost	✓	-	✓	-	✓	Malaysia	Malaysia, Singapore, Thailand	31 December 2023	152,001	136,845	90.0	(179,240)	-
Globe Digital financial services Innovations Inc.	GCash	✓	✓	✓	✓	✓	The Philippines	The Philippines, United States, Canada, the United Kingdom, Spain, Italy, Germany, Qatar, Kuwait, Japan, South Korea, Taiwan, Singapore, Hong Kong, Australia	N/A[d]	N/A[d]	N/A[d]	N/A[d]	N/A[d]	N/A[d]
Grab Holdings Ltd	Grab Pay	✓	-	✓	✓	✓	Singapore	Singapore, Malaysia, Indonesia, Thailand,	31 December 2023	844,560 [c e]	3,947,400 [c f]	36.5 [g]	(2,226,150) [c f]	-

Company name	Platform name	Payments and fund transfer	Lending	Insurance plans	Money management feature	Others	Headquarters	Countries served	Latest FYE	Revenue (RM '000)	GP (RM '000)	GP margin [a] (%)	PAT (RM '000)	PAT margin [b] (%)
								Vietnam, the Philippines, Myanmar, Cambodia						
Touch 'n Go Sdn Bhd	Touch 'n Go eWallet	✓	✓	✓	✓	✓	Malaysia	Malaysia, PRC, Singapore, Japan, South Korea, the Philippines, Australia, the United Kingdom, France, Germany, Italy	31 December 2023	192,392	126,524	65.8	(65,156)	-
Ascend Money	True Money	✓	✓	✓	✓	✓	Thailand	Thailand, Cambodia, Indonesia, Myanmar, the Philippines, Vietnam	N/A[d]	N/A[d]	N/A[d]	N/A[d]	N/A[d]	N/A[d]

Notes:

(i) The list contains information based on publicly disclosed information as at 7 April 2025
(ii) This list is not exhaustive
(iii) [a] GP margin is computed based on GP over revenue
(iv) [b] PAT margin is computed based on PAT over revenue
(v) [c] Exchange rate from USD to RM in 2023 was converted based on average annual exchange rates in 2023 extracted from published information from Bank Negara Malaysia at USD1 = RM4.5900
(vi) [d] N/A – Financial information not publicly available
(vii) [e] Financial information is based on segmental financial information
(viii) [f] Financial information is based on consolidated financial information and may include other businesses, as the segmental financial information is not publicly available
(ix) [g] GP margin is computed based on consolidated financial information as segmental financial information is not publicly available

Source: Companies Commission of Malaysia, various company websites, BigPay Group, PROVIDENCE

INDUSTRY REVENUE SHARE

BigPay Group's industry revenue share in the digital financial service industry in Southeast Asia in 2023 is as follows:

Type of digital financial services	Industry size (USD million)	Industry size (RM million) [a]	BigPay Group's revenues (RM '000)	Industry revenue share (%)
Payments, fund transfer, insurance, personal finance and loans	2,371.2	36,711.0	46,010	0.1
Total digital financial service industry	11,028.6	50,621.3	46,010	0.1

Note:

(i) [a] Exchange rate from USD to RM in 2023 was converted based on average annual exchange rates in 2023 extracted from published information from Bank Negara Malaysia at USD1 = RM4.5900

Source: Allied Market Research, BigPay Group, PROVIDENCE

BigPay Group's industry revenue share in the digital financial service industry in Southeast Asia in 2024 is as follows:

Type of digital financial services	Industry size (USD million)	Industry size (RM million) [a]	BigPay Group's unaudited revenues (RM '000)	Industry revenue share (%)
Payments, fund transfer, insurance, personal finance and loans	Not available [b]	Not available [b]	39,873	-
Total digital financial service industry	13,115.9	59,954.1	39,873	0.1

Note:

(i) [a] Exchange rate from USD to RM was converted based on average annual exchange rates in 2024 extracted from published information from Bank Negara Malaysia at USD1 = RM4.5711

(ii) [b] Industry size for the type of services is not yet available for 2024

Source: Allied Market Research, BigPay Group, PROVIDENCE

PROSPECTS AND OUTLOOK FOR BIGPAY GROUP

Moving forward, the digital financial service industry in Southeast Asia is forecast to grow at a CAGR of 19.5% between 2025 and 2027. The growth is expected to be driven by the economic growth and rising disposable income, underbanked and unbanked population, proliferation of mobile devices and increasing broadband penetration, and Government initiatives in Southeast Asia as well as benefits of using e-wallets.

BigPay Group stands to benefit from the growing digital financial service industry in Southeast Asia.

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PROVIDENCE

5 THE IN-FLIGHT CATERING SERVICE MARKET IN SOUTHEAST ASIA

INTRODUCTION

In-flight catering services refer to the provision of in-flight food and beverages ("**F&B**") to airline passengers during a flight. Depending on the route, duration of the flight and cabin class, these in-flight F&B may vary from simple snacks to a full meal consisting of several courses, while drinks can include alcoholic or non-alcoholic options.

In-flight catering services may either be performed in-house or outsourced. Airlines which outsource their catering typically engage the services of an in-flight catering service provider which specialises in providing in-flight F&B to airlines.

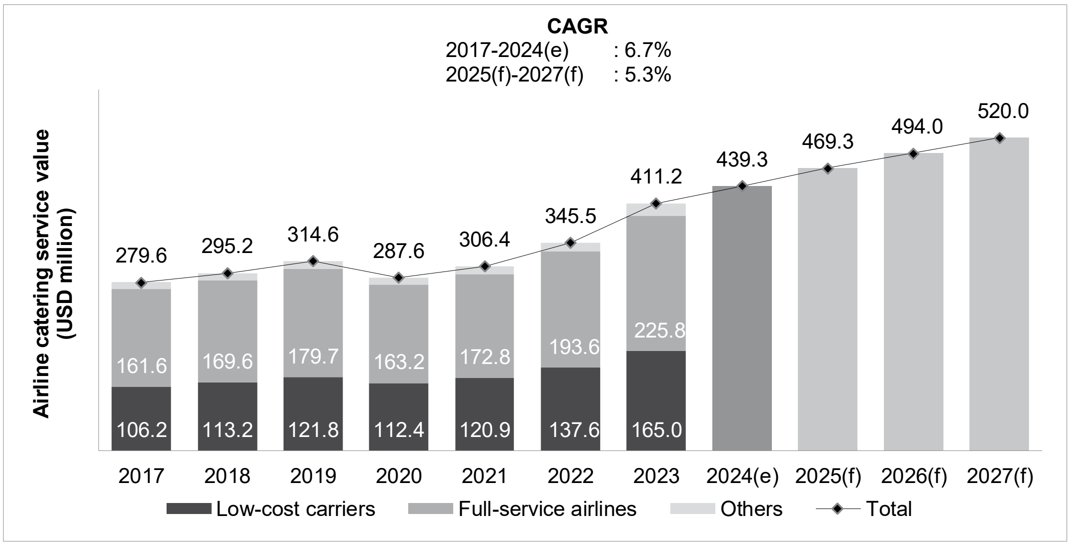
Santan is presently involved in the provision of in-flight catering services.

MARKET PERFORMANCE, SIZE AND GROWTH

The in-flight catering service market size in Southeast Asia, as measured by service value, grew from USD279.6 million (RM1.2 billion[1]) in 2017 to an estimated USD439.3 million (RM2.0 billion[1]) in 2024, registering a CAGR of 6.7%. In 2023, in-flight catering services for low-cost carriers constituted 40.1% of the total in-flight catering service market in Southeast Asia. Between 2017 and 2023, in-flight catering services for low-cost carriers increased from USD106.2 million (RM456.7 million[1]) in 2017 to USD165.0 million (RM757.4 million[1]) in 2023 at a CAGR of 7.6%.

Moving forward, the in-flight catering service market size is forecast to reach USD520.0 million (RM2.4 billion[1]) in 2027, growing from USD469.3 million (RM2.1 billion[1]) in 2025 at a CAGR of 5.3%.

In-flight catering service market size in Southeast Asia



Notes:

(i) (e) - Estimate
(ii) (f) – Forecast
(iii) Others include charter flights

Source: HTF Market Intelligence, PROVIDENCE analysis

DEMAND CONDITIONS: KEY GROWTH DRIVERS

Growth of the airline industry will drive the growth of the in-flight catering service market

The in-flight catering service market is mainly driven by the growth of the airline industry, being the end-user industry that it serves. In particular, growing airline passenger volumes will lead to an increased demand for in-flight catering services, as passengers consumes or purchases in-flight F&B.

Please refer to **Chapter 7: Airline Industry in Southeast Asia (Demand Conditions: Key Growth Drivers)** for more details on the growth of the airline industry.

SUPPLY CONDITIONS

Preparation of in-flight F&B can either be undertaken in-house or outsourced to third-party central kitchens. If undertaken in-house, one of the critical supply factors for in-flight catering service providers is the availability of ingredients needed for the preparation of in-flight F&B.

RELEVANT LAWS AND REGULATIONS

In order to provide in-flight catering services, the airlines or in-flight catering service in Malaysia must obtain a full Ground Handling Licence from the Malaysian Aviation Commission.

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COMPETITIVE OVERVIEW

PROVIDENCE has identified 23 industry players, including Santan, on the basis that the companies:

(i) Are involved in the provision of in-flight catering services; and
(ii) Are headquartered in Southeast Asia.

The table below sets out the details of the industry players:

Company name	Headquarters	Latest audited FYE	Revenue (RM'000)	GP (RM'000)	GP margin (%) [a]	PAT/LAT (RM'000)	PAT margin (%) [b]
Bangkok Air Catering Co., Ltd	Thailand	31 December 2024	167,854 [c f]	700,533 [d f]	20.7 [e f]	492,41 [d f]	14.6 [e f]
Brahim's Food Services Sdn Bhd	Malaysia	31 December 2023	163,422	74,743	45.7	11,650	7.1
Cambodia Air Catering Services Ltd	Cambodia	N/A	N/A	N/A	N/A	N/A	N/A
Danang Airport Services JSC	Vietnam	31 December 2023	19,377 [c g]	2,795 [c g]	14.4	698 [d g]	2.5 [e]
Global Catering JSC	Vietnam	N/A	N/A	N/A	N/A	N/A	N/A
Global Catering Services Corporation	The Philippines	N/A	N/A	N/A	N/A	N/A	N/A
Lao Fly Services Co Ltd	Laos	N/A	N/A	N/A	N/A	N/A	N/A
MacroAsia Corporation	The Philippines	31 December 2023	326,647 [c h]	106,104 [c h]	32.5	87,876 [d h]	26.9 [e]
MAS Awana Services Sdn Bhd	Malaysia	31 December 2023	97,028 [c]	53,503 [d]	47.0 [e]	11,118 [d]	9.8 [e]
NoiBai Catering Services JSC	Vietnam	N/A	N/A	N/A	N/A	N/A	N/A
Phuket Air Catering Co., Ltd	Thailand	N/A	N/A	N/A	N/A	N/A	N/A
POS Aviation Sdn Bhd	Malaysia	31 December 2023	291,331 [c]	62,825 [d]	10.2 [e]	(32,247) [d]	-
PT Aerofood Indonesia	Indonesia	N/A	N/A	N/A	N/A	N/A	N/A
PT Parewa Aero Catering	Indonesia	N/A	N/A	N/A	N/A	N/A	N/A
PT Pengembangan Jaya Papua	Indonesia	N/A	N/A	N/A	N/A	N/A	N/A
PT Purantara Mitra Angkasa Dua	Indonesia	N/A	N/A	N/A	N/A	N/A	N/A
Royal Brunei Culinary	Brunei	N/A	N/A	N/A	N/A	N/A	N/A
Sajian Ambang Sdn Bhd	Malaysia	31 December 2023	28,261	5,676	20.1	689	2.4
Santan	**Malaysia**	**31 December 2023**	**124,856** [c]	**54,966** [d]	**41.1** [e]	**15,814** [d]	**11.8** [e]
SATS Ltd	Singapore	31 March 2024	3,764,755 [c i]	829,816 [d i]	4.7	110,098 [d i]	1.2 [e i]

Company name	Headquarters	Latest audited FYE	Revenue (RM'000)	GP (RM'000)	GP margin (%) [a]	PAT/LAT (RM'000)	PAT margin (%) [b]
Thai Airways International PLC	Thailand	31 December 2023	1,211,785 [c j]	556,464 [d j]	2.7 [e]	3,686,206 [c j]	17.9 [e]
Vietnam Airlines Caterers Ltd	Vietnam	N/A	N/A	N/A	N/A	N/A	N/A
Vietnam Air Catering Services JSC	Vietnam	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

(i) The list contains information based on publicly disclosed information as at 7 April 2025
(ii) This list is not exhaustive
(iii) N/A - Not available
(iv) [a] GP margin is computed based on GP over revenue
(v) [b] PAT margin is computed based on PAT over revenue
(vi) [c] Financial information is based on segmental financial information
(vii) [d] Financial information is based on consolidated financial information and may include other businesses, as segmental financial information is not publicly available
(viii) [e] GP/PAT margin is computed based on consolidated financial information as segmental financial information is not publicly available
(ix) [f] Exchange rate from THB to RM was converted based on average annual exchange rates in 2024 extracted from published information from Bank Negara Malaysia at THB100 = RM12.9647
(x) [g] Exchange rate from VND to RM was converted based on average annual exchange rates in 2023 extracted from published information from Bank Negara Malaysia at VND100 = RM0.0191
(xi) [h] Exchange rate from PHP to RM was converted based on average annual exchange rates in 2023 extracted from published information from Bank Negara Malaysia at PHP100 = RM8.2035
(xii) [i] Exchange rate from SGD to RM was converted based on average annual exchange rates in 2023 extracted from published information from Bank Negara Malaysia at SGD1 = RM3.3981
(xiii) [f] Exchange rate from THB to RM was converted based on average annual exchange rates in 2023 extracted from published information from Bank Negara Malaysia at THB100 = RM13.1073

Source: Companies Commission of Malaysia, various company websites, Santan, PROVIDENCE

MARKET SHARE

Santan's market share in the in-flight catering service market in Malaysia in 2023 is as follows:

	Industry size (USD million)	Industry size (RM million)	Santan's revenues (RM '000)	Market share (%)
F&B services	411.2	1,877.3	124,856	6.7

Note:

(i) [a] Exchange rate from USD to RM in 2023 was converted based on average annual exchange rates in 2023 extracted from published information from Bank Negara Malaysia at USD1 = RM4.5900

Source: HTF Market Intelligence, Santan, PROVIDENCE

Santan's market share in the in-flight catering service market in Malaysia in 2024 is as follows:

	Industry size (USD million)	Industry size (RM million)	Santan's revenues (RM '000)	Market share (%)
F&B services	439.3	2008.1	162,618	8.1

Note:

(i) [a] Exchange rate from USD to RM was converted based on average annual exchange rates in 2024 extracted from published information from Bank Negara Malaysia at USD1 = RM4.5711

Source: HTF Market Intelligence, Santan, PROVIDENCE

6 THE F&B MARKET IN MALAYSIA

INTRODUCTION

The F&B market in Malaysia encompasses F&B products and F&B services.

F&B services refer to the provision of services related to the preparation and serving of F&B to customers. There are various types if F&B service sub-segments:

(i) Self-service restaurants – refer to eateries without waitstaff, where customers have to order, pay for and collect their own food or drinks;

(ii) Full-service restaurants – refer to sit-down F&B service establishments where customers are attended to by waitstaff, with food served directly to their table;

(iii) Cafés/bars – refer to establishments which focus on serving alcoholic or non-alcoholic beverages, and may also offer food and snacks;

(iv) Limited-service restaurants – refer to establishments with limited menus, often focusing on fast food and takeaway; and

(v) Street stalls/kiosks – refer to stalls and kiosks set up by the road pavement, or in the concourse area of shopping complexes and commercial buildings. Street stalls/kiosks offer a variety of F&B to serve the mass public, including local food and delicacies, bakery products, ice cream, snacks and coffee, at lower price levels.

Meanwhile, F&B products include the preparation and sale of ready-to-eat food products, which refer to food or meals which can be directly consumed directly or after heating.

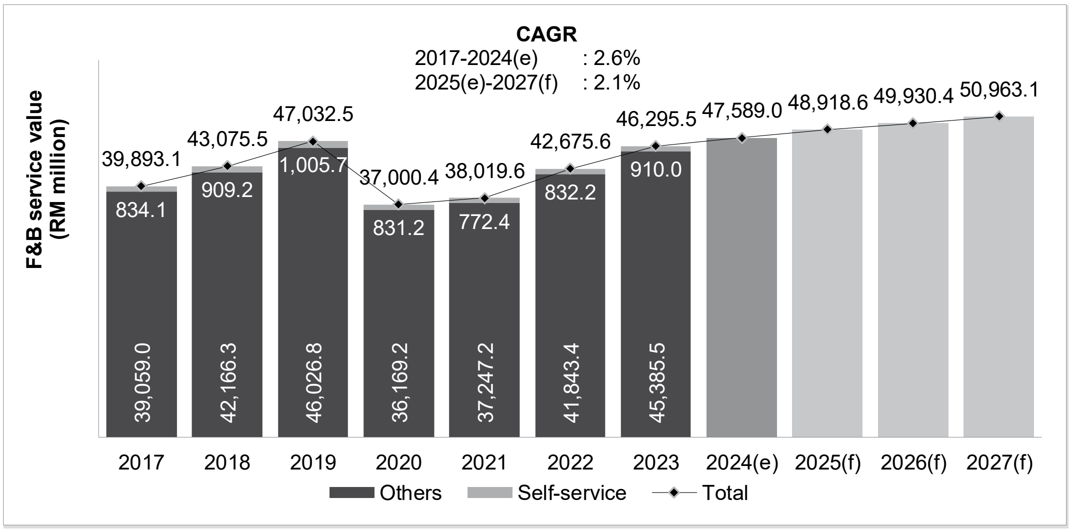
As Santan operates and manages a F&B service chain and prepares and sells frozen ready-to-eat meals to F&B service providers, retailers and hotel operators, these segments will be the area of focus in this IMR Report.

MARKET PERFORMANCE, SIZE AND GROWTH

The F&B service market size in Malaysia, as measured by service value, grew from RM39.9 billion in 2017 to an estimated RM47.6 billion in 2024, registering a CAGR of 2.6%. As a subset of the overall F&B service market, the self-service restaurant segment is estimated to have accounted for 2.0% of the total market size in 2023. The self-service restaurant segment grew at a CAGR of 1.5% during the period of 2017 to 2023, from RM834.1 million to RM910.0 million.

Moving forward, the F&B service market size is forecast to reach RM51.0 billion in 2027, growing from an estimated RM48.9 billion in 2025 at a CAGR of 2.1%.

F&B services market size in Malaysia



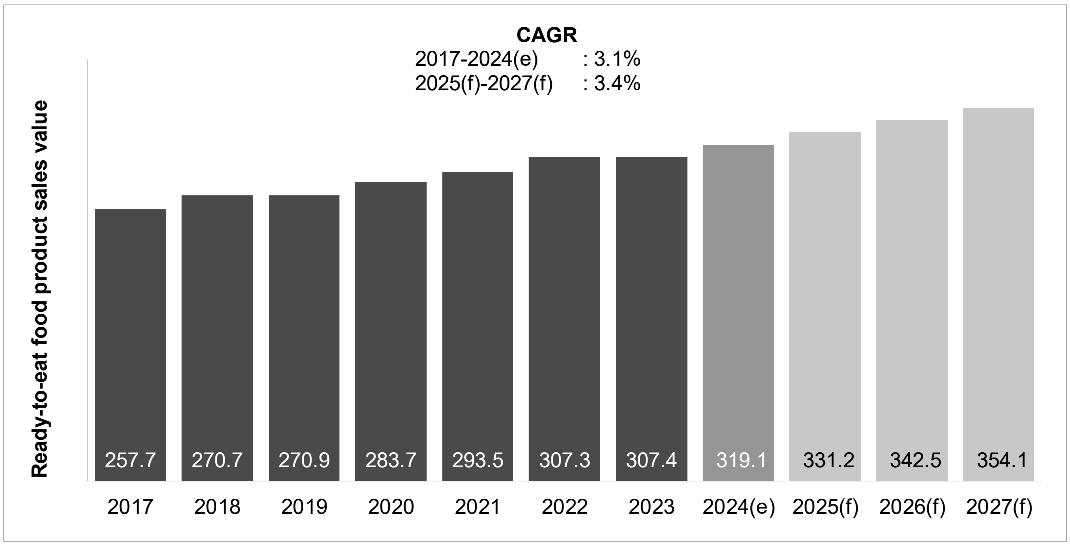
Notes:

(i) (e) - Estimate
(ii) (f) – Forecast

Source: Euromonitor International, PROVIDENCE analysis

The ready-to-eat food product market size in Malaysia, as measured by sales value of ready-to-eat food products, grew from RM257.7 million in 2017 to an estimated RM319.1 million in 2024, registering a CAGR of 3.1%. Moving forward, the ready-to-eat food product market size in Malaysia is forecast to reach RM354.1 million in 2027, growing from an estimated RM331.2 million in 2025 at a CAGR of 3.4%.

Ready-to-eat food product market size in Malaysia



Notes:

(i) (e) - Estimate
(ii) (f) – Forecast

Source: Euromonitor International, PROVIDENCE analysis

PROVIDENCE

DEMAND CONDITIONS: KEY GROWTH DRIVERS

Growing disposable income levels will lead to greater spending power for dining out and/or consuming ready-to-eat food products

The disposable income of the population in Malaysia has been growing in the long-term, especially amongst urban households. Malaysia's GDP per capita grew from USD10,416 (RM44,797[1]) in 2017 to USD11,691 (RM53,662[1]) in 2023.[31]

The long-term growth of disposable income will support the urban population's growing demand for dining out in restaurants, including self-service restaurants, and/or buying ready-to-eat food products.

Rising urbanisation will lead to greater demand for dining out and/or consuming ready-to-eat food products

Malaysia continues to experience a rise in urbanisation, resulting in more women joining the workforce and people working longer hours. Compared to rural dwellers, urban residents lead busier lives and thus, typically demand convenience.

As such, the growing demand for convenience due to busy lifestyles is expected to continue driving the growth of the F&B market, including the F&B service and ready-to-eat food markets in Malaysia.

SUPPLY CONDITIONS

One of the critical supply factors for the F&B market is the availability of materials, namely the ingredients needed for the preparation of food. These ingredients for food preparation are available locally. However, some imported ingredients may be used if they are not produced locally.

The F&B market also require the necessary talent to prepare and/or serve food. These personnel may either be local or foreign workers, and are readily available in Malaysia.

RELEVANT LAWS AND REGULATIONS

F&B service providers in Malaysia are subject to laws and regulations which encompass food safety, food handling, food storage and hygiene, among others. The laws pertaining to the F&B market include Food Hygiene Regulations 2009, Food Act 1983 and Food Regulations 1985. In addition, food handling licence, premise licence and certificate of registration of food premises are required.

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[31] Source: World Bank. Latest publicly available information is as at 2023.

PROVIDENCE

COMPETITIVE OVERVIEW

PROVIDENCE has identified 13 industry players, including Santan, on the basis that the companies:

(i) Operate outlets in the Klang Valley region;
(ii) Operate local or local fusion cuisine chains; and
(iii) Have a revenue of RM1.0 million and above

The table below sets out the details of the industry players:

Company name	Café chain name	Latest audited FYE	Revenue (RM'000)	GP (RM'000)	GP margin [a] (%)	PAT/LAT (RM'000)	PAT margin [b] (%)
Ah Cheng Laksa Sdn Bhd	Ah Cheng Laksa	N/A[c]	N/A[c]	N/A[c]	N/A[c]	N/A[c]	N/A[c]
Dessert Captain Sdn Bhd	Penang Chendul	31 December 2023	18,318	10,738	58.6	1,560	8.5
G&T Brand Sdn Bhd	Bungkus Kaw Kaw	31 December 2023	47,262	25,179	53.3	916	1.9
Hailam Kopitiam Sdn Bhd	Hailam Kopitiam	31 December 2023	1,160 [d]	1,147 [e]	69.5[f]	87 [e]	5.3[f]
Nasi Lemak Gempak Sdn Bhd	Ali, Muthu & Ah Hock	30 September 2023	36,948	19,848	53.7	(2,439)	-
Little Cravings Sdn Bhd [c]	Nyonya Colors	N/A[c]	N/A[c]	N/A[c]	N/A[c]	N/A[c]	N/A[c]
Old Town Kopitiam Sdn Bhd	OldTown White Coffee	31 December 2023	56,544	(7,255)	(13.3)	(15,068)	-
Oriental Kopi Holdings Berhad	Oriental Kopi	30 September 2024	260,878 [d]	75,948 [d]	29.1	43,132 [e]	15.6[f]
Santan	**Santan**	**31 December 2023**	**8,744 [d]**	**54,966 [e]**	**41.1 [f]**	**15,814 [e]**	**11.8 [f]**
Suez Top Ventures Sdn Bhd	Madam Kwan's	31 December 2023	84,267	52,903	62.8	8,376	9.9
Tea Garden Restaurant (MY) Sdn Bhd	Tea Garden	31 December 2023	40,969	10,106	24.7	1,731	4.2
Teh Tarik Place Sdn Bhd	Teh Tarik Place	30 June 2024 [g]	4,235 [d]	4,426 [e]	64.2 [f]	(1,437) [e]	-
Uncle Don's Restaurants Sdn Bhd	Uncle Don's	31 December 2023	16,613 [d]	11,830 [e]	53.7[f]	2,604 [e]	11.8[f]

Notes:

(i) The list contains information based on publicly disclosed information as at 7 April 2025
(ii) This list is not exhaustive
(iii) [a] GP margin is based on GP over revenue
(iv) [b] PAT margin is based on PAT over revenue
(v) [c] Not available as it is a private exempt company
(vi) [d] Financial information is based on segmental financial information of its provision of F&B services
(vii) [e] Financial information is based on consolidated financial information as segmental financial information is not publicly available
(viii) [f] GP/PAT margin is computed based on consolidated financial information as segmental financial information is not publicly available
(ix) [g] The company changed its financial year end from 31 December to 30 June, therefore the financial statement have been made up for a period of 18 months

Source: Companies Commission of Malaysia, Santan, various company websites, PROVIDENCE

MARKET SHARE

Santan's share in the F&B market in Malaysia in 2023 is as follows:

	Market size (RM million)	Santan's revenues (RM '000)	Market share (%)
F&B	46,295.5	8,744	0.02

Source: Euromonitor International, Santan, PROVIDENCE

Santan's share in the F&B service market in Malaysia in 2024 is as follows:

	Market size (RM million)	Santan's revenues (RM '000)	Market share (%)
F&B service	47,589.0	22,848	0.05

Source: Euromonitor International, Santan, PROVIDENCE

PROSPECTS AND OUTLOOK FOR SANTAN

Moving forward, the F&B service market size is forecast to grow at a CAGR of 2.1% between 2025 and 2027. Meanwhile, the ready-to-eat food product market size is forecast to grow at a CAGR of 3.4% over the same period. The growth in demand for F&B services and ready-to-eat food products will be driven by the growing disposable income and rising urbanisation in Malaysia.

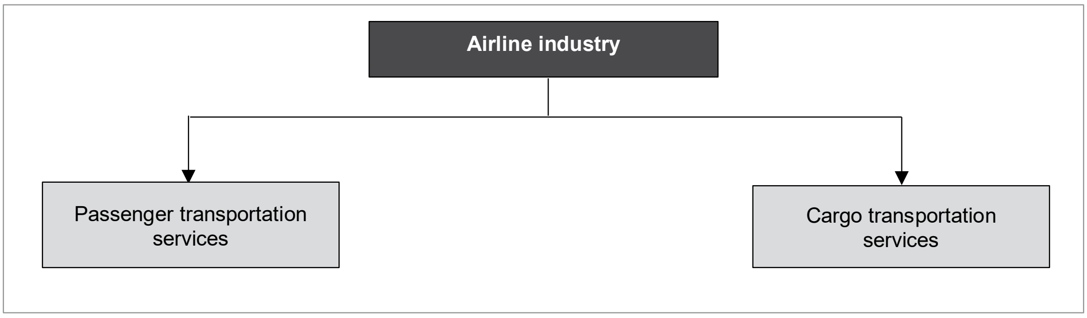
Santan stands to benefit from the growing F&B market in Malaysia.

7 OVERVIEW OF THE AIRLINE INDUSTRY IN SOUTHEAST ASIA

DEFINITION AND SEGMENTATION

Airlines refer to companies that provide commercial air transportation for passengers and/or cargo on domestic or international routes. Besides transporting passengers, airlines are also a vital part of the logistics service industry. Airlines facilitate air freight (i.e. shipment of cargo via aircraft) using freighter aircraft or the unused cargo belly space of passenger aircraft. The airline industry can thus be segmented as follows:

Segmentation of the airline industry



Source: PROVIDENCE

(i) Passenger transportation services, where airlines provide domestic and international air transportation to passengers, for both business and leisure purposes. These services comprise:

- **Full-service airlines** – refer to airlines which offer passengers the choice of economy, business or first-class travel. The air ticket costs typically include allocated seating, check in baggage allowance, in-flight entertainment, in-flight F&B, as well as flight amenities; and
- **Low-cost carriers** – refer to airlines which typically sells the transportation service without additional services such as such as seat selection, check-in baggage allowance and in-flight F&B. Customers have the option of paying for these services if they require them.

(ii) Cargo transportation services, which involve the shipping of parcels and cargos via aircraft, either domestically or internationally.

INDUSTRY PERFORMANCE, SIZE AND GROWTH

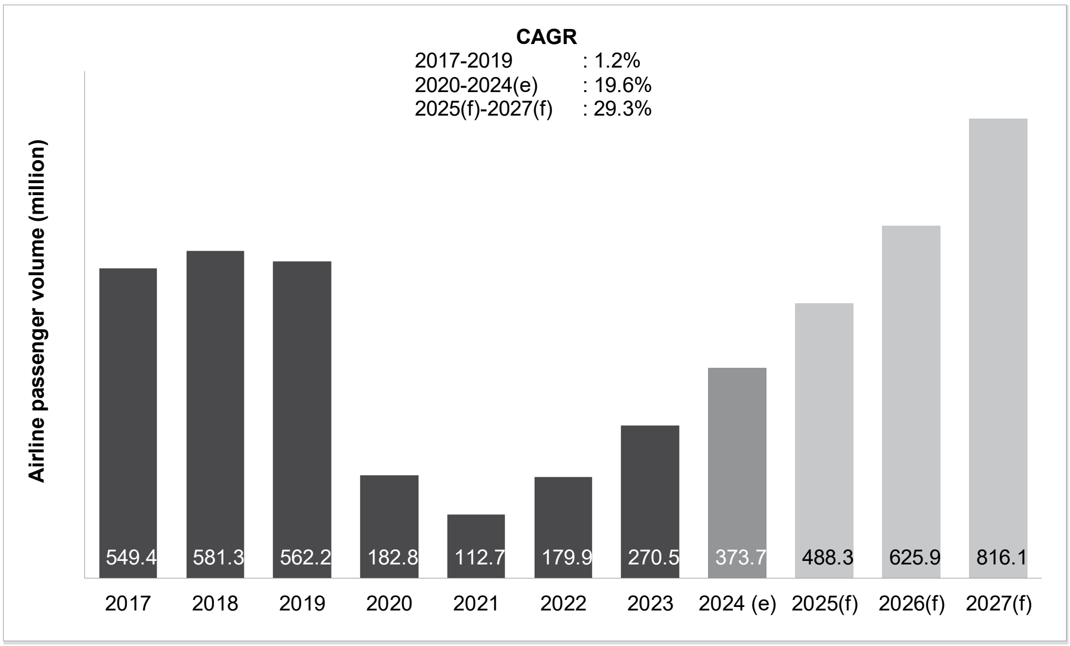
The industry size of the airline industry can be measured by passenger and cargo volumes.

The airline passenger volume in Malaysia, Thailand, the Philippines and Indonesia grew from 549.4 million in 2017 to 562.2 million in 2019, registering a CAGR of 1.2%. In 2020, the COVID-19 pandemic led to restrictions on movement locally and globally, and various physical business activities save for essential services were temporarily suspended. International borders were closed and flight activities were halted as governments took steps to curb the spread of the COVID-19. Throughout 2020 and 2021, the COVID-19 pandemic continued to have a negative impact on air travel, causing passenger volume to drop drastically to 182.8 million in 2020, and further down to 112.7 million in 2021.

As travel restrictions relaxed and vaccination rates increased, international travel began to pick up in conjunction with the resumption of economic activities and stabilisation of employment. As such, passenger volume recovered and grew to 179.9 million in 2022 and subsequently to 270.5 million in 2023. In 2024, passenger volume continued to grow to reach an estimated 373.7 million.

Moving forward, the airline passenger volume is forecast to grow by a CAGR of 29.3%, from 488.3 million in 2025 to 816.1 million in 2027.

Airline passenger volume in Malaysia, Thailand, the Philippines and Indonesia



Notes:

(i) (e) – Estimate
(ii) (f) – Forecast

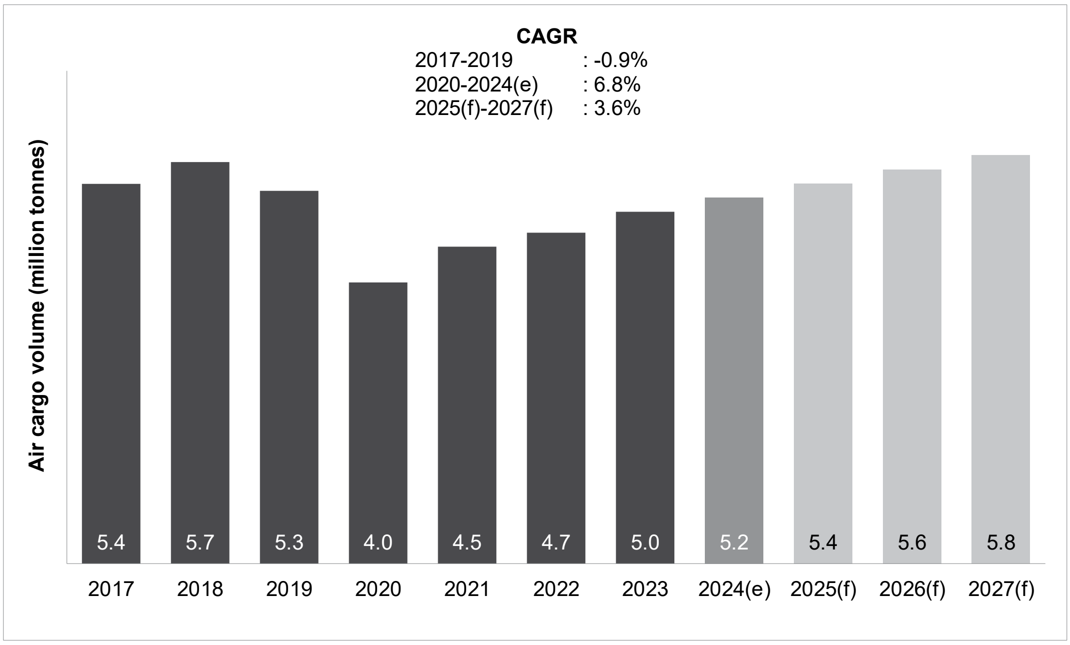
Source: Malaysian Aviation Commission, Philippine Statistics Authority, Ministry of Transportation Indonesia, Civil Aviation Authority of Thailand, PROVIDENCE analysis

The air cargo volume in Malaysia, Thailand, the Philippines and Indonesia grew from 5.4 million tonnes in 2017 to 5.7 million in 2018. In the following year, air cargo volume declined slightly to 5.3 million tonnes. Factors such as the United States-People's Republic of China ("**PRC**") trade war and weak growth in global trade contributed to the slowdown in demand for air freight in the year.

When the COVID-19 pandemic began in 2020, air cargo volume continued to decline to 4.0 million tonnes. This was largely due to the lower availability of unused cargo belly spaces of passenger aircraft which were grounded at the time. Air cargo volume began to improve since 2021 at 4.5 million tonnes of cargo in the year, growing to an estimated volume of 5.2 million tonnes in 2024.

Moving forward, the air cargo volume is forecast to grow by a CAGR of 3.6%, from an estimated 5.4 million tonnes in 2025 to 5.8 million tonnes in 2027.

Air cargo volume in Malaysia, Thailand, the Philippines and Indonesia



Notes:

(i) (e) – Estimate
(ii) (f) – Forecast

Source: Malaysian Aviation Commission, Philippine Statistics Authority, Ministry of Transportation Indonesia, Civil Aviation Authority of Thailand, PROVIDENCE analysis

DEMAND CONDITIONS: KEY GROWTH DRIVERS

The growth of the tourism industry will create demand for the airline industry

The performance of the airline industry typically grows in line with the tourism industry, as passenger transportation generally rises with domestic and international travelling activities.

Moving forward, the tourism industry in Malaysia, Thailand, the Philippines and Indonesia is expected to grow as a result of the following factors:

(i) Economic growth

The economies in Malaysia, Thailand, the Philippines and Indonesia have generally been growing steadily in the long-term. Malaysia's GDP per capita grew from USD10,416 (RM44,797[1]) in 2017 to USD11,691 (RM53,662[1]) in 2023, registering a CAGR of 1.9%.[32] Thailand's GDP per capita also rose over the same period, from USD6,099 (RM26,231[1]) in 2017 to USD6,385 (RM29,307[1]) in 2023, growing at a CAGR of 0.8%.[33] Meanwhile, the Philippines's GDP per capita also grew from USD3,289 (RM14,147[1]) in 2017 to USD3,668 (RM16,836[1]) in 2023, registering a CAGR of 1.8%.[34] Indonesia's GDP per capita also rose from USD3,592 (RM15,448[1]) in 2017 to USD4,248 (RM19,498[1]) in 2023, at a CAGR of 2.8%.[35] As economic growth results in a more affluent population with greater spending power, this will subsequently lead to higher domestic and international travels, thus fuelling the growth of the airline industry.

[32] Source: World Bank. Latest publicly available information is in 2023.
[33] Source: World Bank. Latest publicly available information is in 2023.
[34] Source: World Bank. Latest publicly available information is in 2023.
[35] Source: World Bank. Latest publicly available information is in 2023.

(ii) Government initiatives to boost tourism

In Malaysia, the Government of Malaysia had implemented various initiatives and programmes to promote tourisms. Under Budget 2025, the Government is allocating a total of RM1.4 billion for initiatives to further boost tourism activities, including the Visit Malaysia 2026 campaign, International and Charter Flights Matching Grant to increase the number of international flights, improving and enhancing key tourist areas, as well as restoration of heritage buildings to uplift Kuala Lumpur as a creative and cultural district. In particular, Visit Malaysia 2026 aims to attract 26.1 million foreign tourists, with an estimated domestic expenditure of RM97.6 billion.

Additionally, the Government of Malaysia has launched the National Tourism Policy 2020-2030, as part of the strategic thrusts under the 12 Malaysia Plan 2021-2025, which aims to ensure the continuity of the tourism industry, while targeting to make Malaysia a global top 10 tourism destination in terms of arrivals and receipts. The policy will focus on strengthening governance capacity, creating new tourism investment zones, embracing smart tourism, enhancing demand sophistication, practicing sustainable and responsible tourism and upskilling of human capital.

Further, under the Ministry of Tourism, Art and Culture, the Government of Malaysia has also launched various tourism funds and tax incentives, as well as implemented programmes and campaigns aimed to attract foreign tourists to Malaysia as well as promote domestic tourism. Among these tourism programmes and campaigns includes Volunteer Tourism (Voluntourism), Malaysia My Second Home (MM2H), Agrotourism, Homestay and Kampungstay, Visit Malaysia Year, Year of Festivals, and Malaysia Truly Asia.

In Thailand, the Government of Thailand expanded its visa exemption scheme from 57 to 93 countries, allowing tourists to stay for up to 60 days; as well as enabling visa on arrival for 19 to 31 countries in July 2024. The Ignite Tourism Thailand 2025 campaign was announced in April 2024 to boost the national economy by making Thailand a tourism hub. Among the strategies to achieve this are elevating tourist experience, promoting must-do activities, raising awareness of hidden-gem destinations, developing intra-regional travel linkage with neighbouring countries and hosting more world-class events. In addition, the Government of Thailand has also implemented various measures aimed to stimulate international travel in Thailand. Among these measures includes promoting and upgrading tourism operators to meet tourism standards, promoting the development of accommodation for tourism, installing closed-circuit television (CCTV) in key tourist attraction areas to ensure tourist safety, and projects to improve and develop the capacity of entrepreneurs and personnel in the tourism industry to provide better service to tourists.

In the Philippines, the Government of the Philippines approved the National Tourism Development Plan 2023-2028, which is an initiative aimed to promote safe yet competitive tourism, pursue a sustainable, inclusive and resilient tourism industry and strengthen governance and destination management. The Department of Tourism projects to have projected 51.9 million of international tourist arrivals and 34.7 million tourism-related jobs by 2028.

In Indonesia, the Government of Indonesia increased the allocated budget for the tourism industry to provide incentives for the tourism and creative industries, as well as provided grants to minimize the impact of the tourism sector, hotels and restaurants. Further, the Ministry of Tourism and Creative Economy has also entered into an agreement with the Indonesia Investing Coordinating Agency which aims to develop tourist destinations and the creative economy, and its infrastructure as well as improve the skill level of workers within the tourism industry.

The various Government initiatives mentioned above are expected to promote tourism in the respective countries, which will in turn lead to a growth in the airline industry.

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Increase in the number of commercial airports in Malaysia, Thailand, the Philippines and Indonesia will lead to the growth of the airline industry

The increase in the number of commercial airports will provide people with increased accessibility to the location through air travel. At the same time, there would also be an increase in the number of flight paths and flights to accommodate for people flying to or from these new airports. As at March 2025, there are a total of 184 commercial airports located across Malaysia, Thailand, the Philippines and Indonesia, with the Philippines having the highest number of commercial airports, standing at 70 airports[36], followed by Malaysia (40 airports[37]), Thailand (38 airports[38]), and Indonesia (35 commercial airports[39]).

Moving forward, Malaysia is constructing 2 new airports to replace the existing airports, namely Kuantan International Airport and Kuching International Airport which are expected to be operational by 2026. Meanwhile, Thailand introduced a new international airport, Betong International Airport in March 2022. Further, Thailand is also in the midst of planning for the construction of two new airports, namely the Andaman Airport and the Lanna Airport. In addition, the Philippines is currently constructing 3 new commercial airports, namely the New Manila International Airport, Tacloban Airport and Central Mindanao Airport. The Philippines is also in the midst of planning for the construction of 4 new airports located in Zamboanga, Dumaguete, Masbate and Bukidnon. Meanwhile, Indonesia is in the midst of constructing the North Bali Airport (which is expected to be completed in 2025).

The growth in the number of airports across Malaysia, Thailand, the Philippines and Indonesia is expected to result in an increase in both flight routes and the frequency of flights, thereby stimulating growth in the airline industry within these countries.

The growth in demand for air freight services will contribute to the growth of the airline industry

The growth in demand for air freight services is expected to drive the airline industry as it will result in an increase in parcels and cargos transported via freighter aircraft of unused cargo belly spaces of passenger aircraft. The growth of air freight services is as elaborated in **Chapter 2 – The Logistics Service Industry in Southeast Asia** of this IMR report. The demand for air freight services is expected to be driven by the growth of e-commerce in Southeast Asia, growth in global trade, improvement and development of infrastructure, growth in demand for express parcel delivery services (which may require air freight services) and Government initiatives to support the logistics and transportation industries in Southeast Asia.

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[36] Source: Prokerala
[37] Source: Ministry of Transport Malaysia. This includes airport aerodrome which are short take-off landing ports.
[38] Source: IndiGo
[39] Source: International Trade Administration, U.S. Department of Commerce

BDO

Capital A Berhad

Final Report

Risk Management & Internal Control Review

11 April 2025

Building Relationships, Beyond Numbers

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Capital A Berhad
Wisma Capital A,
19-04-02, 19, Lorong Dungun,
Bukit Damansara,
50490 Kuala Lumpur

11 April 2025

Dear Sir/Madam,

Risk Management and Internal Control Review of Capital A Berhad ("Capital A")

Pursuant to Paragraph 5.6 of Practice Note 17 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), Capital A and its Principal Adviser must review the risk management and internal control system of Capital A, and submit to Bursa Securities the results of such review together with its action plans to address the weaknesses identified.

In this connection, we have undertaken an independent review of risk management and internal control system of Capital A and hereby enclose our report summarising our findings, recommendations for improvement, and management comments.

This report supersedes our report issued on 18 December 2024.

Should you require any clarification on the report, please do not hesitate to contact us.

Yours faithfully,

Sanjay Sidhu
Executive Director – Advisory

Limitations

i. This report is prepared by BDO Governance Advisory Sdn Bhd ("BDO") strictly for the use of Capital A pursuant to Paragraph 5.6 of Practice Note 17 of the Main Market Listing Requirements of Bursa Securities ("PN17").

ii. Save for the express statements of BDO made in this report, BDO does not make any representation or give any warranty expressed or implied as to the truth, accuracy or completeness of any information given to BDO in this report. The accuracy and completeness of such information remain the responsibility of the management. In finalising the report, discussions have been held with the management of Capital A for confirmation of factual accuracy.

iii. Our scope of work does not constitute an examination made in accordance with approved auditing standards. It is different from that of a statutory audit, and it cannot be relied upon to provide the same level of assurance. As our scope of work will not include procedures necessary to enable us to express an opinion on the completeness and accuracy of the financial information contained in our draft and final report, we will not accordingly express such opinion.

iv. This report must be read in conjunction with the above limiting conditions.

Contents

Definitions

In this report, unless otherwise indicated, expressions used shall have the following meanings:

AirAsia MOVE	AirAsia Move Sdn Bhd (f.k.a. AirAsia SuperApp Sdn Bhd)
AirAsia MOVE Group	Collectively, AirAsia MOVE and its subsidiaries
AirAsia Ride	AirAsia Ride Sdn. Bhd. (a subsidiary of AirAsia MOVE)
BDOGA	BDO Governance Advisory Sdn Bhd
BigPay	Big Pay Pte Ltd
BigPay Group	Collectively, BigPay and its subsidiaries
Bursa Securities	Bursa Malaysia Securities Berhad
Capital A	Capital A Berhad
Capital A Group or the Group	Collectively, Capital A and its subsidiaries
HR	Human Resources, a.k.a. People and Culture Department
MCCG	The Malaysian Code on Corporate Governance
MRO	Maintenance, Repair and Overhaul
Principal Adviser	RHB Investment Bank Berhad
SOP	Standard Operating Procedure
Teleport	Teleport Everywhere Pte Ltd
Teleport Group	Collectively, Teleport and its subsidiaries

Executive Summary

1. Introduction

We have been appointed by Capital A to perform a risk management and internal control review as part of the requirement under Paragraphs 5.6 of Practice Note 17 of Main Market Listing Requirements of Bursa Securities.

2. Purpose and Scope

Our scope of work involved internal control review of the following areas:

- Corporate governance;
- Risk management;
- Business development, sales and marketing;
- Procurement;
- Revenue, billing, collection and credit control;
- Finance and fixed assets;
- Inventory management;
- Information Technology General Controls; and
- Human Resources.

Our scope of review is limited to cargo/logistics, AirAsia Move, BigPay, and MRO business segments of Capital A. The review is focused on these key business segments due to their strategic importance, materiality, higher risk exposure, and impact on the organisation's overall performance, profitability, or reputation. Notwithstanding this limitation, our review areas encompass the centralised functions (i.e. Corporate Governance, Risk Management, Procurement, Information Technology, and Human Resources) that support the entire Group including Santan and other entities, thus extending the coverage to business segments outside the scope of our review.

3. Summary of the Outcome from the Review

No.	Area of Review	Grading	Internal Control Gaps	Status
A	Corporate Governance and Risk Management	Medium to Low	• Improving Anti-Bribery and Anti-Corruption ("ABAC") policies and procedures, particularly in the areas of high risk transactions, third party management, training and awareness, as well as monitoring and review. • Absence of policy and procedure on third party	Mostly resolved, with the remaining issues to be implemented over time. • The ABAC policy has been enhanced. • The onboarding procedures for third parties are in place. Management is advised to revisit the need to develop a third-party

No.	Area of Review	Grading	Internal Control Gaps	Status
			management (other than suppliers). • Improving the Enterprise Risk Management ("ERM") and regulatory compliance frameworks, including the integration and alignment of risks and exposure to laws and regulations across all business operations within the Group. • Absence of a Quality Assurance and Improvement Programme ("QAIP") for the Internal Audit function. • Enhancing the board composition and board effectiveness evaluation in accordance with the recommended practices outlined in the MCCG.	management policy to enhance governance. • The ERM and regulatory compliance frameworks have been enhanced. • The QAIP processes have now been incorporated into the Audit Manual. However, the review/audit will be carried out at a future date. • Management targets to implement the recommended practices in the MCCG by Q4 2025.
B	Business Development, Sales and Marketing	Medium to Low	• Lack of merchant onboarding procedures (AirAsia MOVE Group). • Lapses in the onboarding and monitoring procedures for AirAsia Ride's Drivers. • Lack of formal approval procedures for setting minimum selling rates (Teleport Group).	Resolved. • Formal procedures have been established.
C	Procurement	Medium	• Enhancing the Group Procurement Management, including vendor bribery risk management and business continuity plans. • Lapses in the goods receipt processing arising from the lack of proof of delivery	Resolved. • The Group Procurement Management has been enhanced. • The relevant SOP has been updated to mandate the attachment of proof of delivery, along with the necessary documentation.
D	Revenue, Billing, Collection and Credit Control	Low	• Lapses in Credit Note ("CN") processing due inadequate supporting documents.	Resolved. • The CN process has been enhanced.

No.	Area of Review	Grading	Internal Control Gaps	Status
E	Finance and Fixed Assets	Medium to Low	• Delays in the preparation of Transfer Pricing Documentation ("TPD"). • Absence of fixed assets verification and tagging. • Delays and lack of review in the creditors' reconciliation process.	Resolved. • The transfer pricing and creditors' reconciliation management have been enhanced. • Large and valuable assets are now tagged and verified, where feasible.
F	Inventory Management	High	• Unorganised Inventory Storage and Safety Hazards in the Redchain warehouse.	Resolved.
G	Information Technology General Controls	High to Medium	• Ongoing penetration testing is recommended to better safeguard against cybersecurity risks. • Weaknesses in the Personal Mobile Devices Policy. • Lapses in logical user access management, including the lack of periodic reviews of superuser accounts and the use of active generic-based user accounts.	Resolved. • Immediate penetration testing was performed, and it will be conducted on a routine basis. • An upgrade to the system has been implemented to restrict access from personal devices. • The logical user access management has been enhanced.
H	Human Resource ("HR")	High	• Lapses in Group HR procedures, including the lack of documentation in pre-employment background checks and the exit interview process.	Resolved. • The Group HR procedures have been enhanced accordingly.
		Low	• Absence of proper documentation in both the hiring and performance evaluation processes. (BigPay Group)	Resolved. • The documentation processes have been enhanced, with further improvements underway.

Our findings are graded on their potential impact to the business, and are classified into risk levels as follows:

1. *Low Risk* – Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

2. *Medium Risk* – A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value of money. Such a risk could impact on operational objectives and should be of concern to senior management and require prompt specific action.
3. *High Risk* – A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.

4. Conclusion

Based on our follow-up review, most of the observations have been addressed and closed, as indicated in the table above. The remaining observations that could not be addressed at the time of our review will be implemented gradually over time by the management. The Board and key management are committed to maintaining an effective risk management and internal control framework in achieving long-term organisational success.

FURTHER INFORMATON

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by our Board who collectively and individually accepts full responsibility for the accuracy of the information given and contained herein. Our Board hereby confirms that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements contained in this Circular or other facts, the omission of which would make any statement in this Circular false or misleading.

2. CONSENT AND CONFLICT OF INTEREST

2.1 RHB Investment Bank

RHB Investment Bank, being the Principal Adviser to our Company for the Proposed Regularisation Plan, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

RHB Investment Bank, its subsidiaries and associated companies, as well as its holding company, RHB Bank Berhad ("**RHB Bank**"), and the subsidiaries and associated companies of RHB Bank ("**RHB Banking Group**") form a diversified financial group. RHB Banking Group may extend credit facilities or engage in private banking, commercial banking and investment banking transactions including, amongst others, brokerage, securities trading, asset and fund management and credit transaction service businesses. RHB Banking Group has engaged and may in the future, engage in transactions with and perform services for our Company and/or our affiliates, in addition to the role as set out in this Circular. RHB Banking Group, its directors and major shareholders may from time to time hold or deal in the securities of our Company and/or our affiliates for their own accounts or their proprietary accounts.

Furthermore, in the ordinary course of business, RHB Banking Group may at any time offer or provide its services or engage in any transactions (whether on its own account or otherwise) with our Company and/or our affiliates and/or any other entity or person, hold long or short positions in the securities offered by our Company and/or our affiliates, make investments recommendations and/or publish or express independent research views on such securities and may trade or otherwise effect transactions for its own account or the account of its customers in debt or equity securities or senior loans of our Company and/or our affiliates.

The businesses of RHB Banking Group generally act independently of each other, and accordingly, there may be situations where parts of RHB Banking Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the said regulations issued by the relevant authorities governing its advisory business, which require, amongst others, segregation between dealing and advisory activities and Chinese Wall between different business divisions.

As at the LPD, RHB Banking Group had extended various credit facilities amounting to RM469.78 million ("**Credit Facilities**") (with an amount of approximately RM467.45 million outstanding) to our Group. The Credit Facilities represent approximately 1.45% of the audited consolidated NA of RHB Bank of approximately RM32.49 billion as at 31 December 2024.

Notwithstanding the above, RHB Investment Bank is of the opinion that concerns of any potential conflict of interest that exists or is likely to exist in relation to its role as the Principal Adviser to our Company for the Proposed Regularisation Plan are mitigated by the following:

(a) RHB Investment Bank is a licenced investment bank and its appointment as the Principal Adviser to our Company for the Proposed Regularisation Plan is in the ordinary course of its business and RHB Investment Bank does not receive or derive any financial interest or benefits save for the professional fees received in relation to its appointment as the Principal Adviser to our Company for the Proposed Regularisation Plan;

(b) the Credit Facilities were approved by RHB Banking Group's relevant credit committee and granted on an arm's length basis and is not material when compared to the audited consolidated NA of RHB Bank of approximately RM32.49 billion as at 31 December 2024;

(c) the Corporate Finance division of RHB Investment Bank is required under its investment banking licence to comply with strict policies and guidelines issued by the Securities Commission Malaysia, Bursa Securities and BNM governing its advisory operations. These guidelines require, amongst others, the establishment of Chinese Wall policies, clear segregation between dealing and advisory activities and the formation of an independent committee to review its business operations; and

(d) the conduct of RHB Banking Group in its banking business is strictly regulated by the Financial Services Act 2013, the Capital Markets and Services Act 2007 and RHB Banking Group's own internal controls which includes, segregation of reporting structures, in that its activities are monitored and reviewed by independent parties and committees.

Save as disclosed above, RHB Investment Bank confirms that it is not aware of any conflict of interest that exists or is likely to exist in relation to its role as the Principal Adviser to our Company for the Proposed Regularisation Plan.

2.2 EY

EY, being the Reporting Accountants to our Company for the Proposed Regularisation Plan, has given and has not subsequently withdrawn its written consent to the inclusion of its name, its reports on the pro forma consolidated statements of financial position of our Group as at 31 December 2023 and all references thereto in the form and context in which they appear in this Circular.

EY confirms that it is not aware of any conflict of interest that exists or is likely to exist in relation to its role as the Reporting Accountants to our Company for the Proposed Regularisation Plan.

2.3 Providence

Providence, being the Independent Market Researcher to our Company for the Proposed Regularisation Plan, has given and has not subsequently withdrawn its written consent to the inclusion of its name, its independent market research report and all references thereto in the form and context in which they appear in this Circular.

Providence confirms that it is not aware of any conflict of interest that exists or is likely to exist in relation to its role as the Independent Market Researcher to our Company for the Proposed Regularisation Plan.

2.4 BDO Consulting Sdn Bhd

BDO Consulting Sdn Bhd, being the internal control reviewer to our Company for the Proposed Regularisation Plan, has given and has not subsequently withdrawn its written consent to the inclusion of its name, the Internal Control and Risk Management Review Report and all references thereto in the form and context in which they appear in this Circular.

BDO Consulting Sdn Bhd confirms that it is not aware of any conflict of interest that exists or is likely to exist in relation to its role as the internal control reviewer to our Company for the Proposed Regularisation Plan.

3. MATERIAL COMMITMENTS

Save as disclosed below, there is no material commitment incurred or known to be incurred by our Group which may have a material impact on the financial results/position of our Group:

Capital commitment	**Unaudited as at the LPD**
	RM'million
Contracted but not provided for:	
• Not later than 1 year	1,827.83
• Later than 1 year and not later than 5 years	11,194.69
• Later than 5 years	94,577.99
Total	**107,600.51**

Note:

The approved and contracted for capital commitments for our Group are in respect of aircraft purchase.

4. CONTINGENT LIABILITIES

As at the LPD, there is no contingent liability incurred or known to be incurred by our Group which, upon becoming enforceable, may have a material impact on the financial results/position of our Group.

5. MATERIAL CONTRACTS

As at the LPD, save for the AAAGL SSPA, AAB SSPA and as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by our Group within the past 2 years immediately preceding the date of this Circular:

On 3 September 2024, our Company entered into a deed of settlement ("**Deed of Settlement**") with SK Malaysia Investment I Pte. Ltd. ("**SK**"), MOVE Digital and BigPay in respect of the settlement of debts amounted to approximately USD60.00 million (equivalent to approximately RM266.01 million*) as at the LPD arising from the financing granted by SK to BigPay ("**SK Financing**").

Pursuant to the Deed of Settlement, our Company shall pay the principal sum of USD60.00 million (equivalent to approximately RM266.01 million*) together with the accrued interest to SK in accordance with the agreed repayment schedule, in consideration of all agreements relating to the SK Financing being terminated and parties being discharged from its respective obligations or liabilities under the agreements.

**Note: Based on BNM's exchange rate of USD1.00:RM4.4335, being the middle rate published on BNM's website as at the LPD.*

6. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, save as disclosed below, our Group is not involved in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board is not aware of any proceedings, pending or threatened, against our Group or any facts which are likely to give rise to any proceedings which may materially and adversely affect the business or financial position of our Group:

(i) Arbitration matter involving Mr. Christopher Davison and Mr. Navin Rajagopalan (as claimants) v AirAsia Digital Sdn Bhd ("**AA Digital**"), AAB and BigPay (as respondents) at Singapore International Arbitration Centre in respect of disputes arising from the shareholder disputes in relation to BigPay

On 17 March 2017, the claimants, AAB and BigPay have entered into the following agreements in relation to the regulation of affairs of BigPay:

(1) Shareholders' agreement which sets out the terms governing the relationship between the shareholders of BigPay ("**BigPay SHA**"); and

(2) Investment agreement which sets out the terms and conditions relating to AAB's investment in BigPay ("**BigPay IA**").

On 18 November 2021, the claimants issued a notice of arbitration against AA Digital, AAB and BigPay under the Arbitration Rules of the Singapore International Arbitration Centre 2016, in respect of the decision taken by AA Digital to terminate the BigPay SHA and BigPay IA. The claimants, as minority shareholders of BigPay, claimed for breaches and wrongful termination of the BigPay IA and BigPay SHA by the respondents and minority oppression under section 216(1) of the Companies Act 1967 of Singapore ("**Singapore Companies Act**"). The claimants made claims in the region of USD140,000,000 to USD183,000,000 (equivalent to approximately RM620,690,000 to RM811,330,500*), and the main relief sought by the claimants was a buy-out by AA Digital of the shares held by the claimants in BigPay.

On 27 December 2024, the Singapore International Arbitration Centre issued a partial award wherein AA Digital was ordered to buy out the BigPay shares held by the claimants at the buyout price of USD14,736,000 (equivalent to RM65,332,056*).

The arbitral tribunal will next consider the issue of costs and interest. In relation thereto, parties have filed their respective submissions to the arbitral tribunal on 20 January 2025.

AA Digital, through its solicitors, filed an application in the Singapore High Court on 26 March 2025 to set aside the aforementioned partial award. A case conference has been scheduled for 24 April 2025. The claimants have 14 days to reply to the application, though they are expected to seek an extension of time.

**Note: Based on BNM's exchange rate of USD1.00:RM4.4335, being the middle rate published on BNM's website as at the LPD.*

(ii) Litigation involving AirAsia (India) Limited ("**AAIL**") and Commissioner of Central Tax, Bangalore North

During the course of the operations of AAIL, AAIL had received certain demands and assessment orders from the tax authorities in India in respect of assessment years 2016-17, 2017-18, 2018-19 and 2020-21. The maximum liability of our Group which may arise from the tax demands is approximately RM253.7 million based on 49% of the aggregate liability of AAIL of INR10,022.2 million (equivalent to approximately RM517.8 million*).

In the midst of the ongoing litigation, the Indian Government announced a litigation settlement scheme i.e., Vivad Se Vishwas scheme ("**VSV**") which provides an option to pay only the base tax, and the underlying interest and penalty shall be waived. Considering the facts of the case, an application was filed under VSV on 30 December 2024, a pre-requisite of which was payment of the base tax amounting to INR1,543.4 million (equivalent to approximately RM79.7 million*), of which the Group was liable for 49% which amounted to INR756.3 million (equivalent to approximately RM39.1 million*). Currently, the VSV application for all assessment years have been approved by the Principal Commissioner, save for the VSV application for assessment year 2018-19 which is still pending approval from the Principal Commissioner.

**Note: Based on BNM's exchange rate of INR100:RM5.1664, being the middle rate published on BNM's website as at the LPD.*

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our Company's registered office at Wisma Capital A, 19-04-02, 19, Lorong Dungun, Bukit Damansara, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia from Mondays to Fridays (except public holidays) during normal business hours from the date of this Circular up to and including the date of the forthcoming EGM:

(a) Constitution of our Company;

(b) audited consolidated financial statements of our Group for the past 2 financial years up to the FYE 31 December 2023 and the latest unaudited consolidated financial statements of our Company for the FYE 31 December 2024;

(c) Reporting Accountants' report on the pro forma consolidated statements of financial position of our Group as at 31 December 2023 together with the notes thereto as set out in Appendix III of this Circular;

(d) Independent market research report by Providence as set out in Appendix V of this Circular;

(e) Internal control and risk management review report as set out in Appendix VI of this Circular;

(f) letters of consent and declaration of conflict of interest referred to in Section 2 of Appendix VII of this Circular;

(g) material contracts referred to in Section 5 of Appendix VII of this Circular; and

(h) cause papers in respect of the material litigations referred to in Section 6 of Appendix VII of this Circular.

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CAPITAL A BERHAD
(Registration No. 201701030323 (1244493-V))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting ("**EGM**") of Capital A Berhad ("**Capital A**" or the "**Company**") will be held at Gateway Ballroom, Level 1, Sama-Sama Hotel, KL International Airport, Jalan CTA 4B, 64000 KLIA, Sepang, Selangor Darul Ehsan, Malaysia on Wednesday, 7 May 2025 at 10.00 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution:

SPECIAL RESOLUTION

PROPOSED REGULARISATION PLAN OF CAPITAL A BERHAD COMPRISING THE PROPOSED REDUCTION OF THE ISSUED SHARE CAPITAL OF THE COMPANY OF UP TO RM6,000.0 MILLION PURSUANT TO SECTION 116 OF THE COMPANIES ACT 2016 ("PROPOSED REGULARISATION PLAN")

"**THAT** subject to the sanction of the High Court of Malaya pursuant to Section 116 of the Companies Act 2016 ("**Act**"), and approvals of all relevant authorities and/or parties being obtained (if required), approval be and is hereby given to the Company to reduce the issued ordinary share capital of the Company via the cancellation of up to RM6,000.0 million from the issued share capital of the Company in accordance with Section 116 of the Act ("**Proposed Capital Reduction**").

THAT the corresponding credit arising from the Proposed Capital Reduction is to be used to eliminate the accumulated losses of the Company and its subsidiaries ("**Group**") and any surplus after the elimination of the accumulated losses of the Group shall then be credited to a capital reserve account of the Company.

THAT the Board of Directors of the Company ("**Board**") be and is hereby empowered and authorised with full powers to take all steps that it deems fit and expedient for the Proposed Capital Reduction which shall include but is not limited to, determining the exact quantum of share capital to be reduced pursuant to the Proposed Capital Reduction which shall not exceed RM6,000.0 million based on (1) the accumulated losses of the Group; and (2) the resultant issued share capital of the Company, which will be determined on the entitlement date of the Proposed Distribution under the Proposed Corporate Exercises (as defined in the Circular dated 15 April 2025 issued by the Company), as the Board shall in its absolute discretion deem fit and expedient, and in the best interest of the Company.

AND THAT the Board be and is hereby authorised and empowered to take all steps and to do all acts, deeds and things and to execute, enter into, sign and deliver for and on behalf of the Company, all documents as it may consider necessary or expedient to give full effect to the Proposed Capital Reduction with full power to assent to and accept any terms, conditions, modifications, variations, arrangements and/or amendments in any manner as may be required or imposed or permitted by the relevant authorities, parties and/or the High Court of Malaya."

BY ORDER OF THE BOARD

CHEW MEI LING (SSM PC NO. 201908003178) (MAICSA 7019175)
CYNTHIA GLORIA LOUIS (SSM PC NO. 201908003061) (MAICSA 7008306)
Company Secretaries

Kuala Lumpur
15 April 2025

Notes:

(i) A member is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. Where two (2) proxies are appointed, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, failing which the appointments shall be invalid.

(ii) A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.

*(iii) A member who is an exempt authorised nominee for multiple beneficial owners in one securities account ("**Omnibus Account**") may appoint any number of proxies in respect of the Omnibus Account.*

(iv) The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation either under its common seal or under the hand of an officer or attorney duly authorised in writing.

(v) The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by our Company not less than forty-eight (48) hours before the time appointed for holding the EGM or adjourned meeting:

a. In hard copy form
In the case of an appointment made in hard copy, the Form of Proxy must be duly executed and deposited at the Registered Office of the Company at Wisma Capital A, 19-04-02, 19, Lorong Dungun, Bukit Damansara, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia. ***Faxed copies of the duly executed form of proxy are not acceptable.***

b. By electronic forms
In the case of an appointment made via electronic means, the Form of Proxy can be electronically lodged via TIIH Online website at https://tiih.online. Please refer to the Administrative Note for further information on submission via TIIH Online website.

(vi) 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 EGM, 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 EGM.

(vii) For the purpose of determining members who shall be entitled to attend the EGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 29 April 2025. Only depositors whose names appear on the Record of Depositors as at 29 April 2025 shall be entitled to attend the said meeting or appoint proxies to attend and vote on their behalf.

(viii) Pursuant to Paragraph 8.29A(1) of the Listing Requirements of Bursa Malaysia Securities Berhad, all resolution(s) set out in the notice of EGM will be put to vote by poll.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM 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 EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (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 fully and wholly indemnify the Company on full indemnity basis (whether demanded or not) in respect of any penalty, liability, claim, demand, loss and damage as a result of the member's breach of warranty.

CAPITAL A BERHAD
(Registration No. 201701030323 (1244493-V))
(Incorporated in Malaysia)

FORM OF PROXY

CDS Account No. (Nominees Account Only)	
No of Shares Held	

I/We ……
[Full name in block, NRIC/Passport/Company No.]

Tel: ……………………………………… of ………
[Address]

………

being a member of **CAPITAL A BERHAD** hereby appoints:

Full Name (in Block):	NRIC/Passport No.	Proportion of Shareholdings	
		No of Shares	%
Address:			
Email Address:			
Mobile Number:			

and/or* (delete as appropriate)

Full Name (in Block):	NRIC/Passport No.	Proportion of Shareholdings	
		No of Shares	%
Address:			
Email Address:			
Mobile Number:			

or failing whom, the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Extraordinary General Meeting of the Company to be held at Gateway Ballroom, Level 1, Sama-Sama Hotel, KL International Airport, Jalan CTA 4B, 64000 KLIA, Sepang, Selangor Darul Ehsan, Malaysia on Wednesday, 7 May 2025 at 10.00 a.m. or at any adjournment thereof.

NO.	SPECIAL RESOLUTION	FOR	AGAINST
1.	**PROPOSED REGULARISATION PLAN**		

Please indicate an "X" in the space provided below on how you wish your votes to be casted. If no specific instruction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

Signed on this………….. day of ……………. 2025

____
Signature of Member(s)/ Common Seal

** Manner of execution:*

(a) If you are an individual member, please sign where indicated.

(b) If you are a corporate member which has a common seal, this Form of Proxy should be executed under seal in accordance with the constitution of your corporation.

(c) If you are a corporate member which does not have a common seal, this Form of Proxy should be affixed with the rubber stamp of your company (if any) and executed by:

(i) at least two (2) authorised officers, of whom one shall be a director; or

(ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Notes:

(i) A member is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. Where two (2) proxies are appointed, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, failing which the appointments shall be invalid.

(ii) A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.

*(iii) A member who is an exempt authorised nominee for multiple beneficial owners in one securities account ("**Omnibus Account**") may appoint any number of proxies in respect of the Omnibus Account.*

(iv) The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation either under its common seal or under the hand of an officer or attorney duly authorised in writing.

(v) The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by our Company not less than forty-eight (48) hours before the time appointed for holding the EGM or adjourned meeting:

a. <u>In hard copy form</u>
*In the case of an appointment made in hard copy, the Form of Proxy must be duly executed and deposited at the Registered Office of the Company at Wisma Capital A, 19-04-02, 19, Lorong Dungun, Bukit Damansara, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia. **Faxed copies of the duly executed form of proxy are not acceptable.***

b. <u>By electronic forms</u>
In the case of an appointment made via electronic means, the Form of Proxy can be electronically lodged via TIIH Online website at https://tiih.online. Please refer to the Administrative Note for further information on submission via TIIH Online website.

(vi) 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 EGM, 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 EGM.

(vii) For the purpose of determining members who shall be entitled to attend the EGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 29 April 2025. Only depositors whose names appear on the Record of Depositors as at 29 April 2025 shall be entitled to attend the said meeting or appoint proxies to attend and vote on their behalf.

(viii) Pursuant to Paragraph 8.29A(1) of the Listing Requirements of Bursa Malaysia Securities Berhad, all resolution(s) set out in the notice of EGM will be put to vote by poll.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 15 April 2025.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

CAPITAL A BERHAD
(Registration No. 201701030323 (1244493-V))
(Incorporated in Malaysia)

Wisma Capital A,
19-04-02, 19, Lorong Dungun,
Bukit Damansara,
50490 Kuala Lumpur,
Wilayah Persekutuan,
Malaysia

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CAPITAL A BERHAD
[Registration No.: 201701030323 (1244493-V)]
("the Company" or "Capital A")
(Incorporated in Malaysia)

ADMINISTRATIVE NOTE
EXTRAORDINARY GENERAL MEETING OF CAPITAL A BERHAD

Date	**:**	Wednesday, 7 May 2025
Time	**:**	10.00 a.m.
Venue	**:**	Gateway Ballroom, Level 1, Sama-Sama Hotel, KL International Airport, Jalan CTA 4B, 64000 KLIA, Sepang, Selangor Darul Ehsan, Malaysia

MODE OF MEETING

- The Extraordinary General Meeting ("**EGM**") of the Company will be held physically at the venue as mentioned above.

REGISTRATION

- The registration counter will start at 8.00 a.m. on 7 May 2025 and will remain open until the conclusion of the EGM or such time as may be determined by the Chairman of the meeting.

- Shareholders/proxies are requested to produce your original MyKad or Passport (for non-Malaysian) during registration for verification purposes. Please ensure the original MyKad or Passport is returned to you.

- Upon registration, you will be issued an identification wristband (printed with passcode). Please retain the same for entry to and for voting at the EGM of the Company. There will be no replacement in the event that you lose or misplace your identification wristband.

- If you have any enquiry, please proceed to the Help Desk. The Help Desk will be located next to the registration counters.

APPOINTMENT OF PROXY

- Shareholders who wish to appoint proxy(ies) to attend the EGM must ensure that the duly executed Form of Proxy is deposited in a hard copy form at the registered office of the Company at Wisma Capital A, 19-04-02, 19, Lorong Dungun, Bukit Damansara, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia ("**Registered Office**") or by electronic lodgement via TIIH Online website at https://tiih.online not later than 10.00 a.m. on 5 May 2025. Faxed copies of the duly executed form of proxy are not acceptable.

- The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner:-

  (i) **In Hard Copy:**

  By hand or post to the Registered Office of the Company at Wisma Capital A, 19-04-02, 19, Lorong Dungun, Bukit Damansara, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof, <u>otherwise the Form of Proxy shall not be treated as valid</u>.

  (ii) **By Electronic Form:**

  All shareholders have the option to submit the Form of Proxy electronically via TIIH Online not less than forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof. The steps to submit electronic proxy form are summarised below:

Procedure		**Action**
i.	**Steps for Individual Shareholders**	
(a)	Register as a User with TIIH Online	● Using your computer, please access the website at <u>https://tiih.online</u>. Register as a user under the "e-Services" select "**Create Account by Individual Holder**". Please do refer to the tutorial guide posted on the homepage for assistance. ● Registration as a user will be approved within one (1) working day and you will be notified via e-mail. ● If you are already a user with TIIH Online, you are not required to register again.
(b)	Proceed with submission of Form of Proxy	● After the release of the notice of EGM by the Company, login with your username (i.e. email address) and password. ● Select the corporate event: "**CAPITAL A EGM 2025 – Submission of Proxy Form**". ● Read and agree to the Terms & Conditions and confirm the Declaration. ● Insert your CDS account number and indicate the number of shares for your proxy(ies) to vote on your behalf. ● Appoint your proxy(ies) and insert the required details of your proxy(s) or appoint the Chairman of the meeting as your proxy. ● Indicate your voting instructions for the resolutions that are tabled for voting – FOR or AGAINST, otherwise your proxy will decide your vote. ● Review and confirm your proxy(ies) appointment. ● Print Form of Proxy for your record.
ii.	**Steps for Corporation or Institutional Shareholders**	
(a)	Register as a User with TIIH Online	● Access TIIH online at <u>https://tiih.online</u> ● Under e-Services, the authorised or nominated representative of the corporation or institutional member selects "**Create Account by Representative of Corporate Holder**". ● Complete the registration form and upload the required documents. ● Registration will be verified, and you will be notified by email within one (1) to two (2) working days. ● Proceed to activate your account with the temporary password given in the email and re-set your own password.

		(Note: The representative of a corporation or institutional member must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.)
(b)	Proceed with submission of Form of Proxy	● Login to TIIH Online at https://tiih.online ● Select the corporate event: "**CAPITAL A EGM 2025 – Submission of Proxy Form**". ● Read and agree to the Terms & Conditions and confirm the Declaration. ● Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. ● Prepare the file for the appointment of proxies by inserting the required data. ● Proceed to upload the duly completed proxy appointment file. ● Select "Submit" to complete your submission. ● Print the confirmation report of your submission for your record.

GENERAL MEETING RECORD OF DEPOSITORS ("ROD")

- Only a depositor whose name appears on the **ROD as of 29 April 2025** shall be entitled to attend, speak and vote or appoint proxy(ies) to attend, speak and/or vote on his/her behalf at the EGM.

POLL VOTING

- The voting at the EGM will be conducted by poll in accordance with Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

VOTING

- Shareholders and proxy holders ("voters") are advised to download "Tricor e-Vote" app onto their smartphone/tablets ("devices") before attending the meeting.

- Tricor e-Vote app is available for download at no cost from Goole Play Store or Apple App Store.

- To use Tricor e-Vote, you need to connect to the Wi-Fi network provided by Tricor.

- On the meeting day, go to your device setting, choose the Wi-Fi name and enter the password to join:-

  Wi-Fi name: Tricor_eVote I Password: CAPITALA1404

- You are encouraged to approach Tricor's personnel to check your devices' readiness to participate the poll voting.

ACCESS TO TRICOR E-VOTE APP

- You will be required to allow the use the camera function of your device to capture the passcode printed on the identification wristband to access Tricor e-Vote app.

- Detailed instruction on how to vote will be provided in the meeting before the start of the voting session.

- Voting for all the resolutions set out in the Notice of EGM will take place concurrently upon the conclusion of the deliberations of all the business to be transacted at the EGM.

- Upon completion of the voting session for the EGM, the Scrutineers will verify and announce the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

CIRCULAR TO SHAREHOLDERS

- The Circular to Shareholders dated 15 April 2025, Notice of the EGM, Form of Proxy and this Administrative Note are available at the Company's Investor Relations website at www.capitala.com

- You may request for a printed copy of the Circular to Shareholders at https://tiih.online by selecting "Request for Annual Report/Circular" under the "Investor Services". Alternatively, you may also make your request through telephone/e-mail to our Share Registrar at the numbers/email addresses given below. Nevertheless, we hope that you would consider the environment before you decide to request for the printed copy.

RECORDING OR PHOTOGRAPHY

- Strictly **NO** unauthorised recording or photography of the proceedings of the EGM is allowed.

NO DOOR GIFT/FOOD VOUCHER

- There will be **no distribution of door gifts or food vouchers**.

- We would like to thank our shareholders for your kind cooperation and understanding during these challenging times.

ENQUIRY

If you have any enquiries on the above, please contact the following persons during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

Tricor Investor & Issuing House Services Sdn. Bhd.

General Line	:	+603-2783 9299	
Fax Number	:	+603-2783 9222	
Email	:	is.enquiry@vistra.com	
Contact	:	Mr. Jake Too	: +603-2783 9285
Persons	:	Mr. Muhamad Aiman	: +603-2783 9262
	:	Mr. Muhamad Asyraf	: +603-2783 9244