



Dear Ma'am,
 Welcome Back to Borealis!
 Thank you for flying
 with us again.
 From AirAsia
 27/23

CAUTION
 PLEASE REMAIN SEATED OR FASTENED TO YOUR SEAT AT ALL TIMES. DO NOT STAND OR MOVE ABOUT THE CABIN. ALWAYS USE THE SAFETY BELT AND SEATBELT SIGN. ALWAYS CONTACT THE CARRIER FOR ASSISTANCE. ALWAYS USE THE SAFETY BELT AND SEATBELT SIGN. ALWAYS USE THE SAFETY BELT AND SEATBELT SIGN.

WELCOME
ON BOARD
AirAsia

WELCOME BACK

CORPORATE PROFILE

AirAsia X Berhad (“**AirAsia X**” or “**the Company**”) is a mid-range low-cost airline operating primarily in the Asia-Pacific region. Established in 2006 as Fly Asian Express (“**FAX**”), we started out servicing the rural areas of Sarawak and Sabah with turboprop aircraft before undergoing a comprehensive rebranding in September 2007, followed by our first AirAsia X flight to Australia in November 2007.

At the onset of the COVID-19 pandemic in 2020, AirAsia X embarked on a period of hibernation of its scheduled flight operations and commenced its debt restructuring by way of a scheme of arrangement in October 2020, which was completed and formalised on 16 March 2022 following lodgment of the court sanction.

AirAsia X as a Group has since then been on a steady course of recovery as it returned to the skies with scheduled passenger flight operations to Australia (Sydney, Melbourne, Perth, and the Gold Coast), China (Beijing, Hangzhou, Shanghai and Chengdu), India (New Delhi and Amritsar), South Korea (Seoul and Busan), Japan (Sapporo, Tokyo and Osaka), Taiwan (Taipei), Indonesia (Bali), and Saudi Arabia (Jeddah) from two hubs: Kuala Lumpur and Bangkok as of January 2024.

As of 31 December 2023, we maintain a core fleet of 18 A330-300 aircraft, while our associate Thai AirAsia X maintains a fleet size of eight A330-300 aircraft.

Based on a revitalised business model as we return stronger than before, our unit cost base is healthy, with cost per available seat kilometre (“**CASK**”) of 14.90 sen and CASK (excluding fuel) of 6.85 sen for the year ended 31 December 2023. This enables us to continue offering fares and other services that are targeted, on average, to be 30% - 50% lower than full-service carriers.

Over the past year, we continued to witness the rapid recovery of the international travel segment within the industry, and delivering increased value in the coming years.

OUR VISION

To be the largest low cost airline in Asia and serving the 3 billion people who are currently underserved with poor connectivity and high fares.

OUR MISSION

- To be the best company to work for whereby employees are treated as part of a big family.
- Create a globally recognised ASEAN brand.
- To attain the lowest cost so that everyone can fly with AirAsia.
- Maintain the highest quality product, embracing technology to reduce cost and enhance service levels.

VALUES

- All for One, One for All
- Dare to Dream
- Make a Difference
- Celebrate All Individuals
- Keep it Simple
- Be Transparent
- Have Empathy & Respect
- Safety is #1



This report cover visual encapsulates the essence of AirAsia X’s premium cabin experience – evoking a sense of warmth as it embraces our customers’ return to travel with us. It exudes a sense of prestige and sophistication, mirroring the luxurious atmosphere of our premium cabin and reflecting our unwavering commitment to providing exceptional flight experiences. Despite facing challenging times, our dedication to excellence remains steadfast as we continue to serve our valued passengers with the highest standards of quality and care.

For more information, please go to website link <https://www.airasiax.com/ar.html> to view AirAsia X Annual Report 2023.

AIRASIA X

ANNUAL REPORT 2023

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CORPORATE INFORMATION

BOARD OF DIRECTORS

DATO' FAM LEE EE

Non-Independent Non-Executive
Chairman

DATUK KAMARUDIN BIN MERANUN

Non-Independent
Non-Executive Director

TAN SRI ASMAT BIN KAMALUDIN

Independent
Non-Executive Director

MS CHIN MIN MING

Independent
Non-Executive Director

DATO' ABDUL MUTALIB BIN ALIAS

Independent
Non-Executive Director

DATO' SRI MOHAMMED SHAZALLI BIN RAMLY

Independent
Non-Executive Director

AUDIT COMMITTEE

- Dato' Abdul Mutalib bin Alias
- Ms Chin Min Ming
- Dato' Sri Mohammed Shazalli bin Ramly

NOMINATION AND REMUNERATION COMMITTEE

- Tan Sri Asmat bin Kamaludin
- Ms Chin Min Ming
- Dato' Abdul Mutalib bin Alias

RISK MANAGEMENT COMMITTEE

- Ms Chin Min Ming
- Dato' Sri Mohammed Shazalli bin Ramly
- Dato' Abdul Mutalib bin Alias

SAFETY REVIEW BOARD

- Dato' Sri Mohammed Shazalli bin Ramly
- Dato' Fam Lee Ee
- Benyamin bin Ismail

COMPANY SECRETARY

Thin Pui Leng
(LS0009933)
(SSM PC No. 202208000271)

AUDITORS

Ernst & Young PLT
[202006000003
(LLP0022760-LCA) & AF 0039]
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Wilayah Persekutuan
Tel : +603 7495 8000
Fax : +603 2095 5332

REGISTERED OFFICE

RedQ
Jalan Pekeliling 5
Lapangan Terbang Antarabangsa
Kuala Lumpur
64000 KLIA
Selangor Darul Ehsan
Tel : +603 8660 4600
Fax : +603 8660 7722
Email : aax_shareholder@
airasia.com
Website : www.airasiac.com

HEAD OFFICE

RedQ
Jalan Pekeliling 5
Lapangan Terbang Antarabangsa
Kuala Lumpur
64000 KLIA
Selangor Darul Ehsan
Tel : +603 8660 4600
Fax : +603 8660 7722
Email : aax_shareholder@
airasia.com
Website : www.airasiac.com

SHARE REGISTRAR

Tricor Investor & Issuing House
Services Sdn Bhd
(197101000970) (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan
Tel : +603 2783 9299
Fax : +603 2783 9222
Email : is.enquiry@
my.tricorglobal.com

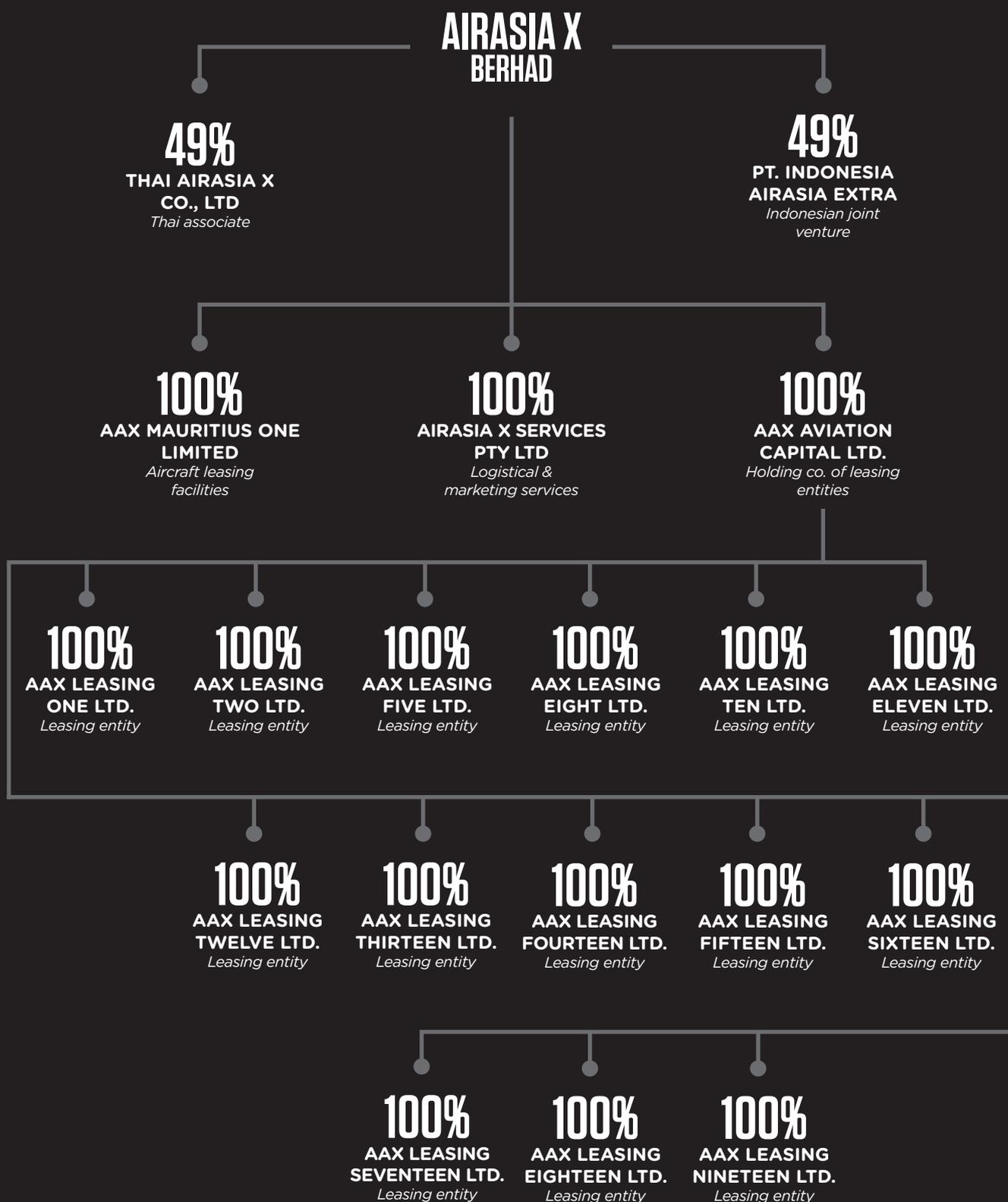
Customer Service Centre:
Unit G-3, Ground Floor
Vertical Podium
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Listing Date : 10 July 2013
Stock Name : AAX
Stock Code : 5238

CORPORATE STRUCTURE

As at 31 December 2023



DIRECTORS' PROFILES

DATO' FAM LEE EE

Non-Independent Non-Executive Chairman

Dato' Fam (Male), Malaysian, aged 62, was appointed as Non-Independent Non-Executive Director of the Company on 24 March 2008, and on 8 September 2023, redesignated as Non-Independent Non-Executive Deputy Chairman. On 18 December 2023, Dato' Fam was redesignated as the Chairman of the Company. He is also a member of the Safety Review Board of the Company.

He received his BA (Hons) from the University of Malaya in 1986 and LLB (Hons) from the University of Liverpool, England in 1989. Upon obtaining his Certificate of Legal Practice in 1990, he has been practising law since 1991 and is currently a Senior Partner at Messrs Gan & Zul.

Dato' Fam sat on the Board of Trustees of Yayasan PEJATI from 1996 to 2007. Since 2001, he has served as a legal advisor to the Chinese Guilds and Association and charitable organisations such as Yayasan SSL Haemodialysis Centre in Petaling Jaya, Selangor. He was the Honorary Advisor of the Perlis Chinese Chamber of Commerce and Industry and Council Member of International Commercial Dispute Prevention & Settlement Organisation ("ICDPASO").

He also serves as a Senior Independent Non-Executive Director of Capital A Berhad and Director of Thai AirAsia X Co., Ltd and Malaysia-China Business Council.

DATUK KAMARUDIN BIN MERANUN

Non-Independent Non-Executive Director

Datuk Kamarudin (Male), Malaysian, aged 63, is the co-founder of the Company. Datuk Kamarudin was appointed as a Non-Independent Non-Executive Director of the Company on 6 June 2006. He was appointed as the Chairman of the Board on 3 February 2010 till 3 March 2011. Datuk Kamarudin was re-designated as the Non-Independent Executive Director and Group Chief Executive Officer on 30 January 2015. On 1 November 2018, he was re-designated as a Non-Independent Non-Executive Director.

In December 2001, Datuk Kamarudin, together with Tan Sri Tony Fernandes, *Allahyarham* Dato' Pahamin Ab Rajab and Dato' Abdul Aziz bin Abu Bakar acquired struggling domestic airline AirAsia and, with the help of Conor McCarthy, relaunched it as a pioneer of budget travel in Asia, building AirAsia into the world's best low-cost carrier.

Prior to setting up the Company, Datuk Kamarudin worked at Arab-Malaysian Merchant Bank from 1988 to 1993 as a Portfolio Manager, managing both institutional and high net-worth individual clients' investment funds. In 1994, he was appointed Executive Director of Innosabah Capital Management Sdn Bhd, a subsidiary of Innosabah Securities Sdn Bhd. He subsequently acquired the shares of the joint venture partner of Innosabah Capital Management Sdn Bhd, which was later renamed Intrinsic Capital Management Sdn Bhd.

He received the Darjah Panglima Jasa Negara ("PJN"), which carries the title Datuk, from the Malaysian King in November 2013.

Datuk Kamarudin is the Non-Independent Executive Chairman of Capital A Berhad and AirAsia Berhad. He is also a Director of Red Giants Football Club.

TAN SRI ASMAT BIN KAMALUDIN

Independent Non-Executive Director

Tan Sri Asmat (Male), Malaysian, aged 80, was appointed as an Independent Non-Executive Director of the Company on 13 May 2013. He is the Chairman of the Nomination and Remuneration Committee of the Company.

Tan Sri Asmat graduated from the University of Malaya with a Bachelor of Arts (Honours) degree in Economics. He also holds a Diploma in European Economic Integration from the University of Amsterdam.

Tan Sri Asmat has vast experience of over 35 years in various capacities in the public service and his last post as the Secretary General of the Ministry of International Trade & Industry Malaysia, a position he held since May 1992. In the last five (5) years prior to his retirement in 2001, Tan Sri Asmat served as a Board member of Malaysia Technology Development Corporation, Multimedia Development Corporation, Malaysian Trade Development Corporation, Permodalan Nasional Berhad, Small and Medium Industries Development Corporation and Perbadanan Johor.

Currently, Tan Sri Asmat is the Chairman for Perusahaan Otomobil Kedua Sdn Bhd ("PERODUA") and Compugates Sdn Bhd. He is also a Director of the JACTIM Foundation.

MS CHIN MIN MING

Independent Non-Executive Director

Ms Chin (Female), Malaysian, aged 53, was appointed as an Independent Non-Executive Director of the Company on 1 December 2022. She is also the Chairman of the Risk Management Committee of the Company and a member of the Audit Committee and Nomination and Remuneration Committee of the Company.

Ms Chin holds a Bachelor of Science in Computer Science from the University of Victoria, Canada, and a Senior Executive Master of Business Administration from the Melbourne Business School. She is also a Certified Information Systems Security Professional (“CISSP”).

She has extensive experience in Digital Transformation, Strategic Innovation and Technology Entrepreneurship. She had successfully implemented Financial Inclusion for migrant workers and refugees, digitalised Compliance Audit Tool for industry best practice standards, developed a world-first Data Security & Access Control token with built-in RFID, designed the Digital ID blueprint for the first Multi-Application National ID Card in the world, delivered Labuan Halal Hub and National Food Traceability platform, and more. She is well-versed in technology valuation and acquisition. She raised the highest tech startup fund in Asia during the Asian Financial Crisis and was the first in Malaysia to receive funding from Draper Investment.

Further, she is actively involved in ESG and advising companies on Sustainability Risks Management and Compliance. She is familiar with sustainability reporting standards and the Bursa Malaysia’s Enhanced Sustainability Reporting Framework.

DATO’ ABDUL MUTALIB BIN ALIAS

Independent Non-Executive Director

Dato’ Mutalib (Male), Malaysian, aged 63, was appointed as Independent Non-Executive Director of the Company on 29 September 2023. He is also Chairman of the Audit Committee of the Company and a member of the Nomination and Remuneration Committee and Risk Management Committee of the Company.

Dato’ Mutalib graduated with a Bachelor of Science in Accountancy from Northern Illinois University and a Master of Business Administration, from Governors State University, Illinois in the United States of America.

Dato’ Mutalib started his career at the Chase Manhattan Bank in 1985 as a Credit Analyst and has extensive exposure in both Commercial and Investment Banking. He was Vice President, Investment Banking at Chase Manhattan Bank from 1994 to 2000. He moved into the public sector and served various Ministries including the Ministry of Finance, Ministry of Science, Technology and Innovation, Ministry of Energy, Water and Communications and Ministry of Work between 2000 to 2011. In 2011, he was tasked to set up a new Government housing agency, Perumahan Rakyat 1Malaysia or PR1MA and served as its Chief Executive Officer until January 2019.

Dato’ Mutalib has also served the MARA Council and was a Board member of Bank Rakyat and Bintulu Port Holdings Berhad and is presently the Non-Independent Non-Executive Chairman of Icon Offshore Berhad and Independent Non-Executive Board member of Prolintas Managers Berhad and Ekuinas Berhad respectively.

DATO' SRI MOHAMMED SHAZALLI BIN RAMLY

Independent Non-Executive Director

Dato' Sri Mohammed Shazalli (Male), Malaysian, aged 62, was appointed as Independent Non-Executive Director of the Company on 29 September 2023. He is also Chairman of the Safety Review Board and a member of the Audit Committee and Risk Management Committee of the Company.

Dato' Sri Mohammed Shazalli holds a Bachelor of Science (Marketing) from Indiana University Bloomington, Indiana and a Master of Business Administration from St. Louis University, Missouri in the United States of America. He spent his early education in MARA Junior Science College ("MRSM") and University Teknologi MARA ("UiTM"), Perlis.

He began his career with Unilever, Malaysian Tobacco Company and British American Tobacco Company, both in Malaysia and the United Kingdom focusing on strengthening their brands from 1987 to 1996 before joining ASTRO in 1996 as the Marketing Director for two (2) years where he pioneered the launch of ASTRO digital satellite services in Malaysia. He then expanded his horizon and became the Chief Executive Officer ("CEO") of NTV7, Malaysia's seventh terrestrial TV station, for eight (8) years since its launch in 1998.

Dato' Sri Mohammed Shazalli also brings extensive directorship experience, where he was previously the regional CEO and Corporate Executive Vice President for Axiata Group Berhad's South East Asia operations, after being promoted from his previous position as the CEO and director of Celcom Axiata Berhad, a position he held from 1 September 2005 until 31 August 2016.

Dato' Sri Mohammed Shazalli was the Group Managing Director and CEO of Telekom Malaysia Berhad as well as a consultant at Strategic Brand Resources & Consultancy Sdn Bhd prior to his appointment as Group Managing Director of Boustead Holdings Berhad on 1 December 2020.

Dato' Sri Mohammed Shazalli had also served as Chairman of PRIMA Communication Sdn Bhd and Pharmaniaga Sdn Bhd and also a Board member of Perbadanan PRIMA Malaysia and Malaysia Airlines System Berhad. He was also one of the seven (7) members in the task force led by the Performance Management & Delivery Unit ("PEMANDU") to oversee Proton Holdings Berhad's transformation plan.

Declaration of Directors:

- **Family Relationship**
None of the Directors has any family relationship with any other Director and/or major shareholder of AirAsia X
- **Conflict of Interest**
None of the Directors has any conflict of interest with AirAsia X
- **Conviction for Offences**
None of the Directors has been convicted for any public offence during the financial year ended 31 December 2023 or had any penalty imposed by the relevant regulatory bodies within the past five (5) years, other than traffic offences, if any

PROFILES OF THE LEADERSHIP TEAM

BENYAMIN ISMAIL

Chief Executive Officer

Date of Appointment: 1 September 2015

Age

47

Gender



Nationality



Responsibilities:

- Provides leadership and vision towards increasing shareholder value and growth of AirAsia X while delivering our sustainability commitments
- Manages the Group's business and affairs, ensuring operational excellence and strong governance
- Executes AirAsia X's turnaround plan
- Develops and spearheads high-level business and growth strategies in line with AirAsia X's vision and mission, as approved by the Board

Experience:

- Handled Debt Capital Markets portfolio at Affin Investment Bank, 2003
- Joined Maybank Investment Bank as a manager in Debt Capital Markets, 2004
- Joined CIMB Investment Bank focusing on Debt Capital Markets, 2007
- Joined AirAsia as Head of Investor Relations, 2010
- Promoted to Group Head of Investor Relations, Corporate Development and Implementation, 2014
- Appointed AirAsia X Chief Executive Officer (CEO) effective 1 September 2015 after assuming the role of Acting CEO on 30 January 2015

Qualifications and Professional Membership:

- Bachelor of Commerce (Banking & Finance), Curtin University of Technology, Australia
- Master of Electronic Commerce, Edith Cowan University, Australia

Membership of Board Committees in AirAsia X:

- Safety Review Board

Present Directorship in Associates/Affiliates:

- Benyamin is a Director in Thai AirAsia X Co., Ltd
- Benyamin is a Director in Ground Team Red Sdn Bhd

Additional Information:

- Benyamin does not own any AirAsia X's shares

LAVINIA LOUIS

Chief Financial Officer

Date of Appointment: 1 October 2023

Age

41

Gender



Nationality



Responsibilities:

- Oversees financial planning and analysis, including forecasting and analytical activities that support strategic business decision-making
- Coordinates the development of annual operating capital and program budgets, as well as reporting on it
- Ensures cash flow is compatible with operations by overseeing day-to-day accounting, recording, reporting, and internal-control activities of the Company
- Develops and implements best practices and tools to ensure a well-controlled yet flexible organisation that has strong fiscal management, project coordination, cross-team communications, and workflows
- Complies with national and local financial requirements and ensures adherence to existing and new legislation
- Liaison person with regulators, financial institutions, external auditors and the Board

Experience:

- Joined PricewaterhouseCoopers Kuala Lumpur in 2005 and gained 8 years of experience in performing financial audits, managing regulatory reporting and risk assessments
- Joined AirAsia Berhad as Financial Controller in 2012 and was instrumental to the group reorganisation exercises, disposal of large portfolios of aircraft, and the implementation of various accounting systems in simplifying business processes
- Promoted to Head of Finance in AirAsia Berhad in January 2023
- Appointed to Chief Financial Officer of AirAsia X Berhad in October 2023

Qualifications and Professional Membership:

- Bachelor of Business, Major in Accounting, Monash University, Australia
- Professional Qualification, Member of Certified Practising Accountant (CPA Australia)
- Professional Qualification, Member of Malaysian Institute of Accountants (MIA)

Additional Information:

- Lavinia does not own any AirAsia X's shares

MOSES DEVANAYAGAM

Senior Director

Date of Appointment: 1 October 2013

Age

73

Gender



Nationality



Responsibilities:

- Leads the coordination of operational functions within the Group, airport authorities and government agencies including the Malaysian Aviation Commission and the Civil Aviation Authority of Malaysia
- Advises and mentors the Operations team
- Instrumental in setting up Operations functions including Cargo, Flight Operations, Engineering, Ground and Group Operations, Inflight Operations, Safety and Security

Experience:

- 53 years of aviation experience including key positions in leading airlines in Singapore and Malaysia:
 - Joined Malaysia-Singapore Airlines, 1971
 - Served Malaysia Airline System Berhad in various senior management positions including General Manager- Operations, Head of Contracts Management and Warranty and Contracts Manager, 1972
 - Joined AirAsia X as Director of Operations, 2007
 - Regional Head of Operations of AirAsia Berhad, 2009
 - Appointed as Senior Director, 2013

Qualifications and Professional Membership:

- Associate Member of the Royal Aeronautical Institute United Kingdom (by award), 1975
- Cadet/apprentice Technical Services in-house training with Malaysia-Singapore Airlines, 1971/72
- Type-rated Approvals from Qantas and Air New Zealand, 1971

CAPT SURESH BANGAH

Director of Flight Operations

Date of Appointment: 1 October 2013

Age

49

Gender



Nationality



Responsibilities:

- Coordinates, supervises and monitors the functions and performance of management personnel, pilots, cabin crew and all departments within Flight Operations
- Manages the safety and security of all flights
- Liaison person with local and international regulators, ensuring operations are in line with the Air Operator Certificate
- Represents the Company's interest in national and international bodies and institutions as far as flight operations are concerned

Experience:

- Started as a pilot with AirAsia, 2003
- Internal auditor of Flight Operations at AirAsia, 2005
- Cadet Pilot Coordinator managing the Cadet Pilot Training Programme, 2007 - 2009
- Flight Deck Recruitment Manager responsible for hiring and promoting pilots, 2009 - 2010
- Joined AirAsia X as Chief Pilot, Operations, 2010
- Director of Flight Operations, 2013

Qualifications and Professional Membership:

- Air Transport Pilot License, 1999
- A320 Type Rating License, 2007
- A340 Type Rating License, 2009
- A330 Type Rating License, 2011
- MIT Sloan School of Management Leadership Programme
- Cranfield University Leadership Programme
- Cranfield University Accident Investigation Programme

LIM KOK HOOI

Head of Corporate Safety

Date of Appointment: 22 January 2018

Age

53

Gender



Nationality



Responsibilities:

- Provides guidance and direction for AirAsia X's Safety Management System
- Ensures safety documentation accurately reflects the current situation, monitors the effectiveness of corrective actions, and provides periodic reports on safety performance
- Provides independent advice to the CEO, senior managers and other personnel on safety-related matters

Experience:

- Kok Hooi has been in the airline industry since the early 1990s, and has broad experience in safety and training with over 15,000 flying hours:
 - Started commercial flying in the Dornier 228, then Twin-Otter (DHC-6), Fokker 50, B737, A340 and, now, A330
 - Joined Malaysian Helicopter Services as a co-pilot, and was seconded to Pelangi Air Sdn Bhd, Kuala Lumpur, and to Royal Air Cambodge, Phnom Penh, 1992
 - Joined Malaysia Airlines as a Captain of DHC-6 Twin Otter, based in Miri, Sarawak, following which he became a Captain of Fokker 50, B737-400 and B737-800, 1997
 - Joined AirAsia X as a Captain of A340/330, leading the flight data monitoring team, 2011
 - Became Chief Pilot Flight Safety, 2016
 - Appointed to current post of Safety Director, January 2018

Qualifications and Professional Membership:

- Commercial Pilot License Australia
- Commercial Pilot License Malaysia
- Airline Transport Pilot License Malaysia
- Type Rated Instructor (TRI) A340/A330/Fokker 50/DHC-6 Twin Otter
- Member of Malaysia National Runway Safety Team
- Member of Malaysia Flight Safety Team
- IATA-qualified trained SMS implementer
- Cranfield University Certified Aviation Investigator
- IATA-trained Aviation Auditor

WONG OOI LING

Head of Internal Audit

Date of Appointment: 1 July 2016

Age

53

Gender



Nationality



Responsibilities:

- Provides independent and objective assurance as to the adequacy and effectiveness of system of internal controls, risk management and governance processes

Experience:

- Joined PricewaterhouseCoopers in its Audit and Assurance Department, 1995
- Joined EON Bank Berhad as Corporate Planning Manager, 2000
- Vice President of Group Management Services and PMO, EON Bank Berhad, 2003
- Joined Measat Broadcast Network Systems Sdn Bhd (Astro) as a Senior Manager in Planning, Broadcast and Operation, 2007
- Joined DRB-HICOM Group as a Senior Manager in GST PMO, 2014
- Joined AirAsia X as Head of Corporate Quality and Assurance, 2016
- Took on expanded role as Head of Internal Audit cum Corporate Quality Assurance in 2020

Qualifications and Professional Membership:

- Bachelor of Business (Accounting), Monash University, Australia
- Member of the Malaysian Institute of Accountants (MIA)

CAROLINE LEE

General Counsel

Date of Appointment: 5 July 2021

Age

59

Gender



Nationality



Responsibilities:

- Manages the Group's legal risk by providing strategic and commercially driven legal advice to the Board of Directors and senior management
- Primary contact for advising on all legal matters for AirAsia X
- Collaborates with all stakeholders, leading internal and external legal negotiations and ensuring legal compliance in the conduct of business
- Manages the Legal Department, providing leadership and guidance to members of the team
- Works closely with external counsel to ensure effective and efficient delivery of commercial results for AirAsia

Experience:

- Private legal practice in Singapore and Malaysia, 1990-2002
- Partner, Banking and Capital Markets, Messrs Rashid & Lee, 2000
- Head of Legal, Usaha Tegas Group, Oil & Gas, 2002
- Chief Operating Officer, Melium Sdn Bhd, 2006
- F&B owner and operator, 2011
- Consultant, 2017 - 2021

Qualifications and Professional Membership:

- Advocate and Solicitor, Malaysia
- Barrister and Solicitor, Australian Capital Territory
- Advocate and Solicitor, Singapore
- Barrister-at-Law, England & Wales
- Bachelor of Laws (LL.B, Hons), University of London

ALVIN TAN

Head of Engineering

Date of Appointment: 1 April 2022

Age

37

Gender



Nationality



Responsibilities:

- Provides leadership and vision to the Engineering Department with the primary focus on aligning technical capability with AirAsia X's business needs
- Oversees the main pillars in Engineering; CAMO, Subcontracted Maintenance Part-145 and Quality Assurance
- Manages Fleet Planning and Aircraft Lease Evaluation to ensure route and business growth strategies are in line with AirAsia X's vision
- Oversees Cost & Resource Tracking and Budgeting
- Ensures implementation of work culture, safety culture and engineering policies and procedures

Experience:

- Joined AirAsia Berhad, Chief of Design Assurance Section, 2010
- Joined Airbus as Field Services supporting airlines in Singapore, Hong Kong and South Korea, 2013
- Promoted to Customer Support Director/Field Services Manager performing both commercial and technical role to airlines in the SEA Region, 2018
- Joined AirAsia X Berhad as Head of Engineering, 2022

Qualifications and Professional Membership:

- Bachelor of Science, Aerospace Engineering, Missouri University of Science & Tech, USA
- Airbus A330, A350 Type Trained

Declaration of Leadership Team:

Family Relationship

None of the Leadership Team has any family relationship with any other Director and/or major shareholder of AirAsia X

Conflict of Interest

None of the Leadership Team has any conflict of interest with AirAsia X

Conviction for Offences

None of the Leadership Team has been convicted for any public offence during the financial year ended 31 December 2023 or had any penalty imposed by the relevant regulatory bodies within the past five (5) years, other than traffic offences, if any

Chairman Statement

Dear Shareholders,

I am pleased to present AirAsia X's Chairman Statement for the financial year 2023. This marks yet another momentous milestone in our corporate journey, and I extend my sincere gratitude for your steadfast support thus far. In the last Annual Report, my predecessor, YM Tunku Dato' Mahmood Fawzy spoke of the restart of the Company's commercial flight operations following a tumultuous period of lockdowns world over. The aviation sector faced unparalleled challenges during this time, leading to a temporary cessation of AirAsia X's operations, followed by an extensive debt restructuring scheme spanning from 2021 to 2022.

n's

Subsequently, in less than one year since the resumption of operations, AirAsia X charted a Net Profit of RM33.3 billion for the financial period ended 2022, primarily attributed to the write-back of provisions. We were encouraged by the remarkable momentum observed during that period for the recovery of the Company. Now, as we present to you AirAsia X's 2023 Annual Report, I am honoured to announce that last year, the Company maintained its steadfast progress in recovery and onward sustainable growth. Notably, in the full financial year ended 2023, AirAsia X recorded a Net Profit of RM331.5 million with its annual turnover trending at RM2.5 billion, recovering close to 60% of its 2019-level records - a commendable resurgence, considering the airline has yet to operate at the maximum available capacity.

It brings me great pleasure to share that the crowning achievement in 2023 is that the Company has successfully navigated its way out of the Practice Note 17 ("PN17") classification, marking a significant achievement for our organisation. Reflecting on our journey thus far, it is impossible to overlook the profound impact of the pandemic which precipitated the near-complete cessation of our operations in 2020, and ultimately led to the imposition of the PN17 classification in 2021, owing to the financial uncertainties at the time. Overcoming this classification was a protracted endeavour, exacerbated by the persistent scepticism of the industry even after the Company could restart its operations in mid-2022.

The team worked diligently to validate the viability of the revitalised model designed for the new, post-pandemic landscape, ensuring its resilience and adaptability. With the Company completing its restructuring in early 2022, coupled with sustained profitability each quarter, AirAsia X successfully emerged from the PN17 classification, and we are now well-positioned to pursue new opportunities and steer the future growth of the Company for the benefit of all stakeholders. Against the backdrop of the evolving industrial dynamics and the embrace of the future norms within the sector, the Company's renewed focus on its strategic initiatives has never been more critical - as we progress further, we are committed to harnessing the momentum gained recently to propel the Company towards success.

Having served on the Board of the Company for over 16 years, I have borne witness to the myriads of challenges and triumphs that have characterised the Company. Throughout this period, the resilience and adaptability of the Company have consistently prevailed, affirming our capacity to overcome obstacles that come our way. Following the resumption of our scheduled flight operations in 2022, AirAsia X has demonstrated remarkable resilience and skill in navigating the ever-intricate operating environment, particularly in a post-pandemic world. In 2023, as travel restrictions eased further, and passenger demand continued to chart its pace anew, we see recovery on the right trajectory.

Harnessing the strength of our robust network and operational expertise, the Board is diligent in ensuring that the management team is steadfast in capitalising on the emerging opportunities in this evolving paradigm. Our focus was directed towards the selection of routes with proven demands and favourable yields while optimising fleet utilisation to enhance the organisational efficiency as a whole.

Demand for travel remained strong well into 2023, building upon the momentum of the final quarters of 2022. In the preceding year, the Company kept its pace gradual as it methodically reintroduced its fleet back on stream after over 30 months of hiatus, with the addition of new lease arrangements underway. The year 2023 marked the full implementation of the Company's comprehensive recovery plan, particularly with the expansion of its fleet. Our fleet size increased from 14 aircraft in 2022 to 18 aircraft, with 16 of these aircraft fully operational by December 2023. In 2023, AirAsia X ended the year with 22 destinations within its network, doubling its weekly flight counts to 144 flights from weekly flight numbers charted in 2022.

Underscoring its strategic growth initiatives, AirAsia X most recently, in March 2024, celebrated the launch of our inaugural flight to Almaty in Kazakhstan. This heralds immense prospects that could be unlocked via enhanced connectivity within the region and beyond. What's even more exciting is that all of this is happening in addition to the anticipation we have for China's return to the forefront of international travel. Recent indicators have been exceedingly promising - with the removal of visa requirements, our destinations in China, namely Beijing, Chengdu, Hangzhou, and Shanghai have in recent months shown a promising load factor of over 90% across all routes, signifying that demand is indeed robust and poised for expansion in this market.

Our business model is premised upon operational efficiency, which facilitates cost-effectiveness and ultimately bolsters profitability. Last year, we shared how the Company pursued enhanced efficiencies, with a particular focus on improving its turnaround times amidst the early stages of recovery of our network. As a result, for the financial quarter ended 31 December 2022, its cost per available seat kilometre ("**CASK**") stood at 9.98 sen while CASK ex-fuel was at 1.42 sen.

Building on this foundation, in the ensuing 12 months of 2023, I am pleased to share that AirAsia X continued to exhibit improved financial performance, a strong demonstration of the team's enduring commitment to operational excellence which serves as the cornerstone for cost optimisation within the Company's operational landscape. Despite prevailing uncertainties within the operating environment today, AirAsia X has

delivered consistent recovery and growth, continually driving its revenue and profitability on a quarterly basis. For the financial year ended 31 December 2023, the Company's CASK stood at 14.90 sen, while CASK ex-fuel is healthy at 6.85 sen.

As an airline, the safety and well-being of our guests and our Allstars is of unparalleled importance for both the Board and the management team. As we adapt ourselves to the operational landscape in this post-pandemic era, we maintain an unwavering commitment to excellence which compels us to continually enhance every segment of our operations. In 2023, AirAsia X proudly served over 2.8 million passengers, a significant increase from the preceding year's figure of just over 417,000 passengers.

Recognising that stringent safety procedures and protocols, coupled with strict governance are indispensable pillars for upholding the paramount standards of operational integrity, we remain steadfast in ensuring this is not compromised. As a member of the Company's Safety Review Board, I am privileged to assure you of the steadfast dedication the Company has in maintaining exemplary safety standards in our day-to-day operation, ensuring proactive identification, mitigation, and minimisation of any potential risk factors, thereby safeguarding the well-being of all stakeholders involved.

On a global scale, the efforts to prioritise sustainability initiatives remain at the forefront of the overarching commitment to humanity's long-term survival and prosperity. While we acknowledge the importance of fortifying our profit margins and financial position, particularly in the aftermath of a protracted disruption to our business operations in recent years, we are also conscious of our broader responsibility to contribute to a growing industry that is sustainable, inclusive and equitable.

Within this Annual Report, I am pleased to present to you AirAsia X's Sustainability Statement, featuring its inaugural sustainability framework, from page 22 to 87. Additionally, I am delighted to present the Company's Corporate Governance Overview Statement which is detailed from page 88 to 97. This comprehensive overview articulates the Company's internal processes and practices that align with the esteemed standards of the Malaysian Code of Corporate Governance ("**MCCG**").

By adhering to these principles, we present our commitment to continually fostering the improvement in our corporate governance standards and operational methodologies. Looking ahead, we anticipate maintaining a culture of refinement of the Company's governance framework, particularly in sustainability considerations. By conducting periodic reviews of our practices, we endeavour to strengthen our strategic initiatives and accelerate the progress towards our aspirations for sustainability.

I extend my heartfelt gratitude to my predecessor YM Tunku Dato' Mahmood Fawzy for his exemplary leadership and guidance to the Board as well as the management team through AirAsia X's recent transformative journey, leading up to the successful exit from the PN17 classification. Since our last Annual General Meeting, there have been a few other changes with your Board.

In this regard, I am privileged to welcome Dato' Abdul Mutalib and Dato' Sri Mohammed Shazalli, who joined our Board in 2023, bringing with them a wealth of corporate expertise and experiences. Presently, Dato' Abdul Mutalib assumes the pivotal role of Audit Committee Chairman while Dato' Sri Mohammed Shazalli now heads the Company's Safety Review Board. I am confident that their invaluable insights will enhance the Company's governance framework and operational effectiveness.

Looking ahead, in the face of the perpetual evolution of the aviation industry, I am optimistic about the synergy and collaboration that we have nurtured over the years with the wider Capital A Group. I am confident that our collective efforts will serve to reinforce our existing foundation here, where we call home, while also extending our reach across new horizons, facilitating enhanced global connectivity and accessibility.

As we navigate this journey together, I gratefully acknowledge the unwavering support of you, our esteemed shareholders. Your support has been instrumental in our progress thus far, and I am truly honoured to express my sincere appreciation. We have achieved multiple significant milestones together, and we recognise that there remains much to be done. With your continued support, we have confidence that we are indeed empowered to persevere and realise our dreams and aspirations for the enduring success of the Company.

Thank you.

Dato' Fam Lee Ee
Chairman
AirAsia X Berhad

CEO'S

Management Discussion & Analysis

Dear Esteemed Shareholders,

I am honoured for this opportunity to present to you AirAsia X's Annual Report for the financial year 2023. As I address you annually in this capacity, it is vital to recall the significance of the Company's endeavours from the past year, which have been nothing short of remarkable. Reflecting on the content of AirAsia X's last Annual Report, I take pride in sharing that AirAsia X had resumed normalised level of commercial flight operations in 2023.

As we thumb through the pages of this year's Annual Report, I am delighted to share that the Company has continued its trajectory towards a thrilling recovery in 2023, leveraging on the post-pandemic operational paradigm that has progressively normalised in the past year. AirAsia X had attained significant milestones throughout its journey in recovery, with the particularly notable one being the emergence of the Company from the Practice Note 17 (“**PN17**”) classification in November 2023. Reflecting upon our path thus far, it is clear that the pandemic had a deep impact on AirAsia X, and the classification of PN17 on the Company in 2021 amidst the financial uncertainties of that time, posed an incredible challenge to us indeed.

However, since the airline was able to resume its operations in April 2022, the team had remained steadfast in implementing the Company's revitalised business model, which is aimed at sustained growth and profitability, ultimately rising above the PN17 classification and fortifying its position and gaining market leadership in regions it services. This effort, marked by the endurance and determination of the Company, indicated AirAsia X's dedication to onward growth and stability. Overcoming these challenges amidst the prevailing scepticism surrounding the airline industry's post-pandemic soundness proved to be an arduous task, and it is with great honour that I now share AirAsia X's narrative of recovery and adaptability. This reflects not only AirAsia X's unwavering spirit but also its capacity to navigate adversities with resilience and prudence.

Back in April 2022, AirAsia X resumed its flight operations, embarking on a thoroughly planned process to reintroduce its scheduled services. Starting with routes to Seoul and Delhi, the airline progressed to expand its network throughout the latter part of 2022 and well into 2023. This methodical approach provided AirAsia X with the avenue to capitalise on the sustained and sizable demand for air travel which persisted solidly for the entirety of 2023.

The fiscal year 2023 was pivotal as we executed an extensive recovery plan that was devised and improvised on ever since the near-halt of the Company's operations back in 2020. Notably, significant milestones were achieved in fleet expansion since the restart of our operations. Immediately following the conclusion of the Company's Debt Restructuring in 2022, we were down to nine aircraft and had expanded to 14 aircraft by the end of 2022. In 2023, AirAsia X's fleet size grew further to 18 units of A330-300 by December 2023. At the time of writing of this statement, nearly 90% of the fleet was fully activated and operational, with the remaining two aircraft slated for reactivation by the first half of 2024. This expansion of AirAsia X's available capacity heralds a promising avenue for our continued growth and operational efficiencies.

It is with great enthusiasm that we share that AirAsia X has managed to double its weekly flight frequency to 144 flights by December 2023, notwithstanding that we have yet to fully reactivate all of our fleet. At the time of writing, AirAsia X services Australia (Sydney, Melbourne, Perth, and the Gold Coast), China (Beijing, Hangzhou, Shanghai, Chengdu, Hong Kong and Xi'an), India (New Delhi and Amritsar), South Korea (Seoul and Busan), Japan (Sapporo, Tokyo and Osaka), Taiwan (Taipei), Indonesia (Bali), Saudi Arabia (Jeddah), Thailand (Bangkok), Kazakhstan (Almaty), with seasonal services to Kota Kinabalu to support the overwhelming demand during the peak holiday season. This expanded network highlights AirAsia X's dedication to meeting the advancing needs of our guests and is poised to strengthen our position within the industry.

For the full financial year, AirAsia X served a total of 2.8 million passengers, marking a substantial increase of over sixfold compared to the figures recorded in 2022 (2022: 417,195 passengers), while Passenger Load Factor (“**PLF**”) increased by a commendable two percentage points to 80% (2022: 78%). In our concerted effort to expand our operational capacity, AirAsia X's Available Seat Kilometres (“**ASK**”) capacity grew by over seven times in the past 12 months, attributed to the reinstatement of aircraft into service and the expansion of our network. Notably, the PLF that we have recorded indicated that demand for travel remains elevated.

Collectively, these metrics underscored the efficiency of AirAsia X's initiatives and operational enhancements that were put into motion between 2020 to 2022, geared towards the return to normalcy in our operation, which has materialised all through the course of 2023.

Overview of Group's Business and Operations

	FYE 2023 (‘000)	FPE 2022 (‘000) Restated
Revenue (RM)	2,527,096	825,860
Total Operating Expenses (RM)	(2,048,129)	32,679,640
EBITDA/LBITDA (RM)	663,362	33,545,770
Net Operating Profit/Loss (RM)	369,068	32,744,086
Profit/Loss Before Tax (RM)	343,773	32,696,344
Taxation (RM)	12,268	612,241
Net Profit/Loss (RM)	331,505	33,308,585
Total Assets (RM)	3,137,573	2,482,794
Basic Earnings/Loss per Share (sen)	74.2	8,029.7

Review of Financial Results and Financial Condition

AirAsia X Berhad (“**AirAsia X**” or “**the Company**”) and the subsidiaries of AirAsia X (“**the Group**”) reported a turnover of RM2.5 billion for the financial year ended 31 December 2023 (“**FYE 2023**”) (2022: RM825.9 million), and recorded total operating expenses of RM2.0 billion against a total operating income of RM32.7 billion in 2022 which came on the back of reversal of provisions made during the Debt Restructuring in 2021. For fiscal year 2023, the Group posted earnings before interests, taxes, depreciation and amortisation (“**EBITDA**”) of RM663.4 million (2022: RM33.5 billion), while net operating profit stood at RM369.1 million (2022: RM32.7 billion). The Group closed the FYE 2023 with a net profit of RM331.5 million (2022: RM33.3 billion), reflecting a normalised profitability level following the reversal of provisions observed in the preceding year. This year under review, the Group presented a close to 60% recovery of its 2019-level revenue and a successful turnaround in profitability driven by the sustained demand in line with the recovery of the industry - a remarkable feat given that the airline has yet to operate on full available capacity.

Group's Earnings

Revenue

The Group recorded revenue of RM2.5 billion (2022: RM825.9 million) for the financial year, mainly driven by an increase in the number of passengers carried against a backdrop of additional aircraft inducted into service between January to December 2023, and further bolstered by the sustained demand for travel in the regions the Group operates in. In 2023, scheduled flight operations delivered revenue of RM1.7 billion (2022: RM272.4 million), and ancillary revenue stood at RM682.3 million (2022: RM78.5 million), reflecting multifold growth against the preceding financial period. The Group's freight services and charter flights each reported revenues of RM151.7 million (2022: RM341.6 million) and RM18.8 million (RM105.6 million) respectively, as the Group's scheduled flight operations normalised in its recovery trajectory. As the Group completed the termination of its sub-leases of aircraft to its associate, Thai AirAsia X Co., Ltd (“**AirAsia X Thailand**”) in 2022, no aircraft operating lease income was recorded for 2023 (2022: RM27.2 million).

Expenditure

For the financial year under review, the Group's total operating costs were driven largely by aircraft fuel expenses. This came as no surprise as the Group continued to recover its operational level, with additional scheduled flight operations compared to the preceding financial period. This cost segment was further heightened due to the higher jet fuel price as well as the weaker local currency against the greenback. Aircraft fuel expenses charted RM1.3 billion (2022: RM354.9 million), followed by maintenance and overhaul expenses at RM351.0 million (2022: RM472.4 million).

As the business recovered, the Group's staff costs increased to RM204.1 million (2022: RM106.4 million) on the back of hiring of additional staff and operational crew. As the pay-by-hour arrangements continued with its lessors, the Group recorded aircraft operating expenses of RM72.2 million (2022: RM33.6 million); the pay-by-hour arrangement is expected to conclude by the upcoming financial year 2024. In 2023, the Group reported user charges amounted to RM247.6 million (2022: RM97.0 million) as the Group added more destinations and flights into its network.

On the back of the reversal of provisions made for the Group's Debt Restructuring and provision for the additional loss in the investment made towards our joint venture in Indonesia due to the potential tax exposure to the Group, the Group posted positive other operating income of RM239.6 million (2022: RM34.3 billion).

Group Financial Position

The Group's net gearing stood at nil for the FYE 2023, as the Group did not have loan financing during the year under review. In addition, the Group's shareholder's equity turned positive at RM116.2 million for the financial year ended 2023.

Total equity saw a turnaround at RM116.2 million (2022: RM(259.2) million) after the Group posted net profit in the first quarter of 2023 which consequently turned negative shareholders' equity positive, and further fortified by RM50 million additional capital via share placement that was concluded in June 2023.

Total assets increased to RM3.1 billion (2022: RM2.5 billion) due to a higher security deposit paid as the Group added four aircraft on operating lease into its fleet in 2023, in addition to higher prepayment in accordance with operational requirements as the Group returned to normalised level of operations in 2023.

Total liabilities increased to RM3.0 billion (2022: RM2.7 billion) primarily driven by the increase in lease liabilities, a direct result of the addition of aircraft on operating lease into the Group's fleet in 2023.

Capital Structure and Capital Resources

In the FYE 2023, the cash flow generated from operations stood at RM(46.9) million (2022: RM108.9 million), while no Group borrowing was recorded. For the period under review, the Group's cash balance stood at RM57.7 million (2022: RM176.7 million).

Review of Operating Activities

The Group's reportable operating segments consist of each company with an Air Operator's Certificate ("AOC") held under the AirAsia X brand, namely Malaysia and Thailand. As of 31 December 2023, AirAsia X Malaysia increased the number of aircraft to 18 aircraft within its fleet, with 16 activated and operational by the end of the period. AirAsia X Thailand maintained its fleet of eight aircraft, with seven activated and operational as of 31 December 2023.

Segmental Performance Review

Revenue	FYE 2023 (‘000)	FPE 2022 (‘000) Restated
Malaysia	2,527,096	825,860
Thailand	1,474,053	1,006,211
Indonesia	-	-
Elimination adjustment	-	-
Total	4,001,149	1,832,071

EBITDA/LBITDA	FYE 2023 (‘000)	FPE 2022 (‘000) Restated
Malaysia	663,362	33,545,770
Thailand	2,186,676	682,598
Indonesia	-	(92)
Elimination adjustment	-	-
Total	2,850,038	34,228,276

Profit Before Tax/Loss Before Tax	FYE 2023 (‘000)	FPE 2022 (‘000) Restated
Malaysia	343,773	32,696,344
Thailand	2,093,601	482,078
Indonesia	-	(144)
Elimination adjustment	-	-
Total	2,437,374	33,178,278

Review of Corporate Exercises

In the preceding year’s Annual Report, I had the privilege of narrating the successful execution and completion of key initiatives undertaken by the Group between 2021 to 2022, namely the Debt Restructuring, Share Consolidation and Share Capital Reduction exercises. I had also shared an update on the Company’s progression with its regularisation exercise which would include the submission of a Proposed Regularisation Plan to Bursa Malaysia Securities Berhad to resolve its Practice Note 17 (“**PN17**”) status.

Following the financial quarter ended March 2023, during which the Group reported a turnaround of shareholders’ equity to RM40.8 million, we proceeded to submit a waiver application aimed at uplifting AirAsia X from its PN17 classification; this application was grounded on the fact that the Group no longer triggered any of the PN17 criteria. Subsequently, in November 2023, upon demonstrating the viability of the business through consecutive quarters of profitability, the Group successfully emerged from the PN17 classification without the necessity of submitting a regularisation plan.

At present, the Group is engaged in discussions with Capital A Berhad (“**Capital A**”) regarding the proposed acquisition of the latter’s aviation business, encompassing airlines such as AirAsia Malaysia Berhad and AirAsia Aviation Group Limited which in turn includes Thai AirAsia, Indonesia AirAsia and Philippines AirAsia. We look forward to reporting to our shareholders and stakeholders the progress of the proposal from time to time, as necessitated.

Outlook

Last year, I shared the Group’s undertaking to resume operations on a business-as-usual basis in June 2022. The outcomes from our airline’s comeback had been remarkable, buoyed by the encouraging post-pandemic pent-up demands from our markets. This resurgence had been nothing short of overwhelming, particularly as we were operating only seven aircraft in 2022. At that juncture, the Group had pledged to reintroduce more of its aircraft back into service, facilitating the relaunch of additional popular and profitable destinations, particularly into China, our largest market before the onset of the pandemic in 2020. As earlier on outlined in this statement, this commitment had been successfully realised.

All through 2023, the Group's key performance indicators have demonstrated promising trajectories. Operational recovery had steadily edged close to pre-pandemic levels, even after the normalisation of pent-up demands amidst the gradual return of capacity in the markets. By the end of December 2023, we have recorded 144 weekly flight frequencies and today, we serviced 22 destinations across our network. Most recently, we launched our maiden flight to Almaty, Kazakhstan, marking our venture into a new region, and with the removal of visa requirements for travel between Malaysia and Thailand with China, we have observed a surge in demand for travel between these markets, underpinned by over 90% PLF registered in the first quarter of 2024 for destinations in China.

Looking ahead to 2024, we eagerly anticipate the reintroduction of the final two aircraft into the Group's active and operational fleet by the first half of the year. Despite challenges posed by manpower and resource constraints among our business partners and vendors, stemming from the longer-than-expected recovery period of supply chain disruptions within the industry, the team remains determined to ensure the seamless reintegration of these aircraft into the stream, prioritising the safety of our guests and crew above all else.

Next on the horizon, our fleet and network outlook remains promising, with new-specification aircraft that promises longer range and enhanced cost efficiencies on order across the Group, such as the A330neo and A321XLR aircraft, secured ahead of time on AirAsia X's orderbook. This would allow us the avenue to explore a plethora of new and exciting destinations that may not be as connected today, including routes to Europe, Africa and the United States. The future is indeed bright, with endless opportunities for the Group.

Appreciation and Acknowledgements

On behalf of the AirAsia X Leadership Team, I extend our deepest appreciation to our Chairman, Dato' Fam Lee Ee, co-founders Tan Sri Tony Fernandes and Datuk Kamarudin Meranun, and all esteemed Board members. Their invaluable guidance had been instrumental in steering the Company through its recovery journey, with ongoing undertakings aimed at ensuring the sustained growth of AirAsia X.

A heartfelt appreciation goes out, as always, to our dedicated Allstars for their unwavering support and tireless dedication to the Company. The value of "all for one, one for all" resonates deeply within our organisation, highlighting the collective efforts towards our shared goals.

Last but certainly not least, I would like to take this opportunity to express my gratitude to all other esteemed stakeholders for their continued support for AirAsia X; the past few years presented us with daunting challenges, yet also imparted invaluable lessons to all of us, strengthening our resolve to drive AirAsia X's business further towards prosperity in the years to come.

Thank you.

Benyamin Ismail
Chief Executive Officer
AirAsia X Berhad

SUSTAINABILITY STATEMENT

CHAPTER 1: OUR SUSTAINABILITY APPROACH

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ABOUT THIS STATEMENT

AirAsia X Berhad (“**AirAsia X**” or “**the Company**”) presents its Sustainability Statement 2023, which showcases its ongoing commitment to economic, environmental and social (“**EES**”) progress. This statement serves as a comprehensive retrospective, charting the achievements and challenges that impact AirAsia X’s business operations and stakeholders. To further solidify the Company’s sustainability commitment, we now introduce AirAsia X’s Sustainability Framework, which provides a clear, actionable guide for the Company’s sustainable endeavours.

This year, we are pleased to announce a comprehensive revamp of our Sustainability Statement. We have expanded our focus to include deeper insights in highly material topics, such as climate strategy, safety, employee empowerment, and data privacy and security. Additionally, we have also enhanced the transparency of our EES data performance in accordance with Bursa Malaysia Securities Berhad Main Market Listing Requirements (“**Main LR**”).

This Statement provides tangible evidence of our progress and shows how we manage risks and opportunities across the sustainability spectrum. From operating responsibly to promoting diversity, equity and inclusion, we strive to leave a positive footprint in the Asean region and beyond.

REPORTING FRAMEWORK AND GUIDELINES

[GRI 1, 2-1, 2-3]

This Statement was developed based on the Amendments to Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad in relation to Sustainability Statements within Annual Reports, with guidance from Bursa Malaysia’s Sustainability Reporting Guide (“**3rd Edition**”). We have also prepared this Statement with reference to the Global Reporting Initiative (“**GRI**”) Standards. Other frameworks and guidelines taken into consideration include:

- Task Force on Climate-related Financial Disclosures (“**TCFD**”)
- United Nations’ Sustainable Development Goals (“**UN SDGs**”)
- FTSE4Good Bursa Malaysia (“**F4GBM**”) Index

REPORTING SCOPE AND BOUNDARIES

[GRI 2-2, 2-3]

This Statement covers the reporting period of 1 January 2023 to 31 December 2023, unless stated otherwise. This Statement also provides comparative historical data wherever relevant and available. To ensure our disclosures are comparable and meaningful, we have adjusted the reporting periods of 2021 and 2022 to each a 12-month period, effectively spanning from January to December for each respective year. This differs from the financial period of 18 months for the 2021 and 2022 financial statements.

This Statement encompasses the activities of AirAsia X only, excluding any associates or joint ventures. We have excluded Thai AirAsia X (“**TAAX**”) and PT. Indonesia AirAsia Extra (“**IAAX**”) because we do not have direct management control over the former, while the latter has ceased operating as a result of the pandemic. References to ‘AirAsia X’, ‘the Company’, ‘the Organisation’ and ‘we’ refer to AirAsia X Berhad and its subsidiaries. For certain environmental indicators, the data reported would refer to operations in our head corporate office (RedQ, Selangor) only, due to data limitation and exclude all hubs/stations, as well as any subsidiaries.

While our EES reporting process is still in its initial phases, we are committed to invest resources and effort to progress in a phased manner, aiming to enhance our sustainability reporting to a more comprehensive level.

ASSURANCE

[GRI 2-5]

As part of the Company’s continuous effort to strengthen the credibility of the Sustainability Statement, data for the following selected Subject Matters which are disclosed in the Sustainability Statement for the financial year ended 31 December 2023 (“**FYE 2023**”) have been verified by the Company’s Internal Audit Department using sampling approach and has been approved by the Company’s Audit Committee.

Subject Matter	Common Indicators	2023 Data
Emissions & Climate-related Strategy	i) Total energy consumption	13.1 million GJ
	ii) Scope 1 emission in tonnes of CO ₂ e	960,280 tCO ₂ e
	iii) Scope 2 emission in tonnes of CO ₂ e	206 tCO ₂ e
	iv) Scope 3 emission in tonnes of CO ₂ e	200,795 tCO ₂ e
Health & Safety	i) Number of work-related fatalities	Nil
	ii) Lost time incident rate	1.01
	iii) Number of employees trained on health & safety standards	1,236
Data Privacy & Security	Number of substantiated complaints concerning breaches of customer privacy and losses over customer data	Nil

The scope of the review is based on the Company’s reporting scope and boundaries set by the Management as disclosed in the Sustainability Statement for FYE 2023.

This Statement has also been reviewed by our Sustainability Steering Committee (“**SSC**”) and Risk Management Committee (“**RMC**”), as well as endorsed by the Board of Directors (“**the Board**”) of AirAsia X.

FEEDBACK

[GRI 2-3]

In order to continuously improve our reporting and sustainability efforts, we welcome all feedback, ideas and comments from our stakeholders. Please direct enquiries, feedback or comments on AirAsia X’s Sustainability Statement 2023 via the following email: aax_sustainability@airasia.com.

WE ARE AIRASIA X

Established in 2006 as Fly Asian Express, AirAsia X is today a mid-range low-cost airline operating primarily in the Asia-Pacific region. Following the successful completion of the Company’s debt restructuring exercise in March 2022, we have embarked on a steady course of post-pandemic recovery, progressively expanding our network which, as of 31 December 2023, encompasses 22 destinations from the initial Seoul and Delhi in April 2022. In addition, AirAsia X is pleased to announce the upliftment of its PN17 classification in November 2023, following its fifth consecutive quarterly net profit.

An overview of AirAsia X’s operational statistics as of 31 December 2023:

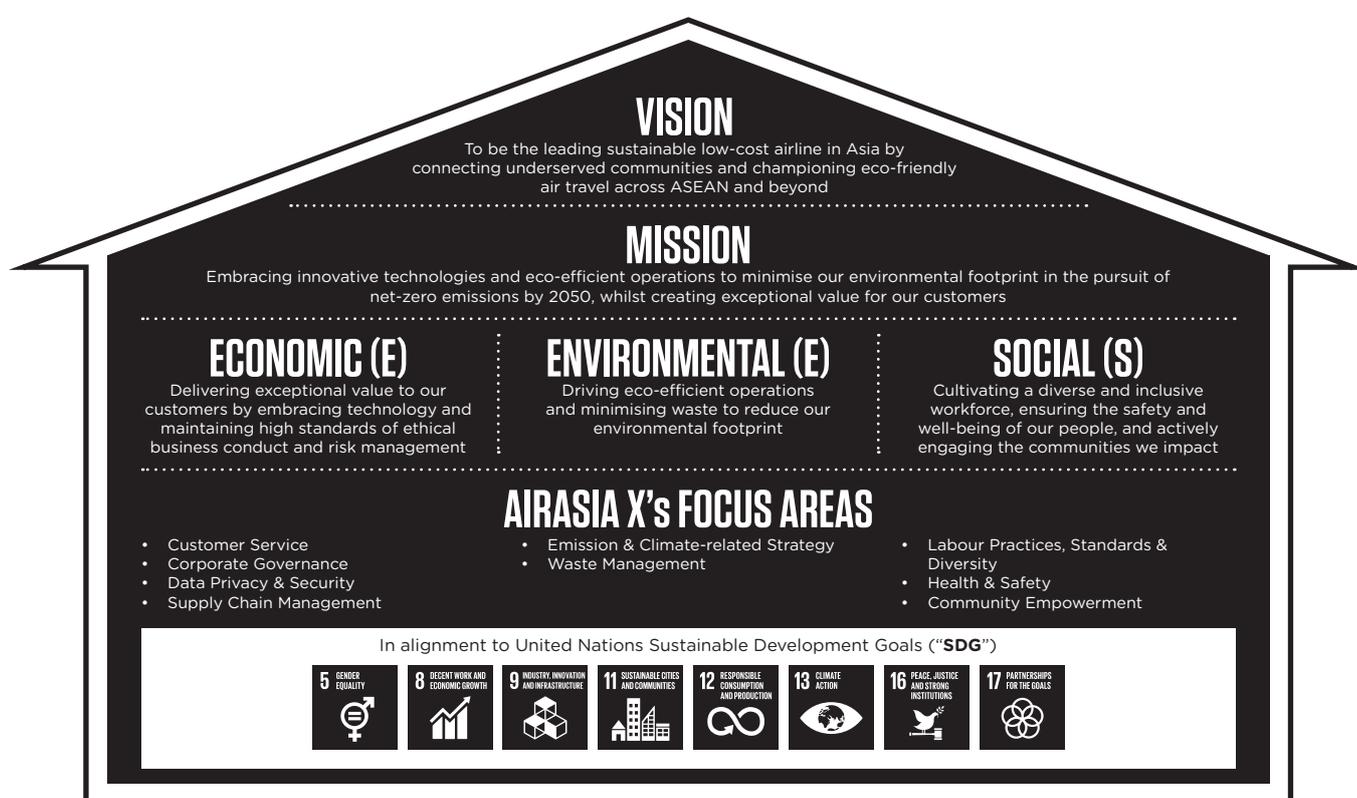
No. of Passengers Carried	Passenger Load Factor	Available Seat Kilometres (“ASK”) [million]	Revenue Passenger Kilometres (“RPK”) [million]	No. of Destinations	Fleet Size
2,822,605	80%	15,604	12,222	22	18 A330-300

SUSTAINABILITY FRAMEWORK

[GRI 2-6, 2-22]

The year 2023 marked a significant turning point in AirAsia X's commitment to our economic, environmental and social progress. We successfully conducted our inaugural materiality assessment, culminating in the launch of AirAsia X's first Sustainability Framework, which aligns with the Company's identified material matters. Drawing on the international GRI Standards 2021, our Sustainability Framework is structured around three core pillars: economic, environmental, and social ("EES"). This comprehensive approach ensures that our sustainability efforts address a wide range of critical aspects.

In previous years, we have progressively laid down our sustainability foundations by strengthening our safety initiatives and continuously improving our operational efficiency. As the Company gains deeper understanding of how to optimally align its business objectives with the global sustainability agenda, the Sustainability Framework will be updated and refined consistently to ensure its continued relevance and efficacy.



SUSTAINABILITY ACHIEVEMENTS & HIGHLIGHTS IN 2023

EES Pillars	Indicators	2023
Economic	On-Time Performance	77% (▲20% from 2022)
	Carbon intensity (gCO ₂ /ASK)	61.3 (▼32% from 2022)
Environmental	Carbon intensity (gCO ₂ /RPK)	78.3 (▼34% from 2022)
	Lost Time Incident rate	1.01 (▼95% from 2022)
Social	Percentage of women in the workforce	48% (▲4% from 2022)

SUSTAINABILITY GOVERNANCE

[GRI 2-9, 2-10, 2-11, 2-12, 2-13, 2-14, 2-18]

At AirAsia X, sustainability is woven into the fabric of our governance structure, ensuring that we remain accountable to meet our sustainability commitments. This starts at the top, with the Board holding the overall responsibility for AirAsia X’s sustainability strategy and performance. At the same time, the RMC provides Board-level oversight on AirAsia X’s direction, policies, and practices on both sustainability and risk management matters. The Terms of Reference for the RMC was updated in May 2023 to incorporate the RMC’s roles and responsibilities pertaining to sustainability-related matters, whilst also mandating the committee to convene on a quarterly basis to review AirAsia X’s sustainability strategies and progress on sustainability-related initiatives, including the sustainability statement.

In 2023, we established two vital committees to drive our sustainability journey. The SSC, led by the Chief Executive Officer (“**CEO**”) and composed of the Leadership Team, charts our sustainability strategy and key priorities. Meanwhile, the Sustainability Working Group (“**SWG**”) translates these into action, by implementing sustainability initiatives across the organisation.

The specific roles and responsibilities of each committee are clearly defined as shown below, ensuring smooth collaboration and effective navigation of tasks. This governance structure guarantees that sustainability remains a top priority at every level.



Roles	Responsibilities
 <p>Board of Directors</p>	<ul style="list-style-type: none"> Ensures that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability; and Oversees the development and implementation of the Sustainability Framework, strategies, priorities and targets.
 <p>Risk Management Committee</p>	<ul style="list-style-type: none"> Provides oversight and assess the Company’s sustainability strategies, policies, principles and practices, aligning it to the commitment of the Company towards sustainability; and Review and advise on the Sustainability Statement prior to reporting to the Board of Directors.
 <p>Sustainability Steering Committee</p>	<ul style="list-style-type: none"> Sets the sustainability strategies, policies, principles and practices in line with the Company’s direction; and Acts as a decision-making body for sustainability initiatives, including recommending to the RMC for approval of the Sustainability Statement.

Roles	Responsibilities
	<ul style="list-style-type: none"> • Implements the sustainability strategies and initiatives set by the SSC; and • Prepares the Sustainability Statement by ensuring the quality and extent of disclosures.

Sustainability Working Group

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

- Sustainability initiatives;
- Sustainability reporting & data collection;
- Approval of materiality assessment findings; and
- Finalisation of AirAsia X's Sustainability Framework.

KEY RISKS, STRATEGIES & OUTLOOK

[GRI 3-3]

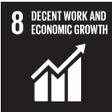
With international travel taking off once more, the Board and Management of AirAsia X are reaffirming their commitment to a robust risk culture. To maintain operational resilience, we have identified our key risks as well as the associated mitigation strategies, based on AirAsia X's nine material matters. This proactive approach allows us to prioritise mitigation efforts and navigate potential challenges with agility.

Pillars	Material Topics	Risks	Strategies & Outlook
 Economic	Corporate Governance	Non-compliance of regulations imposed by regulatory bodies (including but not limited to Malaysian Aviation Commission (“ MAVCOM ”) and Bursa Malaysia).	By maintaining robust governance practices, we enhance trust and transparency across stakeholders within the Company. <i>Read more in Chapter 4: Delivering Economic Value via Robust Governance</i>
	Customer Service	Inability to meet customer expectations may adversely affect loyalty and result in reduced revenue.	Ongoing enhancements are implemented based on Net Promoter Score (“ NPS ”) surveys distributed to passengers following their experience with AirAsia X flights. <i>Read more in Chapter 4: Delivering Economic Value via Robust Governance</i>
	Data Privacy & Security	Cyber threats including breach of customers’ data may lead to loss of customer trust and reputational harm.	We continuously update our cybersecurity measures to ensure comprehensive protection in mitigating potential security exposures. <i>Read more in Chapter 4: Delivering Economic Value via Robust Governance</i>
	Supply Chain Management	Sourcing goods from suppliers with poor ESG practices pose legal, reputational and safety risks.	We prioritise local suppliers and suppliers that meet our ESG standards, to ensure a sustainable supply chain. <i>Read more in Chapter 4: Delivering Economic Value via Robust Governance</i>

Pillars	Material Topics	Risks	Strategies & Outlook
 Environmental	Emissions & Climate-related Strategy	Our international flight operations expose us to non-compliance risks from evolving climate regulations and Sustainable Aviation Fuel (“SAF”) mandates across our markets.	Adopting in-sector measures such as operational efficiency, new aircraft fleet and SAF would reduce our environmental footprint significantly, in addition to potentially reducing operational costs. <i>Read more in Chapter 2: Addressing Climate Change</i>
	Waste Management	Non-compliance to environmental regulations can lead to fines and sanctions.	By leveraging pre-booked meal information and historical customer purchase data, we aim to minimise overall waste generation, particularly food waste. We also continuously engage with responsible, licensed contractors to manage our scheduled waste. <i>Read more in Chapter 2: Addressing Climate Change</i>
 Social	Labour Practices, Standards & Diversity	Poor workplace culture and remuneration packages can result in employee disengagement, which would likely lead to a high turnover rate.	We promote diversity, equity and inclusion, multiple employee engagement initiatives, and a positive workplace culture to ensure employee satisfaction and retention. <i>Read more in Chapter 3: Caring for Our People & Communities</i>
	Health & Safety	Flight safety incidents can significantly affect the Company’s reputation and may result in the decline of our safety ratings, as well as additional operational restrictions imposed by regulatory authorities (eg: Civil Aviation Authority of Malaysia (“CAAM”).	We continuously prioritise rigorous health and safety standards, in order to protect the safety of our employees and customers. <i>Read more in Chapter 3: Caring for Our People & Communities</i>
	Community Empowerment	Increased tourism activities are putting a strain on local environments, leading to ocean and land pollution that disproportionately affects the communities that we fly to.	We strive to empower the communities where we operate, thereby minimising the negative impact of tourism and aviation. <i>Read more in Chapter 3: Caring for Our People & Communities</i>

COMMITMENT TO THE UN SUSTAINABLE DEVELOPMENT GOALS

Since the launch of the UN SDGs in 2015, we have recognised the importance of this global agenda throughout the years. This year, we are primarily directing our focus towards eight SDGs, which are aligned to the sustainability initiatives implemented in 2023.

SDG	SDG Targets	Our 2023 Progress
 5 GENDER EQUALITY	5.5 Eliminate all forms of violence against women & girls, including trafficking & other types of exploitation	<ul style="list-style-type: none"> • 17% of our Board of Directors are women • Launched our inaugural gender pay gap analysis • Organised a community programme with Women's Aid Organisation, which impacted 18 beneficiaries
	5.5 Women's full and effective participation & equal opportunities for leadership at all levels	
 8 DECENT WORK AND ECONOMIC GROWTH	8.5 Achieve full & productive employment and decent work for all	<ul style="list-style-type: none"> • Provided employment for 1,336 Allstars • More than 396 Allstars participated in #KnowTheSigns Human Trafficking awareness course • Zero work-related fatalities
	8.7 Take effective measures to eradicate forced labour, end modern slavery & human trafficking	
	8.8 Protect labour rights & promote safe and secure working environments for all	
 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	9.1 Develop quality, reliable, sustainable & resilient infrastructure to support economic development and human well-being, with a focus on affordable & equitable access for all	<ul style="list-style-type: none"> • Implemented 5 fuel-saving initiatives • Set to induct our first Airbus A330neo aircraft by 2026; and the Airbus A321XLR by 2028
	9.4 Upgrade infrastructure & retrofit to make them sustainable, with increased resource use efficiency and greater adoption of clean & environmentally sound technologies	
 11 SUSTAINABLE CITIES AND COMMUNITIES	11.2 Provide access to safe, affordable, accessible & sustainable transport systems to all	<ul style="list-style-type: none"> • Safety Management System in place ensures operational risks are proactively managed with relevant procedures to prevent serious incidents
	11.5 Reduce the number of deaths & the number of people affected, and decrease the direct economic losses relative to global gross domestic product caused by natural disasters	
 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	12.2 Achieve sustainable management & efficient use of natural resources	<ul style="list-style-type: none"> • Local suppliers constituted 34% of our supply chain expenditure • Implemented 5 fuel-saving initiatives, which resulted in 1,708 tonnes of fuel saved
	12.7 Promote public procurement practices that are sustainable, in accordance with national policies & priorities	

SDG	SDG Targets	Our 2023 Progress
	13.2 Integrate climate change measures into strategies & planning	<ul style="list-style-type: none"> • Sustainable fleet management by ordering the latest aircraft type: Airbus A330neo and A321XLR • Monitoring, Reporting and Verification (“MRV”) of carbon emissions • Started tracking Scope 3 emissions • Disclosed Scope 1, 2 and 3 emissions
	13.3 Improve education & awareness-raising on climate change mitigation, adaptation, impact reduction & early warning	
	16.5 Substantially reduce corruption and bribery in all forms	<ul style="list-style-type: none"> • Established Board oversight of sustainability through the RMC • 100% new joiners acknowledged the Anti-Bribery and Anti-Corruption Policy • Zero incidents of corruption
	16.6 Develop effective, accountable and transparent institutions at all levels	
	16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels	
	17.16 Enhance the global partnership for sustainable development, complemented by multi stakeholder partnerships that mobilise and share knowledge, expertise, technology and financial resources, to support the achievement of SDGs in all countries, in particular developing countries	<ul style="list-style-type: none"> • Approximately 2,707 suppliers and vendor partners across the globe • Engagements with the International Civil Aviation Organization (“ICAO”) for Carbon Offsetting and Reduction Scheme for International Aviation (“CORSIA”) compliance

STAKEHOLDER ENGAGEMENT

[GRI 2-29, GRI 3-3]

OUR STAKEHOLDER ENGAGEMENT APPROACH



Building good relationships with our stakeholders is a constant priority. AirAsia X actively listens to their needs and aspirations, as it shapes the very foundation of the Company's operations. By maintaining an active and multi-channel communication, we pave the way for long-term value creation for all.

Stakeholder Groups	Areas of Interest	Metrics/Data Tracked	Our Response
 Investors	<ul style="list-style-type: none"> Share price appreciation and an attractive dividend stream Sustainable growth in revenue and financial performance Attractive business plans and growth strategy Strong and experienced management Transparent reporting and disclosure Sound ESG practices measured through shareholder feedback and Annual General Meeting (“AGM”) outcomes 	<ul style="list-style-type: none"> Revenue, EBITDA and other financial performance indicators Share price and dividends 	<ul style="list-style-type: none"> CEO’s Management Discussion & Analysis, pg 16-21 Financial Statements, pg 115-127 Robust Corporate Governance, pg 72-77
 Employees (Allstars)	<ul style="list-style-type: none"> A safe and healthy work environment Fair remuneration, effective performance management and recognition Career development and advancement opportunities An empowering environment that embraces diversity and inclusivity 	<ul style="list-style-type: none"> Employee satisfaction survey Training and development indicators Employee retention and turnover rate Safety indicators 	<ul style="list-style-type: none"> Safety as our Priority, pg 48-56 Empowering Allstars, pg 57-63 Ethical Business Conduct, pg 73-74
 Customers (Guests)	<ul style="list-style-type: none"> Responsible and high-quality airline services Affordable international flights Excellent customer service Trusted and credible AirAsia X brand 	<ul style="list-style-type: none"> Customer Satisfaction Scores Net Promoter scores 	<ul style="list-style-type: none"> Our Sustainability Approach, pg 22-24 Prioritising Guest Satisfaction, pg 66-68
 Regulators/ Governmental Bodies	<ul style="list-style-type: none"> Compliance with all legal and regulatory requirements Active engagement with the industry and regulatory working groups Reduction of carbon emissions 	<ul style="list-style-type: none"> Carbon emission indicators Safety audit reports and certifications 	<ul style="list-style-type: none"> Safety as our Priority, pg 48-56 Managing our Environmental Footprint, pg 44-46 Ethical Business Conduct, pg 73-74
 Local communities	<ul style="list-style-type: none"> Community empowerment programmes Mitigating our operational impact on the environment 	<ul style="list-style-type: none"> Amount channelled towards community empowerment Number of beneficiaries positively impacted 	<ul style="list-style-type: none"> Safety as our Priority, pg 48-56 Towards Low-Carbon Operations, pg 36-44 Managing our Environmental Footprint, pg 44-46 Supporting our Communities, pg 63-64

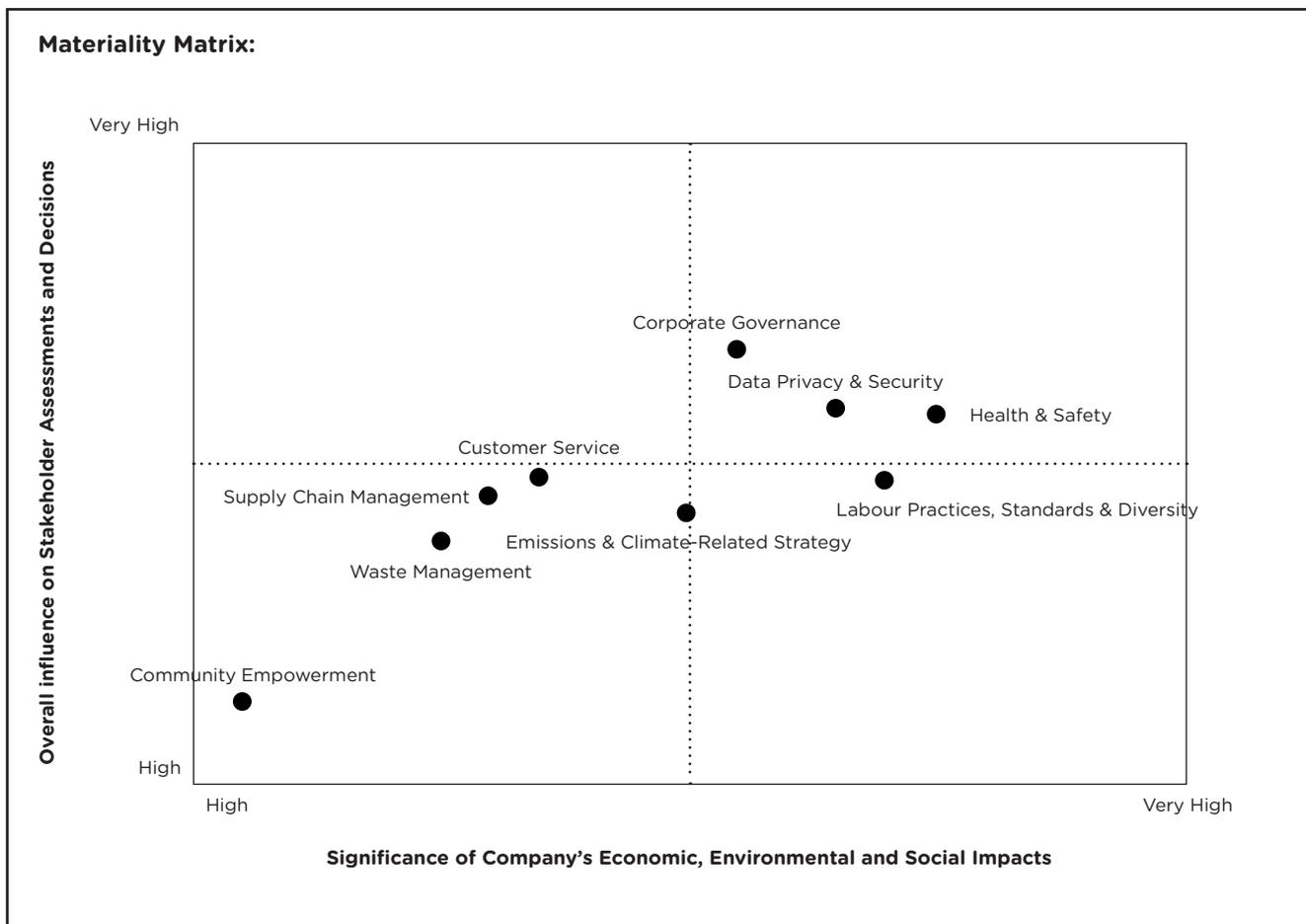
Stakeholder Groups	Areas of Interest	Metrics/Data Tracked	Our Response
 <p>Suppliers and contractors</p>	<ul style="list-style-type: none"> Fair procurement and responsible sourcing practices Supplier assessment and engagement process Contractor health and safety practices 	<ul style="list-style-type: none"> Percentage of local suppliers engaged Quality of suppliers engaged 	<ul style="list-style-type: none"> Safety as our Priority, pg 48-56 Sustainable Supply Chain, pg 77-78
 <p>Media</p>	<ul style="list-style-type: none"> Business strategies and growth plans Updates on routes and destinations 	<ul style="list-style-type: none"> Press releases 	<ul style="list-style-type: none"> CEO’s Management Discussion & Analysis, pg 16-21 AirAsia X website Social Media

MATERIALITY ASSESSMENT

[GRI 3-1, GRI 3-2, GRI 3-3]

In the third quarter of 2023, AirAsia X conducted its inaugural materiality survey, thus kickstarting our official sustainability journey. Via this materiality assessment, the Company engaged with 416 respondents from eight stakeholder groups, which enabled us to understand their expectations and key areas of interest. Since this is the Company’s first materiality assessment, we adhere to the recommendations stipulated in Bursa Malaysia’s Toolkit: Materiality Assessment (“**3rd Edition**”). The materiality process that was undertaken is outlined below:

Step 1: Identification of Material Matters	Step 2: Prioritisation of Material Matters	Step 3: Review and Validation of Process & Outcomes
<p>We have identified nine material matters that are relevant to our business and value chain, based on external and internal sources. Our external sources include industry benchmarking, emerging trends in the aviation industry, as well as relevant reporting standards and frameworks such as Bursa Malaysia’s Sustainability Reporting Guideline. Our internal sources include assessment of business context, key performance indicators and relevant policies.</p> <p>We also identified eight stakeholder groups that are pivotal to our value chain.</p>	<p>We sent a materiality survey to both internal and external stakeholders to rate these nine material matters based on their influence on stakeholder decisions and significance on the Company’s EES impacts.</p> <p>Results of the assessment were plotted in a materiality matrix, graded from high to very high importance.</p>	<p>The materiality matrix is then approved by the following committees:</p> <ul style="list-style-type: none"> Board of Directors; Risk Management Committee; and Sustainability Steering Committee. <p>We aim to conduct a full-scale materiality assessment once every two years, with a limited scale review conducted in the intervening years.</p>



Based on the materiality assessment conducted, our findings revealed that all nine material topics are deemed highly important by internal and external stakeholders alike. Therefore, the materiality matrix shown above is highlighting the top-right quadrant when scaled from a rating of 1 to 5. In summary, the top 5 material topics that are deemed most important by all stakeholders are as follows:

- Health & Safety
- Labour Practices, Standards & Diversity
- Data Privacy & Security
- Corporate Governance
- Emissions & Climate-Related Strategy

Henceforth, the disclosures on the 5 material topics above would be the main focus for this year's Sustainability Statement.

Note:

In line with Bursa Malaysia's enhanced sustainability requirements under the Main Market Listing Requirements:

- "Anti-Corruption" is covered under Corporate Governance
- "Energy Management" is managed under Emissions & Climate-Related Strategy
- "Water" is managed under Waste Management
- "Diversity" is managed under Labour Practices, Standards & Diversity

EES Pillars	Material Topics	Description
 <p>Economic</p>	Customer Service	Ensuring transparent and timely flight-related communications and customer service
	Corporate Governance	Upholding high standards of good governance, integrity, policies and standard procedures to build transparency within AirAsia X
	Data Privacy & Security	Protecting our customer's data and ensuring data security while booking flights through AirAsia's website
	Supply Chain Management	Supporting sustainable procurement practices while ensuring suppliers and vendors meet our ESG standards
 <p>Environmental</p>	Emissions & Climate-Related Strategy	Proactively managing our emissions and climate-related risks, including carbon emissions and energy consumption
	Waste Management	Responsibly managing waste, particularly food waste and scheduled waste (i.e., operational and maintenance-related waste)
 <p>Social</p>	Labour Practices, Standards & Diversity	Upholding labour practices and standards, as well as promoting a workplace culture that advocates diversity & inclusion, training, development and talent retention.
	Health & Safety	Promoting flight and workplace safety, as well as the well-being of employees.
	Community Empowerment	Supporting our community programmes, including employee volunteering activities

CHAPTER 2: ADDRESSING CLIMATE CHANGE

36	Towards Low-Carbon Operations
36	2023 Performance Overview
37	Low-Carbon Transition Strategies
40	GHG Emissions Management
44	Aircraft Noise Management
44	Managing our Environmental Footprint
44	2023 Performance Overview
45	Waste Management
46	Water Management

TOWARDS LOW-CARBON OPERATIONS

2023 PERFORMANCE OVERVIEW

[GRI 3-3]

AirAsia X remains committed to addressing the impact of climate change and is working towards aligning ourselves with ICAO’s Long Term Aspirational Goal to achieve net zero emissions by 2050. We have outlined four aviation pathways towards this end, namely, operational efficiency, new aircraft technologies, sustainable aviation fuel; as well as market-based measures including carbon offsetting.

Following the opening of Malaysia’s border to international travel in April 2022, AirAsia X has seen a sharp increase in passenger traffic, effectively lowering our carbon footprint per passenger. This trend continued in 2023, whereby AirAsia X gradually resumed flights; and grew our fleet to 18 aircraft by the end of the year in anticipation of the increased load factor.

AirAsia X presents the environmental disclosures below to outline our achievements and way forward by building resilience against climate-related risks whilst meeting our customer’s expectations as an environmentally-responsible airline.

KEY POLICIES & PROCEDURES	PRIMARY UN SDGs SUPPORTED	2023 IN NUMBERS
<ul style="list-style-type: none"> • AirAsia X Sustainability Policy • ICAO requirements • CORSIA requirements, including the Emissions Monitoring Plan • Environmental Policy Statement • Environmental Quality Act 1974 	<div data-bbox="576 1088 730 1240"> <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>  </div> <div data-bbox="751 1088 906 1240"> <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>  </div> <div data-bbox="576 1263 730 1413"> <p>13 CLIMATE ACTION</p>  </div>	<p>Total energy consumption 13.1 million GJ</p> <hr/> <p>Carbon intensity per RPK 78.3 gCO₂/RPK</p> <hr/> <p>Carbon intensity per ASK 61.3 gCO₂/ASK</p> <hr/> <p>Total GHG emissions (Scope 1+2+3)* 1,161,281 tCO₂e</p> <hr/> <p>CO₂ emissions avoided through the fuel efficiency programme 5,395 tCO₂e</p>

*Scope 3 emissions only cover categories 3, 6 and 7.

LOW-CARBON TRANSITION STRATEGIES

[GRI 305-5]

As global efforts to combat climate change intensified in 2023, two significant developments emerged, presenting both opportunities and challenges for airlines such as AirAsia X.

Global Climate-Related Developments	Local Climate-Related Developments
In November 2023, the Third ICAO Conference on Aviation and Alternative Fuels (“ CAAF/3 ”) established a collective ambition to reduce CO ₂ emissions in international aviation by 5% by 2030 via the utilisation of cleaner aviation fuels. This aligns with the outcome of the 28 th United Nations Climate Change Conference (“ COP28 ”), held a month later, which approved a roadmap for a just and orderly transition away from fossil fuels. These global agreements place additional pressure on the aviation industry to adopt alternative fuel solutions such as SAF to achieve long-term net-zero goals.	Malaysia’s National Energy Transition Roadmap was published in August 2023. This policy document outlined a plan to introduce a SAF blending mandate starting at 1% and gradually increasing to 47% by 2050. While this development represents progress towards national climate commitments, the roadmap acknowledges hurdles in identifying suitable feedstock that meets sustainability criteria and lacks a concrete implementation start date.

In response to the developments above, we have continued making progress in our low-carbon transition plan in 2023, via the four main strategies outlined below:

Strategy 1: Operational Efficiency	Strategy 2: Aircraft Technologies
<ul style="list-style-type: none"> Strengthening and maintaining our industry-leading fuel efficiency programme 	<ul style="list-style-type: none"> Meeting the latest ICAO emissions and noise standards; and Induction of the Airbus A330neo and A321XLR aircraft by 2026 and 2028, respectively.
Strategy 3: Sustainable Aviation Fuel (SAF)	Strategy 4: Carbon Offsetting
<ul style="list-style-type: none"> Exploring opportunities for the utilisation of SAF 	<ul style="list-style-type: none"> Introducing carbon offsetting into AirAsia X’s operations; and Exploring CORSIA-certified carbon projects in Asean.

Strategy 1: Operational Eco-Efficiency

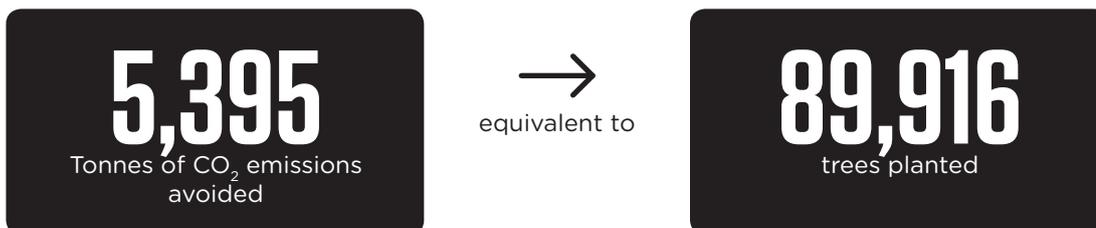
Long standing to the Company’s commitment to minimise carbon emissions from its source, AirAsia X maintains an industry-leading fuel efficiency program as the most immediate solution to minimise our carbon footprint. This has allowed AirAsia X to maintain an industry-leading carbon intensity, all whilst lowering our operational costs.

In 2023, AirAsia X implemented a number of fuel efficiency initiatives, including measures which contribute to the lifespan extension of our aircraft engines. The reduction in engine wear and tear allows the engines to work more efficiently, leading to fuel savings in the long run. Additionally, the implementation of the fuel efficiency initiatives also has a direct impact on our carbon intensity per ASK, which is a key metric of overall flight efficiency.

Below are the highlights of AirAsia X’s fuel efficiency initiatives in 2023.

Flight Stage	2023 Initiatives	Description	Fuel Saved (tonnes)	Total CO ₂ avoided (tCO ₂)
Take-Off	One Engine Taxi on Departure	Procedure to operate one engine instead of two during aircraft taxi-out from the gate to the runway.	647	2,044
Take-Off	Pressurisation Air Conditioning Kits (“PACKS”) OFF Take-Off	Procedure which turns off the air conditioning system during takeoff.	39	123
Landing	One Engine Taxi on Arrival	Procedure to operate one engine instead of two during aircraft taxi-into the arrival gate.	572	1,806
Landing	Idle Reverse Landing	Procedure that uses idle thrust (instead of full reverse engine thrust) upon touchdown to reduce noise and fuel burn.	287	908
Landing	Reduced Flaps Landing	Procedure that uses reduced flap configuration (CONF3) during landing to reduce aerodynamic drag and fuel burn.	163	514
Total			1,708	5,395

Through the green operating initiatives above, AirAsia X has avoided 5,395 tonnes of CO₂ into the atmosphere, or equivalent to 89,916 trees planted. Moving forward in 2024, AirAsia X will expand the monitoring and tracking of additional green operating procedures, to further strengthen our flight efficiency, and minimise emissions from the onset.



For more information on Greenhouse Gases Equivalencies, please visit <https://www.epa.gov/energy/greenhouse-gases-equivalencies-calculator-calculations-and-references>

Strategy 2: Aircraft Technologies

AirAsia X seeks to maximise our fleet efficiency by investing in the latest aircraft technologies for the betterment of our environment. As of 31 December 2023, AirAsia X maintains a fleet of 18 Airbus A330-300 with an average fleet age of 12.1 years, of which two aircraft remain in storage. In 2024, AirAsia X’s key focus is to ensure all 18 aircraft are activated and operational, and will continue to align its fleet expansion plan with network requirements.

Model	Units	Average Age of Aircraft (years)	Passenger Capacity
Airbus A330-300	18	12.1	285/309/367/377

Regarding our future sustainable fleet development, AirAsia X is set to induct our first Airbus A330neo aircraft by 2026; and the Airbus A321XLR by 2028. The A330neo comes with a new wing and sharklet design which optimises aerodynamics; and together with the new Rolls-Royce Trent 7000 engine with new efficiency technologies, the A330neo is the first aircraft to be certified to ICAO’s latest CO₂ emissions standard, which we expect to offer much improved fuel burn per passenger compared to the existing A330-300 series, as well as up to 20% reduction in NOx emissions below the ICAO CAEP*/8 standards.

For more information on the Airbus A330neo aircraft, please visit
<https://www.airbus.com/en/products-services/commercial-aircraft/wide-body-aircraft/new-efficient-engines-sustaining-the>

The A321XLR, on the other hand, with its range of 4,700 nautical miles (11 hours), allows AirAsia X to expand our long haul expertise to new destinations. Built upon the platform of the efficient Airbus A321neo and combined with its extended range capabilities, the A321XLR allows AirAsia X to manage our capacity requirements for some of our existing destinations; while expanding our reach to new destinations.

For more information on the Airbus A321XLR aircraft, please visit
<https://aircraft.airbus.com/en/aircraft/a320/a321xlr>

These new aircraft will contribute significantly in allowing eco-conscious passengers to travel responsibly to new destinations. Moving forward, AirAsia X will also continue to pursue efficient aircraft technologies, to minimise the scope 1 emissions from its source.

Strategy 3: Sustainable Aviation Fuel (“SAF”)

The aviation industry has long been considered as a “hard-to-abate” sector. In particular, existing battery storage technologies limit the immediate viability of alternative propulsion technologies such as zero-emissions or hybrid aircraft for medium- to long-haul operations. Hence, SAF remains as the dominant method for medium- to long-haul airlines to meet their net zero emissions targets. Depending on the production pathway, SAF can reduce the life cycle CO₂ emissions by up to 80% when compared to conventional jet fuels. This reduction in CO₂ emissions will directly impact our scope 3 emissions from the extraction and refinery of fuels (Scope 3 category 3); as well as our carbon intensity.

Currently, seven biofuel production pathways are certified to produce SAF, which perform at operationally equivalent levels to conventional jet fuels. This is also known as drop-in fuel, which can be directly blended into existing fuel infrastructure at airports and is fully compatible with our Airbus A330-300 fleet and the upcoming A330neo aircraft, with up to 50% blend of SAF.

The main obstacle for a wide SAF adoption for AirAsia X remains the high price of SAF, at up to 3 times the price compared to Jet A1, as well as the limited production capacity and capability. Nonetheless, AirAsia X is keeping abreast of ongoing developments of SAF mandates by the destinations that we currently fly to.

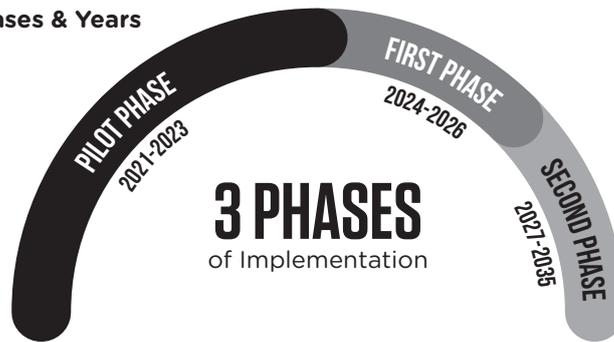
* *Committee for Aviation Environmental Protection*

Strategy 4: Carbon offsetting

Malaysia has participated in the CORSIA scheme since its inception in 2016, which is implemented to achieve carbon neutrality for all international flights between the contracting states. Under this scheme, any “excess” emissions above the baseline shall be offset, either through the purchase of CORSIA-eligible carbon credits; or CORSIA-eligible fuels in the form of SAF or low carbon aviation fuel (“LCAF”).

While the CORSIA offsetting regime began in 2021, the temporary halt in international travel globally has caused carbon emissions to fall below the 2019 baseline. To ensure CORSIA’s objectives are met, the 41st ICAO General Assembly in October 2022 has decided to lower the baseline to 85% of 2019 levels, from 2024 onwards. With international traffic recovering and major countries such as China and India joining CORSIA’s second phase in 2027, AirAsia X anticipates a significant increase in the required offsetting volume. In 2023, we began identifying high-quality CORSIA-eligible offsetting projects in the regions to which we fly. In 2024, we plan to introduce a new carbon fee to supplement AirAsia X fares. Structured to have minimal impact on airfares, the fee will be earmarked for decarbonisation purposes. As of writing this report, our fee proposal is being evaluated by civil aviation authorities in AirAsia X’s operating countries for implementation from 2024 onwards.

CORSIA Implementation Phases & Years



Note: Participation of States in the pilot phase (2021 to 2023) and first phase (2024 to 2026) is voluntary.

GREENHOUSE GAS (“GHG”) EMISSIONS MANAGEMENT

GHG Emissions Accounting

For our GHG inventory, we follow the approach and guidance as defined by the Greenhouse Gas Protocol. Our Scope 1 emissions are attributed to the fuel consumption from our airline operations. For scope 2 emissions and category 7 of our scope 3 emissions, our data only covers operations in Kuala Lumpur. Moving forward, we aim to improve the completeness of our carbon emissions inventory by expanding the assessment boundary.

<p>SCOPE 1 Direct GHG emissions by reporting company</p> <hr/> <p> fuel consumption of aircraft</p> <hr/> <p>960,280 tCO₂e</p>	<p>SCOPE 2 Indirect GHG emissions from imported energy by reporting company</p> <hr/> <p> purchased electricity</p> <hr/> <p>Emissions 206 tCO₂e</p>	<p>SCOPE 3 Indirect GHG emissions from upstream and downstream activities</p> <hr/> <p> fuel and energy-related activities business travel employee commuting</p> <hr/> <p>Emissions 200,795 tCO₂e</p>
<p>Total Scope 1 + 2 + 3 emissions = 1,161,281 tCO₂e</p>		

Scope 1 GHG Emissions

[GRI 305-1, 305-4]

Fuel Consumption	2021	2022	2023
Fuel burn (tonnes)	40,453	58,948	302,832
Fuel use intensity (litres/100 RPK)	733.4 ²	4.8	3.2

Scope 1 Carbon Emissions & Intensity	2021	2022	2023
Scope 1 emissions (tCO ₂ e) ¹	128,276	186,924	960,280
Carbon intensity per RPK (gCO ₂ /RPK)	18,192.5 ²	118.1	78.3
Carbon intensity per ASK (gCO ₂ /ASK)	6,735.2 ²	89.9	61.3

Notes:

¹ The data reported here includes the CO₂ equivalents of methane (CH₄) and nitrous oxide (N₂O) emissions. AirAsia does not emit hydrofluorocarbons, perfluorocarbons or sulphur hexafluoride from flight operations.

² In 2021, AirAsia X predominantly operated cargo flights, with minimal passenger flights, hence the large difference in magnitude for the intensity figures when compared to 2022 and 2023.

With the continuous resumption of scheduled flight operations in 2023, AirAsia X has observed a five-time increase in fuel consumption from 58,948 tonnes to 302,832 tonnes. To understand the context of this figure, AirAsia X analysed the carbon footprint of each passenger and flight in the form of carbon intensity per RPK and ASK. This normalised figure provides a basis for comparison of our carbon footprint over the years. In 2021, AirAsia X predominantly operated cargo flights, with minimal passenger flights, hence the large difference in magnitude for the intensity figures when compared to 2022 and 2023.

We observed that the carbon intensity has seen a healthy 34% decrease to 78.3 gCO₂/RPK in FYE 2023 from 118.1 gCO₂/RPK in FPE 2022, owing to the higher load factors in 2023. The carbon intensity per ASK, which measures the overall flight efficiency, has also seen a decreasing trend to 61.3 gCO₂/ASK from 89.9 gCO₂/ASK, owing to longer average flight times as our network was rebuilt. AirAsia X expects the carbon intensity to normalise and converge towards pre-pandemic levels, until the commencement of the use of SAF and the induction of new generation aircraft such as the A330neo and the A321XLR.

As AirAsia X is subjected to all the Monitoring, Reporting and Verification requirements of CORSIA, we have engaged an accredited verification body to audit and verify our CO₂ emissions from all international flights annually since 2019. This provides a layer of assurance as AirAsia X predominantly operates international flights. At the time of writing of this report, AirAsia X is in the midst of verifying our carbon emissions for international flights for 2023 with the accredited verification body.

Energy Management

[GRI 302-1]

The increase of non-renewable fuel consumption from 2022 to 2023 by approximately a factor of five is mainly due to increased flight activities in 2023. The management of non-renewable fuel consumed is stated in our Scope 1 emissions disclosure, whilst the management of non-renewable electricity purchased is stated in our Scope 2 emissions disclosure.

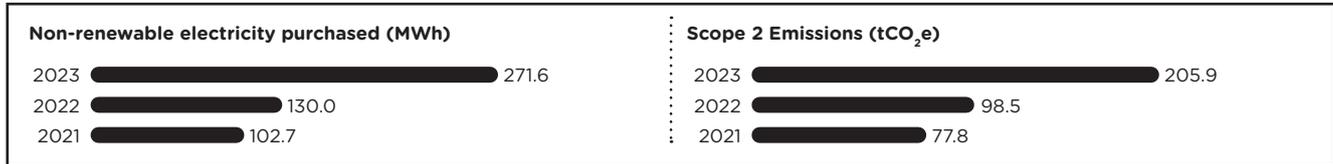
Categories	2021	2022	2023
Non-renewable fuel consumed (MJ) ¹	1,749,187,720	2,548,911,520	13,094,455,680
Non-renewable electricity purchased (MJ)	369,683	467,903	977,793
Total Energy Consumption (MJ)	1,749,557,403	2,549,379,423	13,095,433,473

Note:

¹ The energy content of non-renewable fuel purchased (Jet-A1 fuel for our aircraft) is based on the Fuel Lower Heating Value ("FLHV") or 18,590btu/lb, or 43,240MJ/tonnes of Jet A1 consumed.

Scope 2 GHG Emissions

[GRI 302-1, 305-2]



As AirAsia X’s head office is based in RedQ, we have conducted an estimation of AirAsia X’s electricity consumption based on the proportion of leased office space at RedQ. In 2023, RedQ registered a 109% increase in electricity consumption compared to the previous year, primarily due to all employees returning to work in the office.

Electricity Consumption ²	2021	2022	2023
Total electricity consumption (MWh)	102.7	130.0	271.6

Scope 2 Emissions & Intensity ²	2021	2022	2023
Scope 2 emissions (tCO ₂ e) ¹	77.8	98.5	205.9
Scope 2 intensity (tCO ₂ e /m ²)	0.12	0.15	0.32

Notes:

- ¹ The Grid Emissions Factor used is 0.758 tCO₂e/MWh, which is extracted from the Malaysian Energy Commission database (2021 Peninsular).
- ² The data reported here only encompasses AirAsia X’s operations in our head corporate office (RedQ, Selangor) and excludes all hubs/stations and AirAsia X’s subsidiaries, due to data limitations.
- ³ The Scope 2 Guidance, published by GHG Protocol, is used as the methodology to calculate Scope 2 emissions.

The RedQ Facilities Department has implemented various initiatives in our offices aimed at enhancing energy efficiency and reducing our overall resource consumption. These initiatives encompass:

- Conversion to LED lighting at the office
- Scheduled energy usage following working hours
- Staggered switching for major equipment such as air conditioning

Scope 3 GHG Emissions

[GRI 302-2, 305-3, 305-4]

AirAsia X has commenced tracking of our scope 3 emissions, which enables us to understand the impact of the emissions beyond our value chain. As the aviation industry utilises jet fuel as our primary source of energy, more than 99% of our scope 3 emissions originates from the extraction and refinery of jet fuel, also known as the well-to-tank (“WTT”) emissions. The utilisation of SAF will be one method to reduce our Scope 3 emissions. With existing production pathways focused on bio-based origins, SAF can be safely and easily integrated into existing aircraft and fuelling infrastructure with up to 50% blend, and will potentially reduce the lifecycle carbon emissions by up to 80% when compared to conventional jet fuel.

We encourage the organisation of online meetings and conferences where possible to reduce the need for business travel. For employee commuting, we raise awareness via Workplace to encourage employees to reduce their carbon footprint by carpooling with colleagues or taking public transportation to their respective workplaces.

AirAsia X will also continue to work closely with our business partners to track and minimise our scope 3 carbon emissions, and will include additional scope 3 emissions categories as deemed applicable for the reporting year.

Scope 3 Emissions Category	Carbon emissions in 2023 (tCO ₂ e)
3 - Fuel- and Energy-Related Activities not included in scope 1 or scope 2 ^{1,2}	200,413
6 - Business travel ³	68
7 - Employee commuting ⁴	314
Total	200,795

Notes:

¹ The Technical Guidance for Calculating Scope 3 Emissions, published by GHG Protocol, is used as the methodology to calculate Scope 3 emissions; and emission factors are sourced from UK Government GHG Conversion Factors for Company Reporting, version 1.1 year 2023.

² Category 3 emissions originate from jet fuel production from our airlines operations.

³ Employee business travel data only covers air travel (flights) operated by external airlines, due to data limitations.

⁴ Employee commute data only covers employees that travel by car and are parking at our head corporate office (RedQ, Selangor), due to data limitations.

Other GHG Emissions

[GRI 305-7]

We recognise that apart from the greenhouse gases, other air pollutants such as nitrogen oxides (“**NOx**”), sulphur oxides (“**SOx**”) and Volatile Organic Compounds (“**VOC**”) emitted from the combustion of jet fuel will have an impact on the air quality surrounding the airport. In recognition of this, all of AirAsia X’s A330-300 aircraft currently in operation are compliant with the most stringent ICAO CAEP/8 NOx emissions standards.

Pollutants	2021	2022	2023
NOx emissions (tonnes) ¹	67	80	349
NOx emissions intensity (gNOx/RPK) ¹	9.46 ³	0.05	0.03
SOx emissions (tonnes) ²	1.52	1.83	7.98
VOC emissions (kg) ²	5,255	6,336	27,600

Notes:

¹ NOx emissions and compliance data are obtained from the ICAO Emissions Data Bank Issue 29B, dated 20 June 2023.

² SO₂ and VOC emissions data are sources from US Environmental Protection Agency’s Generic Aircraft Type Emission Factors Table; under the category Aircraft/Commercial. SO₂ represents the highest composition of SOx emissions per US EPA standards, hence SO₂ is considered as SOx for the purpose of calculations.

³ In 2021, AirAsia X predominantly operated cargo flights, with minimal passenger flights, hence the large difference in magnitude for the intensity figures when compared to 2022 and 2023.

100%
COMPLIANT WITH ICAO ANNEX CAEP/8 NOx
EMISSIONS STANDARDS

Aircraft Noise Management

All of AirAsia X's A330-300 (engine type A330-343) currently in operation are also compliant with the latest ICAO Annex 16 Chapter 14 noise standards. Moving forward, the A330neo aircraft will be fully certified under these new noise standards, which offers a 16EPNdB noise reduction compared to the older ICAO Chapter 4 noise standards; or a 9EPNdB reduction compared to the latest ICAO Chapter 14 noise standards. In addition, AirAsia X also complies with all relevant noise abatement procedures when operating at destinations with noise restrictions and curfews, minimising the impact and disruptions to the local communities.

100%
**COMPLIANT WITH ICAO ANNEX 16 CHAPTER 14
NOISE STANDARDS**

MANAGING OUR ENVIRONMENTAL FOOTPRINT

2023 PERFORMANCE OVERVIEW
[GRI 3-3]

We strive to manage our environmental footprint by responsibly managing our waste and water consumption. Efficient and well-planned waste and water management is essential to avoid unnecessary resource consumption and environmental issues.

KEY POLICIES & PROCEDURES	PRIMARY UN SDGs SUPPORTED	2023 IN NUMBERS
<ul style="list-style-type: none"> • AirAsia X Sustainability Policy • Environmental Policy Statement • Environmental Quality Act 1974 	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>  </div> <div style="text-align: center;"> <p>13 CLIMATE ACTION</p>  </div> </div>	<p>Total solid hazardous waste generated 2.29 tonnes</p> <hr/> <p>Total liquid hazardous waste generated 3,790 litres</p> <hr/> <p>Total non-hazardous waste generated 24.7 tonnes</p> <hr/> <p>Total water consumption 1,304 m³</p>

WASTE MANAGEMENT

[GRI 3-3, 306-1, 306-2, 306-3, 306-4, 306-5]

Waste generated by AirAsia X can be broadly categorised into two types, namely hazardous and non-hazardous waste. Engineering waste is considered to be hazardous, whereas food waste is considered non-hazardous. Through actively adopting the practices of elimination, reduction, reuse and recycling, we aim to continuously reduce the disposal of waste to landfills.

In 2023, no sanctions nor any non-compliance was recorded in relation to environmental regulations or requirements.

Hazardous Waste

Hazardous waste is harmful to human health and the environment, and therefore should be disposed of properly. The main source of hazardous waste for AirAsia X comes from the scheduled waste from engineering and maintenance activities conducted at our main hub in Kuala Lumpur. We engage with licensed contractors to dispose of spent fluids and parts, in compliance with the Environmental Quality (Scheduled Wastes) Regulations 2005 in Malaysia.

In 2023, AirAsia X generated 2.29 tonnes of solid waste; and 3.79 kilo litres of liquid waste. The increase in the scheduled waste generated in 2023 is due to the increased engineering activities focused on fleet activation.

Hazardous Waste	2021	2022	2023
Total Waste Generated			
• Solid waste (tonnes)	3.71	1.49	2.29
• Liquid waste (kilo litres)	1.72	2.29	3.79
Waste Diverted from Disposal (tonnes)	0	0	0
Waste Directed to Disposal			
• Solid waste (tonnes)	3.71	1.49	2.29
• Liquid waste (kilo litres)	1.72	2.29	3.79

Non-Hazardous Waste

While the main source of non-hazardous waste is generated from the cabin activities onboard our flights, AirAsia X does not collect, store or dispose of any of the waste generated from our aircraft’s galley, as they are collected and processed by the contractors contracted by the airport authority at our main hub in Kuala Lumpur. Nonetheless, AirAsia X has commenced tracking of our food waste data beginning in 2023 to understand the impact of our cabin activities to the environment.

AirAsia X has worked closely with SANTAN, our catering provider, and has set the food waste target to 30% of the total consumption onboard. Leveraging on multiple initiatives to optimise the catering uplift onboard our flights, AirAsia X has generated 24.7 tonnes of food waste in 2023, or a 14.8% wastage compared to the total consumption. Below are the initiatives that AirAsia X has undertaken with SANTAN to minimise our food waste onboard our flights.

Initiatives	Description
Predictive loading	SANTAN utilises the dashboard to capture wastage report for all flights in order to optimise the catering uplift
Pre-booked meals	Passengers are encouraged to pre-book their meal prior to their flights, to ensure their meal of choice is served, which also allows for more efficient catering uplift for the flight
Catering forecast based on historical data	SANTAN leverages historical sales data based on destination and nationality, which enables more accurate catering forecast to optimise catering uplift

Non-Hazardous Waste	2023
Total Waste Generated (tonnes)	24.7
Waste Diverted from Disposal (tonnes)	0
Waste Directed to Disposal (tonnes)	24.7

WATER MANAGEMENT

[GRI 303-1, 303-5]

As AirAsia X's head office is based in RedQ, we have conducted an estimation of AirAsia X's water consumption based on the proportion of leased office space at RedQ. The water supply for our main office, RedQ, is from municipal potable water sources.

Water Consumption	2021	2022	2023
Total water consumption (m ³) ¹	896	1,877	1,304

Note:

¹ The data reported here only encompasses AirAsia X's operations in our head corporate office (RedQ, Selangor) and excludes all stations/hubs and AirAsia X's subsidiaries due to data limitations.

For further enhancement, AirAsia X will establish a water management policy and will expand our reporting scope to include water consumption in other parts of our operations, including flight operations and in-flight usage.

CHAPTER 3:

CARING FOR OUR PEOPLE & COMMUNITIES

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SAFETY AS OUR PRIORITY

2023 PERFORMANCE OVERVIEW [GRI 3-3]

At AirAsia X, ensuring safe flights goes beyond a mere checklist; it stands as a fundamental priority in all aspects of our operations. The Company’s primary focus is on the safety of everyone we impact, especially our dedicated Allstars crew and each valued passenger on board. We implement effective governance systems and continually enhance our procedures and processes to guarantee a seamless, comfortable, and, most importantly, stress-free journey for our passengers. Furthermore, we recognise the crucial role each Allstar plays in safeguarding our operations, emphasising the belief that a robust safety culture is a shared responsibility amongst all employees.

KEY POLICIES & PROCEDURES	PRIMARY UN SDGs SUPPORTED	2023 IN NUMBERS
<ul style="list-style-type: none"> • Safety Policy Statement • Safety Management System (“SMS”) Manual • Flight Data Analysis (“FDA”) Manual • Alcohol & Drug Management Programme • Emergency Response Manual • International Air Transport Association (“IATA”) Operational Safety Audits (“IOSA”) • Occupational Safety, Health & Environment (“OSHE”) Manual • ISO 9001:2015 Quality Management System • ISO 45001:2018 Occupational Health & Safety 	<div data-bbox="576 887 730 1039"> <p>8 DECENT WORK AND ECONOMIC GROWTH</p> </div> <div data-bbox="748 887 903 1039"> <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> </div>	<hr/> <p>Number of work-related fatalities for employees 0</p> <hr/> <p>Lost Time Incident rate 1.01</p> <hr/> <p>Total safety training hours 3,090</p> <hr/> <p>Number of safety reports filed 1,310</p> <hr/> <p>Percentage of reported hazards, incidents and accidents, which have been investigated and addressed 100%</p> <hr/>

ENSURING ROBUST SAFETY GOVERNANCE

[GRI 403-1, 403-7, 403-8]

AirAsia X’s dedication to achieving operational excellence is grounded in our unwavering commitment to safety. The foundation of this commitment lies in our robust SMS, characterised by dedicated structures, clear responsibilities, and rigorous processes, all aimed at cultivating a safe environment for all stakeholders. This framework hinges on two pivotal functions: Safety Risk Management and Safety Assurance.

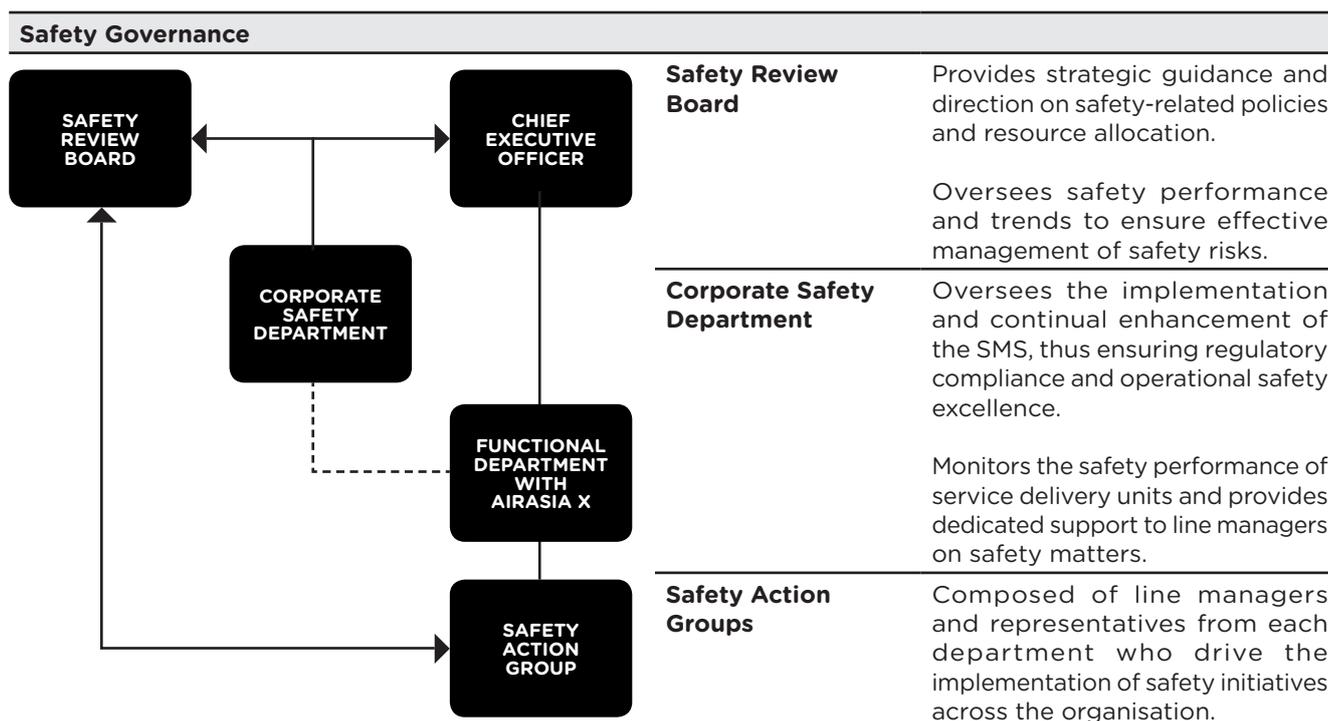
Through Safety Risk Management, we proactively identify potential hazards and implement effective controls to minimise the associated risks. Following that, Safety Assurance would diligently monitor the effectiveness of these controls and update them as the operational landscape evolves. Each step in this process reinforces our commitment to providing the safest possible experience for everyone who flies with us.

Safety Management System (SMS) Manual	
Safety Policy & Objectives <ul style="list-style-type: none"> • Management Commitments • Safety Accountability & Responsibilities • Appointment of Key Safety Personnel • Coordination of Emergency Response Planning • SMS Documentation 	Safety Risk Management <ul style="list-style-type: none"> • Hazard Identification • Safety Risk Assessment and Mitigation
Safety Assurance <ul style="list-style-type: none"> • Safety Performance Monitoring and Measurement • Management of Change • Continuous Improvement 	Safety Promotion <ul style="list-style-type: none"> • Training and Education • Safety Communication

Safety Governance & Accountabilities

[GRI 403-1, 403-7, 403-8]

At AirAsia X, we foster a safety culture that values trust and accountability, with clearly outlined roles and responsibilities. Safety excellence is a shared goal at every level of our organisation, whereby leaders play a crucial role in shaping the mindset of Allstars on safety.



Hazard Identification & Safety Risk Management

[GRI 403-1, 403-2, 403-3, 403-4, 403-8]

In championing a proactive safety culture within the organisation, we meticulously analyse hazards, especially during in-flight operations, to identify and mitigate existing and potential safety risks. The implementation of thorough risk assessments guides the development and implementation of effective controls across all facets of our operations, thus ensuring continuous safety improvement.

**STEP 1
HAZARD
IDENTIFICATION &
RISK ASSESSMENT**

We systematically identify potential hazards, encompassing both natural elements (eg: thunderstorms) and technical factors (eg: aircraft component failures) by employing reactive, proactive, and predictive methodologies.

Subsequently, a comprehensive risk assessment is conducted to evaluate the likelihood and severity of potential consequences associated with these hazards.

**STEP 2
RISK MITIGATION &
IMPLEMENTATION**

We formulate controls and mitigation strategies to address identified hazards.

Subsequently, responsibilities for the implementation of these mitigation strategies are assigned to relevant departments within the organisation.

**STEP 3
RISK DOCUMENTATION
& REVIEW**

All hazard and risk assessments are archived in our Safety Library.

We regularly conduct reviews to evaluate the sufficiency of risk management measures and verify the effectiveness of implemented controls.

**STEP 4
RISK COMMUNICATION**

We disseminate adopted mitigating strategies to relevant stakeholders via channels such as safety reports, safety bulletins, as well as seminars and workshops.

DRIVING OPERATIONAL SAFETY PERFORMANCE

[GRI 403-1, 403-7, 403-8, 403-9]

Our Corporate Safety Department consistently oversees the health and safety performance at AirAsia X, regularly presenting key indicators to senior management on a monthly basis. In 2023, AirAsia X reported zero work-related fatalities, one Lost Time injury, and a Lost Time Incident Rate (“**LTIR**”) of 1.01. Notably, our 2023 LTIR reflects a 94% reduction compared to the previous year.

The table below summarises our safety performance in 2023:

	2021	2022	2023
Total man-hours worked	1,613,744	1,603,888	2,377,936
Number of work-related fatalities	0	0	0
Fatality rate	0	0	0
Number of recordable work-related injuries (number of incidents)	0	3	1
Rate of recordable work-related injuries	0	0.37	0.08
Lost time Injury (number of lost workdays due to injuries)	0	161	12
Lost Time Incident Rate	0	20.08	1.01
Number of employees participating in safety-related trainings	388	766	1,236

Notes:

- *Fatality rate = Number of work-related fatalities/total man-hours worked x 200,000*
- *Rate of recordable work-related injuries = Number of recordable work-related injuries/total man-hours worked x 200,000*
- *Lost Time Incident Rate = Total number of lost time injuries/total man-hours worked x 200,000*

Flight Safety & Security

[GRI 403-1, 403-2, 403-4]

From takeoff to touchdown, safety underpins every aspect of AirAsia X’s operations. State-of-the-art safety dashboards, meticulous maintenance procedures, and thorough aircraft inspections are some of the measures that we undertake to ensure flight safety. Multiple departments play a role in upholding the highest safety standards at AirAsia X, including flight safety, ground safety, engineering safety and cabin safety. Below is a brief explanation of the comprehensive safety procedures undertaken to safeguard our customers and Allstars:

Flight Safety	Safety risk assessments are carried out by all departments prior to operating to new destinations as a preventive measure by ensuring all risk levels are as low as reasonably practicable.	A safety reporting system is in place for the pilots and cabin crew to report any threats, incidents and occurrences during the flight. Flights are constantly monitored and any anomalies will be relayed to the Operations Control Centre (“OCC”) for further action.	Our Flight Data Analysis monitoring dashboard monitors our flight safety performance. Analyses are carried out as required and safety bulletins/circulars are published as part of safety promotion.
Ground Safety	Our Ground crew are extensively trained in safe baggage handling and passenger boarding procedures.	Emergency response teams are on standby at both departure and arrival airports, ready to act if needed.	Our Ground Crew guides the aircraft safely to its designated parking bay. Baggage is unloaded and delivered efficiently while maintaining passenger safety.
Engineering Safety	Our Engineering team conducts thorough inspection and maintenance as required to ensure airworthiness of the aircraft.	All flights are continuously monitored and any anomalies will be relayed to the OCC. The Maintenance Operations Control team is available 24/7 to remotely assist the pilots if any technical issues arise.	Our Engineering personnel conduct post-flight inspections and/or maintenance as required before the next flight.
Cabin Safety	Cabin conditions are checked before flights to ensure their airworthiness and functionality.	Our Cabin crew conducts regular cabin checks, ensuring passenger safety and comfort. They are trained to handle in-flight emergencies, from medical situations to turbulence.	The cabin is thoroughly cleaned and disinfected, preparing it for the next flight.

Flight Crew Health & Well-Being

[GRI 403-6]

At AirAsia X, we understand that safeguarding the mental well-being of our Allstars, particularly pilots and cabin crew, is essential for preventing fatigue, stress, and substance-use issues within our operations. Henceforth, comprehensive controls and processes have been incorporated into AirAsia X's SMS to proactively identify and manage these potential risks. By prioritising the mental well-being of our team, we ensure that they are better equipped to handle challenging situations and ultimately enhance the safety of every flight.

Fatigue Risk Management	Alcohol & Drug Management Programme	Allstar Peer Support Programme	Physical Well-Being
<p>All AirAsia X crew shall attend the training for efficient handling of stress and fatigue, as required by regulators.</p> <p>AirAsia X also strictly adheres to established maximum Flight Duty Periods and Minimum Rest Periods to ensure pilots receive sufficient time off to rest and recuperate.</p>	<p>In 2022, we launched our alcohol and drug management programme to prevent any illegal use of these intoxicating substances by our employees. This programme consists of three components: reporting and testing; medical intervention, rehabilitation and peer support; as well as continuous education.</p> <p>This year, 66 AirAsia X crew have been tested via this programme. In 2024, we plan to increase the testing rate by conducting this programme on a monthly basis, instead of quarterly.</p>	<p>To improve the mental well-being of our employees, we established the Allstar Peer Support programme – a confidential space where employees, especially those facing stressful or traumatic events, can find comfort from trained colleagues.</p> <p>In addition, our pilots and cabin crew also have access to the health and wellness app, Naluri.</p>	<p>Allstars are provided with an in-house clinic and a physiotherapy lab in RedQ, to ensure that they receive quick treatments in case of illness or physical injuries.</p>

EMBEDDING A SAFETY-FIRST CULTURE

[GRI 403-4, 403-5, 403-6]

At AirAsia X, our foremost priority is nurturing a fair and just safety culture within the workplace. This entails striking a balance between holding individuals accountable for their actions, acknowledging that mistakes can happen, and recognising the importance of learning from these mistakes to enhance overall safety. This culture actively promotes open communication, continuous learning, and proactive measures in preventing accidents. Ultimately, safety is the shared responsibility of all Allstars.

Safety Training

AirAsia X ensures that safety is continuously top-of-mind for all our employees. Thus, we provide sufficient and necessary aviation safety-related training to all Allstars, to ensure that they are continuously updated with safety systems and procedures, thus ensuring effective responses when needed.

In 2023, 1,236 Allstars attended a total of 3,090 hours of safety training conducted by our Corporate Safety department, compared to 766 Allstars with a total of 1,915 hours in 2022. The increase in training hours is in line with cultivating a positive safety culture within the organisation, as well as the resumption of operations post-pandemic. The table below showcases the different types of trainings that our employees participated in 2023:

Safety Management System	Safety Induction Training	Ergonomic Awareness Training
The safety management system is a systematic approach to managing safety in aviation including the necessary organisational structures, accountabilities, policies and procedures. This training is conducted to ensure that relevant personnel are trained and competent to perform their responsibilities towards safety.	This training is conducted to welcome new employees to the company and to educate all employees on potential hazards as well as safe work practices in their workplace or work tasks.	This training is conducted to educate our employees on the risk factors for musculoskeletal disorders, and how ergonomics can make their work easier, more efficient and safer.

Safety Promotion

In addition to safety training, our commitment to continuous safety promotion includes activities such as ergonomics risk assessments, a month-long safety campaign, newsletter topics covering occupational safety and health matters, fire evacuation drills, return-to-work programmes in collaboration with PERKESO and other safety-related measures.

Allstars Safety Campaign “Safer Together, Stronger Together”	Emergency Fire Evacuation Drill
In 2023, we collaborated on a month-long safety campaign with the motto “Safer together, Stronger together”, which signifies the importance of teamwork and prioritising safety above all. Approximately all AirAsia X Allstars, excluding cabin crew and pilots on duty, took part in the Safety Day activities designed to create safety awareness. We also held various competitions for Allstars to share their creativity and safety knowledge, such as a safety reels contest and a safety posters contest.	AirAsia X prioritises preparedness through biennial emergency fire drills, fostering a safe and responsive work environment. Our most recent drill on 15 December 2022, engaged all AirAsia X employees based in RedQ. Held in collaboration with Airport Fire Rescue Service (“AFRS”) KLIA, Fire and Rescue Department KLIA, and Malaysia Red Crescent Ambulance, this comprehensive exercise served to evaluate the functionality of the fire system, educate employees regarding emergency procedures, as well as measure the speed of building evacuation.



Safety survey

for all AirAsia X Allstars in November 2023



Safety newsletter

to all AirAsia X Allstars on a quarterly basis



Safety notices

to all AirAsia X Allstars, as and when required



Flight Safety notices

to all AirAsia X pilots, as and when required

SAFETY ASSURANCE, CERTIFICATIONS & AWARDS

[GRI 403-1]

At AirAsia X, we implement a robust safety assurance system comprising three key pillars: performance monitoring, management of change and continuous improvements.

Performance Monitoring

AirAsia X prioritises robust safety standards across all our operations. We undergo regular, independent audits by independent third-party verifiers, who assess our processes for reliability and transparency, and ensure we meet the highest safety benchmarks. We adhere to the rigorous IOSA standards, considered the gold standard in airline safety globally. Additionally, we follow the Malaysian Civil Aviation Regulations (“**MCAR**”) and CAAM Civil Aviation Directives (“**CAD**”), which are national regulations for safe and efficient aviation practices. These comprehensive assessments ensure continuous improvement, ultimately making our operations safer and more secure.

In 2023, AirAsia X carried out a total of 15 safety-related audits throughout the year, with the majority conducted by CAAM. Other internal audits were carried out by the Operational Quality Assurance department, which includes the joint station compliance audit (“**JSCA**”) as well as the internal operations audit (“**IOA**”), as per regulatory requirements, IOSA standards and industry best practices.

7 CAAM AUDITS

5 JSCA AUDITS

In recognition of our efforts to enhance health and safety measures, we also received the following certifications and awards:

IOSA Certification by IATA



The IOSA, conducted every two years, rigorously assesses airlines against eight key operational principles:

- Organization and Management System;
- Flight Operations;
- Operational Control and Flight Dispatch;
- Aircraft Engineering and Maintenance;
- Cabin Operations;
- Ground Handling Operations;
- Cargo Operations; and
- Security Management.

AirAsia X has consistently achieved IOSA certification since its initial audit in 2013, demonstrating a long-standing commitment to exceeding global safety standards.

The last IOSA renewal audit was carried out from 5 to 8 December 2022. This audit certificate is valid until 11 April 2025.

7 Stars Safety Rating by Airline Ratings



AirAsia X was named among the top 20 safest low-cost airlines by AirlineRatings.com, an international airline safety ranking organisation. Factors used to decide the top 20 safest low-cost airlines include incident records, fleet age, results of audits conducted by the governing body of aviation, ICAO, as well as European Union banned lists.

AirAsia X received a 7-star rating for the second consecutive year, which is the highest number of stars awarded, thus underscoring our collective efforts towards safety.

Following independent audits, AirAsia X diligently addresses identified non-conformities. Employing a root cause analysis approach, we implement corrective and preventive actions as necessary. Upon their successful evaluation, these non-conformity reports are officially closed. Moreover, common audit findings are distributed to relevant stakeholders through regular forums and auditor training sessions, fostering collective learning and risk mitigation.

Management of Change

AirAsia X acknowledges the potential impact of internal and external changes on safety. Therefore, a formal change management process is triggered for new technologies, equipment, operating environments, key personnel, regulatory requirements, and staffing levels, among others. Notably, 13 Management of Change and 239 risk assessments were conducted by operational departments in 2023, underscoring our commitment to proactive risk management.

Continuous Improvement

To guarantee the enduring effectiveness of AirAsia X’s SMS, we employ dedicated safety assurance activities and internal audit processes. Additionally, as part of our continuous improvement efforts, a comprehensive SMS effectiveness evaluation is conducted at least annually.

EMPOWERING ALLSTARS

2023 PERFORMANCE OVERVIEW

[GRI 2-7, 3-3]

Here at AirAsia X, we recognise that our enduring success is fueled by the passion and dedication of our people. Prioritising top-tier talent, we continuously invest in our Allstars’ personal and professional growth in order to create a motivated and thriving workplace. Ultimately, a robust workforce is key towards realising our ambitions of becoming a resilient and purpose-driven organisation.

KEY POLICIES & PROCEDURES	PRIMARY UN SDGs SUPPORTED	2023 IN NUMBERS
<ul style="list-style-type: none"> • Anti-Bribery and Anti-Corruption Policy • Code of Business Conduct; • Employee Handbook • Anti-Harassment Policy • Remuneration Policy • Board Diversity Policy • Learning and Development Policy 	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>5 GENDER EQUALITY</p>  </div> <div style="text-align: center;"> <p>8 DECENT WORK AND ECONOMIC GROWTH</p>  </div> </div>	<p>Average training hours per employee 14.45</p> <hr/> <p>Women in the workforce 48%</p> <hr/> <p>Women representation in Board of Directors 17%</p> <hr/> <p>Number of substantiated complaints concerning human rights violations 3</p>

PROMOTING DIVERSITY, EQUITY AND INCLUSION

[GRI 405-1, 405-2]

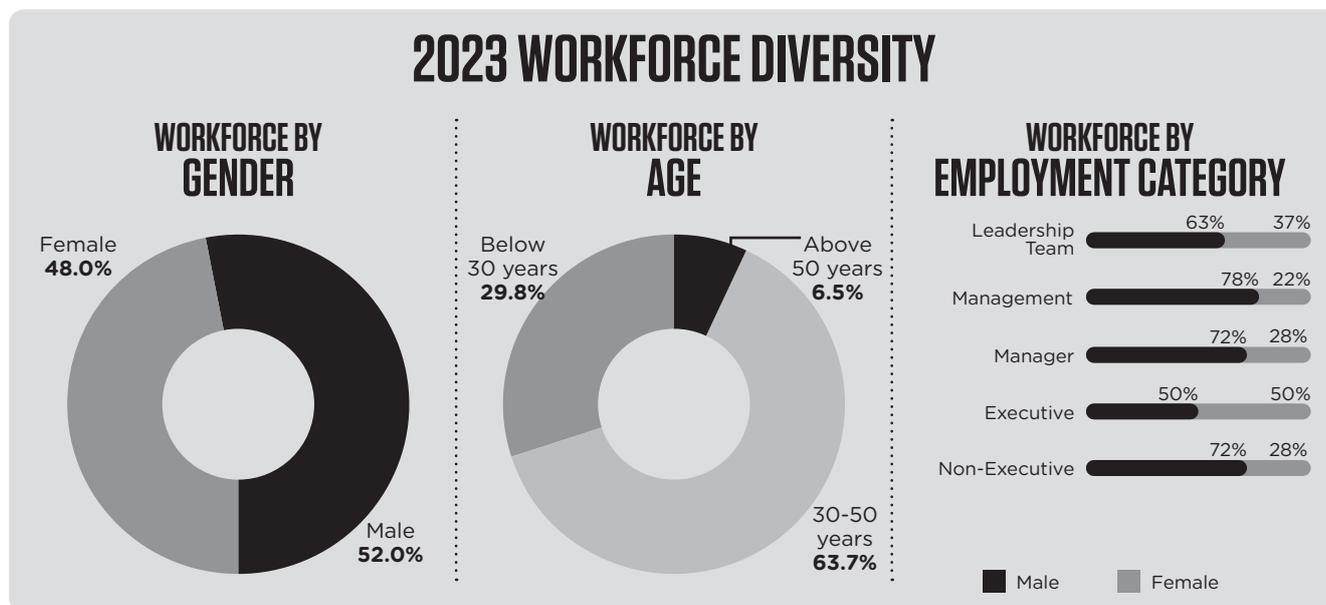
From our Asean roots to our global reach, AirAsia X thrives on a diverse team of Allstars. We hire and promote based on merit and potential, fostering an inclusive culture where everyone feels valued and respected, regardless of their background. This diverse tapestry of perspectives and opinions fuels our growth and success, therefore enhancing our understanding of customers, facilitating informed decision-making, and promoting safe and effective operations. Consequently, our recruitment diversity guidelines are designed to provide equal employment opportunities for all our hires.

Workforce Diversity

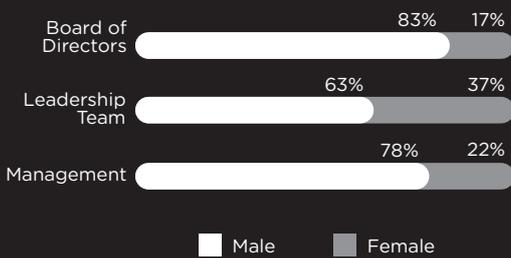
In 2023, our workforce consisted of 1,336 employees, with 52% men and 48% women. During the year under review, our foremost priority is to rehire the Allstars who were unfortunately affected during the hibernation period, and ensure that all recurrent training and qualifications were achieved accordingly.

The majority of our employees are full-time permanent employees, constituting approximately 72% of the Company's workforce. Following that, approximately 28% of our workforce are full-time contract employees, primarily comprising of our cabin crew, who are expatriates. Cabin crew contract employees undergo performance-based renewal after one year of service.

The summary of our workforce diversity is provided below:



ADVANCING WOMEN IN LEADERSHIP*



For the past three years, we have witnessed encouraging growth in the representation of women across various levels, including board of directors, managerial and non-executive positions.

In 2023, women comprised 17% of our Board of Directors, 37% of our Leadership Team, and 22% of our management team. This significant representation means that one-fourth of the Company’s key decision-makers are women. Moving forward, we remain committed to identifying and supporting a strong pipeline of women advancing into leadership roles.

**Leadership is defined as those within the Board of Directors and Leadership Team, as well as those holding Management positions*

Gender Pay Gap

Recognising the impact of systemic bias, AirAsia X seeks to address gender pay discrepancies within our organisation. In 2023, we conducted an in-depth analysis of our eight job grades, aligned with UK regulations, to identify and rectify any pay gaps due to gender. This is the first step that we are undertaking to pave the way for a more equitable and inclusive workplace, especially since the aviation industry is widely known as being male-dominated. Both charts below showcase our 2023 findings in terms of the gender pay gap across all employment categories.

Based on our analysis, we acknowledge that there is a gender pay gap within the organisation, with the average mean and median hourly pay of male AirAsia X Allstars being recorded as 15.5% and 15.7% higher than that of their female counterparts, respectively. This reflects the historical underrepresentation of women in technical roles such as pilots, engineers, and IT professionals.

While our pay structure itself is gender-neutral, with clear diversity recruitment guidelines, we found that the gap emerged due to women often choosing non-technical roles, which is mostly influenced by the challenges of balancing work and family responsibilities.

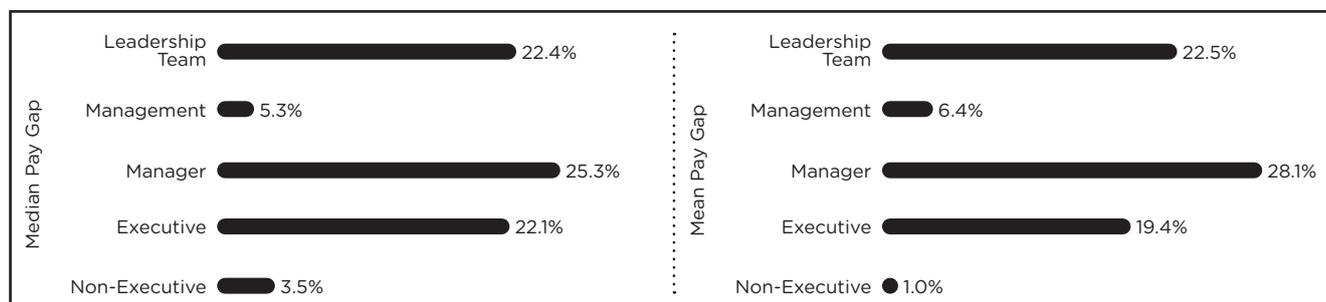
Therefore, AirAsia X is committed to bridging this gap in our hiring process. Beginning in 2023, all hiring managers will undergo comprehensive unconscious bias training. This initiative aims to equip our hiring managers with the knowledge and tools to identify and overcome personal biases, resulting in more objective and equitable interview practices. Through practical tips, case studies, and industry best practices, AirAsia X is committed to fostering a diverse and welcoming talent pool.

AVERAGE OF MEDIAN PAY GAP

15.7%

AVERAGE OF MEAN PAY GAP

15.5%



Notes:

- The mean gender pay gap represents the variance in the average hourly wages of female employees compared to their male counterparts.
- The median pay gap signifies the difference in hourly compensation between the woman positioned in the middle of a line-up of all female employees according to how much they are paid and the man similarly situated in the line-up of all male employees.
- A positive percentage indicates female employees are paid less than male employees, while a negative percentage indicates the opposite.

Upholding Human Rights

We have always placed great importance on creating employment opportunities that value and respect human rights. We have established an Anti-Harassment Policy to prevent and mitigate any forms of harassment, promote a safe and conducive working environment, educate Allstars to recognise that harassment is a demeaning practice and encourage Allstars to report all incidents of harassment. The responsibility to respect human rights is embedded into our Code of Conduct and Ethics for our Allstars. In 2023, we recorded 3 cases of human rights violation concerning harassment as per the table below:

Year	No. of Case	Action Taken
2021	0	-
2022	0	-
2023	3	All three cases have been resolved according to the company’s Anti-Harassment Policy, with only one resulting in dismissal action, while the other two received warnings.

The complaint procedure is outlined in the Anti-Harassment Policy, and the investigation will be conducted immediately, with confidentiality and discretion, as quickly as possible. Allstars who are alleged to have committed or are believed to have committed harassing conduct shall be put under investigation and be subject to a disciplinary process. We strongly advocate against any sexual harassment and misconduct cases in the workplace, and we actively educate our employees on this issue via our Anti-Harassment Policy training on Workday.

CHAMPIONING ALLSTARS

At AirAsia X, we believe in supporting our Allstars every step of the way. From the initial recruitment stage to fostering their continuous engagement and development, we are highly committed to nurturing our talent at every phase of their journey.

Employee Upskilling

[GRI 404-1, 404-2]

At AirAsia X, we empower our Allstars to chart their own course towards success, both professionally and personally. We fuel their journey with ongoing learning and upskilling programmes, equipping them with the functional and technical skills they need to navigate the future of work. To cater to diverse learning styles, we engage with *airasia academy* to offer a blend of face-to-face, virtual, and blended training programmes.



2023 KEY TRAININGS



Training and Development

In 2023, we significantly increased our training hours as compared to the previous year, primarily due to the resumption of operations following the Company's operational hibernation.

While 2022 focused on mandatory physical training for pilots and cabin crew, 2023 saw a surge in training opportunities across the board. We provided 19,305 hours of training, encompassing everyone from pilots and cabin crew to RedQ office staff. This comprehensive approach ensures all Allstars are equipped with the latest skills and knowledge to excel in their roles.



In addition to the trainings that we provide on Workday, we also provide several leadership development opportunities for our Allstars, which are detailed below:

Command Leadership e-Programme	Leading People On Demand Learning Series
<p>Introduced in February 2023, this 3-month leadership programme aims to equip First Officers with soft skills and emotional intelligence, fostering future Captains who excel technically and lead empathetically. The modules in this programme focus on leadership, mental resilience and conflict resolution, amongst others. In this year alone, 30 AirAsia X First Officers have graduated from this programme, ready to guide teams and elevate our customers' flying experience.</p>	<p>The 90-day Leading People programme aims to equip newly promoted Allstars with leadership essentials such as strategic thinking, mentoring and high-performance management.</p>

Employee Engagement

Our commitment to a positive workplace has always meant prioritising open and transparent exchange of ideas between Allstars. We believe that this practice would inculcate a sense of belonging, thereby boosting employee satisfaction and productivity. In 2023, we jointly organised the Allstar Feedback Survey 2023. The results shown were quite positive, as AirAsia X registered a Net Promoter Score of 30. However, areas for improvement include enhancing the well-being of Allstars, as well as valuing their opinions and ideas.

Employee Benefits

[GRI 401-2]

We aim to be the employer of choice by offering a competitive remuneration package which prioritises the well-being and development of Allstars.

UPSKILLING

We offer a variety of development programmes and training courses via *airasia academy*.

**CAREER
ADVANCEMENT**

We assist Allstars in recognising and utilising their strengths to discover fresh career possibilities using our internal talent marketplace, which is facilitated by an intuitive AI system.

**FINANCIAL
HEALTH**

We provide financial education on debt management, personal financial planning, and legacy planning via relevant service providers (eg: Naluri).

**TRAVEL
BENEFITS**

We offer employee travel benefits to which they can extend to their family members.

**MEDICAL & LIFE
BENEFITS**

We provide medical, life and personal accident insurance, as well as an in-house clinic, a physiotherapy clinic and in-house counselling services.

**FAMILY WELL-
BEING**

We offer maternity leave (98 days), paternity leave (8 days), marriage leave (5 days), a creche and mother’s room, and provide medical and bereavement support through Red Heart Fund.

Employee Appraisals

[GRI 404-3]

In 2022, the Company introduced the Objectives and Key Results (“OKR”) framework into the performance management and appraisals for Allstars. This simple goal-setting approach boosts alignment, engagement, and clarity, driving us towards achieving our business plan. Via this approach, quarterly reviews with line managers are conducted to ensure consistent progress and ongoing goal adjustments. In 2023, 100% of AirAsia X employees were appraised.

Employee Turnover

[GRI 401-1]

The Company’s employee turnover for 2023 is summarised as follows. We experienced a turnover rate of approximately 3% for the year, a manageable figure.

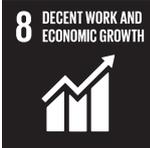
Category	Number of Employee Turnover
Leadership Team	2
Management	6
Manager	5
Executive	30
Non-Executive	0
Total employee turnover	43
Total employee turnover rate	3.2%

SUPPORTING OUR COMMUNITIES

2023 PERFORMANCE OVERVIEW

[GRI 3-3, 413-1]

AirAsia X is committed to making a positive impact on the communities where we operate in. By leveraging our business as a force for good, our goal is to create meaningful change in people’s lives via impactful initiatives. In 2023, our primary focus is on business recovery post-pandemic, alongside our commitment to actively contribute to our communities. While our contributions may have been minimal during the year, we have plans for additional activities to support our communities in 2024. To further strengthen our community engagement efforts, we have recently expanded our focus to include specific initiatives targeting gender equality.

KEY POLICIES & PROCEDURES	PRIMARY UN SDGs SUPPORTED	2023 IN NUMBERS
<ul style="list-style-type: none"> AirAsia X Sustainability Policy 	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>5 GENDER EQUALITY</p>  </div> <div style="text-align: center;"> <p>8 DECENT WORK AND ECONOMIC GROWTH</p>  </div> </div>	<p>Total community investment RM 2,190</p> <hr/> <p>Total number of beneficiaries impacted 18</p> <hr/> <p>Total employee volunteers 35</p>

OUR COMMUNITY EMPOWERMENT

In line with our enhanced commitment towards community empowerment in 2023, we invested RM2,190 in the Women’s Aid Organisation (“**WAO**”). This initiative involves our Allstars based in our head corporate office (RedQ, Selangor).

WOMEN'S AID ORGANISATION

AirAsia X actively participated in the restoration of WAO's Safe Space, a sanctuary for survivors of domestic violence. Via our manpower involvement and monetary contribution, we ensured that survivors now have access to comfortable seating, practical storage solutions, and functional spaces within the shelter.

Via this initiative, AirAsia X supported WAO in establishing an environment where survivors can reclaim their sense of dignity, setting the stage for a fresh start on their journey toward empowerment. This initiative reflects our commitment to community and solidarity, embodying our dedication to making a meaningful and positive impact on the lives of those we serve.



CHAPTER 4:

DELIVERING ECONOMIC VALUE VIA GOOD GOVERNANCE

66	Enhancing Guest Experience
66	2023 Performance Overview
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69	Driving Technology, Innovation and Data Privacy
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76	Sustainable Supply Chain
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ENHANCING GUEST EXPERIENCE

2023 PERFORMANCE OVERVIEW

[GRI 2-29, 3-3]

At AirAsia X, we prioritise guest service excellence at every touchpoint, from pre-flight planning to in-flight enjoyment and beyond. Safety remains our top priority, however, comfort is also a must for all our guests. Leveraging insights from our affiliate travel and lifestyle app, airasia MOVE, we seek to personalise our guests' travel journey and deliver experiences that offer remarkable value for their investment.

KEY POLICIES & PROCEDURES	PRIMARY UN SDGs SUPPORTED	2023 IN NUMBERS
<ul style="list-style-type: none"> • ISO 10002-2018 Customer Satisfaction and Complaints Management • AirAsia X Complaints Handling Policy Statement 		<p>On-Time Performance 77%</p> <hr/> <p>Passenger Load Factor 80%</p> <hr/> <p>Net Promoter Score 32</p> <hr/> <p>Customer Satisfaction Score 70%</p>

PRIORITISING GUEST SATISFACTION

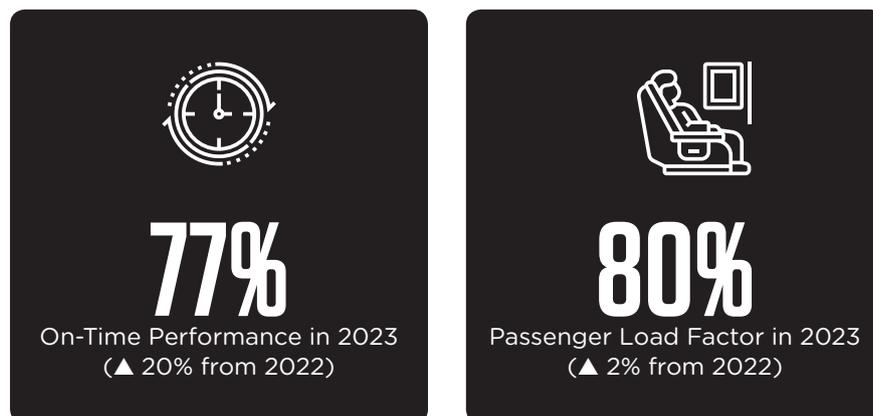
As part of our digital transformation journey, AirAsia X collaborated with our affiliates to develop a suite of innovative solutions to enhance our guests' travel journey. A cornerstone of this approach is the convenient self-check-in functionality within airasia MOVE, effectively eliminating queueing hassles for our valued guests. Furthermore, we started implementing the FACES biometric facial recognition technology in 2021, thus revolutionising the check-in experience via contactless processes such as baggage drop, identity verification, and pre-security clearance. This technology enhances guest comfort and efficiency, marking a significant leap forward in our commitment to exceptional travel experiences.

On-Time Performance (“OTP”)

Recognising the crucial role that OTP plays in guest satisfaction, we implemented strategic initiatives that propelled our OTP to 77% in 2023, a significant increase from 57% in 2022. This achievement can be attributed to several factors below:

- Relaxed COVID-19 restrictions at our destinations resulted in fewer delays at the airports; and
- Expanding our fleet provided greater flexibility in managing aircraft rotations, thus minimising the impact of potential delays and preventing them from cascading.

Furthermore, our passenger load factor exhibited a positive trajectory, rising from 78% in 2022 to 80% in 2023. This encouraging trend demonstrates our progress towards regaining pre-pandemic level performance and reaffirms our commitment to delivering a satisfying travel experience for our guests.



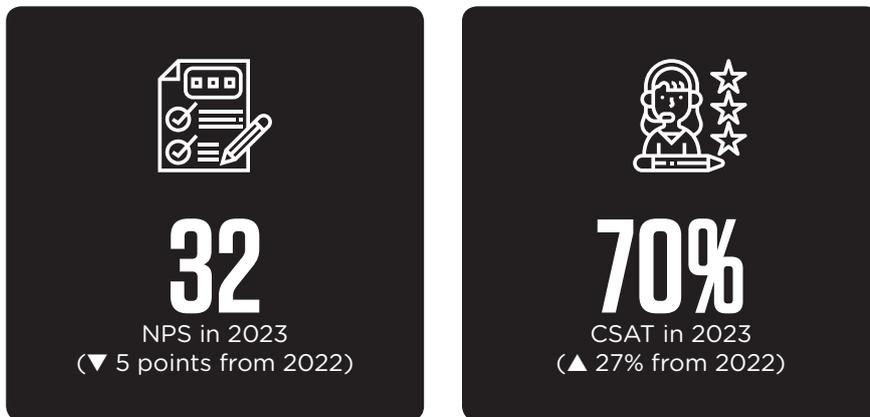
The initiatives undertaken by AirAsia X to improve our OTP are summarised as follows:-

OTP Improvement Initiatives			
Precision Timing	Dual Aerobridge Operations	Pre-Planned Aircraft Swaps	Seasonal Ground and Block Time Reviews
Refers to the practice of scheduling and conducting all ground and air operations with extreme accuracy. This practice streamlines departmental procedures to consistently achieve our 75-minute planned turnaround time.	Indicates simultaneously using two aerobridges (enclosed walkways connecting the terminal and aircraft) for boarding and disembarking passengers. This speeds up the boarding and disembarking process, particularly for our aircraft, which has a high-density layout.	Preemptively identifying flights with minimum ground time due to delays from the previous sector; and implementing our equipment swaps to normalise turnaround times.	Continuously review ground and block times to analyse factors such as seasonal winds and forecasted passenger volume to maintain peak operational efficiency.

Guest Satisfaction

Ensuring our guests enjoy every step of their travel journey is a priority of AirAsia X. To gauge how we are doing, we engage Capital A’s Customer Happiness department to jointly track two key metrics: the Net Promoter Score (“**NPS**”) and the Customer Satisfaction Score (“**CSAT**”). These insights guide our efforts to enhance our guests’ experience and meet their needs, thus ensuring continuous improvements.

In 2023, over 160,316 guests provided valuable feedback, which helped us identify key areas for improvement. While our NPS decreased by 5 points to 32 in 2023, our CSAT significantly rose from 43% in 2022 to 70% in 2023. This positive shift in CSAT likely reflects our efforts to reduce wait times and accelerate the refund process. Concurrently, we have been actively addressing the issues highlighted in the NPS survey, particularly technical difficulties with the AirAsia website and app, and payment failures during booking.



Some of the initiatives undertaken by AirAsia X to improve our NPS and CSAT scores are summarised as follows:-

Addressing Booking Speed	Service Recovery Options for Flight Disruption
<p>We are actively optimising the booking experience on both airasia MOVE and website to ensure faster loading time during our guests’ booking.</p>	<p>We offer a range of service recovery options for our guests in the event of disrupted flights, including refunds, meal vouchers and free flight rescheduling, depending on the period of flight disruption.</p>
Enhancing Cabin Hygiene	
<p>We are undertaking a comprehensive review of cleaning procedures within the cabin, focusing on high-contact areas. We are also collaborating closely with cabin crew via surveys to gather more in-depth insights regarding the standard of cabin cleanliness. Additionally, we are continuously engaging with the engineering department and third-party cleaning service providers to optimise amenities (including fragrances and tissues) and implement continuous improvement initiatives.</p>	

In 2023, we collaborated with our affiliates to introduce AskBo, the latest AI chatbot, which is designed to address customer queries more efficiently and swiftly. Among the new capabilities featured in AskBo are:

- live updates on flight status in multiple languages
- notifications alerting guests to any operational changes
- real-time automatic updates of departure timing directly into the electronic boarding pass

Via AskBo, customers are also able to submit their compliments and complaints to us, thus ensuring we continuously improve our services. AskBo is available on both the MOVE website and mobile app.

DRIVING TECHNOLOGY, INNOVATION AND DATA SECURITY

2023 PERFORMANCE OVERVIEW

[GRI 3-3]

We have seamlessly transitioned to cloud-based data storage and business process automation across our operations, hence solidifying our status as a digital-centric organisation. This has unlocked various benefits, including streamlined data management, collaborative workflows, and noteworthy reductions in paper usage and carbon emissions at AirAsia X.

While cybersecurity remains a constant challenge, we remain committed to adopting cutting-edge technology across our entire value chain, specifically focusing on innovative and cost-effective experiences for our employees.

KEY POLICIES & PROCEDURES	PRIMARY UN SDGs SUPPORTED	2023 IN NUMBERS
<ul style="list-style-type: none"> Information Security Policy Data Governance Policy Server, Database and Network Hardening Policy Information Security Incident Response SOP ISO/IEC 27001:2022 Information security, cybersecurity and privacy protection - Information security management system requirements Personal Data Protection Act 2010 Data Security & Privacy 	<div style="display: flex; justify-content: space-around;"> <div data-bbox="616 904 767 1059"> <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>  </div> <div data-bbox="791 904 943 1059"> <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>  </div> </div>	<p>Data breaches in AirAsia X</p> <p>0</p>

TECHNOLOGY & INNOVATION

[GRI 201-1]

Building on the momentum of our key digitalisation initiatives in 2022, we further bolstered our efforts to minimise paper wastage, and hence our scope 3 carbon footprint, as outlined below:



**DIGITAL TRIP FILES
("DTF")**

- Trip files are sets of documents filed by Ground Operations to record flight arrivals, with each file containing an average of 20 sheets of A4 documents.
- By replacing manual filing with DTF, a secure cloud platform, we have eliminated paper printing and streamlined Ground Operations for flight arrivals.
- In 2023, the DTF was upgraded with a user-friendly interface and cloud storage. Upon final CAAM approval, DTF would be fully implemented by AirAsia X in 2024.



**AUTO-UPLOAD OF
PASSENGER MANIFEST**

- The passenger manifest contains details of passengers and their flight numbers, which is now automatically stored in our local drives.
- In 2023, passenger manifests for both inbound and outbound Kuala Lumpur flights are now automatically transmitted to the relevant immigration authorities within thirty minutes of the actual time of departure, thus enhancing operational efficiency.

In addition, we are moving towards the digitalisation of employee attestation data in 2024. This exercise would allow pilots and cabin crew to store required documents (licences, training records, etc.) on their mobile devices, linked directly to the airline information management system ("AIMS").

CYBERSECURITY & DATA PRIVACY

[GRI 418-1]

At AirAsia X, we are fully committed to ensuring robust cybersecurity and data privacy, which is imperative in safeguarding our customers' information. By leveraging the same information security governance, policies, and initiatives of our affiliates, we harness the collective power of our network to safeguard all vital data and information.

Information Security Governance		
Group Chief Information Security Officer	Group Chief Information Security Officer ("CISO")	<ul style="list-style-type: none"> • Process owner of all company, employee, guest, and partner data confidentiality, integrity, and availability. • Sets and implements information security policies, ensuring adequate asset protection. • Regularly reports to the Board on security measures.
Group Information Security Teams	Group Information Security Teams	<ul style="list-style-type: none"> • Defines information security objectives and enforces policy compliance. • Implements the Data Governance Policy, thereby managing information based on classification. • Mitigates security incidents and controls risks. • Tests security controls and designs security awareness training.
Heads of Department	Heads of Department	<ul style="list-style-type: none"> • Enforces information security policies within their departments. • Liaises with Group Information Security on incidents, audits, risks, concerns, and policy exceptions.

In 2023, we achieved zero incidents of data breaches.

0

Substantiated complaints concerning breaches of guest privacy and losses of guest data for AirAsia X in 2023

Some of the initiatives undertaken by AirAsia X to improve our cybersecurity measures are summarised as follows:

Cybersecurity and Data Privacy Measures



UPGRADING SECURITY SYSTEM

We have upgraded to a smarter security system called Endpoint Detection and Response (“**EDR**”) to replace outdated antivirus software to protect end-point devices (eg: mobile devices, laptops etc.). EDR tracks down advanced threats such as malware and ransomware that can evade past traditional defences (eg: firewalls).



IMPROVING SERVER PROTECTION

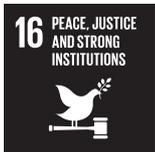
We have installed a set of security controls named Privileged Access Management (“**PAM**”) to guard our most sensitive servers, whereby only authorised users can access.

ROBUST CORPORATE GOVERNANCE

2023 PERFORMANCE OVERVIEW

[GRI 3-3]

Maintaining an unwavering commitment to exemplary corporate governance and ethical conduct at all levels is of great importance to AirAsia X's enduring success and continued expansion. We conduct our business with integrity, guided by strong leadership, robust risk management frameworks, and comprehensive internal controls. By fostering a culture of robust corporate governance throughout the organisation, we ensure that we can deliver long-term value to all our stakeholders.

KEY POLICIES & PROCEDURES	PRIMARY UN SDGs SUPPORTED	2023 IN NUMBERS
<ul style="list-style-type: none"> • Anti-Bribery and Anti-Corruption Policy • Enterprise Risk Management Policy • Code of Business Conduct • Whistleblowing Policy • Disciplinary Policy • Remuneration Policy Statement • Board Diversity Policy • Board Charter • Directors' Fit and Proper Policy 	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>8 DECENT WORK AND ECONOMIC GROWTH</p> </div> <div style="text-align: center;">  <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p> </div> </div>	<p>Percentage of operations assessed for corruption-related risks</p> <p>100%</p> <hr/> <p>Confirmed incidents of bribery and corruption</p> <p>0</p>

ETHICAL BUSINESS CONDUCT

[GRI 2-15, 2-23, 2-24, 2-27, 205-2, 205-3]

Integrity guides our journey at AirAsia X. Therefore, we ensure the highest ethical standards by leveraging comprehensive internal controls and robust risk management, all guided by a clear framework of codes and policies.

Code of Business Conduct

The Code of Business Conduct guides every Allstar at AirAsia X. This policy tackles crucial ethical considerations such as bribery and corruption, information security, whistleblowing and conflicts of interest. By embracing these principles, we collectively safeguard AirAsia X's reputation and contribute to a sustainable future.

2023 Performance

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

Anti-Bribery & Anti-Corruption

AirAsia X adopts a zero-tolerance stance against fraud, bribery and corruption. Therefore, we partner with stakeholders throughout our operations to ensure ethical practices. All employees and directors are expected to abide by our comprehensive Anti-Bribery and Anti-Corruption (“**ABAC**”) policy, aligned with Section 17A of the Malaysian Anti-Corruption Commission Act 2009.

2023 Performance

- From day one, our new Allstars receive comprehensive training on our ABAC policy. Live sessions led by the People and Culture team, supplemented by online modules, equip them with the knowledge and tools to conduct their work ethically.
- The policy is readily accessible on our RedDocs intranet for ongoing reference.
- The Anti-Bribery & Anti-Corruption Policy awareness programme was launched in 2020 to all employees. All new employees recruited post-pandemic during 2022/2023, have been trained on the Anti-Bribery and Anti-Corruption Policy. In 2023, 396 AirAsia X new joiners completed the training and acknowledged the ABAC policy during their onboarding session.
- The breakdown by employee categories are as follows:

Category	FYE 2023 No of New Joiners	FYE 2023 New Joiners in %
Leadership Team	0 ¹	0%
Management	0 ¹	0%
Manager	14	24%
Executive	362	30%
Non-Executive	20	47%

Note:
¹ No new joiners for Leadership Team and Management in 2023

- We have launched a recurrent mandatory ABAC e-learning module and attestation to all staff in 2024 to ensure all employees maintain and refresh their knowledge of the policy on an annual basis. Moving forward, we will be able to track and report more accurately on the percentage of employees trained with the launch of this online training.

 For more information, please refer to AirAsia X's Anti-Bribery and Anti-Corruption policy at https://www.airasiax.com/misc/AAX_ABAC_Policy.pdf

Whistleblowing

[GRI 2-16, 2-25, 2-26]

At AirAsia X, open communication is key to upholding ethical practices. We provide secure channels for AirAsia X employees, directors and other stakeholders to raise concerns about any unethical, illegal, or inappropriate business conduct. The whistleblower's identity, as per our Whistleblowing Policy, remains strictly confidential or on a need-to-know basis, which ensures that the person is protected from any potential reprisal or negative reaction. We take every report seriously and investigate thoroughly to ensure proper resolution within the company, whenever possible.

Concerns can be raised through the following channels:



aax_whistleblower@airasia.com

In 2023, we received a total of 1 report through our whistleblowing channels, with 0 reports relating to bribery and corruption.

 For more information, please refer to AirAsia X's Whistleblowing Policy at https://www.airasiax.com/whistleblowing_channel.html



https://www.airasiax.com/misc/form_11012016.pdf

RISK MANAGEMENT

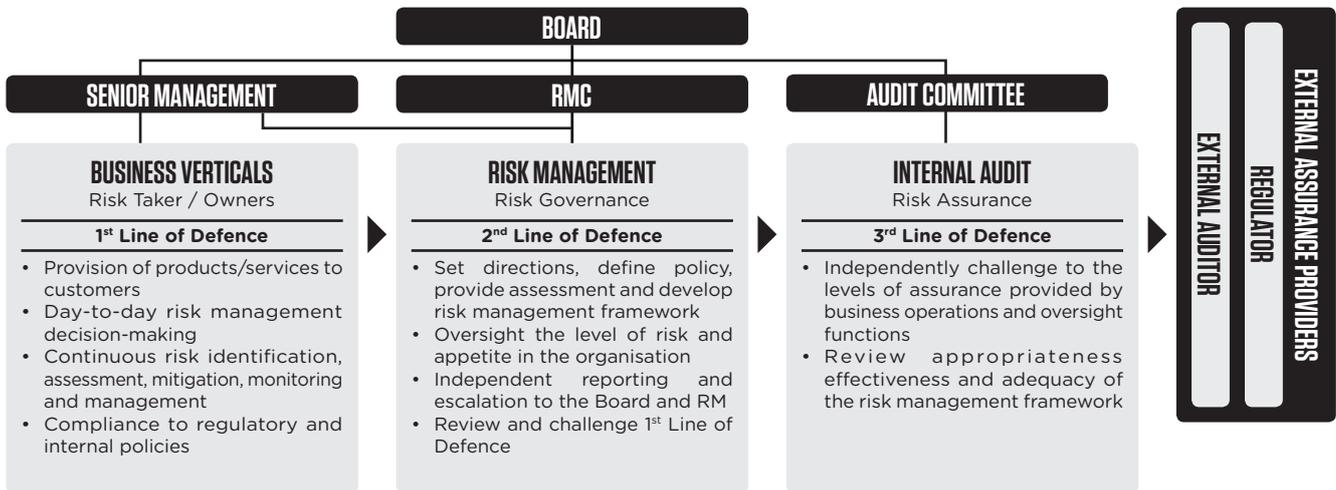
Enterprise Risk Management

Recognising the pivotal role of risk management in our long-term success, we adhere to the principles outlined in our ISO 31000:2018-compliant Enterprise Risk Management (“ERM”) Policy. This policy seamlessly integrates with AirAsia X’s core operations and business processes, instilling a sense of accountability and ownership for risk management practices at every level. Our ERM methodology is depicted below:



Recognising the ever-growing importance of sustainability and ESG considerations, we have strategically expanded the mandate of our Board RMC to encompass ESG risk management and sustainability-related matters. As per the updated Terms of Reference, the RMC convenes quarterly and plays a vital role in overseeing AirAsia X’s risk landscape. Their responsibilities encompass shaping the Company’s risk strategies, policies, and processes, while meticulously ensuring the effective implementation of our robust ERM framework. Following each RMC meeting, the Chairman provides clear and concise updates to the Board, keeping everyone informed on important decisions and progress made.

Additionally, AirAsia X’s ERM Policy fosters a robust and standardised approach to identifying, assessing, and mitigating risks, ultimately shaping a culture of proactive risk awareness within the company. Our three lines of defence promote robust risk governance across all levels of the organisation:



For more information on our risk management processes and initiatives in 2023, please refer to the Statement on Risk Management & Internal Control within this Annual Report 2023 on pg 94-105.

Managing Climate Risk

Recognising the diverse impact of climate change across the countries where we operate, we are leveraging the TCFD framework to pinpoint specific climate-related risks, thereby empowering risk owners to assess and report them through our robust risk management system. These concerns are also on our Business Continuity Plan's radar, closely monitored to prevent any turbulence in our operations. As climate change intensifies, AirAsia X acknowledges its gravity, placing it among the most complex risks facing companies globally.

TCFD Pillars	Executive Summary	FYE 2023 Highlights
 Governance	<p>Recognising the importance of a top-down approach in managing climate-related risks and opportunities, we strive to continuously improve our governance structure in managing the risks and opportunities presented by sustainability and climate change.</p>	<p>In 2023, we expanded the mandate of the Company's RMC to include oversight on ESG risk management and sustainability-related matters.</p> <p>Additionally, we also established the Sustainability Steering Committee and the Sustainability Working Group, which are tasked to develop sustainability strategies and implement sustainability initiatives within the organisation, respectively.</p> <p><i>For more information, please refer to Chapter 1: Our Sustainability Approach</i></p>
 Strategy	<p>In line with the ICAO's aspirational goal of achieving net-zero carbon emissions from international flight operations by 2050, we are assessing the actual and potential impacts of climate-related risks and opportunities on our businesses, strategy and financial planning.</p>	<p>Fuel-efficiency initiatives have been a long-standing practice at AirAsia X in the past decade. Notably, we avoided 5,395 tCO₂ via our fuel efficiency initiatives in 2023.</p> <p>In alignment with ICAO's Long Term Aspirational Goal, we are working towards implementing four low-carbon aviation strategies, namely operational efficiency, latest aircraft technologies, sustainable aviation fuel and carbon offsetting via purchase of carbon credits.</p> <p><i>For more information, please refer to Chapter 2: Addressing Climate Change</i></p>
 Risk Management	<p>As an international airline, we recognise our high exposure to the CORSIA scheme, coming into effect in 2024. Therefore, we strive to identify, assess, and manage our climate-related risks, which include staying ahead of evolving climate regulations SAF mandates implemented by the countries we serve.</p>	<p>We plan to include ESG risks and climate-related risks in our Risk Register by 2024.</p> <p>We also consistently monitor the evolving climate-related regulations and SAF mandates for the destinations that we fly to.</p> <p><i>For more information, please refer to Chapter 1: Our Sustainability Approach</i></p>
 Metrics & Targets	<p>We continuously track the GHG emissions from our operations and our upstream value chain, in order to assess and manage relevant climate-related risks and opportunities.</p> <p>In addition, the CORSIA scheme dictates that from 2024 onwards, the baseline emissions between CORSIA-contracting states would be reduced to 85% of 2019's emissions. Emissions above this baseline would need to be offset via the purchase of CORSIA-eligible fuels or CORSIA-eligible carbon credits.</p>	<p>In 2023, we started monitoring our GHG emissions from all 3 scopes. For scope 3, we track categories 3, 6 and 7, which includes fuel-and energy-related activities not included in scope 1 or scope 2, business travel and employee commute.</p> <p>The carbon intensity per RPK has seen a 34% reduction to 78.3 gCO₂/RPK in 2023 from 118.1 gCO₂/RPK in 2022, owing to the increased load factors this year. Similarly, the carbon intensity per ASK has declined by 32% to 61.3 gCO₂/ASK in 2023 from 89.9 gCO₂/ASK in 2022, owing to longer average flight times as our network was rebuilt.</p> <p><i>For more information, please refer to Chapter 2: Addressing Climate Change</i></p>

SUSTAINABLE SUPPLY CHAIN

2023 PERFORMANCE OVERVIEW [GRI 3-3]

Every supplier plays a crucial role in reducing our environmental and social impact. Therefore, we collaborate closely with our suppliers to ensure timely deliveries and fair prices. Wherever possible, we invest in local businesses, thereby further strengthening our communities. Additionally, we leverage our influence to promote responsible and ethical sourcing practices outlined in the Supplier Code of Conduct (“**SCOC**”). This ensures a sustainable supply chain that benefits everyone – from our partners to passengers and the planet.

KEY POLICIES & PROCEDURES	PRIMARY UN SDGs SUPPORTED	2023 IN NUMBERS			
<ul style="list-style-type: none"> • Anti-Bribery and Anti-Corruption Policy • Environmental Policy Statement • Supplier Code of Conduct 	<div data-bbox="587 846 738 994"> <p>8 DECENT WORK AND ECONOMIC GROWTH</p>  </div> <div data-bbox="759 846 912 994"> <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>  </div> <div data-bbox="587 1016 738 1167"> <p>17 PARTNERSHIPS FOR THE GOALS</p>  </div>	<p>Percentage expenditure on local suppliers 34%</p> <hr/> <p>Number of existing suppliers 2,707</p> <hr/> <p>Number of new suppliers in 2023 74</p>			
<h3>BELOW ARE SOME OF THE GOODS THAT WE PROCURE WITHIN OUR OPERATIONS:</h3>					
 In-flight Catering	 Technology Systems	 Aviation Maintenance & Materials	 Ground Handling	 Aviation Fuel	 Aircraft Fleet and Engines

SUSTAINABLE PROCUREMENT

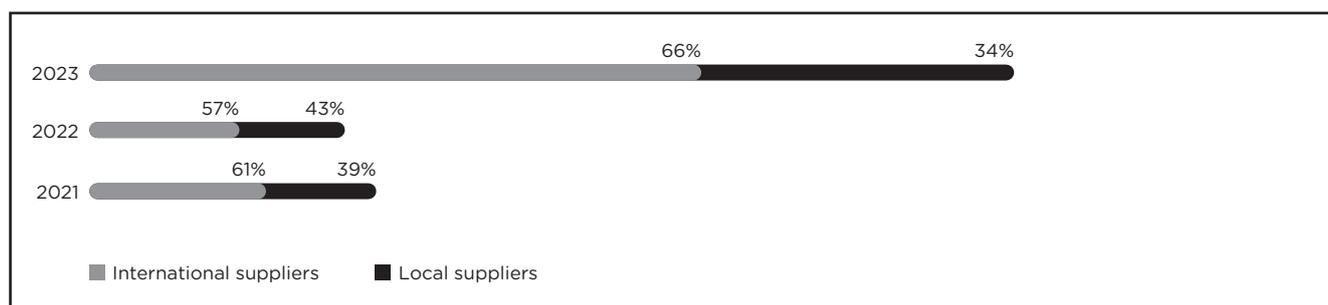
AirAsia X engages with its affiliates' Group Procurement team to secure the most competitive prices for our purchases. This department also streamlines and optimises sourcing needs by leveraging Oracle, the cloud-based procurement management system.

All potential suppliers of AirAsia X must register in Oracle and complete a comprehensive questionnaire covering key areas such as quality, cost competitiveness, and regulatory compliance. Additionally, suppliers must acknowledge our ABAC Policy and SCOC, which is a mandatory prerequisite for any supplier wishing to partner with AirAsia X.

Supplier Selection Process

[GRI 204-1]

Below is a snapshot of our supply chain selection process:



Our investment in our local supplier network grew in 2023 with expenditure rising from RM346 million in 2022 to RM995 million in 2023, representing a 2.9-fold increase. This surge paralleled the broader resurgence in travel patterns across the region. Furthermore, we warmly welcomed 74 new partners into our fold, expanding our total supplier portfolio to 2,707.

SANTAN, our primary in-flight meal supplier, prioritises sourcing the freshest ingredients. Recognising the value of local partnerships in upholding this principle, SANTAN procured 99% of its inflight catering supplies from domestic sources in 2023. This commitment to local sourcing not only strengthens our ties with local communities but also guarantees a flavourful and authentic dining experience for our passengers.

PERFORMANCE DATA TABLE

Indicator	Measurement Unit	2023
Corporate Governance		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Leadership Team	Percentage	0.00
Management	Percentage	0.00
Manager	Percentage	24.10
Executive	Percentage	29.94
Non-Executive	Percentage	46.51
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Customer Service		
On-Time Performance (OTP)	Percentage	77.00
Net Promoter Score (NPS)	Number	32
Customer Satisfaction Score (CSAT)	Percentage	70.00
Data Privacy & Security		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Supply Chain Management		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	33.84
Labour Practices, Standards & Diversity		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Leadership Team Under 30	Percentage	0.00
Leadership Team Between 30-50	Percentage	50.00
Leadership Team Above 50	Percentage	50.00
Management Under 30	Percentage	0.00
Management Between 30-50	Percentage	66.67
Management Above 50	Percentage	33.33
Manager Under 30	Percentage	6.90
Manager Between 30-50	Percentage	72.41
Manager Above 50	Percentage	20.69
Executive Under 30	Percentage	30.60
Executive Between 30-50	Percentage	64.19
Executive Above 50	Percentage	5.21
Non-Executive Under 30	Percentage	55.81
Non-Executive Between 30-50	Percentage	39.53
Non-Executive Above 50	Percentage	4.65
Gender Group by Employee Category		
Leadership Team Male	Percentage	62.50
Leadership Team Female	Percentage	37.50
Management Male	Percentage	77.78
Management Female	Percentage	22.22
Manager Male	Percentage	72.41
Manager Female	Percentage	27.59
Executive Male	Percentage	49.88
Executive Female	Percentage	50.12
Non-Executive Male	Percentage	72.09
Non-Executive Female	Percentage	27.91

Internal assurance

External assurance

No assurance

(*)Restated

Indicator	Measurement Unit	2023
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	83.33
Female	Percentage	16.67
Under 30	Percentage	0.00
Between 30-50	Percentage	0.00
Above 50	Percentage	100.00
Bursa C6(a) Total hours of training by employee category		
Leadership Team	Hours	43
Management	Hours	358
Executive	Hours	18,580
Non-Executive	Hours	324
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	28.00
Bursa C6(c) Total number of employee turnover by employee category		
Leadership Team	Number	2
Management	Number	6
Manager	Number	5
Executive	Number	30
Non-Executive	Number	0
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	3
Health & Safety		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate (“LTIR”)	Rate	1.01
Bursa C5(c) Number of employees trained on health and safety standards	Number	1,236
Community Empowerment		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	2,190.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	18
Emissions & Climate-Related Strategy		
Bursa C4(a) Total energy consumption	Megawatt	3,637,620.00
Bursa C11(a) Scope 1 emissions in tonnes of CO ₂ e	Metric tonnes	960,280.00
Bursa C11(b) Scope 2 emissions in tonnes of CO ₂ e	Metric tonnes	206.00
Bursa C11(c) Scope 3 emissions in tonnes of CO ₂ e (at least for the categories of business travel and employee commuting)	Metric tonnes	200,795.00
Waste Management		
Bursa C9(a) Total volume of water used	Megalitres	1.304000
Bursa C10(a) Total waste generated	Metric tonnes	27.01
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	0.00
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	27.01

Notes:

- The performance data table above is generated from the custom template of Bursa's ESG reporting platform.
- For indicator C1(a): The percentage of employees trained on anti-corruption refers to new joiners only.
- For indicator C10(a) and C10(a)(ii), the number represents non-hazardous waste and solid hazardous waste only. Liquid hazardous waste is excluded as the measurement unit is in litres.
- For indicator C4(a), the measurement unit refers to Megawatt-hour.
- For indicator C9(a) and C11(b), the data covers our operations in our head corporate office only, and excludes all hubs/stations as well as any subsidiaries, due to data limitations.
- For indicator C11(c):
 - Business travel data only covers air travel (flights) operated by external airlines, due to data limitations.
 - Employee commute data only covers employees that travel by car and are parking at our head corporate office only, due to data limitations.

Internal assurance

External assurance

No assurance

(*)Restated

GRI CONTENT INDEX

Pillars	GRI Standard	Disclosure	Page	Location	Remarks
 General Disclosure	General Disclosures				
	GRI 2: General Disclosures 2021	The Organisation and its Reporting Practices			
		2-1 Organizational details	23; 2-3	About This Statement Annual Report: Corporate Profile, Corporate Information, Corporate Structure	
		2-2 Entities included in the organization's sustainability reporting	23, 2-3	About This Statement Annual Report: Corporate Profile, Corporate Information, Corporate Structure	
		2-3 Reporting period, frequency and contact point	23	About This Statement	
		2-4 Restatements of information	-	Significant restatements of data compared to prior years are noted in the section(s) where they appear	
		2-5 External assurance	24	AirAsia X has obtained internal assurance for selected Subject Matters from the Company's Internal Audit department to strengthen the credibility of the Sustainability Statement	
		Activities and Workers			
		2-6 Activities, value chain and other business relationships	24	Our Sustainability Approach: We are AirAsia X Annual Report: Corporate Profile	
		2-7 Employees	57-63	Caring for Our People & Communities: Empowering Allstars	
	2-8 Workers who are not employees	-	Information unavailable/incomplete		

Pillars	GRI Standard	Disclosure	Page	Location	Remarks
General Disclosure	GRI 2: General Disclosures 2021	Governance			
		2-9 Governance structure and composition	26; 4-11	Our Sustainability Approach: Sustainability Governance Annual Report: Leadership Team	https://www.airasiax.com/directors.html
		2-10 Nomination and selection of the highest governance body	26; 4-11	Our Sustainability Approach: Sustainability Governance Annual Report: Leadership Team	https://www.airasiax.com/directors.html
		2-11 Chair of the highest governance body	26; 4-11	Our Sustainability Approach: Sustainability Governance Annual Report: Leadership Team	https://www.airasiax.com/directors.html
		2-12 Role of the highest governance body in overseeing the management of impacts	26; 4-11	Our Sustainability Approach: Sustainability Governance Annual Report: Leadership Team	https://www.airasiax.com/directors.html
		2-13 Delegation of responsibility for managing impacts	26; 4-11	Our Sustainability Approach: Sustainability Governance Annual Report: Leadership Team	https://www.airasiax.com/directors.html
		2-14 Role of the highest governance body in sustainability reporting	26	Our Sustainability Approach: Sustainability Governance	
		2-15 Conflicts of interest	73-74	Robust Corporate Governance: Ethical Business Conduct; Code of Business Conduct	https://www.airasiax.com/misc/AAX_Code_of_Business_Conduct.pdf
		2-16 Communication of critical concerns	73-74	Robust Corporate Governance: Ethical Business Conduct; Whistleblowing	https://www.airasiax.com/whistleblowing_channel.html
2-17 Collective knowledge of the highest governance body	4-11	Annual Report: Leadership Team	https://www.airasiax.com/directors.html		

Pillars	GRI Standard	Disclosure	Page	Location	Remarks	
General Disclosure	GRI 2: General Disclosures 2021	2-18 Evaluation of the performance of the highest governance body	26	Our Sustainability Approach: Sustainability Governance Annual Report: Corporate Governance Overview Statement	https://www.airasiac.com/directors.html	
		2-19 Remuneration policies	-	https://www.airasiac.com/misc/AAX_Remuneration_Policy_Statement.pdf		
		2-20 Process to determine remuneration	-	https://www.airasiac.com/misc/AAX_Remuneration_Policy_Statement.pdf		
		2-21 Annual total compensation ratio	90; 115-127	Annual Report: Corporate Governance Overview Statement; Remuneration Annual Report: Financial Statements		
	Strategy, Policies and Practices					
		2-22 Statement on sustainable development strategy	25	Our Sustainability Approach: Sustainability Framework		
		2-23 Policy commitments	73-74	Robust Corporate Governance: Ethical Business Conduct; Code of Business Conduct	https://www.airasiac.com/misc/AAX_Code_of_Business_Conduct.pdf	
		2-24 Embedding policy commitments	73-74	Robust Corporate Governance: Ethical Business Conduct; Code of Business Conduct	https://www.airasiac.com/misc/AAX_Code_of_Business_Conduct.pdf	
		2-25 Processes to remediate negative impacts	73-74	Robust Corporate Governance: Ethical Business Conduct; Whistleblowing	https://www.airasiac.com/whistleblowing_channel.html	
		2-26 Mechanisms for seeking advice and raising concerns	73-74	Robust Corporate Governance: Ethical Business Conduct; Whistleblowing	https://www.airasiac.com/whistleblowing_channel.html	
		2-27 Compliance with laws and regulations	73-74	Robust Corporate Governance: Ethical Business Conduct		
		2-28 Membership associations	-	Information unavailable/incomplete		

Pillars	GRI Standard	Disclosure	Page	Location	Remarks
General Disclosure	GRI 2: General Disclosures 2021	Stakeholder Engagement			
		2-29 Approach to stakeholder engagement	30-32	Our Sustainability Approach: Stakeholder Engagement	
		2-30 Collective bargaining agreements	-	Information unavailable/incomplete	
	Material Topics				
	GRI 3: Material Topics 2021	3-1 Process to determine material topics	32-34	Our Sustainability Approach: Materiality Assessment	
		3-2 List of material topics	32-34	Our Sustainability Approach: Materiality Assessment	
 Economic	Corporate Governance				
	GRI 3: Material Topics 2021	3-3 Management of material topics	72-77	Robust Corporate Governance	
	GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	73-74	Robust Corporate Governance: Ethical Business Conduct	
		205-3 Confirmed incidents of corruption and actions taken	73-74	Robust Corporate Governance: Ethical Business Conduct	
	Customer Service				
	GRI 3: Material Topics 2021	3-3 Management of material topics	66-68	Enhancing Guest Experience	
	GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	71-72	Driving Technology, Innovation and Data Security: Cybersecurity & Data Privacy	
	Data Security and Privacy				
	GRI 3: Material Topics 2021	3-3 Management of material topics	69-72	Driving Technology, Innovation and Data Security	
	GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	71-72	Driving Technology, Innovation and Data Security: Cybersecurity & Data Privacy	

Pillars	GRI Standard	Disclosure	Page	Location	Remarks	
Economic	Supply Chain Management					
	GRI 3: Material Topics 2021	3-3 Management of material topics	77-78	Sustainable Supply Chain		
	GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	77-78	Sustainable Supply Chain: Sustainable Procurement		
 Environmental	Emissions and Climate-related Strategy					
	GRI 3: Material Topics 2021	3-3 Management of material topics	36-44	Towards Low-Carbon Operations		
	GRI 302: Energy 2016	302-1	Energy consumption within the organization	41	Towards Low-Carbon Operations: GHG Emissions Management; Scope 1 GHG Emissions	
		302-2	Energy consumption outside of the organization	42-43	Towards Low-Carbon Operations: GHG Emissions Management; Scope 3 GHG Emissions	
		302-4	Reduction of energy consumption	37-38	Towards Low-Carbon Operations: Low-Carbon Transition Strategies	
	GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	41	Towards Low-Carbon Operations: GHG Emissions Management; Scope 1 GHG Emissions	
		305-2	Energy indirect (Scope 2) GHG emissions	41	Towards Low-Carbon Operations: GHG Emissions Management; Scope 2 GHG Emissions	
		305-3	Other indirect (Scope 3) GHG emissions	42-43	Towards Low-Carbon Operations: GHG Emissions Management; Scope 3 GHG Emissions	
	GRI 305: Emissions 2016	305-4	GHG emissions intensity	41	Towards Low-Carbon Operations: GHG Emissions Management; Scope 1 GHG Emissions	
		305-5	Reduction of GHG emissions	37-40	Towards Low-Carbon Operations: GHG Emissions Management; Scope 1 GHG Emissions	
		305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	43	Towards Low-Carbon Operations: GHG Emissions Management; Other GHG Emissions	

Pillars	GRI Standard	Disclosure	Page	Location	Remarks
Environmental	Waste Management				
	GRI 3: Material Topics 2021	3-3 Management of material topics	44-45	Managing our Environmental Footprint: Waste Management	
	GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	46	Managing our Environmental Footprint: Water Management	
	GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	44-45	Managing our Environmental Footprint: Waste Management; Hazardous Waste and Non-Hazardous Waste	
		306-2 Management of significant waste-related impacts	44-45	Managing our Environmental Footprint: Waste Management; Hazardous Waste and Non-Hazardous Waste	
		306-3 Waste generated	44-45	Managing our Environmental Footprint: Waste Management; Hazardous Waste and Non-Hazardous Waste	
		306-4 Waste diverted from disposal	44-45	Managing our Environmental Footprint: Waste Management; Hazardous Waste and Non-Hazardous Waste	
306-5 Waste directed to disposal		44-45	Managing our Environmental Footprint: Waste Management; Hazardous Waste and Non-Hazardous Waste		
 Social	Health and Safety				
	GRI 3: Material Topics 2021	3-3 Management of material topics	48-56	Safety as our Priority	

Pillars	GRI Standard	Disclosure	Page	Location	Remarks
Social	GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	49-50	Safety as our Priority: Ensuring Robust Safety Governance	
		403-2 Hazard identification, risk assessment, and incident investigation	50	Safety as our Priority: Ensuring Robust Safety Governance; Hazard Identification & Risk Assessment	
		403-3 Occupational health services	49-50	Safety as our Priority: Ensuring Robust Safety Governance	
		403-4 Worker participation, consultation, and communication on occupational health and safety	49-50	Safety as our Priority: Ensuring Robust Safety Governance	
		403-5 Worker training on occupational health and safety	54	Safety as our Priority: Embedding a Safety-First Culture; Safety Training	
		403-6 Promotion of worker health	54	Safety as our Priority: Embedding a Safety-First Culture; Safety Promotion	
		403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	51	Safety as our Priority: Driving Operational Safety Performance	
		403-8 Workers covered by an occupational health and safety management system	49-50	Safety as our Priority: Ensuring Robust Safety Governance	
		403-9 Work-related injuries	51	Safety as our Priority: Driving Operational Safety Performance	

Pillars	GRI Standard	Disclosure	Page	Location	Remarks
Social	Labour Practices, Standards & Diversity				
	GRI 3: Material Topics 2021	3-3 Management of material topics	57-63	Empowering Allstars	
	GRI 401: Employment 2016	401-1 New employee hires and employee turnover	63	Empowering Allstars; Championing Allstars; Employee Turnover	
		401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	62	Empowering Allstars; Championing Allstars; Talent Engagement	
	GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	60-62	Empowering Allstars; Championing Allstars; Talent Upskilling	
		404-2 Programs for upgrading employee skills and transition assistance programs	60-62	Empowering Allstars; Championing Allstars; Talent Upskilling	
		404-3 Percentage of employees receiving regular performance and career development reviews	63	Empowering Allstars; Championing Allstars; Talent Engagement	
	GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	57-59	Empowering Allstars; Promoting Diversity, Equity and Inclusion; Workforce Diversity	
		405-2 Ratio of basic salary and remuneration of women to men	57-59	Empowering Allstars; Promoting Diversity, Equity and Inclusion; Gender Pay Gap	
	Community Empowerment				
	GRI 3: Material Topics 2021	3-3 Management of material topics	63-64	Supporting our Communities	
	GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	63-64	Supporting our Communities	

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“**Board**”) of AirAsia X Berhad (“**AirAsia X**” or “**the Company**”) presents this Corporate Governance Overview Statement to provide shareholders and investors with an overview of the corporate governance practices of the Company under the leadership of the Board for the financial year ended 31 December 2023 (“**FYE 2023**”). In building a sustainable business for a leading medium-haul, low-cost airline, operating primarily in the Asia-Pacific region, the Board is mindful of its accountability towards its shareholders and various stakeholders. The Board and Senior Management are committed to providing effective leadership and promoting uncompromising ethical standards in the organisation, and towards ensuring excellence in its corporate governance standards and practices throughout the Company, to which the explanations on each application of the recommended practices are disclosed in the Company’s Corporate Governance Report 2023 (“**CG Report 2023**”).

This statement is prepared in compliance with Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”), and it is to be read together with the CG Report 2023 which is available on the Company’s website at <http://www.airasiax.com>. The CG Report 2023 provides the details on how the Company has applied each Practice as set out in the Malaysian Code on Corporate Governance (“**MCCG**”) during the FYE 2023.

The Board presents this statement to provide an insight into the corporate governance practices of the Company under the leadership of the Board with reference to three (3) key corporate governance principles:-

- (a) board leadership and effectiveness;
- (b) effective audit and risk management; and
- (c) integrity in corporate reporting and meaningful relationship with stakeholders.

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

1. Board Responsibilities

The Board is responsible for overseeing the overall management of the Group and retains full and effective control over the business and affairs of the Group. The Board reviews the Group’s key policies, business plans and strategies, actively oversees the conduct, management and business affairs of the Company and monitors the Senior Management’s performance. The Board ensures the effective discharge of its fiduciary and leadership functions, as well as sustaining long-term shareholder value while safeguarding the interests of all the stakeholders. It works closely with the Senior Management to ensure that the operations of the Company are conducted prudently within the framework of relevant laws and regulations.

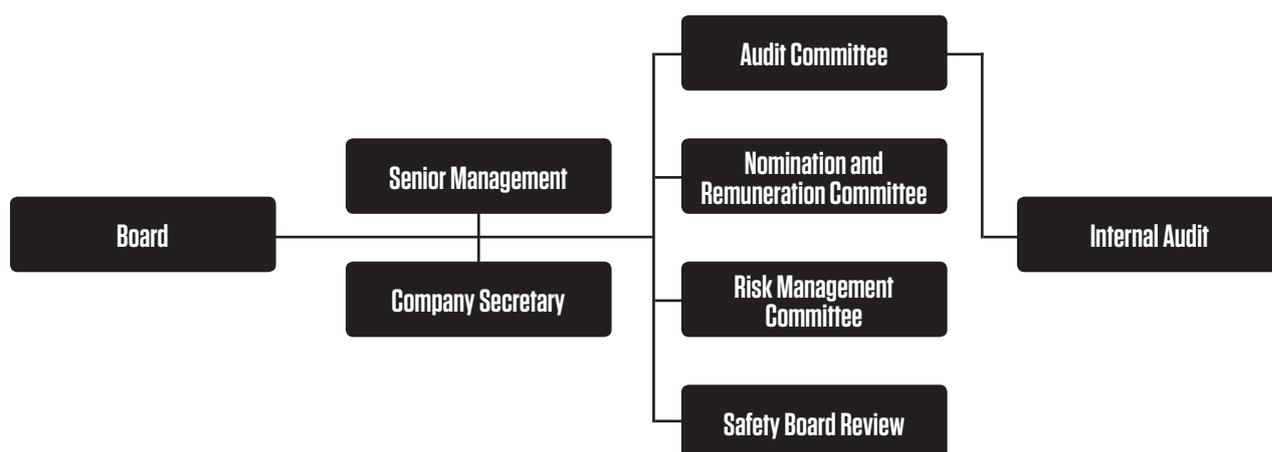
Directors have independent access to the advice and dedicated support services of the Company Secretary (who is legally qualified to act as Company Secretary under the Companies Act 2016) to ensure effective functioning of the Board. The Directors may seek advice from Senior Management on issues pertaining to their respective jurisdiction as well as independent professional advice in discharging their duties.

The Board recognises that having established and clearly defined roles and responsibilities of the Board and the Senior Management is important to strike a reasonable balance between the strategy foundation and policy-making on the one hand, and the conformance roles of executive supervision and accountability on the other.

Delegation of the Board’s authority to the Senior Management is subject to defined limits of authority and monitoring by the Board. However, as the Board has the overall responsibility to manage and supervise the affairs of the Company in accordance with the law, there are matters which are reserved for the Board’s consideration as set out in the Board Charter which is available on the Company’s website at <http://www.airasiax.com>.

There is a clear separation of the positions and roles between the Chairman and the Chief Executive Officer (“**CEO**”) to promote greater accountability to enhance checks and balances. The positions of the Chairman and the CEO are held by two (2) different individuals. Their respective roles are also described in the Board Charter.

The Board has delegated certain functions to the Board Committees it established to assist in the execution of its responsibilities. The Board Committees operate under clearly defined Terms of Reference which are also available on the Company's website at <http://www.airasiac.com>. The Board Committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their Terms of Reference. The Chairs of the respective Board Committees report to the Board on the outcome of their Board Committee meetings. The governance structure of the Board is as follows:-



i) Board

Our Board is collectively responsible for the effective oversight of the Company and its businesses by actively overseeing the conduct and directing the management of the business and affairs of the Company towards enhancing business prosperity and corporate accountability with the ultimate objective of meeting the goals of the Company, realising long term shareholder value and safeguarding the interests of stakeholders. The Board sets the risk appetite and determines the principal risks for the Company and takes the lead in areas such as safeguarding the reputation of the Company and its financial policy, as well as making sure to maintain a sound system of internal control and risk management.

The Chairman oversees the Board in the effective discharge of its role and to instill good corporate governance practices, leadership and effectiveness of the Board. To monitor the workings of the Board and the conduct of the Board meeting to ensure all relevant issues for the effective running of the Company's business are on the agenda for the Board meetings. The Chairman ensures that quality information to facilitate decision-making is delivered to Board members on a timely basis, to encourage all Directors to play an active role in Board activities, including leading Board meetings and discussions, encouraging active participation and allowing dissenting views to be freely expressed. The Chairman manages the interface between the Board and the Management and ensures that appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole, and to chair general meetings of shareholders.

ii) Senior Management

The Senior Management is led by the CEO of the Company.

CEO

The CEO leads the management of the Company and provides direction for the implementation of the strategies and business plans as approved by the Board and the overall management of the business operations group-wide. The CEO also chairs the Senior Management Team which assists him in his management of the Company, particularly in relation to strategic business development, high impact and high value investments, and cross business matters of the Group.

iii) Company Secretary

The Board is supported by a qualified and competent Company Secretary to provide sound governance advice, ensure adherence to Board policies, rules and procedures, and advocate adoption of corporate governance best practices. The Directors always have access to the advice and services of the Company Secretary, especially relating to procedural and regulatory requirements such as company and securities laws and regulations, governance matters and MMLR.

iv) Audit Committee (“AC”)

The AC assists the Board in fulfilling its oversight functions in relation to internal controls and financial reporting of the Company. The AC provides the Board with assurance on the quality and reliability of the financial information reported by the Company whilst promoting efficiency and good governance practices to ensure the proper conduct and safeguarding of the Company’s and the Group’s assets.

v) Nomination and Remuneration Committee (“NRC”)

The NRC was established to assist the Board in discharging its responsibilities in the determination of the remuneration and compensation of the Directors and Senior Management of the Company. The NRC recommends to the Board the remuneration policy for the Non-Executive Directors and Senior Management of the Company (as defined in its terms of reference). The NRC also reviews the Performance Scorecard of the CEO and recommends the rating of the scorecard to the Board for its approval and oversees the development of a succession management plan for the CEO. The NRC is also responsible for assessing the performance of the Board and Board Committees, as well as making recommendations on the nomination policy, succession planning framework, talent management, training programmes and any related matters for Directors and Senior Management and overseeing succession planning for the Chairman and Directors.

vi) Risk Management Committee (“RMC”)

The RMC was established to oversee the risk management activities of the Company and the Group. It supports the Board in fulfilling its responsibility for identifying significant risks and ensuring the implementation of appropriate systems to manage the overall risk exposure of the Group.

vii) Safety Review Board (“SRB”)

The SRB provides oversight over the effective and efficient implementation of the Group’s Safety Policy within the overall Group Safety Management System.

The members of the Board and its Committees have discharged their roles and responsibilities in respect of the FYE 2023, through their attendance at the meetings of the Company as set out in the table below: -

Directors	Board	AC	NRC	RMC	SRB
Dato’ Fam Lee Ee (Non-Independent Non-Executive Director) - Redesignated as Deputy Chairman and Chairman on 8 September 2023 and 18 December 2023 - Member of SRB	8/8		4/4	4/4	4/4
Datuk Kamarudin bin Meranun (Non-Independent Non-Executive Director)	7/8				
Tan Sri Asmat bin Kamaludin (Independent Non-Executive Director) - Resigned as AC member with effect from 23 January 2024	6/8	5/5	4/4		
Chin Min Ming (Independent Non-Executive Director) - Appointed as RMC Chairman on 20 April 2023 - Appointed as NRC on 23 January 2024	8/8	5/5		3/4	

Directors	Board	AC	NRC	RMC	SRB
Dato' Sri Mohammed Shazalli bin Ramly (Independent Non-Executive Director) - Appointed on 29 September 2023 - Appointed as SRB member on 29 September 2023 - Appointed as RMC member on 23 January 2024 - Appointed as AC member on 23 January 2024 - Appointed as SRB Chairman on 23 January 2024	1/1				1/1
Dato' Abdul Mutalib bin Alias (Independent Non-Executive Director) - Appointed as Independent and Non-Executive Director on 29 September 2023 - AC member on 29 September 2023 - NRC member on 23 January 2024 - Appointed as RMC member on 23 January 2024 - Appointment as AC Chairman on 23 January 2024	1/1	1/1			
<i>Board members who ceased their services during the financial period</i>					
YM Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin (Independent Non-Executive Chairman) - Resigned as RMC member with effect from 31 May 2023 - Resigned as Chairman of the Board and SRB Chairman with effect from 15 December 2023	8/8			2/2	3/4
Ahmad Al Farouk bin Ahmad Kamal (Independent Non-Executive Director) - Appointed as NRC member on 20 April 2023 - RMC member on 28 August 2023 - Resigned as Director, AC, NRC and RMC with effect from 15 December 2023	7/8	5/5		2/2	

2. Board Composition

The size, balance and composition of the Board support its role that drives the long-term direction and strategy of the Company. A key function of the Board is to create value for shareholders and track the progress of each milestone that meets its business objectives. The Board also ensures that the Company upholds a high level of corporate governance while meeting its other obligations to its shareholders and other stakeholders. The Company has implemented procedures for the nomination and election of Directors through the NRC. The NRC assesses candidates against the skills, knowledge and experience required by the Company. The Company recognises the benefits of having a diverse Board.

In line with the Company's Board Diversity Policy, the selection of candidates to join the Board is in part dependent on the pool of candidates with the necessary skills, knowledge, and experience. The Board believes that a truly diverse and inclusive Board will leverage the differences of its members, to achieve effective stewardship and in turn, retain its competitive advantage. In this respect, the Board through its NRC conducts an annual review of its size and composition, to determine if the Board has the right size and sufficient diversity with elements of independence that fit the Company's objectives and strategic goals.

The profile of each Director can be found on pages 04 to 07 of the Annual Report 2023. The Company's diverse Board includes and makes good use of differences in skills, regional and industry experience, background, race, gender, ethnicity, age and other attributes of the Directors. The Company currently has one (1) woman director on the Board. Due to the potential corporate exercises amidst the recovery phase of the Company, the Board is taking a prudent approach in expanding its composition. The Board would consider appointing additional Directors should the need arise.

An Independent Director may remain as Independent Director after serving a cumulative term of nine (9) years, provided that the Board recommends this upon concrete justification and after seeking its shareholders' approval at a general meeting. The Company has adopted the two-tier voting process in its Constitution for the retention of any Independent Directors who have served for more than 12 years in that capacity. The Constitution of the Company provides that at least one-third of the Directors are subject to retirement by rotation at every Annual General Meeting (“**AGM**”) such that each Director shall retire from office once in every three (3) years and are eligible to offer themselves for re-election. The Constitution also provides that a Director who is appointed during the year shall be subject to re-election at the next AGM to be held following his appointment. The names of the Directors seeking re-election at the forthcoming AGM are disclosed in the Notice of AGM dated 30 April 2024.

3. Nomination and Remuneration Committee

The NRC comprises three (3) Non-Executive Directors, with two (2) of them being Independent Directors. Tan Sri Asmat bin Kamaludin, an Independent Non-Executive Director, is the Chairman of the NRC, and the other members are Ms Chin Min Ming and Dato' Sri Mohammed Shazalli bin Ramly. The Terms of Reference of the NRC are available for reference at <http://www.airasiax.com>.

In respect of the FYE 2023, the following activities were undertaken by the NRC:-

- (a) Re-election of Directors who retire by rotation pursuant to the Company's Constitution.
- (b) Review of performance of the Board of Directors, Board Committees, and individual Directors, including an assessment of the independence of the Independent Directors.
- (c) Review of fees and benefits payable to Non-Executive Directors and Key Senior Management.
- (d) Review of the composition of the Board and its Committees.

4. Board Effectiveness Evaluation

The Board had conducted an evaluation in April 2024. As the majority of the Board members are fairly new, the Board conducted another assessment on the performance of the Board as a whole, Board Committees, and individual Directors in the beginning of the year 2024. The Chairman of the NRC oversaw the overall evaluation process while the responses were reviewed and analysed by the NRC before the assessment was tabled and communicated to the Board. During the assessment, each Director was assessed whether he/she was able to contribute to the discussions at the Board and Board Committee meetings. Overall, the Board was satisfied with the commitment of the Directors and the time contributed by each of them.

5. Professional Development of Directors

In line with Paragraph 15.08 of the MMLR, the Directors recognise the importance and value of continuous professional development to keep themselves abreast with the changes in the aviation industry, as well as new statutory and regulatory requirements. The Directors attended and participated in training programmes, conferences and seminars that covered the areas of corporate governance, finance, global business developments and relevant industry updates, which enabled them to discharge their duties effectively. The details of training programmes, conferences and seminars attended by the Directors during the FYE 2023 are outlined below:

Names	Programmes
Dato' Fam Lee Ee (Non-Independent Non-Executive Director)	<ul style="list-style-type: none"> • Forum "Malaysia-China Economic Development Cooperation 2023", 25 March 2023 • National Economics Forum 2023, 18 May 2023 • Cybersecurity Briefing, 30 March 2023 • Henan (China) - Malaysia Fair for Economy & Trade, 9 June 2023 • 1st International ESG Forum 2023 "Cultivation & Practices Towards Sustainability", 27 June 2023 • AirAsia Sustainability Day 2023, 27 June 2023 • 21st Century Maritime Silk Road Expo Promotion Conference, 14 July 2023 • Airasia Safety Workshop, 10 August 2023 • Green Investment Towards A Circular Economy Conference, 15 August 2023 • Exploring Blockchain in Legal Industry by Chainalysis, 27 September 2023 • Khazanah Megatrend Forum 2023 "Chinese New Economy and Globalisation - The Sequel by Dr. Eric Li", 1 October 2023 • International Commercial Dispute Prevention & Settlement Organisation (ICDPASO) Council Meeting, 9 November 2023 • Paris Airshow, 17-20 June 2023
Datuk Kamarudin bin Meranun (Non-Independent Non-Executive Director)	<ul style="list-style-type: none"> • IFoA Asia Conference 2023, 25 September 2023 • Cyber Resilience Training by Phished Academy (Passed for bronze level), 6 October 2023 • BizJihad Forum (Panelist), 14 November 2023
Tan Sri Asmat bin Kamaludin (Independent Non-Executive Director)	<ul style="list-style-type: none"> • PNB Acknowledge Forum 2023, 27 July 2023 • YTL Directors Guide to Machine Learning and AI Online Training, 3 April 2023
Chin Min Ming (Independent Non-Executive Director)	<ul style="list-style-type: none"> • Mandatory Accreditation Programme (MAP), 7 & 8 March 2023 • A 60-Minute Crisis Management - A Guide for Board Members, 22 March 2023 • Board Audit Committee Dialogue & Networking: A Serious Allegation Is Reported - What Should Boards Do?, 6 June 2023 • SBTi Symposium 2023: An Evidence-Based Blueprint for Climate Action, 6 June 2023 • Board Sustainability Committee Dialogue & Networking: The ABC Soup of ESG and You (Boards), 10 July 2023 • Navigating the Rising Tide of Financial Crime & Technology, 8 September 2023 • The Cooler Earth Sustainability Summit 2023, 11 & 12 September 2023: <ul style="list-style-type: none"> - Masterclass 1: The Critical Role of the Board in Accelerating Sustainability - Masterclass 2: Integrating Sustainability into Financial Planning and Decision-Making - Masterclass 3: Getting Your Business to Operational Net Zero - Masterclass 4: Global Supply Chain Regulations and How ASEAN Businesses Will Be Impacted

Names	Programmes
Dato' Sri Mohammed Shazalli bin Ramly (Independent Non-Executive Director)	<ul style="list-style-type: none"> Chief Judge for CMO award from 1 December 2023 to 9 December 2023 and 6 February 2023 Penjana Talk (Stories Revisited with Dato' Sri Shazalli Ramly Fireside) chat between Dato' Sri Shazalli Ramly and moderated by En. Taufiq Iskandar, CEO, PKSB AI-Ascend Malaysia 2023 by Accenture Malaysia
Dato' Abdul Mutalib bin Alias (Independent Non-Executive Director)	<ul style="list-style-type: none"> Section 17A of MACC Act 2009 Training, 23 November 2023

6. Remuneration

The Board has established a formal and transparent process for approving the remuneration of the Board and Board Committees, and the Senior Management of the Company. The NRC is responsible for formulating and reviewing the remuneration policies for the Board and Board Committees as well as the Senior Management of the Company to ensure the same remain competitive, appropriate, and in alignment with the prevalent market practices. The Company's remuneration policy is available on the Company's website at <http://www.airasiac.com>.

The following table shows the remuneration details of the Directors of the Company during the FYE 2023:-

Directors	Fees (RM)	Other Fees (RM)	Salaries (RM)	Bonuses (RM)	Attendance Fees (RM)	Total (RM)
Dato' Fam Lee Ee (Non-Independent Non-Executive Director)	207,358	-	-	-	18,000	225,359
Datuk Kamarudin bin Meranun (Non-Independent Non-Executive Director)	85,000	-	-	-	7,000	92,000
Tan Sri Asmat bin Kamaludin (Independent Non-Executive Director)	171,649	-	-	-	14,000	186,649
Chin Min Ming (Independent Non-Executive Director)	115,917	-	-	-	18,000	131,917
Dato' Sri Mohammed Shazalli bin Ramly (Independent Non-Executive Director)	21,722	-	-	-	2,000	23,722
Dato' Abdul Mutalib bin Alias (Independent Non-Executive Director)	24,278	-	-	-	2,000	26,278

Directors	Fees (RM)	Other Fees (RM)	Salaries (RM)	Bonuses (RM)	Attendance Fees (RM)	Total (RM)
<i>Board members who ceased their services during the financial period</i>						
YM Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin - Resigned effect from 15 December 2023	203,875	-	-	-	13,000	145,847
Ahmad Al Farouk bin Ahmad Kamal - Resigned with effect from 15 December 2023	130,847	-	-	-	15,000	145,847

Notes:

- Non-Executive Directors' Fees – Chairman (RM165,000 per annum), Members (RM65,000 per annum)
- Audit Committee Fees – Chairman (RM40,000 per annum), Members (RM30,000 per annum)
- Other Board Committees' Fees – Chairman (RM30,000 per annum), Members (RM20,000 per annum)
- Board/Board Committees' Meeting Allowance – RM1,000 per attendance

7. Limits of Authority

The Company has a Limits of Authority (“**LOA**”) manual, which defines the decision-making limits of each level of Management within the Group. The LOA manual clearly outlines matters over which the Board reserves authority and those delegated to the Senior Management. These limits cover, amongst others, authority over payments, investment, capital and revenue expenditure spending limits, budget approvals and contract commitments, as well as authority over non-financial matters. The LOA manual provides a framework of authority and accountability within the Company and facilitates decision-making at the appropriate level in the organisation’s hierarchy.

PRINCIPLE B EFFECTIVE AUDIT AND RISK MANAGEMENT

1. Audit Committee

The AC comprises four (4) Independent Non-Executive Directors. It is chaired by Encik Ahmad Al Farouk bin Ahmad Kamal, who is an Independent Non-Executive Director, and he is not the Chairman of the Board. On 15 December 2023, Encik Ahmad Al Farouk bin Ahmad Kamal resigned as AC Chairman. In compliance with Paragraph 15.19 of the Main Market Listing Requirements, the Board has appointed the AC committee member, Dato’ Abdul Mutalib bin Alias as the new Chairman of the AC on 23 January 2024.

The Company has a policy which requires a former key audit partner to observe a cooling off period of at least two (2) years before being appointed as a member of the AC. During the FYE 2023, no member of the AC was a former key audit partner.

In the annual assessment of the suitability, objectivity and independence of the external auditors, the AC is guided by the factors as prescribed under Paragraph 15.21 of the MMLR as well as the Company’s External Auditor Independence Policy.

The term of office and performance of the AC and each of its members is reviewed annually to ensure the Chairman and members of the AC are financially literate and are able to carry out their duties in accordance with the Terms of Reference of the AC. The AC members are expected to update their knowledge continuously and enhance their skills.

The Board is satisfied that the Chairman and members of the AC have discharged their responsibilities effectively. The AC’s report is set out on pages 107 to 109 of the Annual Report 2023.

2. Risk Management Committee

The RMC of the Company comprises three (3) Non-Executive Directors with two (2) of them being Independent Directors. The RMC is chaired by Ms Chin Min Ming, who is an Independent Non-Executive Director. The RMC enables the Board to undertake and evaluate key areas of risk exposures. The primary responsibilities of the RMC are as follows:

- To oversee and recommend the Enterprise Risk Management (“ERM”) strategies, frameworks, policies and procedures in identifying and managing risks within the Group;
- To review and recommend appropriate sustainability strategies, policies, principles and practices to the Group; and
- To oversee the implementation of information security on cyber-risks and data protection of the Group.

The ERM framework provides a standardised and systematic approach for the process of identifying, evaluating, monitoring and reporting risks faced by the Group for the FYE 31 December 2023. The Framework is aligned with the ISO 31000:2018 Risk Management Guidelines. The Framework also enables the Management to effectively deal with uncertainties and opportunities, enhancing the capacity to build value to the stakeholders.

The Group has established a structured process for risk management and reporting within the ERM framework as follows:

- The first line of defence is provided by Management and departments which are accountable for identifying and evaluating risks under their respective areas of responsibilities
- The second line of defence is provided by the RMD and RMC which are responsible for facilitating and monitoring risk management processes and reporting
- The third line of defence is provided by the IAD which provides assurance on the effectiveness of the ERM framework

Based on the performance evaluation for the RMC, the Board is satisfied that the Chairman and members of the RMC have discharged their responsibilities effectively.

The Statement on Risk Management and Internal Control is set out on pages 98 to 106 of the Annual Report 2023.

**PRINCIPLE C
INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS****1. Effective Communication with Shareholders and Investors**

The Company is committed to communicating openly and regularly with shareholders and investors through platforms such as the corporate section of its website, the Annual Report, Financial Announcements and Key Operating Statistics and Announcements through Bursa Securities and AGMs. The Investor Relations page of its corporate website is updated regularly to provide stakeholders with all relevant information on the Company to enable them to make an informed decision. The Company has a dedicated Investor Relations team which supports the Senior Management in their active participation in investor relations activities, including road shows, conferences and quarterly investor briefings locally and globally with financial analysts, institutional investors and fund managers. The Company continues to fulfil its disclosure obligations as per Bursa Securities' Corporate Governance Guidelines. All disclosures of material corporate information are disseminated in an accurate, clear and timely manner via Bursa Securities announcements.

2. Annual General Meeting ("AGM")

The AGM is another important forum for interaction with this group of stakeholders. All shareholders will be notified of the meeting and provided with a digital copy of the Annual Report at least 28 days before the meeting. At the 16th AGM of the Company held on 8 June 2023, all members of the Board were present to respond to questions raised by the members of the meeting. The voting process at the 16th AGM was conducted through an electronic poll voting system and scrutinised by an independent scrutineer. The Company will continue to leverage technology to enhance the quality of its shareholder engagement and facilitate further participation by shareholders at the Company's AGMs.

This Corporate Governance Overview Statement was approved by the Board of the Company on 30 April 2024.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

As part of our corporate governance and in line with best practices, AirAsia X Berhad (“**AirAsia X**” or “**the Company**”) and the subsidiaries of AirAsia X (“**the Group**”) are committed to maintaining a comprehensive and robust risk management and internal control system. The Board of Directors (“**the Board**”) of AirAsia X is guided by the requirements set out within Paragraph 15.26(b) of the Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) as well as the Malaysian Code on Corporate Governance released by the Securities Commission Malaysia. The following statement outlines the nature and scope of Group’s internal controls and risk management framework for the 12-month financial year ended 31 December 2023 (“**FYE 2023**”).

RESPONSIBILITIES OF THE BOARD

The Board is committed to implementing and maintaining a robust risk management and internal control environment and is responsible for the system of risk management and internal control. The Board acknowledges that the risk management and internal control systems are designed to manage and minimise risks as it may not be possible to totally eliminate the occurrence of unforeseeable circumstances or losses.

AUDIT COMMITTEE

The Audit Committee (“**AC**”) monitors the adequacy and effectiveness of the system of internal controls through a review of the results of work performed by the Internal Audit Department (“**IAD**”) and External Auditors and discussions with Senior Management.

The AC, established by the Board, comprises three (3) Independent Non-Executive Directors. The AC Report is disclosed on pages 109 to 111 of this Annual Report.

The duties and responsibilities of the AC are set out in its Terms of Reference which is available on AirAsia X’s corporate website at https://www.airasiax.com/misc/AAX_TOR_AC_2023.pdf

RISK MANAGEMENT COMMITTEE

The Board has delegated the governance of the Group’s risk to the Risk Management Committee (“**RMC**”). In May 2023, the Board approved the revised RMC’s Term of Reference (“**TOR**”) to oversee sustainability related matters. The RMC of the Company comprised two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director as at 31 December 2023.

The RMC enables the Board to undertake and evaluate key areas of risk, sustainability and cyber security exposures. The primary responsibilities of the RMC are as follows:

- To oversee and recommend the Enterprise Risk Management (“**ERM**”) strategies, frameworks, policies and procedures in identifying and managing risks within the Group;
- To review and recommend appropriate sustainability strategies, policies, principles and practices to the Group; and
- To oversee the implementation of information security on cyber-risks and data protection of the Group.

The duties and responsibilities of the RMC are set out in its Terms of Reference which is available on AirAsia X’s corporate website at https://www.airasiax.com/misc/2023_AAX_RMC_TOR.pdf.

In fulfilling its responsibilities in risk management, the RMC is assisted by the Risk Management Department (“**RMD**”), Sustainability Department and Information Security Department.

THE MANAGEMENT

The management team is responsible for ensuring the effective implementation of policies and procedures on risk and internal control. The management is also accountable for identifying, evaluating, and monitoring the risks that may impede the Group’s goals and objectives.

RISK MANAGEMENT DEPARTMENT (“RMD”)

RMD assists the RMC in discharging risk management responsibilities. The RMD develops risk policies, provides guidance on risk related matters, and coordinates risk management activities with other departments. The RMD is also responsible to identify, monitor and inform RMC of critical risks faced by the Group. Training and workshop is a continuous initiative by RMD to educate employees on risk management.

INTERNAL AUDIT DEPARTMENT (“IAD”)

The IAD regularly reviews the AirAsia X’s systems of internal controls and evaluates the adequacy and effectiveness of the controls, risk management and governance processes implemented by Management. It integrates a risk-based approach in determining the auditable areas and frequency of audits. The annual audit plan for AirAsia X’s is reviewed and approved by the AC.

IAD is guided by its Internal Audit Charter that provides independence and reflects the roles, responsibilities, accountability and scope of work of the department. For any significant gaps identified in the governance processes, risk management processes and controls during the engagements, IAD provides recommendations to Management to improve their design and effectiveness of controls where applicable. The IAD’s functions are disclosed in the AC Report on pages 109 to 111 of this Annual Report.

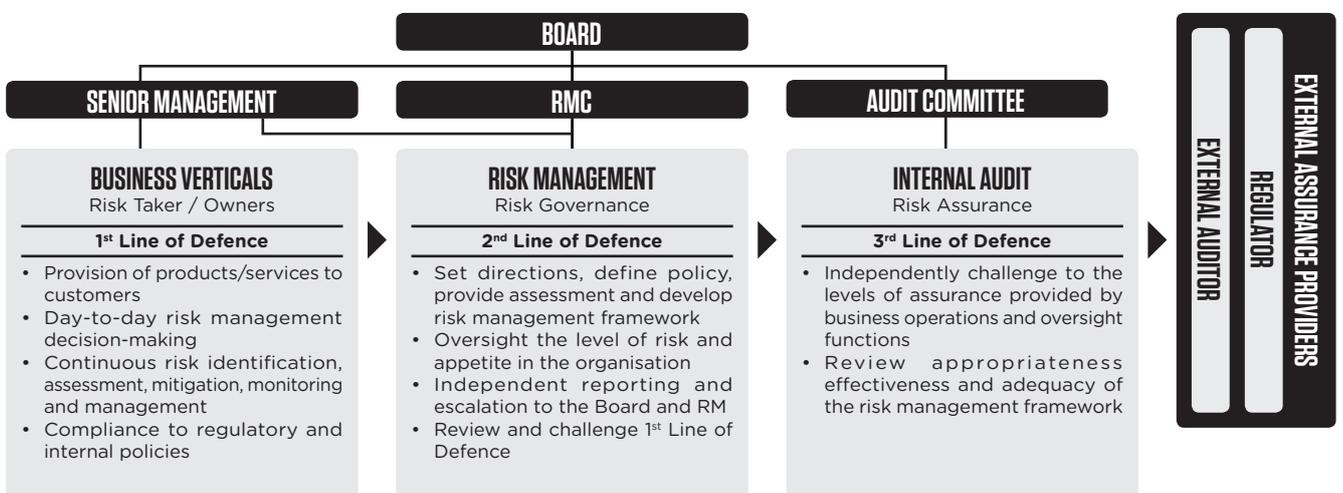
ENTERPRISE RISK MANAGEMENT FRAMEWORK

The ERM framework provides a standardised and systematic approach for the process of identifying, evaluating, monitoring and reporting risks faced by the Group for the FYE 2023. The Framework is aligned with the ISO 31000:2018 Risk Management Guidelines. The Framework also enables the Management to effectively deal with uncertainties and opportunities, enhancing the capacity to build value to the stakeholders.

The Group has established a structured process for risk management and reporting within the ERM framework as follows:

- The first line of defence is provided by Management and departments which are accountable for identifying and evaluating risks under their respective areas of responsibilities
- The second line of defence is provided by the RMD and RMC which are responsible for facilitating and monitoring risk management process and reporting
- The third line of defence is provided by the IAD which provides assurance on the effectiveness of the ERM framework

Our risk governance structure facilitates risk identification and escalation whilst providing assurance on the risks and controls to the Board. It delineates and assigns distinct roles and responsibilities across all lines of defence, facilitating the integration of the updated Enterprise Risk Management (“ERM”) Framework.



STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

A universally accepted risk management process has been established to ensure a standardised and consistent approach to risk management activities across the Group. This involves the application of policies and procedures to identify, analyse, and respond to risks in order to minimise uncertainties and maximise opportunities. The risk management process in the Group is depicted in the diagram below, aligned with ISO 31000 Standards.



RISK MANAGEMENT INITIATIVES

Enhancement of ERM Policy and Framework

The review of the ERM Policy and Framework was initiated in collaboration with our affiliate. The enhancement includes the yearly review of the policy. The policy review has been finalised with approval by the Board in August 2023.

Enhancement of Anti-Bribery and Anti Corruption (“ABAC”) Policy

The review of the ABAC Policy was initiated in collaboration with our affiliate. The enhancements are to provide a comprehensive with clear guidelines and improved process in managing bribery and corruption within the organisation. It is to ensure strict compliance and adherence with this ABAC Policy. The policy is now subject to a mandatory review every three years. The policy review has been finalised with approval by the Board in November 2023.

Automating the Risk Management process

To ensure a systematic approach in managing risk data, the implementation of the risk management system, RedRadar, will enable the Group to utilise a single risk repository system to capture more accurate risk data and facilitate access to up-to-date risk information. The automation also ensures consistency in risk management practices with our affiliate.

Risk awareness session

Risk awareness sessions were conducted for Management and key personnel from respective departments. This is to ensure that the risk processes are reasonably understood and the personnel involved are able to identify and assess the risks and opportunities. The awareness sessions also covered Business Continuity Management (“**BCM**”) and Compliance Risk Management (“**CRM**”) to spread awareness on both key areas that are part of risk management.

This will be a continuous effort by RMD to enhance the approach to addressing the key areas of the ERM Policy and Framework and to engage with respective risk owners to address gaps in their understanding of the subject matter.

KEY RISKS

Effective risk management can help mitigate uncertainties and enhance stakeholder confidence. By embedding the risk management process within the organisation, the Group is better equipped to navigate uncertainties and enhance stakeholder trust and assurance.

Key risks that the AirAsia X continues to track closely are as follows:

RISK	MITIGATION
<p>Financial risk The Group's operations carry certain financial risks, including the effects of changes in jet fuel prices, foreign currency exchange rates, interest rates and the market value of financial investments, credit risks as well as liquidity risk.</p>	<p>AirAsia X actively monitors and manages its exposure to fuel price volatility and imposes fuel surcharges based on the length of flight hours.</p> <p>Currency exposures are managed through natural hedges that arise when payments for foreign currency are matched against receivables denominated in the same foreign currency, or whenever possible, by intra-group arrangements and settlements.</p> <p>Liquidity and cash flow risks are managed through daily bank balance monitoring and weekly cash flow reviews and projections.</p> <p>Further details of the Group Financial Management Policies are in notes to financial statements, Note 38 Financial Risk Management Policies on pages 89 to 95 respectively.</p>
<p>Business recovery risk Intensified competition among airlines may lead to unpredictable demand patterns as the Group competes for market share through pricing strategies and service enhancements. Concurrently, economic fluctuations, including GDP growth and employment rates, can directly influence consumer travel behaviours.</p>	<p>AirAsia X mitigates this risk by strengthening its route network, focusing on the most popular historically proven routes and expanding into greenfield markets to achieve "first entrant" incentives e.g., lower airport charges and strong time slots to deliver competition and secure market share by adding frequencies where there is solid demand and by offering competitive fares on routes through dynamic pricing.</p>
<p>People risk Talent retention and recruitment present significant risks given the reliance on skilled crew members for safe and efficient Group operations. The shortage or turnover of pilots, cabin crew, ground staff and nominated post holders can disrupt operations, jeopardising safety standards and customer satisfaction.</p>	<p>All nominated post holders must be approved by CAAM. These employees are responsible for managing and supervising different areas within a commercial airline.</p> <p>To ensure efficient operations, manpower planning is conducted annually. Measures for talent retention are taken through employee engagement activities, such as town hall meetings, dialogues with employees, and peer support programs.</p>

RISK	MITIGATION
<p>Safety, health and security risks Increasing exposure to operational safety hazards and risks as AirAsia X grows its routes, flights and passenger volume.</p>	<p>AirAsia X Safety Review Board (“SRB”) oversees safety performance, through quarterly meetings, to ensure safety targets are met and that the highest safety and quality standards are upheld across the Group.</p> <p>AirAsia X’s Corporate Safety Department established a standardised process to manage the risk to an As Low As Reasonably Practicable (“ALARP”) level via robust Safety Management System.</p> <p>Established a comprehensive safety programme to promote a safety culture among employees, with tailored awareness initiatives across the Group.</p> <p>The Corporate Safety Department is also subject to routine mandatory audits by local civil aviation authorities which issue operating licences to airline operating companies. In addition, both AirAsia X and Thai AirAsia X Co., Ltd have completed the IATA Operational Safety Audit (“IOSA”) and obtained IOSA certification accordingly as the global benchmark for upholding the highest safety standards at all times.</p>
<p>Operational disruption risk The supply chain issue on aircraft components and parts could potentially lead to aircraft being grounded and affect the aircraft availability.</p> <p>Failure in airport services such as airport fuelling systems, baggage handling systems or customs, immigration and quarantine processing may lead to significant delays and business disruption.</p>	<p>On the supply chain issue, engagement and negotiation with the suppliers are crucial to ensure AirAsia X can secure the components and parts.</p> <p>AirAsia X mitigates failure in airport services by monitoring and communicating any potential service disruption to service providers to prevent or ensure minimal disruption to operations.</p> <p>AirAsia X has also tested incident-specific business continuity plans in collaboration with other AOC.</p>
<p>Sustainability risk Non-compliance to sustainability requirements by regulatory authorities as the airlines face pressure to put in place a sustainability roadmap. Greenwashing gains traction by the NGOs where the Group has to be careful on making any statement related to the environment.</p>	<p>AirAsia X ensures compliance with all environmental regulatory requirements, including managing the potential impact of environmental-related schemes such as the Carbon Offsetting & Reduction Scheme for International Aviation (“CORSIA”).</p> <p>On the greenwashing, seek the Legal department and Group Sustainability review/opinion on any marketing or statement related to sustainability before releasing it to the public.</p>

RISK	MITIGATION
<p>Regulatory and compliance risks Litigation risk arising from potential breach of local laws and regulations, contracts, industry guidelines and regulator/consumer authority requirements in multiple jurisdictions.</p> <p>Compliance with Anti-bribery and anti-corruption Malaysian Anti-Corruption Act 2009 (MACC Act 2009).</p>	<p>AirAsia X mitigates this risk by maintaining a high level of engagement with local regulators and authorities to ensure any new regulatory requirement is understood and swiftly adhered to.</p> <p>The Group also constantly monitors the local regulatory landscape for new or amended regulations affecting the Group.</p> <p>The Group has put in place Anti-Bribery and Anti-Corruption Policy, which has been disseminated to all internal and to all external parties that conduct business transactions with the Group. All internal need to acknowledge their awareness of this policy.</p> <p>The policy is available on AirAsia X's corporate website: https://www.airasiax.com/misc/AAX_ABAC_Policy.pdf</p>
<p>Information security risk Cyber security risk arising from heavy focus on online sales channels, guest feedback, help channels and other digital solutions.</p> <p>Violation of data privacy laws and regulations and loss of customer confidence due to a data breach.</p>	<p>The Group has a dedicated information security team that focuses on detecting, containing, and remediating cyber threats, headed by the Group's Chief Information Security Officer ("CISO").</p> <p>Continuous initiatives include updating to new standards ISO 27001:2022, external threat/risk monitoring, improved SuperApp account and payment protections, network upgrades by ICT, and incident management. In addition, to instill information security awareness culture, employee education and awareness programs including online training campaigns are compulsory for Allstars.</p> <p>The Group has established a data governance framework and a data security & privacy working group to review existing policies and ensure compliance with laws, regulations, and best practices.</p>
<p>Reputation and branding risks Reputational damage stemming from adverse media publicity or social networks that serve as platforms for airing consumer grievances or anti-organisation campaigns.</p>	<p>AirAsia X mitigates this risk by conducting ongoing real time media monitoring, social media monitoring and customer sentiment monitoring to enable quick action and response to all stakeholder communication channels.</p> <p>A dedicated AirAsia X team is established to ensure necessary and effective response to mitigate any potential brand and reputational threat.</p>

INTERNAL CONTROL FRAMEWORK

The following key internal control structures (including the AC and the IAD disclosed above) are in place to assist the Board to maintain a proper internal control system:

Board Governance

The Board has governance over the Group's operations. The Board is kept updated on the Group's activities and operations on a timely and regular basis through Board meetings with a formal agenda on matters for discussion. The Board of AirAsia X has established four (4) committees, namely the AC, RMC, Nomination and Remuneration Committee and SRB, to assist it in executing its governance responsibilities. Further information on the various Board Committees is provided in the Corporate Governance Overview Statement from pages 90 to 99 of this Annual Report.

Senior Management Responsibilities

Regular management and operations meetings are conducted by Senior Management, which comprises the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and Heads of Department.

The Board of our associated company includes our representatives. Information on the financial performance of our associated company is provided regularly to the Management and Board of AirAsia X via regular management reports and presentations at Board meetings.

In respect to the joint venture entered into by the Group, the Management of the joint venture, which consists of representatives from the Group and other joint venture partners, are responsible to oversee the administration, operation and performance of the joint venture. Financial and operational reports of the joint venture are provided regularly to the Management of AirAsia X.

Culture

The Board believes that good governance reflects the culture of an organisation. This is more significant than any written procedures. The Group aims at all times to act ethically and with integrity, and to instil this behaviour in all its employees by example from the Board down.

As provided in AirAsia X's **Code of Business Conduct**, AirAsia X is committed to uphold high standards of business ethics in all aspects of its business and expects the same within its relationships with all those with whom it engages and does business with.

AirAsia X also has a **Code of Conduct** ("the Code") which governs the conduct of its employees, officers and directors. The Code sets out the standards and ethics that they are expected to adhere to. It highlights AirAsia X's expectations on their professional conduct which includes:

- The environment inside and outside of workplace
- The working culture
- Conflict of interest
- Confidentiality and disclosure of information
- Good practices and controls
- Duty and declaration

The Code also sets out the circumstances in which an employee, officer and director would be deemed to have breached the Code after due inquiry and disciplinary actions that can be taken against them if proven guilty.

Segregation of Duties

Segregation of duties is embedded in the key business processes. The Group has in place a system to ensure there are adequate risk management, financial and operational policies and procedures.

Internal Policies and Procedures

Policies, procedures and processes governing the Group's businesses and operations are documented and readily made available to employees across the Group on the AirAsia X's intranet portal. These policies, procedures and processes are reviewed and updated by the business and functional units through a structured and standardised process of review. This is to ensure that appropriate management controls are in place to manage risks arising from changes in legal and regulatory requirements as well as the business and operational environment.

Financial Budgets

A detailed budgeting process has been established requiring all Heads of Department to prepare budgets and business plans annually for deliberation and approval by the Board. In addition, AirAsia X has a reporting system on actual performance against the approved budgets, which requires explanations for significant variances and plans by Management to address such variances.

Human Resource Management

AirAsia X acknowledges that a robust risk management and internal control system is dependent on its employees applying responsibility, integrity and good judgement to their duties. As such, AirAsia X has in place policies and procedures that govern its recruitment, appointment, performance management, compensation and reward mechanisms as well as policies and procedures that govern discipline, termination and dismissal of employees and ensures compliance of the same with all applicable laws and regulations.

Limits of Authority

AirAsia X documented its Limits of Authority (“**LOA**”) clearly defining the level of authority and responsibility in making operational and commercial business decisions. Approving authorities cover various levels of Management and the Board. The LOA is reviewed regularly and any amendments made must be tabled to and approved by the Board.

Insurance

The Group maintains adequate insurance and physical safeguards on assets to ensure these are sufficiently covered against any incident that could result in material losses. Specifically, AirAsia X maintains its Aviation Insurance which provides coverage for the following:

- Aviation Hull and Spares All Risks and Liability
- Aviation Hull and Spares War and Allied Perils (Primary and Excess)
- Aircraft Hull and Spares Deductible
- Aviation War, Hijacking and other Perils Excess Liability (Excess AVN52)

AirAsia X also maintains adequate general insurance to mitigate other risks and financial losses arising from fire, burglary, employee fidelity, public liability, and loss of cash in transit.

Information Security

The Information Security Department and Chief Information Security Officer (“**CISO**”) are the process owners of all assurance activities related to Confidentiality, Integrity, and Availability of the company, employee, customer, business partners, and the business information; in line with the company’s objectives by establishing the information security policies for the entire group. The Information Security team and CISO work with executive management to establish, implement, and maintain information security management programmes to ensure information assets are adequately protected.

Information Security: Protecting the environment from the potential threats that could compromise privacy, productivity, reputation and intellectual property rights of information resources and users.

Data Governance: Outlines how business activity monitoring should be carried out to ensure organisational data is accurate, consistent and protected. Defines the roles and responsibilities for information management. Specifies procedures to be used in managing different types of data.

Access Control: Outlines access controls across the Group’s networks, information systems and services to provide authorised, granular, auditable and appropriate user access, and to ensure appropriate preservation of data confidentiality, integrity and availability. Protects the interests of all authorised users of the Group’s information systems, as well as data provided by third parties, by creating a safe, secure and accessible environment in which to work.

Server, Database and Networks: Establish rules and procedures for hardening servers, database and network equipment to: a) create a security baseline for all servers, database and network equipment across the Group; b) minimise server and IT-related risks; c) comply with regulatory requirements.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

Information Security Testing: Give assurance of the adequacy of security controls by coordinating security reviews through vulnerability assessment and penetration testing (“VAPT”) of the Group’s IT infrastructure, network and web applications.

Information Security Detection and Incident Response: Ensures operations recover quickly from information security incidents, minimising loss of information and disruption of services. Protects the Group’s reputation and minimises loss of credibility among customers. Provides technical guidelines on responding to incidents effectively and efficiently.

Whistleblowing Policy

AirAsia X has in place a Whistleblowing Policy which provides a platform for employees or third parties to report instances of unethical behaviour, actual or suspected fraud or dishonesty, or a violation of AirAsia X’s Code of Conduct. It provides protection for the whistle-blowers from any reprisals as a direct consequence of making such disclosures. It also covers the procedures for disclosure, investigations and the respective outcomes of such investigations. AirAsia X expects its employees to act in AirAsia X’s best interests and to maintain high principles and ethical values. AirAsia X will not tolerate any irresponsible or unethical behaviour that would jeopardise its good standing and reputation.

Conclusion

The Board has received assurance from the CEO and CFO of AirAsia X that AirAsia X’s risk management and internal control system are operating adequately and effectively in all material aspects. For areas which require improvement, action plans are being developed with implementation dates being monitored by the respective Heads of Department. The Board also receives updates on key risk management and internal control matters through its Board Committees. Based on assurance received from Management and updates from the Board Committees, the Board is of the view that the Group’s risk management and internal control systems were operating adequately and effectively during the FYE 2023 and up to the date of approval of this statement. There were no material control failures or adverse compliance events that have directly resulted in any material loss to the Group.

AirAsia X’s associate company is in the process of fully adopting AirAsia X’s risk management and internal controls. The disclosure in this statement does not include the risk management and internal control practices of AirAsia X’s material joint venture.

Review of the Statement by External Auditors

As required by Paragraph 15.23 of the MMLR of Bursa Securities, the External Auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with the Audit and Assurance Practice Guide 3 (“AAPG 3”) issued by the Malaysian Institute of Accountants. The AAPG 3 does not require the External Auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

The External Auditors have reviewed this Statement on Risk Management and Internal Control for the FYE 2023, in compliance with paragraph 15.23 of the Listing Requirements in accordance with guidelines issued by the Malaysian Institute of Accountants and reported to the Board that nothing has come to their attention to cause them to believe that the statement intended to be included in the Annual Report is not prepared, in all material respects, in accordance with disclosures required by Paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuer, or that the statement is factually inaccurate. Their limited assurance review was performed in accordance with the AAPG 3 issued by the Malaysian Institute of Accountants. The AAPG 3 does not require the External Auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

This statement is in accordance with the resolution of the Board of Directors of AirAsia X on 30 April 2024.

AUDIT COMMITTEE ("AC") REPORT

This report outlines the activities of the AC of AirAsia X Berhad ("**AirAsia X**" or "**the Company**") for the financial year ended 31 December 2023 ("**FYE 2023**").

This report has been reviewed by the AC and approved by the Board of Directors ("**the Board**") of AirAsia X on 30 April 2024 for inclusion in this Annual Report.

The AC assists the Board in fulfilling its duties with respect to its oversight responsibilities over AirAsia X and the subsidiaries of AirAsia X ("**the Group**"). The AC is committed to its role of ensuring the integrity of the financial reporting process; the management of risks and systems of internal controls, external and internal audit processes and compliance with legal and regulatory matters; and the review of related party transactions and other matters that may be specifically delegated to the AC by the Board. The AC's responsibility for the internal audit of the Group is fulfilled through reviews of the quarterly and other reports of the Internal Audit Department ("**IAD**").

A. Composition of AC

The AC is established by the Board and comprises (4) Independent Non-Executive Directors, including the Chairman and none of them are an alternate director. The Chairman of the AC, Encik Ahmad Al Farouk bin Ahmad Kamal is appointed by the Board and is not the Chairman of the Board. He holds a Bachelor of Science in Economics and a Master of Science in Finance and Economics. Further, he has more than 19 years of experience in the finance and banking sector. Therefore the Company meets the Para 15.09(1)(c)(i) of the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**").

On 15 December 2023, Encik Ahmad Al Farouk bin Ahmad Kamal resigned as AC Chairman. In compliance with Paragraph 15.19 of the Main Market Listing Requirements, the Board has appointed the AC committee member, Dato' Abdul Mutalib bin Alias as the new Chairman of the AC on 23 January 2024 and he is not the Chairman of the Board. Dato' Abdul Mutalib holds a Bachelor of Science in Accountancy and a Master in Business Administration. Further, he has more than 35 years of experience in the banking sector and government sector. Therefore, the Company meets the Para 15.09(1)(c)(i) of the MMLR of Bursa Securities.

The duties and responsibilities of the AC are set out in its Terms of Reference, which is published on AirAsia X's corporate website at www.airasiax.com.

B. Attendance of Meetings

A total of five (5) meetings were held during the FYE 2023 with full attendance by all AC members.

The Head of Internal Audit of AirAsia X attended the AC meetings to present the audit and investigation reports. Representing the senior management team, the Chief Executive Officer ("**CEO**") and the Chief Financial Officer ("**CFO**") were invited to attend all the AC meetings to facilitate deliberations as well as to provide clarification on the audit issues. Where required, the management of the audit subjects was also invited to provide an explanation to the AC on specific control lapses and issues arising from the relevant audit reports.

C. Activities of the AC for FYE 2023

In discharging its duties and responsibilities, the AC is guided by the AC Terms of Reference, which was approved by the Board and aligned with the provisions of the MMLR, Malaysian Code on Corporate Governance and other best practices. A summary of the work of the AC during the FYE is as set out below:

Financial Reporting

- Reviewed and deliberated on all quarterly financial results and annual audited financial statements for recommendation to the Board for approval.
- The AC's review focused on any change in Accounting Policies and Practices, and the implementation of such changes; significant and unusual events; significant adjustments arising from the Audit; litigation that could affect the results materially; the going concern assumption; compliance with Accounting standards, other legal requirements and regulatory requirements; review and ensure corporate disclosure policies and procedures of the Group (as they pertain to accounting, audit and financial matters) comply with the disclosure requirements as set out in the MMLR.

External Audit

- Reviewed the external auditor's overall work plan and recommended to the Board their remuneration, terms of engagement and considered in detail the results of the audit, external auditor's performance and independence and the effectiveness of the overall audit process.
- Reviewed updates on the Malaysian Financial Reporting Standards and how they will impact the Company and has monitored progress in meeting the new reporting requirements.
- Updated continuously by the external auditors on changes to the relevant guidelines on the regulatory and statutory requirements.
- Deliberated and reported the results of the annual audit for recommendation to the Board.
- Met with the external auditors without the presence of the Management to discuss any matters that they may wish to present.

Internal Audit

- Deliberated and approved the Internal Audit Plan for the FYE to ensure adequate scope and comprehensive coverage of audit as well as to ensure the audit resources are sufficient to enable AC to discharge its functions effectively.
- Deliberated on the investigation reports and after having understood the case in detail, directed the Management to implement controls to strengthen the control environment and prevent recurrence.
- Reviewed the quarterly status reports on audit finding and deliberated on the rectification actions and timeline taken by the Management to ensure the control lapses are addressed and resolved promptly.
- Reviewed the results of operational audit reports.
- Providing assistance to the appointed external auditor in all oversight of the operational audits on each quarterly review.

Related Party Transactions

- Reviewed the related party transactions entered into by the Company and its affiliates in conformity to the established procedures in adherence to the MMLR.

Annual Report

- Reviewed the Statement on Risk Management and Internal Control and the Corporate Governance Overview Statement prior to their inclusion in the Company's Annual Report.
- Further information on the summary of the AC activities in discharging its functions and duties for the FYE and how it has met its responsibilities are provided in the Corporate Governance Report in accordance with Practice 8.5 of the MCGG.

D. Internal Audit Function and Summary of Work

AirAsia X has an in-house Internal Audit Department ("IAD") to assist the AC in carrying out its functions. IAD is guided by its Internal Audit Charter approved by AC that provides independence & reflects the function and responsibilities of the department. IAD carries out its audits which are closely guided by the International Professional Practices Framework issued by the Institute of Internal Auditors.

IAD reports functionally to AC and administratively to the CEO. IAD executives declare yearly that they are free from any conflict of interest, which could impair their objectivity and independence.

The principal responsibility of IAD is to undertake regular and systematic reviews of the systems of internal controls to provide reasonable assurance that the systems continue to operate efficiently and effectively. IAD adopts a risk-based methodology to develop its audit plans by determining the priorities of the internal audit activities.

The audits cover the review of the adequacy of risk management, the strength and effectiveness of internal controls, compliance to internal statutory requirements, governance and management efficiency, among others.

The audit reviews conducted during FYE 2023 were based on a risk-based Internal Audit Plan approved by the AC. The main focus of the internal audit activities during the FYE 2023 was on high risk areas and auditable areas that were critical to the Group's business recovery to pre-pandemic levels of performances. The main audited areas during FYE 2023 include revenue related processes such as book-to-cash control procedures, credit card payment processes, IT and cyber security controls, revenue assurance and station control assessment.

The audit reports which provide the results of the audit conducted, as well as key control issues and recommendations are highlighted and submitted to the AC for review and execution. The Management is to ensure that corrective actions are implemented within the required time frame.

The AC reviews and approves the Internal Audit's human resource requirements to ensure that the function is adequately resourced with a competent and proficient internal auditor. The IAD has a team of an assistant manager and an audit executive. The Head of Internal Audit, Ms. Wong Ooi Ling was appointed in November 2020. She is a Chartered Accountant of Malaysian Institute of Accountants.

Total operational costs of the IAD for the FYE 2023 were RM570,064.

ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the financial year ended 31 December 2023 (“FYE 2023”) for AirAsia X Berhad (“AirAsia X” or “the Company”).

1. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSAL

The Company raised a total of RM50.0 million by way of private placement of 32,258,066 new ordinary shares in the Company, representing approximately 7.78% of the total number of issued shares. The proceeds were fully utilised as part of the Company’s general working capital, including for aircraft activation, aircraft maintenance, and other operating expenses such as leases and insurance.

2. MATERIAL CONTRACTS INVOLVING DIRECTORS’ AND MAJOR SHAREHOLDERS’ INTERESTS

There was no material contracts entered into by the Company and its subsidiaries involving directors’ and major shareholders’ interest still subsisting at the end of the FYE 2023.

3. AUDIT AND NON-AUDIT FEES

The audit and non-audit fees of the Company and its Group as below are also disclosed in the Audited Financial Statements set out under Note 9 to the Financial Statements on page 157 of this Annual Report:-

Audit Fees	Group RM’000	Company RM’000
Audit fees paid to the External Auditors for the FYE 2023	817	680

Non-Audit Fees	Group RM’000	Company RM’000
Non-audit fees paid to the External Auditors for the FYE 2023 in connection with advisory related work	2,500	2,500

4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

At the Annual General Meeting (“AGM”) held on 8 June 2023, the Company had obtained a shareholders’ mandate to allow the Company to enter into recurrent related party transactions of a revenue or trading nature (“RRPT”).

Pursuant to paragraph 10.09(2)(b) and paragraph 3.1.5 of Practice Note 12 of the MMLR of Bursa Securities, details of the RRPT entered into during the FYE 2023 are as follows:

No.	Transacting Parties	Nature of RRPT	Class and Relationship of the Related Parties	Actual Value
EXPENSES				
1.	AirAsia Berhad (Company No.: 199301029930) (284669-W) ("AirAsia")	Rights granted by AirAsia to our Company to operate air services under the "AIRASIA" trade name and livery in respect of our low-cost, long-haul air services.	Interested Directors Datuk Kamarudin bin Meranun ("Datuk Kamarudin") Dato' Fam Lee Ee ("Dato' Fam") Interested Major Shareholders AirAsia Tune Group Sdn Bhd (Company No.: 200701040836) (798868-P) ("Tune Group") Tan Sri Anthony Francis Fernandes ("Tan Sri Tony") Datuk Kamarudin	RM8,308,062
2.	AirAsia Berhad (Company No.: 199301029930) (284669-W) ("AirAsia")	Provision of the following range of services by AirAsia to our Company: (a) Commercial <ul style="list-style-type: none"> - Sales and distribution - Sales support - Direct channel - Branding and Creative <ul style="list-style-type: none"> • Protection of brand to ensure proper public perception is built • Manage communication imagery, sponsorships (e.g. sports and youth marketing) and commercial branding • Creative includes graphic designs supporting branding activities - Web team: Manage, plan, build and develop airasia.com website - Digital Marketing - Ancillary 	Interested Directors Datuk Kamarudin Dato' Fam Interested Major Shareholders AirAsia Tune Group Tan Sri Tony Fernandes Datuk Kamarudin	RM7,984,880

**ADDITIONAL COMPLIANCE
INFORMATION**

No.	Transacting Parties	Nature of RRPT	Class and Relationship of the Related Parties	Actual Value
		(b) Treasury - Fuel procurement - Fuel hedging (c) Revenue Assurance - Credit card fraud unit Internal Audits (d) Group Inflight Ancillary (e) Engineering (f) Customer Support		
3.	Rokki Sdn Bhd (Company No.: 201101006967) (935105-W) ("Rokki")	Supply of in-flight entertainment system, hardware, software, content and updates by Rokki.	Interested Directors Datuk Kamarudin Dato' Fam Interested Major Shareholders AirAsia Tune Group Tan Sri Tony Fernandes Datuk Kamarudin	NIL
4.	BIGLIFE Sdn Bhd (Company No.: 201001040731) (924656-U) ("BIGLIFE")	Purchase of loyalty points from BIGLIFE, which operates and manages a loyalty program branded as the BIG Loyalty Program.	Interested Directors Datuk Kamarudin Dato' Fam Interested Major Shareholders AirAsia Tune Group Tan Sri Tony Fernandes Datuk Kamarudin	RM1,238,809
5.	Tune Insurance Malaysia Berhad (Company No.: 197601004719) (30686-K) ("Tune Insurance")	Payment to Tune Insurance of insurance premiums collected on its behalf pursuant to our Company's role as a corporate agent of Tune Insurance for the provision of AirAsia Insure, a travel protection plan which provides coverage for losses arising from, amongst others, personal accident, medical and evacuation, emergency medical evacuation and mortal remains repatriation, travel inconvenience such as flight cancellation or loss or damage to baggage and personal effects, flight delay and on-time guarantee.	Interested Directors Datuk Kamarudin Interested Major Shareholders AirAsia Tune Group Tan Sri Tony Fernandes Datuk Kamarudin	RM6,208,483

No.	Transacting Parties	Nature of RRPT	Class and Relationship of the Related Parties	Actual Value
6.	AirAsia SEA Sdn Bhd (Company No.: 201301015339) (1045172-A) (“ AirAsia SEA ”)	Provision of the following shared services by AirAsia SEA to our Company: (a) Finance and accounting support operation services; (b) People department support operation services; (c) Information and technology operation support services; (d) Sourcing and procurement operation support services; (e) Information Security; (f) Customer Happiness; and Operational Quality Assurance	Interested Directors Datuk Kamarudin Dato’ Fam Interested Major Shareholders AirAsia Tune Group Tan Sri Tony Fernandes Datuk Kamarudin	RM6,545,827
7.	Ormond Lifestyle Services Sdn Bhd (Company No.: 201601003986) (1174912-W)	Provision of food catering and hospitality services.	Interested Directors Datuk Kamarudin Interested Major Shareholders Tan Sri Tony Fernandes Datuk Kamarudin	RM2,064,601
8.	Ground Team Red Sdn Bhd (Company No.: 200701042697) (800730-V) (“ GTR ”)	Provision of ground handling services at airports.	Interested Directors Datuk Kamarudin Dato’ Fam Interested Major Shareholders AirAsia Tune Group Tan Sri Tony Fernandes Datuk Kamarudin	RM22,488,829
9.	AirAsia (Guangzhou) Aviation Service Limited (Company Registration No.: 91440101MA5ALG3R31) (“ AirAsia (Guangzhou) ”)	Provision of operational services by AirAsia (Guangzhou) to AirAsia X in China.	Interested Directors Datuk Kamarudin Dato’ Fam Interested Major Shareholders AirAsia Tune Group Tan Sri Tony Fernandes Datuk Kamarudin	RM1,629,807

**ADDITIONAL COMPLIANCE
INFORMATION**

No.	Transacting Parties	Nature of RRPT	Class and Relationship of the Related Parties	Actual Value
10.	AirAsia Com Travel Sdn Bhd (Company No.: 201301020508) (1050338-A) (" AirAsia Com ")	Appointment of AirAsia Com as preferred agent for flight and ancillary on airasia.com website and applications, where AirAsia Com will provide platform development, technology maintenance, branding, digital marketing on flights promotion through online platform, and providing revenue and sales relevant reports and dashboard to AirAsia X.	Interested Directors Datuk Kamarudin Dato' Fam Interested Major Shareholders AirAsia Tune Group Tan Sri Tony Fernandes Datuk Kamarudin	RM57,824,190
11.	Asia Digital Engineering Sdn Bhd (Company No.: 202001010462) (1366782-X) (" ADE ")	Provision of resources to ensure the smooth operations of aircraft maintenance which include manpower, tooling and store.	Interested Directors Datuk Kamarudin Dato' Fam Interested Major Shareholders AirAsia Tune Group Tan Sri Tony Fernandes Datuk Kamarudin	RM25,260,975
12.	Santan Restaurant Sdn Bhd (Company No.: 201401017641) (1093728-T) (" Santan ")	Provision on inflight food, beverage, merchandise and duty free products and services to AirAsia X flights.	Interested Directors Datuk Kamarudin Dato' Fam Interested Major Shareholders AirAsia Tune Group Tan Sri Tony Fernandes Datuk Kamarudin	RM15,986,440
13.	Ikhlas Com Travel Sdn Bhd (Company No.: 201801010997) (1273013-P) (" Ikhlas ")	Provision of sales and distribution services for seats sold in Saudi Arabia routes	Interested Directors Datuk Kamarudin Dato' Fam Interested Major Shareholders Tan Sri Tony Fernandes Datuk Kamarudin	RM3,727,181

No.	Transacting Parties	Nature of RRPT	Class and Relationship of the Related Parties	Actual Value
REVENUE/INCOME				
1.	Tune Insurance Malaysia Berhad (Company No.: 197601004719) (30686-K) (" Tune Insurance ")	Receipt of commission income of 25% on all insurance premiums received by Tune Insurance pursuant to our Company's role as a corporate agent of Tune Insurance for the provision of AirAsia Insure, a travel protection plan which provides coverage for losses arising from, amongst others, personal accident, medical and evacuation, emergency medical evacuation and mortal remains repatriation, travel inconvenience such as flight cancellation or loss or damage to baggage and personal effects, flight delay and on-time guarantee.	Interested Directors Datuk Kamarudin Interested Major Shareholders AirAsia Tune Group Tan Sri Tony Fernandes Datuk Kamarudin	RM1,617,405
2.	Philippines AirAsia Inc. (Registration No.: A199707490) (" PAA ")	Provision of the following commercial services by AirAsia X to PAA, including but not limited to: (1) Airport management and group handling; and (2) Government and regulatory liaison.	Interested Directors Datuk Kamarudin Dato' Fam Interested Major Shareholders AirAsia Tune Group Tan Sri Tony Fernandes Datuk Kamarudin	RM584,843
3.	Thai AirAsia Company Limited (Company No.: 0105546113684) (" TAA ")	Provision of the following commercial services by AirAsia X to TAA, including but not limited to: (1) Airport management and group handling; and (2) Government and regulatory liaison.	Interested Directors Datuk Kamarudin Dato' Fam Interested Major Shareholders AirAsia Tune Group Tan Sri Tony Fernandes Datuk Kamarudin	NIL
4.	PT Indonesia AirAsia (Company No.: 30.06.1.51.07399) (" IAA ")	Provision of the following commercial services by AirAsia X and AirAsia X Service Pty. Ltd. (Company No. 141 326 463) to IAA, including but not limited to: (1) Airport management and group handling; and (2) Government and regulatory liaison.	Interested Directors Datuk Kamarudin Dato' Fam Interested Major Shareholders AirAsia Tune Group Tan Sri Tony Fernandes Datuk Kamarudin	RM388,217

**ADDITIONAL COMPLIANCE
INFORMATION**

No.	Transacting Parties	Nature of RRPT	Class and Relationship of the Related Parties	Actual Value
5.	BIGLIFE Sdn Bhd (Company No.: 201001040731) (924656-U) (" BIGLIFE ")	Revenue from ticket sales and/or other ancillary sales arising from redemption of loyalty points from BIGLIFE which operates and manages a loyalty program branded as the BIG Loyalty Program.	Interested Directors Datuk Kamarudin Dato' Fam Interested Major Shareholders AirAsia Tune Group Tan Sri Tony Fernandes Datuk Kamarudin	RM1,077,762
6.	Teleport Everywhere Pte Ltd (Company No.: 201916239W) (" Teleport Everywhere ")	Novation of the Master General Cargo Sales Agent cum Management Services Agreement entered into between AirAsia X and Teleport Malaysia on 27 June 2018, for Teleport Malaysia to purchase cargo transportation capacity on routes operated by AirAsia X, to Teleport Everywhere.	Interested Directors Datuk Kamarudin Dato' Fam Interested Major Shareholders AirAsia Tune Group Tan Sri Tony Fernandes Datuk Kamarudin	RM151,672,944
7.	Ikhlas Com Travel Sdn Bhd (Company No.: 2018010997) (1273013-P) (" Ikhlas ")	Engagement with IKHLAS as a travel agent for sale of routes that AirAsia X is operating, except for Jeddah and Madinah.	Interested Directors Datuk Kamarudin Dato' Fam Interested Major Shareholders Tan Sri Tony Fernandes Datuk Kamarudin	NIL
8.	AirAsia Berhad (Company No.: 199301029930) (284669-W) (" AirAsia ")	In order to improve efficiency of the parties, wet lease arrangements are to utilise the excess aircraft of AirAsia X for AirAsia to operate those high demand routes by using A330s with a seat capacity of 377, with the same flight frequency.	Interested Directors Datuk Kamarudin Dato' Fam Interested Major Shareholders AirAsia Tune Group Tan Sri Tony Fernandes Datuk Kamarudin	NIL

The shareholdings of the interested Directors and interested Major Shareholders in our Company as at 31 December 2023 are as follows:

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Interested Directors				
Datuk Kamarudin	37,070,993	8.29	131,033,136 ⁽¹⁾	29.31
Dato' Fam	-	-	-	-
Interested Major Shareholders				
AirAsia	57,072,850	12.77	-	-
Tune Group	73,960,286	16.54	-	-
Tan Sri Tony Fernandes	11,158,722	2.50	131,033,136 ⁽¹⁾	29.31
Datuk Kamarudin	37,070,993	8.29	131,033,136 ⁽¹⁾	29.31

Note:

⁽¹⁾ Deemed interested via their interests in AirAsia and Tune Group, being the Major Shareholders of our Company pursuant to Section 8 of the Companies Act 2016.

Please refer to the notes of Section 2.3 of the Circulars to Shareholders dated 30 April 2024 on the directorships and shareholdings of the interested Directors and interested Major Shareholders in the transacting parties as stated above.

DIRECTORS' REPORT

Directors' report

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

Principal activities

The principal activity of the Company is that of providing long haul air transportation services.

The principal activities of the subsidiaries, an associate and a joint venture companies are disclosed in Notes 18, 19 and 20 to the financial statements.

Financial results

	Group	Company
	RM'000	RM'000
Profit for the financial year, representing profit attributable to owners of the Company	<u>331,505</u>	<u>333,072</u>

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the Directors, other than as disclosed in the financial statements, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the reversal of additional loss in an investment in a joint venture as disclosed in Note 42 to the financial statements.

Share capital

On 15 June 2023, the Company has completed a private placement exercise, in which the Company has issued 32,258,066 new shares with an issue price of RM1.55 per placement price. The new shares rank pari passu with the then existing shares of the Company.

Share options

No option was granted by the Company to any parties to take up unissued shares of the Company during the financial year.

Dividend

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend the payment of any dividend in respect of the current financial year.

Directors

The names of the Directors of the Company in office since the beginning of the financial year to the date of this report are:

Datuk Kamarudin bin Meranun
 Tan Sri Asmat bin Kamaludin
 Dato' Fam Lee Ee
 Chin Min Ming
 Dato' Sri Mohammed Shazalli bin Ramly (Appointed on 29 September 2023)
 Dato' Abdul Mutalib bin Alias (Appointed on 29 September 2023)
 Ahmad Al Farouk bin Ahmad Kamal (Resigned on 15 December 2023)
 Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin (Resigned on 15 December 2023)

The names of the Directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those Directors listed above) are:

Benyamin bin Ismail
 Jean Marc Kin Voon Likamtin
 Deans Tommy Lo Seen Chong
 Kanoosingh Ashive

Directors' benefits

Neither at the end of the financial year, nor at any time during the year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial period, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown below) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which he is a member, or with a company in which the Director has a substantial financial interest, other than as disclosed in Note 37 to the financial statements.

The Directors' benefits are as follows:

	Group and Company RM'000
2023	
Fees	961
Emoluments and other allowances	589
	<u>1,550</u>

Indemnity and insurance for Directors and officers

The Directors and officers of the Company and its subsidiaries are covered under a Directors' and Officers' Liability Insurance up to an aggregate limit of RM10 million against any legal liability, if incurred by the Directors and officers of the Company and its subsidiaries in the discharge of their duties while holding office for the Company and its subsidiaries. The insurance premium paid by the Company was RM288,416.

Directors' interests

According to the Register of Directors' Shareholdings, the interests of the Directors in office at the end of the financial year in shares in the Company or its related corporations during and at the end of the financial year are as follows:

	Number of ordinary shares			31.12.2023
	1.1.2023	Share consolidation (Note 35)	Disposed	
The Company				
Datuk Kamarudin bin Meranun				
Direct interest	37,070,994	-	(1)	37,070,993
Indirect interest *	131,033,138	-	(2)	131,033,136
Tan Sri Asmat bin Kamaludin				
Direct interest	10,000	-	-	10,000
Indirect interest **	4,000	-	(2,000)	2,000

* Deemed interest by virtue of their shareholding interests in AirAsia Berhad and Tune Group Sdn Bhd pursuant to Section 8A of the Companies Act 2016.

** Pursuant to Section 59(11)(c) of the Companies Act 2016, the interests of spouse and children of Tan Sri Asmat bin Kamaludin in the shares of the Company shall also be treated as the interest of Tan Sri Asmat bin Kamaludin.

Other than as disclosed above, none of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Other statutory information

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in these financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Auditors

Auditors' remuneration is as follows:

	Group RM'000	Company RM'000
Total statutory audit fees	<u>817</u>	<u>680</u>

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been paid to indemnify Ernst & Young PLT during the financial year and since the end of the financial year.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 30 April 2024.

Dato' Fam Lee Ee

Director

Kuala Lumpur, Malaysia

Dato' Abdul Mutalib bin Alias

Director

STATEMENTS OF PROFIT OR LOSS

For the financial year ended 31 December 2023

	Note	Group		Company	
		1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000 Restated	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000 Restated
Revenue	4	2,527,096	825,860	2,526,653	825,277
Operating expenses					
- Staff costs	5	(204,071)	(106,442)	(200,121)	(104,820)
- Depreciation	6	(184,395)	(40,270)	(184,395)	(40,270)
- Aircraft fuel expenses		(1,256,429)	(354,896)	(1,256,429)	(354,896)
- Maintenance and overhaul	7	(351,045)	(472,353)	(351,045)	(471,971)
- User charges		(247,619)	(96,965)	(247,619)	(96,965)
- Aircraft operating lease expenses		(72,158)	(33,637)	(72,461)	(33,637)
- Other operating expenses	9	(195,249)	(275,115)	(181,381)	(267,418)
- Reversal of/(provision for) additional loss in the investment in IAAX		223,245	(223,245)	223,245	(223,245)
Other income	10	239,592	34,328,563	224,087	34,414,146
Other loss	12	-	(46,000)	-	(46,000)
Operating income		478,967	33,505,500	480,534	33,600,201
Finance income	11	2,702	1,553	2,702	1,553
Finance costs	11	(112,601)	(762,967)	(112,601)	(762,967)
Net operating income		369,068	32,744,086	370,635	32,838,787
Net foreign exchange loss	11	(25,295)	(47,742)	(25,295)	(47,742)
Share of results of an associate	19	-	-	-	-
Share of results of a joint venture	20	-	-	-	-
Profit before taxation		343,773	32,696,344	345,340	32,791,045
Taxation					
- Current taxation	13	(1,936)	1	(1,936)	1
- Deferred taxation	13	(10,332)	612,240	(10,332)	612,240
		(12,268)	612,241	(12,268)	612,241
Profit for the financial year/period		331,505	33,308,585	333,072	33,403,286
Earnings per share (sen)					
- Basic	14	74.2	8,029.7		
- Diluted	14	74.2	8,029.7		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2023

	Group		Company	
	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000 Restated	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000 Restated
Profit for the financial year/period	331,505	33,308,585	333,072	33,403,286
<u>Other comprehensive loss</u>				
Items that may be subsequently reclassified to profit or loss				
Foreign currency translation differences	(5,596)	(713)	-	-
Other comprehensive loss for the financial year/period, net of tax	(5,596)	(713)	-	-
Total comprehensive income for the financial year/period	325,909	33,307,872	333,072	33,403,286

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

	Note	31.12.2023 RM'000	31.12.2022 RM'000 Restated
Group			
Assets			
Non-current assets			
Property, plant and equipment	15	35,295	41,848
Right-of-use assets	16	1,306,448	1,044,312
Deferred tax assets	17	601,908	612,240
Investment in an associate	19	-	-
Investment in a joint venture	20	-	-
Amount due from an associate	23	32,641	-
Trade and other receivables	22	436,266	234,248
Amount due from related parties	25	21,935	-
		2,434,493	1,932,648
Current assets			
Inventories	21	6,968	9,190
Trade and other receivables	22	224,610	230,634
Amount due from an associate	23	-	29
Amount due from related parties	25	413,615	131,848
Tax recoverable		198	1,735
Deposits, cash and bank balances	29	57,689	176,710
		703,080	550,146
Total assets		3,137,573	2,482,794
Equity and liabilities			
Current liabilities			
Sales in advance	34	612,296	391,373
Trade and other payables	30	360,232	429,167
Amount due to an associate	26	4,603	3,380
Amount due to related parties	28	41,401	8,469
Lease liabilities	31	152,392	57,033
Provision for aircraft maintenance	33	57,747	17,869
Other provisions	32	13,000	13,000
		1,241,671	920,291
Net current liabilities		(538,591)	(370,145)

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023 (Cont'd.)

	Note	31.12.2023 RM'000	31.12.2022 RM'000 Restated
Group (Cont'd.)			
Non-current liabilities			
Sales in advance	34	55,320	352,139
Lease liabilities	31	1,359,633	1,005,449
Provision for aircraft maintenance	33	331,774	207,899
Other provisions	32	33,000	256,245
		<u>1,779,727</u>	<u>1,821,732</u>
Total liabilities		<u>3,021,398</u>	<u>2,742,023</u>
Net assets/(liabilities)		<u>116,175</u>	<u>(259,229)</u>
Equity attributable to equity holders of the Company			
Share capital	35	51,029	1,534
Currency translation reserve		(5,582)	14
Retained earnings/(accumulated losses)		<u>70,728</u>	<u>(260,777)</u>
Total equity		<u>116,175</u>	<u>(259,229)</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023 (Cont'd.)

	Note	31.12.2023 RM'000	31.12.2022 RM'000 Restated
Company			
Assets			
Non-current assets			
Property, plant and equipment	15	35,295	41,848
Right-of-use assets	16	1,306,448	1,044,312
Deferred tax asset	17	601,908	612,240
Investments in subsidiaries	18	4	4
Investment in an associate	19	-	-
Investment in a joint venture	20	-	-
Trade and other receivables	22	436,266	234,248
Amount due from subsidiaries	24	32,261	-
Amount due from related parties	25	21,935	-
		2,434,117	1,932,652
Current assets			
Inventories	21	6,968	9,190
Trade and other receivables	22	222,867	114,222
Amount due from subsidiaries	24	569	-
Amount due from related parties	25	413,478	132,580
Tax recoverable		198	1,652
Deposits, cash and bank balances	29	57,113	176,373
		701,193	434,017
Total assets		3,135,310	2,366,669
Equity and liabilities			
Current liabilities			
Sales in advance	34	612,296	391,373
Trade and other payables	30	326,916	300,521
Amount due to subsidiaries	27	11,809	635
Amount due to an associate	26	4,603	3,380
Amount due to related parties	28	41,401	8,469
Lease liabilities	31	152,392	57,033
Provision for aircraft maintenance	33	57,747	17,674
Other provisions	32	13,000	13,000
		1,220,164	792,085
Net current liabilities		(518,971)	(358,068)

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023 (Cont'd.)

	Note	31.12.2023 RM'000	31.12.2022 RM'000 Restated
Company (Cont'd.)			
Non-current liabilities			
Sales in advance	34	55,320	352,139
Lease liabilities	31	1,359,633	1,005,449
Provision for aircraft maintenance	33	331,774	207,899
Other provisions	32	33,000	256,245
		<u>1,779,727</u>	<u>1,821,732</u>
Total liabilities		2,999,891	2,613,817
Net assets/(liabilities)		<u>135,419</u>	<u>(247,148)</u>
Equity attributable to equity holders of the Company			
Share capital	35	51,029	1,534
Retained earnings/(accumulated losses)		<u>84,390</u>	<u>(248,682)</u>
Total equity		<u>135,419</u>	<u>(247,148)</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2023

Group	Note	Number of shares '000	Share capital RM'000	Attributable to equity holders of the Group		Total equity RM'000
				Non-Distributable	(Accumulated losses)/ Distributable retained earnings RM'000	
At 1 January 2023, as per previously stated		414,815	1,534	14	(286,751)	(285,203)
Prior year adjustment (Note 45)		-	-	-	25,974	25,974
At 1 January 2023, restated		414,815	1,534	14	(260,777)	(259,229)
Net profit for the financial year		-	-	-	331,505	331,505
Other comprehensive loss for the financial year		-	-	(5,596)	-	(5,596)
Total comprehensive (loss)/income for the financial year		-	-	(5,596)	331,505	325,909
Issuance of ordinary shares	35	32,258	49,495	-	-	49,495
At 31 December 2023		447,073	51,029	(5,582)	70,728	116,175

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2023 (Cont'd.)

Note	Number of shares '000	Share capital RM'000	Attributable to equity holders of the Group		Accumulated losses RM'000	Total equity RM'000
			Non-Distributable	Currency translation reserve RM'000		
Group						
At 1 July 2021	4,148,149	1,534,044		727	(35,101,872)	(33,567,101)
Net profit for the financial period	-	-		-	33,308,585	33,308,585
Other comprehensive loss for the financial period	-	-		(713)	-	(713)
Total comprehensive (loss)/income for the financial period	-	-		(713)	33,308,585	33,307,872
Share consolidation	(3,733,334)	-		-	-	-
Share capital reduction	-	(1,532,510)		-	1,532,510	-
At 31 December 2022	414,815	1,534		14	(260,777)	(259,229)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2023

Company	←— Attributable to equity holders of the Company —→				
	Note	Number of shares ' 000	Share capital RM'000	Distributable retained earnings (Accumulated losses)/ RM'000	Total equity RM'000
At 1 January 2023, as per previously stated					
Prior year adjustment (Note 45)		-	-	25,974	25,974
At 1 January 2023, restated		414,815	1,534	(248,682)	(247,148)
Total comprehensive income for the financial year		-	-	333,072	333,072
Issuance of ordinary shares	35	32,258	49,495	-	49,495
At 31 December 2023		447,073	51,029	84,390	135,419

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2023

	Note	Group		Company	
		1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000 Restated	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000 Restated
Cash flows from operating activities					
Profit before taxation		343,773	32,696,344	345,340	32,791,045
Adjustments for:					
Property, plant and equipment and right-of-use assets					
- Depreciation	6	184,395	40,270	184,395	40,270
- Reversal of impairment loss	9	-	(157,016)	-	(157,016)
Allowance for/(reversal of) impairment loss:					
- Trade and other receivables	9	16,854	85,882	16,854	85,882
- Inventories	9	-	(9,190)	-	(9,190)
- Amount due from an associate	9, 10	(37,940)	366,160	-	-
- Amount due from subsidiaries	9, 10	-	-	(38,268)	382,862
- Amount due from related parties	9	498	(9,288)	498	(9,288)
Debt settlement and waiver of debts pursuant to the Debt Restructuring	10	-	(34,313,138)	-	(34,398,721)
(Reversal of)/provision for additional loss in the investment in IAAX		(223,245)	223,245	(223,245)	223,245
Finance income	11	(2,702)	(1,548)	(2,702)	(1,548)
Finance costs	11	97,391	754,519	97,391	754,519
Net gain of discounting effect on financial instruments	11	15,210	8,443	15,210	8,443
Net unrealised foreign exchange loss	11	63,998	34,099	63,998	34,099

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2023 (Cont'd.)

	Note	Group		Company	
		1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 30.06.2022 RM'000 Restated	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 30.06.2022 RM'000 Restated
Cash flows from operating activities (Cont'd.)					
Operating gain/(loss) before working capital changes		458,232	(281,218)	459,471	(255,398)
Changes in working capital:					
Inventories		2,222	-	2,222	-
Trade and other receivables		(241,241)	1,238,136	(355,639)	1,354,429
Related parties balances		(249,180)	(803,845)	(238,889)	(974,182)
Trade and other payables		58,942	(282,883)	160,048	(255,086)
Sales in advance		(75,896)	238,671	(75,896)	238,082
Cash flows (used in)/generated from operations		(46,921)	108,861	(48,683)	107,845
Finance costs paid		(1,420)	-	(1,420)	-
Interest received		2,702	1,548	2,702	1,548
Tax (paid)/refund		(191)	(39)	(482)	44
Net cash (used in)/generated from operating activities		(45,830)	110,370	(47,883)	109,437
Cash flows from investing activities					
Additions of property, plant and equipment	15	(15,254)	(2,021)	(15,254)	(2,021)
Lease remeasurement	16, 31	105	-	105	-
Net cash used in investing activities		(15,149)	(2,021)	(15,149)	(2,021)
Cash flows from financing activities					
Repayment of lease liabilities	31	(112,005)	(20,084)	(112,005)	(20,084)
Repayment of hire purchase	29	-	(15)	-	(15)
Deposits pledged as securities		-	5,644	-	5,644
Proceeds from issuance of shares	35	49,495	-	49,495	-
Net cash used in financing activities		(62,510)	(14,455)	(62,510)	(14,455)

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2023 (Cont'd.)

Note	Group		Company	
	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 30.06.2022 RM'000 Restated	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 30.06.2022 RM'000 Restated
Net (decrease)/increase in cash and cash equivalents	(123,489)	93,894	(125,542)	92,961
Effect of movement in foreign exchange rate	4,468	14,350	6,282	15,063
Cash and cash equivalents at beginning of the financial period	176,710	68,466	176,373	68,349
Cash and cash equivalents at end of the financial period	29 57,689	176,710	57,113	176,373

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”). The registered office and principal place of business of the Company is located at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur, 64000 KLIA, Selangor Darul Ehsan.

The principal activity of the Company is that of providing long haul air transportation services. The principal activities of the subsidiary companies are disclosed in Note 18.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 30 April 2024.

2. Summary of material accounting policies

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements.

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards (“IFRS”) and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost basis except otherwise disclosed in this summary of significant accounting policies below.

The financial statements are presented in Ringgit Malaysia (“RM”) and all values are rounded to the nearest thousand (RM’000) except when otherwise indicated.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial period. It also requires Directors to exercise their judgment in the process of applying the Group’s and the Company’s accounting policies. Although these estimates and judgment are based on the Directors’ best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2. Summary of material accounting policies (Cont'd.)

2.2 Changes in accounting policies

On 1 January 2023, the Group and the Company adopted the following new and amended MFRSs and IC interpretation mandatory for annual financial periods beginning on or after 1 January 2023:

Effective for annual periods beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112	International Tax Reform - Pillar Two Model Rules

The adoption of the above standards and interpretations did not have any material impact on the financial performance or position of the Group and of the Company, except for:

Amendments to MFRS 101 - Disclosure of Accounting Policies

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their “significant” accounting policies with a requirement to disclose their “material” accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group’s and the Company’s disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group’s and the Company’s financial statements.

2.3 Standards issued but not yet effective

The following standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) will become effective in future financial reporting periods and have not been adopted by the Group and/or the Company in these financial statements:

Effective for annual periods beginning on or after 1 January 2024

Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Non-Current Liabilities with Covenants
Amendments to MFRS 107 and MFRS 7	Disclosure of Supplier Finance Arrangements

2. Summary of material accounting policies (Cont'd.)**2.3 Standards issued but not yet effective (Cont'd.)**

The following standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) will become effective in future financial reporting periods and have not been adopted by the Group and/or the Company in these financial statements: (Cont'd.)

Effective for annual periods beginning on or after 1 January 2025

Amendments to MFRS 121	Lack of Exchangeability
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Effective for a date yet to be confirmed

Amendments to MFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to MFRSs above are not expected to have any significant impact on the financial statements of the Group and the Company upon their initial application except for the changes in presentation and disclosures of financial information arising from the adoption of these amendments to MFRSs.

2.4 Basis of consolidation

The consolidated financial statements include the Company’s and its subsidiaries’ financial information as of 31 December 2023. Control over a subsidiary is established when the Group has the power to influence variable returns and direct the subsidiary’s relevant activities.

Typically, a majority of voting rights implies control. However, when the Group holds less than the majority, it assesses various factors to determine control. These factors include the Group’s voting rights relative to others, contractual arrangements, and past voting patterns.

Control is reassessed if circumstances change. Consolidation of a subsidiary begins when control is obtained and ends when control is lost. Assets, liabilities, income, and expenses of a subsidiary are included in the consolidated financial statements from acquisition until cessation of control.

Profits, losses, and other comprehensive income (“OCI”) are attributed to the parent company’s equity holders and non-controlling interests, even if this results in the non-controlling interest in having a deficit balance. When necessary, adjustments are made to align the subsidiary’s accounting policies with the Group’s. All intra-group transactions are eliminated.

Changes in subsidiary ownership without loss of control are treated as equity transactions. When control is lost, all related assets, liabilities, and equity components are derecognised, with any remaining investment valued at fair value. If the Group loses control over a subsidiary, any remaining investment is measured at fair value. The difference between the carrying amount and fair value is recognised in profit or loss.

2. Summary of material accounting policies (Cont'd.)

2.5 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of acquisition is the sum of the consideration paid and any non-controlling interests in the acquired entity.

Upon acquisition, the Group evaluates the financial assets and liabilities assumed to ensure proper classification and designation. Any contingent consideration is recognised at fair value at the acquisition date. If classified as equity, it's not remeasured. If classified as a financial instrument, it's measured at fair value with subsequent changes recognised in profit or loss.

Goodwill is initially measured as the excess of consideration paid over the net identifiable assets acquired and liabilities assumed. If the fair value of net assets acquired exceeds the consideration, the Group reassesses its identification of assets and liabilities. Any remaining excess is recognised as a gain in profit or loss.

Goodwill is measured at cost less any accumulated impairment losses. It's allocated to cash-generating units for impairment testing, regardless of other assets or liabilities. If the goodwill is part of a cash-generating unit being disposed of, the associated goodwill is included in the carrying amount of the disposed operation.

2.6 Investment in associates and joint ventures

The Group holds interests in an associate and a joint venture as disclosed in Note 19 and Note 20 respectively.

An associate is an entity over which the Group has significant influence, allowing participation in financial and operating decisions.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group uses the equity method for its investments in associates and joint ventures reports the share of profit or loss from associates separately in the profit or loss.

Investments in associates and joint ventures are initially recorded at cost. The carrying amount is adjusted for changes in the Group's share of the associate's or joint venture's net assets. Goodwill related to associates or joint ventures is included in the investment's carrying amount and are not separately tested for impairment.

In the Company's separate financial statements, investments in associates and joint ventures are stated at cost less accumulated impairment losses.

Results from associates and joint ventures are included in the Group's profit or loss and OCI. Unrealised gains and losses from transactions with associates and joint ventures are eliminated to the extent of the Group's interest. The financial statements of associates and joint ventures are aligned with the Group's reporting period and accounting policies, when necessary.

The Group assesses for impairment at each reporting date and such impairment losses are recognised in profit or loss.

2. Summary of material accounting policies (Cont'd.)

2.6 Investment in associates and joint ventures (Cont'd.)

If the Group loses significant influence over an associate or joint control over the joint venture, any remaining investment is measured at fair value. The difference between the carrying amount and fair value is recognised in the profit or loss.

2.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Where significant parts of an item of property, plant and equipment are required to be replaced at intervals, the Group and the Company recognise such parts in the carrying amount of the property, plant and equipment as a replacement when it is probable that future economic benefits associated with the parts will flow to the Group and the Company and the cost of the parts can be measured reliably. The carrying amount of the replaced part is derecognised.

Depreciation is calculated using the straight-line method to write off the cost of the assets to their residual values over their estimated useful lives.

The useful lives for this purpose are as follows:

Aircraft service potential of engines and airframe	6 or 12 years
Aircraft spares	10 years
Aircraft fixtures and fittings	Useful life of aircraft or remaining lease term of aircraft, whichever is shorter
Motor vehicles	5 years
Office equipment, furniture and fittings	5 years

Assets not yet in operation are stated at cost and are not depreciated until the assets are ready for their intended use. Useful lives of assets are reviewed and adjusted if appropriate, at the financial position date.

Residual values, where applicable, are reviewed annually against prevailing market values at the financial position date for equivalent aged assets, and depreciation rates are adjusted accordingly on a prospective basis.

The costs of upgrades to leased assets are capitalised and amortised over the shorter of the expected useful life of the upgrades or the remaining life of the aircraft.

Pre-delivery payments on aircraft purchase are included as part of the cost of the aircraft and are depreciated from the date that the aircraft is ready for its intended use.

2. Summary of material accounting policies (Cont'd.)

2.8 Investments in subsidiaries

In the Company's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses.

2.9 Impairment of non-financial assets

The Group and the Company assess, at each reporting date, whether any indication exists that an asset may be impaired. If so, or when annual impairment testing is required, the Group and the Company estimate the asset's recoverable amount. Recoverable amount is the higher of its fair value less costs of disposal and its value in use ("VIU").

The Group and the Company estimate VIU using projected future cash flows to their present value using a pre-tax discount rate. In determining fair value less costs of disposal, market transactions and appropriate valuation models are used. Impairment calculations are based on the Group's and the Company's most recent budgets and forecasts, covering a period of five years. A long-term growth rate is applied to project future cash flows beyond the fifth year.

Impairment losses are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset. For assets excluding goodwill, the Group and the Company assess at each reporting date whether previously recognised impairment losses no longer exist or have decreased. Reversals are recognised in the profit or loss to the extent that such reversal do not exceed the previous impairment less amortisation or depreciation of the asset had the asset was not impaired. Goodwill is tested for impairment annually and when circumstances indicate potential impairment. Impairment is determined by comparing the recoverable amount of the cash-generating unit (CGU) to which the goodwill relates with its carrying amount.

Intangible assets with indefinite useful lives are tested for impairment annually or when indications of impairment arise.

Climate risks, including physical and transition risks, are assessed for their potential impact. If significant, these risks are factored into cash-flow forecasts when assessing value-in-use amounts.

2.10 Maintenance and overhaul

(i) Owned aircraft

The accounting for the cost of major airframe and certain engine maintenance checks for own aircraft is described in the accounting policy in Note 2.7 for property, plant and equipment.

(ii) Leased aircraft

Where the Group and the Company have a commitment to maintain aircraft held under operating leases, a provision is made during the lease term for the rectification obligations contained within the lease agreements. The provisions are based on estimated future costs of major airframe, certain engine maintenance checks and one-off costs incurred at the end of the lease by making appropriate charges to the profit or loss calculated by reference to the number of flying hours, flying cycles operated during the financial period and calendar months of the components used.

2. Summary of material accounting policies (Cont'd.)

2.11 Leases

The Group and the Company assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group and Company as a lessee

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Company recognise lease liabilities and right-of-use (“ROU”) assets representing the right to use the underlying assets.

(i) ROU assets

Upon lease commencement, the Group and the Company recognise ROU assets, initially recognising them at cost and subsequently adjusting them for accumulated depreciation and impairment losses, if any. The asset's cost includes lease liabilities, initial direct costs, and lease payments made less incentives received. Depreciation is applied on a straight-line basis over the shorter of the lease term or asset's useful life as follows:

Aircraft and engines	2 to 14 years
Office	2 to 20 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The ROU assets are also subject to impairment.

(ii) Lease liabilities

Upon lease commencement, the Group and the Company recognise lease liabilities, measured at the present value of lease payments over the lease term. These payments include fixed payments, less any lease incentives received, variable payments dependent on an index or rate, amounts under residual value guarantees, and purchase option exercise prices or termination penalties.

Variable payments not tied to an index or rate are expensed when triggered.

The present value of lease payments is calculated using the incremental borrowing rate at lease commencement, if the lease's implicit interest rate is not easily determinable. Over time, lease liabilities increase for interest accrual and decrease for payments made. Additionally, they are remeasured for modifications, changes in lease terms or payments, or revised assessments of purchase options.

Lease liabilities are reported within interest-bearing loans and borrowings.

2. Summary of material accounting policies (Cont'd.)

2.11 Leases (Cont'd.)

(iii) Short-term leases and leases of low-value assets

For leases with a term of 12 months or less and lacking a purchase option, the Group and the Company apply a short-term lease recognition exemption. Similarly, leases of deemed low value also qualify for exemption.

Lease payments for these short-term and low-value asset leases are expensed evenly over the lease term on a straight-line basis.

2.12 Inventories

Inventories comprising consumables used internally for repairs and maintenance and in-flight merchandise, are stated at the lower of cost and net realisable value.

Cost is determined on the weighted average basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price in the ordinary course of business, less all applicable variable selling expenses. In arriving at net realisable value, due allowance is made for all damaged, obsolete and slow-moving items.

2.13 Fair value measurement

The Group and the Company measure financial instruments at fair value at each reporting date. Fair value is the price at which an asset could be sold or a liability transferred in an orderly transaction between market participants at the measurement date.

Fair value is determined based on the presumption that the transaction occurs in either the principal market or, if not available, the most advantageous market accessible to the Group and the Company. The measurement considers assumptions that market participants act in their economic best interest.

When measuring fair value for non-financial assets, it accounts for their potential economic benefits in their highest and best use.

The Group uses appropriate valuation techniques, maximising observable inputs and minimising unobservable ones, with fair value measurements categorised into three levels based on the significance of inputs:

Level 1: Quoted market prices in active markets.

Level 2: Valuation techniques with observable inputs.

Level 3: Valuation techniques with unobservable inputs.

Transfers between levels are assessed at each reporting period. Classes of asset and liability are determined for fair value disclosures based on their nature, characteristics, risks, and their level within the fair value hierarchy.

2. Summary of material accounting policies (Cont'd.)

2.14 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances, demand deposits, bank overdrafts and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.15 Provisions

Provisions are recognised when the Group has a present obligation due to a past event, and it's probable that resources will be needed to settle it, with the amount being able to be estimated reliably. If certain portion of the provision is reimbursable, it is recognised as a separate asset only when the reimbursement is virtually certain. The expense is recognised in the profit or loss net of any reimbursement.

If time value of money is significant, provisions are discounted using a current pre-tax rate reflecting specific liability risks. The increase in the provision due to time passage is recognised as a finance cost when discounting is applied.

2.16 Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.17 Income taxes

(i) Current tax

Current income tax assets and liabilities are measured based on the expected amounts to be paid to or recovered from taxation authorities. This calculation uses enacted or substantively enacted tax rates and laws applicable at the reporting date in the countries where the Group operates and generates taxable income.

For items recognised directly in equity, current income tax is recognised in equity, not in the profit or loss. Management periodically reviews tax return positions, particularly in cases where tax regulations are open to interpretation, and establishes provisions as necessary.

(ii) Deferred tax

Deferred tax is recognised using the liability method based on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

2. Summary of material accounting policies (Cont'd.)

2.17 Income taxes (Cont'd.)

(ii) Deferred tax (Cont'd.)

Deferred tax liabilities are recognised for all taxable temporary differences, except for:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, subject to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date, with adjustments made based on the probability of future taxable profits.

Deferred tax assets and liabilities are measured using expected future tax rates, based on rates that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items outside profit or loss is recognised accordingly, either in OCI or directly in equity.

Tax benefits acquired as part of a business combination are recognised subsequently if new information about facts and circumstances changes.

The Group and the Company offset deferred tax assets and liabilities if they have a legally enforceable right to set off current tax assets and liabilities and certain other conditions are met.

2. Summary of material accounting policies (Cont'd.)

2.18 Revenue recognition

(a) Revenue from contracts with customers

(i) Scheduled flights

Revenue from scheduled passenger flights is recognised upon the rendering of transportation services net of discounts. The revenue of seats sold for which services have not been rendered is included in current liabilities as sales in advance.

(ii) Charter flights

Revenue from charter flights is recognised upon the rendering of transportation services.

(iii) Ancillary revenue

Ancillary revenue including fuel surcharge, insurance surcharge, administrative fees, assigned seat, change fees, convenience fee, baggage fee, connecting fee, cancellation, documentation and other fees, and on-board sale of meals and merchandise are recognised upon the completion of services rendered net of discounts.

(iv) Freight services

Freight revenue is a distinct performance obligation and recognised upon the completion of services rendered net of discounts.

(v) Management fee

Management fees, incentives and commission income are recognised on an accrual basis.

2.19 Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

When the Group engages in transactions denominated in foreign currencies, the initial recording is done at the spot exchange rate of the functional currency at the time of recognition.

For monetary assets and liabilities in foreign currencies, they are translated at the spot exchange rates at the reporting date. Any differences arising from settlement or translation of these monetary items are then recognised in the Group's profit or loss. However, if a monetary item is designated as part of a hedge of the Group's net investment in a foreign operation, any differences are initially recognised in OCI until the net investment is disposed of, at which point they are reclassified to profit or loss.

2. Summary of material accounting policies (Cont'd.)

2.19 Foreign currencies (Cont'd.)

(ii) Transactions and balances (Cont'd.)

Additionally, for transactions involving advance consideration, the spot exchange rate used for derecognition of non-monetary assets or liabilities is determined based on the date of the initial recognition of the asset or liability. This ensures that the appropriate exchange rate is applied for accurate recording of the transaction.

(iii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into RM at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

2.20 Financial assets

(i) Initial recognition and measurement

Financial assets are categorised at initial recognition based on their contractual cash flow characteristics and the Group's business model for managing them. This classification determines how the assets are subsequently measured: amortised cost, fair value through OCI, or fair value through profit or loss.

Trade receivables without significant financing components or for which the Group applies a practical expedient are measured at the transaction price. For other financial assets, the initial measurement includes their fair value plus transaction costs, except for those classified at fair value through profit or loss.

To be classified and measured at amortised cost or fair value through OCI, a financial asset's cash flows must be 'solely payments of principal and interest' ("SPPI") on the outstanding principal. This is assessed at the instrument level. Assets failing the SPPI test are measured at fair value through profit or loss regardless of the business model.

The Group's business model for managing financial assets determines how it generates cash flows from those assets, whether through collecting contractual cash flows, selling assets, or both. Financial assets held to collect contractual cash flows are classified at amortised cost, while those held to collect cash flows and sell are classified at fair value through OCI.

Transactions involving financial assets requiring delivery within a specific timeframe, as regulated by the market, are recognised on the trade date when the Group commits to purchase or sell the asset.

2. Summary of material accounting policies (Cont'd.)

2.20 Financial assets (Cont'd.)

(ii) Subsequent measurement

Subsequent measurement of financial assets involves classification into four categories and their respective treatment:

Financial assets at amortised cost (debt instruments):

These assets are measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss upon derecognition, modification, or impairment.

Financial assets at fair value through OCI (debt instruments):

Interest income, foreign exchange revaluation, and impairment losses or reversals are recognised in profit or loss. Remaining fair value changes are recognised in OCI, and upon derecognition, the cumulative fair value change in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments):

Equity investments that meet the criteria and are not held for trading can be classified irrevocably as equity instruments designated at fair value through OCI. Gains and losses are not recycled to profit or loss, and dividends are recognised as other income unless they recover part of the asset's cost, in which case, gains are recorded in OCI.

These assets are not subject to impairment assessment.

Financial assets at fair value through profit or loss:

Carried at fair value with net changes recognised in profit or loss.

This category includes derivative instruments and listed equity investments not classified as fair value through OCI.

Dividends on listed equity investments are recognised as other income.

Embedded derivatives in hybrid contracts are separated and accounted for separately if certain conditions are met, with changes in fair value recognised in profit or loss.

(iii) Derecognition

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group and the Company have transferred their rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement. In such cases, the Group and the Company evaluate whether they have transferred substantially all the risks and rewards of the asset, or if they have neither transferred nor retained substantially all the risks and rewards but have transferred control of the asset.

2. Summary of material accounting policies (Cont'd.)

2.20 Financial assets (Cont'd.)

(iii) Derecognition (Cont'd.)

If the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, they assess the extent to which they have retained the risks and rewards of ownership. If they haven't transferred or retained substantially all risks and rewards, nor transferred control of the asset, they continue to recognise the transferred asset to the extent of their continuing involvement. In this scenario, the Group and the Company also recognise an associated liability, and both are measured based on the rights and obligations retained.

Continuing involvement, such as a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group or the Company could be required to repay.

(iv) Impairment

The Group and the Company recognise an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. These ECLs are based on the difference between the contractual cash flows due and all the cash flows expected to be received, discounted at an approximation of the original effective interest rate. Expected cash flows include those from collateral sale or other credit enhancements integral to the contract terms.

ECLs are recognised in two stages:

- For credit exposures without a significant increase in credit risk since initial recognition, ECLs cover credit losses possible within the next 12 months.
- For exposures with a significant increase in credit risk, a loss allowance covers credit losses expected over the remaining exposure life, regardless of default timing.

For trade receivables and contract assets, a simplified approach calculates ECLs based on lifetime ECLs at each reporting date, using a provision matrix grounded in historical loss experience adjusted for forward-looking factors.

A financial asset is considered in default when payments are 90 days past due, or when information suggests full recovery is unlikely, considering any credit enhancements held. Financial assets are written off when full contractual cash flow recovery is improbable.

2.21 Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are categorised at initial recognition as either financial liabilities at fair value through profit or loss, loans and borrowings, payables, or derivatives designated as effective hedging instruments.

Upon initial recognition, all financial liabilities are recorded at fair value, with loans and borrowings and payables recognised net of directly attributable transaction costs.

2. Summary of material accounting policies (Cont'd.)

2.21 Financial liabilities (Cont'd.)

(ii) Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss consist of two categories: financial liabilities held for trading and financial liabilities designated at fair value through profit or loss upon initial recognition.

Financial liabilities held for trading include those incurred for the purpose of repurchasing in the near term, as well as derivative financial instruments not designated as hedging instruments. Embedded derivatives are also classified as held for trading unless designated as effective hedging instruments.

Gains or losses on these liabilities are recognised in the statement of profit or loss.

Financial liabilities designated at fair value through profit or loss upon initial recognition are designated at the inception date if they meet the criteria outlined in MFRS 9.

Financial liabilities at amortised cost (loans and borrowings)

Interest-bearing loans and borrowings, the most relevant category to the Group and the Company, are subsequently measured at amortised cost using the effective interest rate (EIR) method after initial recognition. Gains and losses are recognised in profit or loss upon derecognition of the liabilities, as well as through the EIR amortisation process.

Amortised cost is calculated by considering any discount or premium on acquisition, as well as fees or costs integral to the effective interest rate. The amortisation of the effective interest rate is recorded as finance costs in the profit or loss.

This category primarily encompasses interest-bearing loans and borrowings.

(iii) Derecognition

A financial liability is derecognised when the obligation it represents is discharged, cancelled, or expires. Additionally, if an existing financial liability is replaced by another from the same lender with substantially different terms, or if the terms of an existing liability are substantially modified, this exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. Any difference in the respective carrying amounts is recognised in the profit or loss.

2. Summary of material accounting policies (Cont'd.)

2.21 Financial liabilities (Cont'd.)

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group Chief Executive Officer ("Group CEO") that makes strategic decisions.

3. Critical accounting estimates and judgements

The directors continually evaluate estimates and judgments based on historical experience and other factors, including expectations of future events deemed reasonable under the circumstances. However, resulting accounting estimates may rarely align precisely with actual results.

Outlined below are estimates and assumptions posing a significant risk of material adjustment to the carrying amounts of assets and liabilities in the next financial year:

(i) Deferred tax assets

Deferred tax assets primarily stem from unutilised tax incentives, unabsorbed capital allowances, and tax loss carryforwards. These assets are recognised to the extent that future taxable profits are probable, which involves significant assumptions. These assumptions pertain to regulatory approvals for prospective routes, aircraft delivery, fares, load factors, fuel prices, maintenance costs, and currency movements. They are based on past performance adjusted for non-recurring circumstances and a reasonable growth rate. Management believes that these projections indicate the utilisation of temporary differences, leading to the recognition of deferred tax assets as of the reporting date. Significant changes to the estimates of base fare, load factor and foreign exchange rates will result in variation in the carrying amount of deferred tax assets recognised.

(ii) Provision for aircraft maintenance

The Group and the Company have contractual obligations to maintain leased aircraft throughout the lease period and to return them to lessors at lease-end under specific pre-agreed conditions. Management estimates and accrues costs for overhaul, restoration, and redelivery over the lease term. These estimates hinge on factors like anticipated aircraft utilisation rates, including flying hours and cycles leading up to the next overhaul, projected costs from routine and non-routine checks, and the timing of maintenance work. However, actual results may diverge considerably from these estimates due to variations in aircraft utilisation and the timing of maintenance activities.

3. Critical accounting estimates and judgements (Cont'd.)

Outlined below are estimates and assumptions posing a significant risk of material adjustment to the carrying amounts of assets and liabilities in the next financial year (Cont'd.):

(iii) Impairment assessment of financial assets

The Group and the Company utilise the simplified approach under MFRS 9 to gauge expected credit losses, employing a lifetime expected loss allowance for all receivables, including balances with intercompany and related parties. At each reporting date, the Group and the Company evaluate credit risk, assessing whether there have been significant increases since initial recognition. Impairment provisions for receivables are founded on assumptions regarding default risk and anticipated loss rates. In making these assumptions and selecting inputs for impairment calculations, judgment is exercised, drawing from the Group's and the Company's historical data, prevailing market conditions, and forward-looking estimates tailored to individual debtors and/or group of debtors at the close of each reporting period.

(iv) Provision for additional loss in the investment in PT Indonesia AirAsia Extra ("IAAX")

During the financial period ended 31 December 2022, IAAX, a joint venture of the Company, received a Tax Underpayment Assessment Letter from the Indonesia Tax Office (ITO), demanding a payment of RM200.7 million for tax underpayment in the fiscal year 2017. The tax audit for the year assessment 2018 and 2019 were completed during the financial year and the ITO raised an additional assessment of RM236.6 million.

IAAX has disputed the tax assessments by the ITO and has submitted objection letters and appeal letters to the ITO. ITO has rejected the appeal by IAAX and the case has been brought to court. In the event the dispute is ruled in favour of the ITO, it is unlikely that IAAX will be able to pay the additional tax. Per Indonesian tax regulations, tax collection actions target "tax bearers" of corporate taxpayers, including shareholders. Consequently, the Company, as IAAX's shareholder, could be liable for IAAX's RM215.9 million tax payable, based on its equity interest in IAAX.

(v) Recoverability of amounts owing by subsidiary companies, associated company and related parties

During the current financial year, the Group and the Company conducted assessments of the credit risks associated with amounts owed by an associated company, certain subsidiary companies, and related parties. Using the ECL model, these evaluations were performed individually for each debt at each reporting date. The objective was to ascertain whether there had been any significant increases in credit risk since the initial recognition of these financial assets. This approach allows the Group and the Company to stay informed about the financial health of these entities and make informed decisions regarding the recoverability of these amounts.

The amounts owing by associated company, subsidiary companies and related parties are disclosed in Note 23, Note 24 and Note 25 respectively.

3. Critical accounting estimates and judgements (Cont'd.)

Outlined below are estimates and assumptions posing a significant risk of material adjustment to the carrying amounts of assets and liabilities in the next financial year (Cont'd.):

(vi) Contract liability for travel voucher

The Group and the Company have committed to issue travel vouchers to compensate passengers affected by flight cancellations during the Covid-19 pandemic. These vouchers typically have an average expiry date of 5 years from the date of issuance.

In 2023, management reviewed and adjusted the method used to calculate the provision for travel vouchers. Previously, estimates were based on past “No Show” trends, referring to passengers who purchased flight tickets but didn’t board their scheduled flights. However, management determined that this trend wasn’t an accurate representation of the travel voucher liabilities. Instead, for the financial year ended 31 December 2023, management estimated the liability required based on the historical redemption rate of the travel vouchers. Actual utilisation may still vary significantly from these estimates.

(vii) Incremental borrowing rate for the discounting of lease payment

The Group and the Company cannot readily determine the interest rate implicit in the lease, therefore, they uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group and the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group ‘would have to pay’, which requires estimation when no observable rates are or when they need to be adjusted to reflect the terms and conditions of the lease.

The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

(viii) Provision for profit-sharing

Under the scheme of arrangement with scheme creditors sanctioned by the High Court of Malaya on 16 March 2022 on the proposed debt restructuring, Class A and Class B scheme creditor will be entitled to an annual profit-sharing mechanism, calculated based on the pro-rating of the payout pool, which equates to 20% of the excess over RM300 million of adjusted earnings before interest, taxes, depreciation, amortisation and lease rentals (“EBITDAR”) for the financial years ending 2023 to 2026 (“applicable financial year”). The profit-sharing mechanism has no prejudice to the scheme and without limiting or affecting the debt settlement and waiver, Class A and Class B creditors shall received a portion of AAX’s profits subject to and based on the terms of the profit-sharing mechanism.

During the financial year ended 31 December 2023, management has estimated the provision for profit sharing for scheme creditor based on possible scenarios of the forecast projected EBITDAR for financial year 2024 to financial year 2026 resulting in a provision for profit sharing or RM46 million. Actual payout of the profit share will deviate if actual results deviate significantly against the forecast.

4. Revenue

	Group		Company	
	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000
Revenue from contracts with customers	2,526,653	798,113	2,526,653	798,113
Aircraft operating lease income	-	27,164	-	27,164
Management fee	443	583	-	-
	<u>2,527,096</u>	<u>825,860</u>	<u>2,526,653</u>	<u>825,277</u>

Revenue from contracts with customers

Type of goods or services

Scheduled flights	1,673,926	272,387	1,673,926	272,387
Charter flights	18,796	105,625	18,796	105,625
Freight services	151,673	341,595	151,673	341,595
Ancillary revenue	682,258	78,506	682,258	78,506
	<u>2,526,653</u>	<u>798,113</u>	<u>2,526,653</u>	<u>798,113</u>

Timing of revenue recognition

At a point of time	<u>2,526,653</u>	<u>798,113</u>	<u>2,526,653</u>	<u>798,113</u>
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Ancillary revenue includes baggage fees, assigned seats, cancellations, documentation and other fees, and on-board sale of meals and merchandise.

Salient terms of revenue from contracts with customers:

- i) Scheduled flights - Tickets bought are valid over a period of 30 - 60 days and refunds for airport tax are claimable up to 6 months period of travel date.
- ii) Charter flights - Full upfront payment before the flight.
- iii) Freight services - Credit term of 30 days (2022: 30 days) from invoice date.
- iv) Ancillary services - Normally settle by cash and generally no refunds.

Unsatisfied performance obligations represented by sales in advance is disclosed in Note 34. Contract balances, represented by trade receivables and amount due from AirAsia Berhad are disclosed in Note 22 and Note 25 respectively.

5. Staff costs

	Group		Company	
	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000
Wages, salaries, bonuses and allowances	187,499	96,689	183,549	95,067
Defined contribution retirement plan	16,572	9,753	16,572	9,753
	<u>204,071</u>	<u>106,442</u>	<u>200,121</u>	<u>104,820</u>

Included in staff costs are Directors' remunerations as disclosed in Note 8.

6. Depreciation

	Group		Company	
	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000 Restated	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000 Restated
Property, plant and equipment (Note 15)	21,807	-	21,807	-
Right-of-use assets (Note 16)	162,588	40,270	162,588	40,270
	<u>184,395</u>	<u>40,270</u>	<u>184,395</u>	<u>40,270</u>

7. Maintenance and overhaul

Maintenance and overhaul include routine and non-routine maintenance of the aircraft airframe, engines, landing gear, wheels and other consumable spares.

8. Directors' remuneration

Details of remunerations paid to Directors are as follows:

	Group and Company		
	Emoluments/ Other		Total
	Fees	allowances	
	RM'000	RM'000	RM'000
2023			
Non-Executive Directors:			
Datuk Kamarudin bin Meranun	85	507	592
Dato' Fam Lee Ee	207	18	225
Tan Sri Asmat bin Kamaludin	172	14	186
Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin	204	13	217
Ahmad Al Farouk bin Ahmad Kamal	131	15	146
Chin Min Ming	116	18	134
Dato' Sri Mohammed Shazalli bin Ramly	22	2	24
Dato' Abdul Mutalib bin Alias	24	2	26
Total Non-Executive Directors	961	589	1,550

	Group and Company		
	Emoluments/ Other		Total
	Fees	allowances	
	RM'000	RM'000	RM'000
2022			
Non-Executive Directors:			
Datuk Kamarudin bin Meranun	95	8	103
Tan Sri Anthony Francis Fernandes	76	8	84
Dato' Lim Kian Onn	86	12	98
Dato' Fam Lee Ee	163	21	184
Tan Sri Rafidah Aziz	229	12	241
Tan Sri Asmat bin Kamaludin	132	17	149
Dato' Yusli bin Mohamed Yusoff	101	11	112
Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin	88	6	94
Ahmad Al Farouk bin Ahmad Kamal	44	4	48
Chin Min Ming	6	-	6
Total Non-Executive Directors	1,020	99	1,119

8. Directors' remuneration (Cont'd.)

Further analysis of remuneration paid to the Directors are as follows:

	Group and Company	
	Number of Directors	
	31.12.2023	31.12.2022
Non-executive Directors:		
Less than RM100,000	2	5
RM100,001 to RM150,000	2	3
RM150,001 to RM200,000	1	1
More than RM200,000	3	1

9. Other operating expenses

The following items have been charged/(credited) in arriving at other operating expenses:

	Group		Company	
	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000
Management fee	(443)	229	3,458	1,838
Rental of land and buildings (Note 16)	2,861	1,982	2,861	1,982
Auditors' remuneration				
- Statutory audit	817	735	680	680
- Non-audit fees	2,500	1,700	2,500	1,700
Rental of equipment (Note 16)	8	9	8	9
Advertising expenses	(1,166)	1,672	(1,166)	1,672
Credit card charges	28,464	7,917	28,464	7,917
In-flight meal expenses	8,282	199	8,282	199
Insurance expenses	18,457	24,586	18,457	24,586
Allowance for/(reversal of) expected credit losses on:				
- Trade and other receivables (Note 22)	16,854	85,882	16,854	85,882
- Amount due from an associate (Note 23)	-	366,160	-	-
- Amount due from subsidiaries (Note 24)	-	-	-	382,862
- Amount due from related parties (Note 25)	498	(9,288)	498	(9,288)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

9. Other operating expenses (Cont'd.)

The following items have been charged/(credited) in arriving at other operating expenses (Cont'd.):

	Group		Company	
	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000
Reversal of inventories written-off (Note 21)	-	(9,190)	-	(9,190)
Reversal of impairment loss on property, plant and equipment (Note 15)	-	(157,016)	-	(157,016)

10. Other income

	Group		Company	
	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000
Debt settlement and waiver of debts pursuant to the Debt Restructuring	-	34,313,138	-	34,398,721
Reversal of provision for travel voucher	185,819	-	185,819	-
Reversal of impairment loss on amount due from an associate (Note 23)	37,940	-	-	-
Reversal of impairment loss on amount due from subsidiaries (Note 24)	-	-	38,268	-
Reversal of provision for doubtful debt	15,833	15,425	-	15,425
	239,592	34,328,563	224,087	34,414,146

11. Finance income/(costs) and net foreign exchange loss

	Group		Company	
	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000 Restated	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000 Restated
(a) Finance income:				
Interest income from deposits with licensed bank	2,583	1,548	2,583	1,548
Other interest income	119	-	119	-
	<u>2,702</u>	<u>1,548</u>	<u>2,702</u>	<u>1,548</u>
Effect of discounting on financial instruments	-	5	-	5
	<u>2,702</u>	<u>1,553</u>	<u>2,702</u>	<u>1,553</u>
(b) Finance costs:				
Interest expense on lease liabilities (Note 31)	(94,571)	(753,580)	(94,571)	(753,580)
Bank facilities and other charges	(2,820)	(939)	(2,820)	(939)
	<u>(97,391)</u>	<u>(754,519)</u>	<u>(97,391)</u>	<u>(754,519)</u>
Impact of discounting effect on financial instruments	(15,210)	(8,448)	(15,210)	(8,448)
	<u>(112,601)</u>	<u>(762,967)</u>	<u>(112,601)</u>	<u>(762,967)</u>
(c) Net foreign exchange gain/(loss):				
Realised	38,703	(13,643)	38,703	(13,643)
Unrealised	(63,998)	(34,099)	(63,998)	(34,099)
	<u>(25,295)</u>	<u>(47,742)</u>	<u>(25,295)</u>	<u>(47,742)</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

12. Other loss

	Group and Company	
	2023	2022
	RM'000	RM'000
		Restated
Provision for profit sharing	-	46,000

13. Taxation

	Group		Company	
	1.1.2023	1.7.2021	1.1.2023	1.7.2021
	to	to	to	to
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Current taxation:				
Malaysian income tax	1,936	(1)	1,936	(1)
Deferred taxation:				
Relating to origination and reversal of temporary differences	10,332	(612,240)	10,332	(612,240)
Total income tax expense/(benefit)	12,268	(612,241)	12,268	(612,241)

The Group and Company are subject to income tax on an entity basis on the profit arising in or derived from the tax jurisdictions in which members of the Group and of the Company are domiciled and operate.

Domestic current income tax is calculated at the statutory tax rate of 24% (2022: 24%) of the estimated assessable profit for the period.

13. Taxation (Cont'd.)

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000 Restated	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000 Restated
Profit before taxation	343,773	32,696,344	345,340	32,791,045
Tax at Malaysian statutory tax rate of 24% (2022: 24%)	82,506	7,847,123	82,882	7,869,851
Expenses not deductible for tax purposes	12,070	74,401	11,694	72,561
Income not subject to tax	(71,076)	(2,016,888)	(71,076)	(2,037,776)
Utilisation of previously unrecognised unabsorbed capital allowance	-	385	-	385
Utilisation of previously unrecognised temporary differences	(11,232)	(6,341,891)	(11,232)	(6,341,891)
Deferred tax assets recognised	-	(731,370)	-	(731,370)
Deferred tax assets not recognised	-	555,999	-	555,999
Total tax expense/(benefit)	12,268	(612,241)	12,268	(612,241)

Deferred tax assets not recognised in respect of the following items:

	Group and Company	
	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000
Other temporary differences	102,038	148,838
	102,038	148,838

Effective from the year of assessment 2019 in accordance to the Income Tax Act 1967, any unutilised tax losses of the Company as at 30 June 2021 for the year of assessment 2021 will only be made available for utilisation for tenth (10) consecutive years of assessment, i.e. from the year of assessment 2021 until the year of assessment 2031. Any unutilised tax losses after year of assessment 2031 shall be disregarded. Unabsorbed capital allowances, unutilised investment tax allowances and other deductible temporary differences do not expire under current tax legislation.

13. Taxation (Cont'd.)

Year of expiry of unutilised tax losses is analysed as follow:

	Group and Company	
	RM'000	RM'000
Expired in 2031	718,256	843,729

Estimating the future taxable profits involves significant assumptions, especially in respect of fares, load factor, fuel price, maintenance costs and currency movements. These assumptions have been built based on past performance and adjusted for non-recurring circumstances and a reasonable growth rate.

During the previous financial period, certain subsidiaries of the Company incorporated in Labuan, Wilayah Persekutuan had irrevocably elected to adopt Income Tax Act effective for the financial year ended 31 December 2022.

14. Earnings per share (sen)

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the earnings for the financial year by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	1.1.2023 to 31.12.2023	1.7.2021 to 31.12.2022 Restated
Earnings for the financial period (RM'000)	331,505	33,308,585
Weight average number of ordinary shares in issue ('000)	447,073	414,815
Earnings per share (sen)	74.2	8,029.7

(b) Diluted earnings per share

The diluted earnings per share of the Group is identical to the basic earnings per share as the Group has no dilutive potential ordinary shares as at the end of the reporting date. There has been no other transaction involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

15. Property, plant and equipment

	Aircraft engines, airframes and service potential RM'000	Aircraft spares RM'000	Office equipment, furniture and fittings RM'000	Pre-delivery payments RM'000 Restated	Total RM'000
Group and Company					
2023					
Net book value					
At 1 January 2023	2,815	38,273	760	-	41,848
Additions	-	15,254	-	-	15,254
Depreciation (Note 6)	(1,714)	(19,425)	(668)	-	(21,807)
At 31 December 2023	<u>1,101</u>	<u>34,102</u>	<u>92</u>	<u>-</u>	<u>35,295</u>
2022					
Net book value					
At 1 July 2021	-	-	-	-	-
Additions	-	2,018	3	-	2,021
Reversal of impairment loss (Note 9)	2,815	36,255	757	117,189	157,016
Reclassification	-	-	-	(117,189)	(117,189)
At 31 December 2022	<u>2,815</u>	<u>38,273</u>	<u>760</u>	<u>-</u>	<u>41,848</u>

15. Property, plant and equipment (Cont'd.)

The reconciliation of the gross carrying amount and the accumulated depreciation at the beginning and end of the financial period is as follows:

	Aircraft engines, airframes and service potential RM'000	Aircraft spares RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Total RM'000
Group and Company					
2023					
Cost	9,784	170,862	2,778	18,185	201,609
Accumulated depreciation	(8,683)	(136,760)	(2,778)	(18,093)	(166,314)
	<u>1,101</u>	<u>34,102</u>	<u>-</u>	<u>92</u>	<u>35,295</u>
2022					
Cost	9,784	155,608	2,778	18,452	186,622
Accumulated depreciation	(6,969)	(117,335)	(2,778)	(17,692)	(144,774)
	<u>2,815</u>	<u>38,273</u>	<u>-</u>	<u>760</u>	<u>41,848</u>

16. Right-of-use assets

The Group and the Company lease various aircraft and engines used in its operations. Leases of aircraft and engines generally have lease terms between 1 to 14 years. The Group's and the Company's obligations under these leasing arrangement are secured by the lessors' title to the leased assets.

In the previous financial period, the Group and the Company held leases of office space with lease terms of 12 months or less and leases of office equipment with low value. The Group and the Company applied the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Aircraft and engines RM'000 Restated
Group and Company	
As at 1 January 2023, as per previously stated	1,013,394
Prior year adjustment (Note 45)	30,918
As at 1 January 2023, restated	<u>1,044,312</u>
Additions	414,063
Remeasurement	3,914
Depreciation expense (Note 6)	(162,588)
Discounting effect (Note 11)	6,747
As at 31 December 2023	<u>1,306,448</u>
As at 1 July 2021	-
Additions	1,084,582
Depreciation expense (Note 6)	(40,270)
As at 31 December 2022, restated	<u>1,044,312</u>

The following are the amounts recognised in profit or loss:

	Group		Company	
	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000 Restated	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000 Restated
Depreciation on right-of-use assets (Note 6)	162,588	40,270	162,588	40,270
Rental expense (Note 9)	2,869	1,991	2,869	1,991
Total amount recognised in profit or loss	<u>165,457</u>	<u>42,261</u>	<u>165,457</u>	<u>42,261</u>

17. Deferred tax assets

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 January/1 July	(612,240)	-	(612,240)	-
Recognised in profit or loss (Note 13)	10,332	(612,240)	10,332	(612,240)
At 31 December	<u>(601,908)</u>	<u>(612,240)</u>	<u>(601,908)</u>	<u>(612,240)</u>
Presented after appropriate offsetting as follows:				
Deferred tax assets	(920,749)	(870,844)	(920,749)	(870,844)
Deferred tax liabilities	318,841	258,604	318,841	258,604
	<u>(601,908)</u>	<u>(612,240)</u>	<u>(601,908)</u>	<u>(612,240)</u>

The components and movements of deferred tax assets and liabilities during the financial period prior to offsetting are as follows:

Deferred tax assets of the Group:

	Unutilised tax losses, investment allowances and capital allowances RM'000	Sales in advance RM'000	Total RM'000
At 1 January 2023	(692,401)	(178,443)	(870,844)
Recognised in profit or loss	(68,120)	18,215	(49,905)
At 31 December 2023	<u>(760,521)</u>	<u>(160,228)</u>	<u>(920,749)</u>

Deferred tax liabilities of the Group:

	Others RM'000	Total RM'000
At 1 January 2023	258,604	258,604
Recognised in profit or loss	60,237	60,237
At 31 December 2023	<u>318,841</u>	<u>318,841</u>

17. Deferred tax assets (Cont'd.)

The components and movements of deferred tax assets and liabilities during the financial period prior to offsetting are as follows:

Deferred tax assets of the Company:

	Unutilised tax losses, investment allowances and capital allowances RM'000	Sales in advance RM'000	Total RM'000
At 1 January 2023	(692,401)	(178,443)	(870,844)
Recognised in profit or loss	(68,120)	18,215	(49,905)
At 31 December 2023	<u>(760,521)</u>	<u>(160,228)</u>	<u>(920,749)</u>

Deferred tax liabilities of the Company:

	Others RM'000	Total RM'000
At 1 January 2023	258,604	258,604
Recognised in profit or loss	60,237	60,237
At 31 December 2023	<u>318,841</u>	<u>318,841</u>

Deferred tax assets are mainly originating from unutilised tax incentives, unabsorbed capital allowances and tax losses carry forward. As disclosed in Note 3(i), deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Estimating the future taxable profits involves significant assumptions, especially in respect of regulatory approvals for prospective routes, aircraft delivery, fares, load factors, fuel price, maintenance cost and currency movements. These assumptions have been built based on past performance and adjusted for non-recurring circumstances and a reasonable growth rate. Based on these projections, management believes that these temporary differences will be utilised and has recognised the deferred tax assets as at reporting date.

18. Investments in subsidiaries

	Company	
	2023	2022
	RM'000	RM'000
Unquoted investments, at cost	<u>4</u>	<u>4</u>

The details of the subsidiaries are as follows:

Name	Country of incorporation/ Principal place of business	Group's effective equity interest		Principal activities
		2023	2022	
		%	%	
AirAsia X Services Pty Ltd*	Australia	100	100	Provision of management logistical and marketing services
AAX Mauritius One Limited*	Mauritius	100	100	Provision of aircraft leasing facilities
AAX Aviation Capital Ltd*	Malaysia	100	100	Holding company of leasing entities
AAX Leasing One Ltd*	Malaysia	100	100	Provision for aircraft leasing facilities
AAX Leasing Two Ltd*	Malaysia	100	100	Provision for aircraft leasing facilities
AAX Leasing Five Ltd*	Malaysia	100	100	Provision for aircraft leasing facilities
AAX Leasing Eight Ltd*	Malaysia	100	100	Provision for aircraft leasing facilities
AAX Leasing Ten Ltd*	Malaysia	100	100	Provision for aircraft leasing facilities
AAX Leasing Eleven Ltd*	Malaysia	100	100	Provision for aircraft leasing facilities

18. Investments in subsidiaries (Cont'd.)

The details of the subsidiaries are as follows (Cont'd):

Name	Country of incorporation/ Principal place of business	Group's effective equity interest		Principal activities
		2023 %	2022 %	
AAX Leasing Twelve Ltd*	Malaysia	100	100	Provision for aircraft leasing facilities
AAX Leasing Thirteen Ltd*^	Malaysia	100	-	Provision for aircraft leasing facilities
AAX Leasing Fourteen Ltd*^	Malaysia	100	-	Provision for aircraft leasing facilities
AAX Leasing Fifteen Ltd*	Malaysia	100	100	Provision for aircraft leasing facilities
AAX Leasing Sixteen Ltd*^	Malaysia	100	-	Provision for aircraft leasing facilities
AAX Leasing Seventeen Ltd*^	Malaysia	100	-	Provision of aircraft leasing facilities
AAX Leasing Eighteen Ltd*^	Malaysia	100	-	Provision of aircraft leasing facilities
AAX Leasing Nineteen Ltd*^	Malaysia	100	-	Provision of aircraft leasing facilities

* Audited by a firm other than Ernst & Young PLT.

^ Incorporated during the financial year.

During the year, the Company incorporated the following six new subsidiaries in Labuan, Wilayah Persekutuan:

- (i) AAX Leasing Thirteen Ltd
- (ii) AAX Leasing Fourteen Ltd
- (iii) AAX Leasing Sixteen Ltd
- (iv) AAX Leasing Seventeen Ltd
- (v) AAX Leasing Eighteen Ltd
- (vi) AAX Leasing Nineteen Ltd

19. Investment in an associate

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unquoted investments, at cost	21,122	21,122	21,122	21,122
Group's share of post-acquisition losses	(21,122)	(21,122)	-	-
Accumulated impairment loss	-	-	(21,122)	(21,122)
	-	-	-	-

Details of the associate are as follows:

Name	Country of incorporation	Group's effective equity interest		Principal activity
		2023 %	2022 %	
Thai AirAsia X Co., Ltd ("TAAX")*	Thailand	49	49	Commercial air transport services

* Audited by a member of Ernst & Young Global.

TAAX is a private company for which there is no quoted market price available for its shares.

TAAX is an operator of commercial air transport services which is based in Thailand. This associated company is a strategic investment of the Group and forms an essential part of the Group's growth strategy. It provides access to a wider geographical market and network coverage in the provision of air transport services across the ASEAN region. TAAX has undergone a financial rehabilitation plan, which was approved by the Central Bankruptcy Court of Thailand in September 2023. Under the debt rehabilitation plan, certain debts were waived and gain arising from the waiver is recognised in the profit and loss.

Set out below is the summarised financial information for the associate which is accounted for using the equity method:

Summarised statement of financial position

	TAAX	
	2023 RM'000	2022 RM'000
<u>Current:</u>		
Cash and cash equivalents	41,580	204,278
Other current assets	624,626	485,460
Total current assets	666,206	689,738

19. Investment in an associate (Cont'd.)

Set out below is the summarised financial information for the associate which is accounted for using the equity method: (Cont'd.)

Summarised statement of financial position (Cont'd.)

	TAAX	
	2023	2022
	RM'000	RM'000
<u>Non-current:</u>		
Assets	761,731	1,162,663
<u>Current:</u>		
Financial liabilities	-	(542,916)
Other current liabilities	(1,203,964)	(1,943,510)
Total current liabilities	(1,203,964)	(2,486,426)
<u>Non-current:</u>		
Liabilities	(805,752)	(1,141,210)
Net liabilities	(581,779)	(1,775,235)

Summarised statement of comprehensive income

	TAAX	
	1.1.2023	1.7.2021
	to	to
	31.12.2023	31.12.2022
	RM'000	RM'000
Revenue	1,474,053	1,006,211
Other expenses	(966,403)	(397,525)
Finance income	-	11,716
Finance cost	(36,118)	(63,147)
Other income	115,512	6,487
Gain arising from debt rehabilitation	1,492,657	-
Net foreign exchange gain/(loss)	13,900	(81,664)
Profit before tax	2,093,601	482,078
Taxation	1,107	375
Profit after tax	2,094,708	482,453
Other comprehensive loss	-	-
Total comprehensive income	2,094,708	482,453

19. Investment in an associate (Cont'd.)

Set out below is the summarised financial information for the associate which is accounted for using the equity method (Cont'd.):

Reconciliation of summarised financial information

	TAAX	
	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000
Opening net liabilities at 1 January/1 July	(1,775,235)	(2,319,432)
Total comprehensive income for the financial year/period	2,094,708	482,453
Effect on foreign exchange translation	(901,252)	61,744
Closing net liabilities at 31 December	<u>(581,779)</u>	<u>(1,775,235)</u>
Cumulative unrecognised share of losses as at 1 January/1 July	(1,367,549)	(1,603,951)
Share of gain for the financial year/period	1,026,407	236,402
Cumulative unrecognised share of losses as at 31 December	<u>(341,142)</u>	<u>(1,367,549)</u>

The Group has discontinued recognition of its share of losses of TAAX because the share of losses of TAAX has exceeded the Group's interest in TAAX. As such, during the current financial year, the Group did not recognise its share of the current financial year net profit of TAAX amounting to RM1,026,407,000 (2022: RM236,402,000) and the Group's cumulative unrecognised share of losses of TAAX amounted to RM341,142,000 (2022: RM1,367,549,000).

20. Investment in a joint venture

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unquoted investments, at cost	53,888	53,888	53,888	53,888
Group's share of post-acquisition losses	(53,888)	(53,888)	-	-
Accumulated impairment losses	-	-	(53,888)	(53,888)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

20. Investment in a joint venture (Cont'd.)

The details of the joint venture are as follows:

Name	Country of incorporation	Group's effective equity interest		Principal activity
		2023 %	2022 %	
PT Indonesia AirAsia Extra ("IAAX")*	Indonesia	49	49	Commercial air transport services

* Audited by a firm other than Ernst & Young PLT.

IAAX is a private company for which there is no quoted market price available for its shares.

The contingent liabilities relating to the Group's investment in IAAX is disclosed in Note 42.

IAAX is an operator of commercial air transport services which is based in Indonesia. This joint venture company is a strategic investment of the Company and forms an essential part of the Company's growth strategy. It provides access to a wider geographical market and network coverage in the provision of air transport services across the ASEAN region.

In previous financial period, impairment losses were recognised due to the continuous losses incurred by the joint venture. Additional losses were recognised during the financial period ended 31 December 2022 due to the matter discussed in Note 42. During the financial year, the Group has reversed the entire provision for additional loss in the investment in IAAX of RM223.2 million.

Set out below is the summarised financial information for the joint venture which is accounted for using the equity method:

Summarised statement of financial position

	IAAX	
	31.12.2023 RM'000	31.12.2022 RM'000
<u>Current:</u>		
Total current assets	133,518	133,518
<u>Non-current:</u>		
Assets	3,008	3,008
<u>Current:</u>		
Other current liabilities, representing total current liabilities	(624,733)	(624,733)
<u>Non-current:</u>		
Liabilities	7,121	7,121
Net liabilities	(481,086)	(481,086)

20. Investment in a joint venture (Cont'd.)

Set out below is the summarised financial information for the joint venture which is accounted for using the equity method: (Cont'd.)

Summarised statement of comprehensive income

	IAAX	
	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000
Cost of sales	-	(124)
Other operating expenses	-	(87)
Net foreign exchange gain	-	67
Loss after tax	-	(144)
Other comprehensive loss	-	-
Total comprehensive loss	-	(144)
Dividend received from joint venture	-	-

Reconciliation of summarised financial information

	IAAX	
	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000
Opening net liabilities at 1 January/1 July	(481,086)	(470,016)
Total comprehensive loss for the financial period	-	(144)
Foreign exchange translation	-	(10,926)
Closing net liabilities at 31 December	(481,086)	(481,086)
Cumulative unrecognised share of losses as at 1 January/1 July	(282,902)	(282,831)
Share in loss for the financial period	-	(71)
Cumulative unrecognised share of losses as at 31 December	(282,902)	(282,902)

21. Inventories

	Group and Company	
	31.12.2023	31.12.2022
	RM'000	RM'000
At cost		
Consumables and in-flight merchandise	6,968	9,190

Cost of inventories recognised as an expense during the financial year amounted to RM16,437,745 (2022: RM4,802,402).

22. Trade and other receivables

		Group		Company	
	Note	31.12.2023	31.12.2022	31.12.2023	31.12.2022
		RM'000	RM'000	RM'000	RM'000
			Restated		Restated
Non-current					
Deposits	(c)	321,492	221,318	321,492	221,318
Prepayments	(d)	114,774	12,930	114,774	12,930
		<u>436,266</u>	<u>234,248</u>	<u>436,266</u>	<u>234,248</u>
Current					
Trade receivables		38,793	58,032	38,793	58,032
Less: Allowance for expected credit losses		(1,249)	(8,883)	(1,249)	(8,883)
Trade receivables, net	(a)	<u>37,544</u>	<u>49,149</u>	<u>37,544</u>	<u>49,149</u>
Other receivables		411,362	452,550	409,646	387,439
Less: Allowance for expected credit losses		(396,477)	(380,511)	(396,477)	(380,511)
	(b)	<u>14,885</u>	<u>72,039</u>	<u>13,169</u>	<u>6,928</u>
Deposits		127,249	64,783	127,249	17,930
Less: Allowance for expected credit losses		(1,991)	(2,151)	(1,991)	(2,151)
	(c)	<u>125,258</u>	<u>62,632</u>	<u>125,258</u>	<u>15,779</u>
Prepayments	(d)	<u>46,923</u>	<u>46,814</u>	<u>46,896</u>	<u>42,366</u>
Other receivables, net		<u>187,066</u>	<u>181,485</u>	<u>185,323</u>	<u>65,073</u>
		<u>224,610</u>	<u>230,634</u>	<u>222,867</u>	<u>114,222</u>

22. Trade and other receivables (Cont'd.)

	Note	Group		Company	
		31.12.2023 RM'000	31.12.2022 RM'000 Restated	31.12.2023 RM'000	31.12.2022 RM'000 Restated
Total trade and other receivables		660,876	464,882	659,133	348,470
Add: Deposits, cash and bank balances	29	57,689	176,710	57,113	176,373
Amount due from subsidiaries	24	-	-	32,830	-
Amount due from an associate	23	32,641	29	-	-
Amount due from related parties	25	435,550	131,848	435,413	132,580
Less: Prepayments		(161,697)	(59,744)	(161,670)	(55,296)
Total financed assets carried at amortised cost	39(a)	1,025,059	713,725	1,022,819	602,127

The normal trade credit terms of the Group and of the Company range from 15 to 30 days (2022: 15 to 30 days). Trade receivables comprised mainly amounts due from travel agents and credit card merchants.

(a) Trade receivables

(i) Credit risk

The ageing of trade receivables as at the end of the financial year was:

	Group and Company		
	Gross carrying amount RM'000	Individual impairment RM'000	Net balance RM'000
2023			
Current (not past due)	37,228	-	37,228
1 to 30 days past due	-	-	-
31 to 60 days past due	125	-	125
61 to 90 days past due	9	-	9
More than 90 days past due	1,431	(1,249)	182
	38,793	(1,249)	37,544

22. Trade and other receivables (Cont'd.)

(a) Trade receivables (Cont'd.)

(i) Credit risk (Cont'd.)

The ageing of trade receivables as at the end of the financial year was (Cont'd.):

	Group and Company		
	Gross carrying amount	Individual impairment	Net balance
	RM'000	RM'000	RM'000
2022			
Current (not past due)	38,138	-	38,138
1 to 30 days past due	-	-	-
31 to 60 days past due	922	-	922
61 to 90 days past due	2,784	-	2,784
91 to 120 days past due	5,870	-	5,870
121 to 180 days past due	1,214	-	1,214
More than 180 days	9,104	(8,883)	221
	58,032	(8,883)	49,149

The carrying amounts of trade receivables individually determined to be impaired are as follows:

	Group and Company	
	31.12.2023	31.12.2022
	RM'000	RM'000
More than 180 days	1,249	8,883
Less: Allowance for expected credit losses of receivables	(1,249)	(8,883)
	-	-

The individually impaired trade receivables relate mainly to disputed balances with customers or balances for which management is of the view that the amounts may not be recoverable.

22. Trade and other receivables (Cont'd.)

(a) Trade receivables (Cont'd.)

Movements on the allowance for impairment of trade receivables are as follows:

	Group and Company	
	31.12.2023	31.12.2022
	RM'000	RM'000
At 1 January 2023/1 July 2021	8,883	7,397
Written off	(8,342)	-
Charged to profit or loss (Note 9)	708	1,486
At 31 December	1,249	8,883

(b) Other receivables

Other receivables include other debtors and refunds of goods and service tax receivable from the authorities in various countries in which the Group and the Company operate.

(i) Credit risk

Movements on the allowance for impairment of other receivables are as follows:

	Group and Company	
	31.12.2023	31.12.2022
	RM'000	RM'000
At 1 January 2023/1 July 2021	380,511	297,601
Written off	(180)	(1,486)
Charged to profit or loss (Note 9)	16,146	84,396
At 31 December	396,477	380,511

(c) Deposits

Deposits of the Group and of the Company at the reporting date are with a number of external parties.

Deposits include security deposits paid to lessors for leased aircraft, funds placed with lessor in respect of maintenance of the leased aircraft and deposits for acquisition of aircraft. These deposits are denominated in USD.

22. Trade and other receivables (Cont'd.)

(d) Prepayments

Prepayments include prepayments for maintenance of aircraft, advances made for purchases of fuel, lease of aircraft and maintenance of engines.

The other classes within receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group and the Company do not hold any collateral as security.

The currency profile of trade and other receivables (excluding prepayments) are as follows:

	Group		Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	35,755	42,888	35,755	42,888
US Dollar	454,415	348,230	454,415	236,266
Australian Dollar	4,900	424	3,184	424
Indian Rupee	1,610	1,671	1,610	1,671
Chinese Renminbi	192	1,924	192	1,924
Japanese Yen	1,482	227	1,482	227
Others	825	9,774	825	9,774
	<u>499,179</u>	<u>405,138</u>	<u>497,463</u>	<u>293,174</u>

23. Amount due from an associate

	Group		Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Non-current				
Amount due from an associate	787,801	-	-	-
Less: Allowance for expected credit losses of amount due from an associate	(755,160)	-	-	-
	<u>32,641</u>	<u>-</u>	<u>-</u>	<u>-</u>
Current				
Amount due from an associate	-	755,518	-	-
Less: Allowance for expected credit losses of amount due from an associate	-	(755,489)	-	-
	<u>-</u>	<u>29</u>	<u>-</u>	<u>-</u>

23. Amount due from an associate (Cont'd.)

Movements on allowance for impairment of amount due from an associate is as follows:

	Group		Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
At 1 January 2023/1 July 2021	(755,489)	(389,329)	-	-
Reversal of/(allowance for) expected credit losses (Note 9 & Note 10)	37,940	(366,160)	-	-
Foreign exchange loss (Note 11)	(31,722)	-	-	-
Accretion of interest (Note 11)	(5,889)	-	-	-
At 31 December	<u>(755,160)</u>	<u>(755,489)</u>	<u>-</u>	<u>-</u>

The amount due from an associate, Thai AirAsia X Co., Ltd, is unsecured, bearing effective weighted average interest rate of 10.6% per annum and repayable over 5 years. The Group reversed allowance for impairment of loss of RM37.9 million in respect of the amount due from TAAX during the financial year, in accordance with the terms of the debt rehabilitation plan detailed in Note 19.

The currency profile of amount from an associate are as follows:

	Group		Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
US Dollar	32,610	-	-	-
Others	31	29	-	-
	<u>32,641</u>	<u>29</u>	<u>-</u>	<u>-</u>

24. Amount due from subsidiaries

	Company	
	31.12.2023	31.12.2022
	RM'000	RM'000
Non-current		
Amount due from subsidiaries	788,249	-
Less: Allowance for expected credit losses of amount due from subsidiaries	(755,988)	-
	<u>32,261</u>	<u>-</u>
Current		
Amount due from subsidiaries	19,400	773,991
Less: Allowance for expected credit losses of amount due from subsidiaries	(18,831)	(773,991)
	<u>569</u>	<u>-</u>

Movements on allowance for impairment of amount due from subsidiaries is as follows:

	Company	
	31.12.2023	31.12.2022
	RM'000	RM'000
At 1 January 2023/1 July 2021	(773,991)	(391,129)
Reversal of/(allowance for) expected credit losses (Note 9 & Note 10)	38,268	(382,862)
Foreign exchange loss (Note 11)	(33,207)	-
Accretion of interest (Note 11)	(5,889)	-
At 31 December	<u>(774,819)</u>	<u>(773,991)</u>

The amount due from subsidiaries are unsecured, interest free and repayable on demand. The currency profile of amount from subsidiaries are as follows:

	Company	
	31.12.2023	31.12.2022
	RM'000	RM'000
US Dollar	<u>32,830</u>	<u>-</u>

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25. Amount due from related parties

	Group		Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Non-current				
Amount due from related parties	24,960	-	24,960	-
Less: Allowance for impairment of amount due from related parties	(3,025)	-	(3,025)	-
	<u>21,935</u>	<u>-</u>	<u>21,935</u>	<u>-</u>
Current				
Amount due from related parties	413,988	134,748	413,851	135,480
Less: Allowance for expected credit losses of amount due from related parties	(373)	(2,900)	(373)	(2,900)
	<u>413,615</u>	<u>131,848</u>	<u>413,478</u>	<u>132,580</u>

The increase in amount due from AirAsia Berhad is mainly due to the recovery of the aviation sector post Covid 19. It represents unremitted collection from sale of scheduled flights. The ageing analysis of these debts are as follows:

	Group and Company Carrying amount RM'000
2023	
1 to 30 days past due	155,591
31 to 60 days past due	72,125
61 to 90 days past due	63,463
91 to 120 days past due	32,880
	<u>324,059</u>
2022	
1 to 30 days past due	51,360
31 to 60 days past due	15,474
61 to 90 days past due	6,604
91 to 120 days past due	363
	<u>73,801</u>

25. Amount due from related parties (Cont'd.)

Movements on allowance for impairment of amount due from related parties is as follows:

	Group		Company	
	RM'000	RM'000	RM'000	RM'000
At 1 January 2023/1 July 2021	(2,900)	(12,188)	(2,900)	(12,188)
(Allowance for)/reversal of expected credit losses (Note 9)	(498)	9,288	(498)	9,288
At 31 December	<u>(3,398)</u>	<u>(2,900)</u>	<u>(3,398)</u>	<u>(2,900)</u>

The amount due from related parties are unsecured, interest free and repayable on demand.

The currency profile of amount from related parties are as follows:

	Group		Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	337,388	109,599	337,388	110,331
US Dollar	98,162	1,357	98,025	1,357
Chinese Renminbi	-	1,902	-	1,902
Others	-	18,990	-	18,990
	<u>435,550</u>	<u>131,848</u>	<u>435,413</u>	<u>132,580</u>

26. Amount due to an associate

	Group		Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Current				
Amount due to an associate	<u>(4,603)</u>	<u>(3,380)</u>	<u>(4,603)</u>	<u>(3,380)</u>

The amount due to an associate, Thai AirAsia X Co., Ltd is unsecured, interest free and repayable on demand.

The currency profile of amount due to an associate is as follows:

	Group		Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
US Dollar	<u>(4,603)</u>	<u>(3,380)</u>	<u>(4,603)</u>	<u>(3,380)</u>

27. Amount due to subsidiaries

	Company	
	31.12.2023	31.12.2022
	RM'000	RM'000
Amount due to subsidiaries	(11,809)	(635)

The amount due to subsidiaries are unsecured, interest free and repayable on demand.

The currency profile of amount due to subsidiaries are as follows:

	Company	
	31.12.2023	31.12.2022
	RM'000	RM'000
US Dollar	(11,596)	(331)
Others	(213)	(304)
	<u>(11,809)</u>	<u>(635)</u>

28. Amount due to related parties

	Group		Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Amount due to related parties	(41,401)	(8,469)	(41,401)	(8,469)

The amount due to related parties are unsecured, interest free and repayable on demand. The balances arose from trade purchases of ground handling services, provision of shared services, inflight costs and the increase is in line with the recovery of the aviation section post Covid 19.

The currency profile of amount due to related parties are as follows:

	Group		Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	(40,298)	(6,546)	(40,298)	(6,546)
US Dollar	(406)	(1,829)	(406)	(1,770)
Chinese Renminbi	(697)	(94)	(697)	(153)
	<u>(41,401)</u>	<u>(8,469)</u>	<u>(41,401)</u>	<u>(8,469)</u>

29. Deposits, cash and bank balances

For the purposes of the statements of cash flows, cash and cash equivalents include the following:

	Group		Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	57,689	18,632	57,113	18,295
Deposits with licensed banks	-	158,078	-	158,078
Total deposits, cash and bank balances	<u>57,689</u>	<u>176,710</u>	<u>57,113</u>	<u>176,373</u>

The currency profile of deposits, cash and bank balances are as follows:

	Group		Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	13,341	130,423	13,341	130,414
US Dollar	3,792	3,449	3,792	3,394
Australian Dollar	5,765	23,614	5,189	23,312
Euro	375	145	375	145
Indian Rupee	19,011	2,667	19,011	2,667
Chinese Renminbi	4,852	104	4,852	104
Japanese Yen	480	1,395	480	1,395
Others	10,073	14,913	10,073	14,942
	<u>57,689</u>	<u>176,710</u>	<u>57,113</u>	<u>176,373</u>

29. Deposits, cash and bank balances (Cont'd.)

Reconciliation of movement of liabilities to cash flows arising from financing activities are as follows:

Group	Lease Liabilities RM'000	Term loans RM'000	Hire purchase RM'000	Total RM'000
Balance as at 1 July 2021	6,473,678	292,916	15	6,766,609
Changes from financing cash flows				
Additions	1,052,998	-	-	1,052,998
Lease modification	(84,734)	-	-	(84,734)
Finance costs (Note 11)	753,580	-	-	753,580
Repayment of borrowings	(20,084)	-	(15)	(20,099)
Settlement via redelivery of the aircraft	-	(292,916)	-	(292,916)
Debt Restructuring	(7,117,871)	-	-	(7,117,871)
Total changes from financing cash flows	1,057,567	-	-	1,057,567
Other changes Liability-related				
Unrealised foreign exchange loss	4,915	-	-	4,915
Balance as at 31 December 2022	1,062,482	-	-	1,062,482
Company				
Balance as at 1 July 2021	6,558,412	292,916	15	6,851,343
Changes from financing cash flows				
Additions	1,052,998	-	-	1,052,998
Finance costs (Note 11(b))	753,580	-	-	753,580
Payments	(20,084)	-	(15)	(20,099)
Settlement via redelivery of the aircraft	-	(292,916)	-	(292,916)
Debt restructuring	(7,287,339)	-	-	(7,287,339)
Total changes from financing cash flows	1,057,567	-	-	1,057,567
Other changes Liability-related				
Unrealised foreign exchange loss	4,915	-	-	4,915
Balance as at 31 December 2022	1,062,482	-	-	1,062,482

30. Trade and other payables

	Note	Group		Company	
		31.12.2023 RM'000	31.12.2022 RM'000 Restated	31.12.2023 RM'000	31.12.2022 RM'000 Restated
Current					
Trade payables	(a)	63,302	92,362	58,092	91,095
Other payables and accruals	(b)	296,930	336,805	268,824	209,426
		<u>360,232</u>	<u>429,167</u>	<u>326,916</u>	<u>300,521</u>
Total trade and other payables		<u>360,232</u>	<u>429,167</u>	<u>326,916</u>	<u>300,521</u>

(a) Trade payables

The credit term of trade payables granted to the Group and the Company is 7 to 30 days (2022: 7 to 30 days).

(b) Other payables and accruals

Included in other payables and accruals are operational expenses and passenger service charges payable to airport authorities.

The currency profile of trade and other payables are as follows:

	Group		Company	
	31.12.2023 RM'000	31.12.2022 RM'000 Restated	31.12.2023 RM'000	31.12.2022 RM'000 Restated
Ringgit Malaysia	270,137	157,936	256,739	157,936
US Dollar	90,095	71,872	70,177	71,872
Euro	-	279	-	279
Indian Rupee	-	2,768	-	2,768
Others	-	196,312	-	67,666
	<u>360,232</u>	<u>429,167</u>	<u>326,916</u>	<u>300,521</u>

31. Lease liabilities

	Group		Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Current				
Secured:				
- Lease liabilities	152,392	57,033	152,392	57,033
Non-current				
Secured:				
- Lease liabilities	1,359,633	1,005,449	1,359,633	1,005,449
Total lease liabilities	1,512,025	1,062,482	1,512,025	1,062,482

	Group		Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	%	%	%	%
Weighted average rate of finance				
- Lease liabilities	6.66	6.56	6.66	6.56

The Group's and Company's lease liabilities are repayable as follows:

	Group		Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Not later than 1 year	152,392	57,033	152,392	57,033
Later than 1 year and not later than 5 years	760,718	285,165	760,718	285,165
Later than 5 years	598,915	720,284	598,915	720,284
	1,512,025	1,062,482	1,512,025	1,062,482

The currency profile of lease liabilities are as follows:

	Group		Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
US Dollar	1,512,025	1,062,482	1,512,025	1,062,482

31. Lease liabilities (Cont'd.)

Lease liabilities pertain to operating leases for aircraft and engines, as disclosed in Note 16. Analysis on the maturity profile of lease liabilities is disclosed in Note 38(c).

The movement of lease liabilities during the financial period is as follows:

Group	Lease Liabilities RM'000
Balance as at 1 January 2023	1,062,482
Additions	395,905
Lease remeasurement	4,019
Accretion of interest (Note 11)	94,571
Payments	(112,005)
Unrealised foreign exchange loss	67,053
Balance as at 31 December 2023	<u>1,512,025</u>
Group	
Balance as at 1 July 2021	6,473,678
Additions	1,052,998
Lease modification	(84,734)
Accretion of interest (Note 11)	753,580
Payments	(20,084)
Debt Restructuring	(7,117,871)
Unrealised foreign exchange loss	4,915
Balance as at 31 December 2022	<u>1,062,482</u>
Company	
Balance as at 1 July 2023	1,062,482
Additions	395,905
Lease remeasurement	4,019
Accretion of interest (Note 11)	94,571
Payments	(112,005)
Unrealised foreign exchange loss	67,053
Balance as at 31 December 2023	<u>1,512,025</u>

31. Lease liabilities (Cont'd.)

The movement of lease liabilities during the financial period is as follows (Cont'd.):

Company	Lease Liabilities RM'000
Balance as at 1 July 2021	6,558,412
Additions	1,052,998
Accretion of interest (Note 11)	753,580
Payments	(20,084)
Debt restructuring	(7,287,339)
Unrealised foreign exchange loss	4,915
Balance as at 31 December 2022	<u>1,062,482</u>

32. Other provisions

(a) Provision for additional loss in the investment in IAAX

	Group and Company	
	31.12.2023	31.12.2022
	RM'000	RM'000
Non-current		
At 1 January/1 July	223,245	-
(Reversal of)/provision for additional loss	(223,245)	223,245
At 31 December	<u>-</u>	<u>223,245</u>

Details of the provision for additional losses in the investment in IAAX is disclosed in Note 42.

(b) Provision for profit-sharing

	Group and Company	
	31.12.2023	31.12.2022
	RM'000	RM'000
		Restated
Current	13,000	13,000
Non-current	33,000	33,000
	<u>46,000</u>	<u>46,000</u>

32. Other provisions (Cont'd.)

(b) Provision for profit-sharing (Cont'd.)

Under the scheme of arrangement with scheme creditors sanctioned by the High Court of Malaya on 16 March 2022 on the proposed debt restructuring, Class A and Class B scheme creditor will be entitled to an annual profit-sharing mechanism, calculated based on the pro-rating of the payout pool, which equates to 20% of the excess over RM300 million of adjusted earnings before interest, taxes, depreciation, amortisation and lease rentals (“EBITDAR”) for the financial years ending 2023 to 2026 (“applicable financial year”).

The Group and the Company have a present obligation to pay the profit-sharing that will be triggered by generation of EBITDAR in a future period as a result of AAX being economically compelled to continue to operate in that future period.

33. Provision for aircraft maintenance

	Group		Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
		Restated		Restated
Aircraft maintenance provision				
Current	57,747	17,869	57,747	17,674
Non-current	331,774	207,899	331,774	207,899
	<u>389,521</u>	<u>225,768</u>	<u>389,521</u>	<u>225,573</u>

The movements in the provision account are as follows:

	Group		Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
		Restated		Restated
At 1 January/1 July	225,768	961,250	225,573	961,250
Additions during the financial year/ period	163,753	455,863	163,948	455,668
Waiver during the financial period	-	(1,191,345)	-	(1,191,345)
At 31 December	<u>389,521</u>	<u>225,768</u>	<u>389,521</u>	<u>225,573</u>

34. Sales in advance

	Group		Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Current	612,296	391,373	612,296	391,373
Non-current	55,320	352,139	55,320	352,139
Total	667,616	743,512	667,616	743,512

Included in sales in advance in the current financial period is the provision of travel vouchers of RM175.8 million (2022: RM434.0 million) relating to promotional air travel privileges to its passengers at the discretion of the Group.

In compliance with the scheme of arrangement, such travel privileges were provided to qualified passengers in the form of travel vouchers. Qualified passengers can utilise the travel voucher in exchange for flight arrangement from the Group of up to the equivalent value of the travel voucher subject to terms and conditions as determined by the Group base on prevailing business operations environment, and subject to change from time to time.

The travel voucher currently has a validity period of 5 years from the issuance date. In compliance with the Sanction Order, there is no cash refund at any time for any unused travel voucher.

All performance obligations are expected to be fulfilled within a year except for the non-current portion which is expected to be fulfilled between two and four years (2022: two and five years).

35. Share capital

	Group and Company			
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	'000	'000	RM'000	RM'000
Issued and fully paid up:				
At beginning of financial year/period	414,815	4,148,149	1,534	1,534,044
Share consolidation	-	(3,733,334)	-	-
Share capital reduction	-	-	-	(1,532,510)
Issuance of ordinary shares during the financial year	32,258	-	49,495	-
At end of financial year/period	447,073	414,815	51,029	1,534

On 15 June 2023, the Company has completed a private placement exercise, in which the Company has issued 32,258,066 new shares with an issue price of RM1.55 per placement price.

On 24 January 2022, the High Court of Malaya approved the petition by the Company to reduce its share capital pursuant to Section 116 of the Companies Act 2016 in Malaysia from RM1,534,043,652 to RM1,534,043, represented by 4,148,149,102 ordinary shares of RM0.00037 per share.

On 14 February 2022, the Company announced the completion of the consolidation of 10 existing shares in the Company into 1 ordinary share resulting in the reduction in the number of shares from 4,148,149,102 ordinary shares of RM0.00037 each to 414,814,737 ordinary shares of RM1 each.

36. Capital commitments

Capital commitments not provided for in the financial statements are as follows:

	Group and Company	
	31.12.2023	31.12.2022
	RM'000	RM'000
Property, plant and equipment approved and contracted for:		
- within 1 year	355,701	49,256
- later than 1 year and not later than 5 years	3,089,399	2,232,412
- later than 5 years	533,502	1,522,460
	<u>3,978,602</u>	<u>3,804,128</u>

The approved and contracted capital commitments for the Group and the Company are in respect of aircraft purchase.

37. Significant related party transactions

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party disclosures.

The related parties of the Group and of the Company and their relationships at 31 December 2023 are as follows:

Name of Companies	Relationship
Thai AirAsia X Co., Ltd	Associate
PT Indonesia AirAsia Extra	Joint Venture
AirAsia Berhad	Shareholder of the Company for which there is no control, significant influence or joint control; common Directors and shareholders
<u>Subsidiaries of Capital A Berhad</u>	
- AirAsia SEA Sdn Bhd	Common Directors and shareholders
- Rokki Sdn Bhd	Common Directors and shareholders
- BIGLIFE Sdn Bhd	Common Directors and shareholders
- Ground Team Red Sdn Bhd	Common Directors and shareholders
- Teleport Everywhere Pte Ltd	Common Directors and shareholders
- AirAsia (Guangzhou) Aviation Service Limited	Common Directors and shareholders
- Santan Food Sdn Bhd	Common Directors and shareholders
- Santan Restaurant Sdn Bhd	Common Directors and shareholders
- Ikhlas Com Travel Sdn Bhd	Common Directors and shareholders

37. Significant related party transactions (Cont'd.)

The related parties of the Group and of the Company and their relationships at 31 December 2023 are as follows: (Cont'd.)

Name of Companies	Relationship
<u>Subsidiaries of Capital A Berhad (Cont'd.)</u>	
- Redbeat Academy Sdn Bhd	Common Directors and shareholders
- AirAsia Digital Sdn Bhd	Common Directors and shareholders
- AirAsia Com Travel Sdn Bhd	Common Directors and shareholders
- AirAsia Ride Sdn Bhd	Common Directors and shareholders
- Asia Digital Engineering Sdn Bhd	Common Directors and shareholders
- Capital A Berhad	Common Directors and shareholders
<u>Associates of Capital A Berhad</u>	
- Thai AirAsia Co. Ltd	Common Directors and shareholders
- PT Indonesia AirAsia	Common Directors and shareholders
- Philippines AirAsia Inc	Common Directors and shareholders
<u>Other related entities</u>	
- Ormond Lifestyle Services Sdn Bhd	Common Directors and shareholders
- Tune Insurance Malaysia Berhad	Common Directors and shareholders

All related party transactions were carried out on agreed terms and conditions.

Key management personnel are categorised as head or senior management officers of key operating divisions within the Group and the Company. The key management compensation is disclosed in Note 37(f).

	Group		Company	
	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000
(a) Income:				
Aircraft operating lease income for leased aircraft				
- AAX Mauritius One Limited	-	-	-	143,701
- Thai AirAsia X Co., Ltd	-	143,701	-	-
Commission on travel insurance for passengers charged to Tune Insurance Malaysia Berhad	1,617	-	1,617	-
Sale of cargo transportation to Teleport Everywhere Pte Ltd	151,673	346,197	151,673	346,197

37. Significant related party transactions (Cont'd.)

	Group		Company	
	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000
(b) Recharges:				
Recharges of expenses to				
- Philippines AirAsia Inc	585	595	585	595
- Thai AirAsia Co. Ltd	84	11,990	84	11,990
- PT Indonesia AirAsia	-	5,897	-	5,897
- Thai AirAsia X Co., Ltd	569	4,951	569	4,951
- PT Indonesia AirAsia Extra	-	536	-	536
- AirAsia (Guangzhou) Aviation Service Limited	(14)	1,068	(14)	1,068
- AirAsia SEA Sdn Bhd	(864)	1,001	(864)	1,001
- Ground Team Red Sdn Bhd	154	15,979	154	15,979
Recharges of expenses by				
- AirAsia Berhad	(7,985)	(4,275)	(7,985)	(4,275)
- PT Indonesia AirAsia	(271)	-	(271)	-
(c) Other charges:				
Management fees charged by AirAsia X Services Pty Ltd (Note 9)	443	(229)	(3,458)	(1,838)
In-flight entertainment system and software expense charged by Rokki Sdn Bhd	-	1,972	-	1,972
Shared service management fee charged by AirAsia SEA Sdn Bhd	(6,546)	(4,819)	(6,546)	(4,819)
Provision of food catering services charged by Ormond Lifestyle Services Sdn Bhd	2,064	-	2,064	-
Ground handling services charged by Ground Team Red Sdn Bhd	(22,489)	(6,157)	(22,489)	(6,157)
Turnaround charges charged by AirAsia (Guangzhou) Aviation Service Limited	(1,630)	(105)	(1,630)	(105)

37. Significant related party transactions (Cont'd.)

	Group		Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
(d) Receivables:				
- AAX Mauritius One Limited	-	-	32,261	-
- PT Indonesia AirAsia	20,601	-	20,464	562
- Thai AirAsia X Co., Ltd	32,641	29	-	-
- Airasia Com Travel Sdn Bhd	-	7,491	-	7,491
- Ikhlas Com Travel Sdn Bhd	4,416	6,277	4,416	6,277
- AirAsia Berhad	324,059	73,801	324,059	73,801
- Teleport Everywhere Pte Ltd	26,296	43,157	26,296	43,157
- Thai AirAsia Co. Ltd	53,505	-	53,505	-
- Airasia Aviation Management Services Sdn. Bhd.	4,147	-	4,147	-
- Others	2,526	1,122	3,095	1,292
	<u>468,191</u>	<u>131,877</u>	<u>468,243</u>	<u>132,580</u>
(e) Payables:				
- Thai AirAsia X Co., Ltd	4,603	3,380	4,603	3,380
- AirAsia Leasing Eleven Ltd	-	-	9,673	-
- AirAsia Leasing Seventeen Ltd	-	-	1,450	-
- AirAsia Sea	3,141	3,720	3,141	3,720
- Thai AirAsia Co. Ltd	-	1,807	-	1,807
- Ground Team Red Sdn Bhd	4,948	1,123	4,948	1,123
- AirAsia Com Travel Sdn Bhd	12,903	-	12,903	-
- Santan Restaurant Sdn Bhd	10,139	-	10,139	2
- Asia Digital Engineering Sdn Bhd	5,628	1,236	5,628	1,236
- Tune Protect Malaysia	3,445	-	3,445	-
- Others	1,197	583	1,883	1,216
	<u>46,004</u>	<u>11,849</u>	<u>57,813</u>	<u>12,484</u>

37. Significant related party transactions (Cont'd.)

(f) Key management personnel compensation:

	Group		Company	
	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000
Basic salaries, bonus and allowances	1,350	1,415	1,350	1,415
Defined contribution plan	162	170	162	170
	<u>1,512</u>	<u>1,585</u>	<u>1,512</u>	<u>1,585</u>

38. Financial risk management policies

The Group's and the Company's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's and the Company's businesses whilst managing their market risk (including fuel price risk, interest rate risk and foreign currency exchange risk), credit risk and liquidity and cash flow risk. The Group and the Company operate within defined guidelines that are approved and reviewed periodically by the Board of Directors to minimise the effects of such volatility on their financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group and the Company. The management team then establishes detailed policies such as risk identification and measurement, exposure limits and risk management strategies. Risk management policies and procedures are reviewed regularly to reflect changes in the market condition, and the Group's and the Company's activities.

The Group and the Company also seek to ensure that the financial resources that are available for the development of the Group's and the Company's businesses are constantly monitored and managed by implementing the turnaround plans.

The policies in respect of the major areas of treasury activities are as follows:

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign currency exchange rates, jet fuel prices and interest rates. The objective of market risk management is to manage and control market risk exposure within acceptable parameters while optimizing the return on risk.

(i) Foreign currency risk

Apart from Ringgit Malaysia ("RM"), the Group and the Company transact business in various foreign currencies including United States Dollar ("USD"), Australian Dollar ("AUD"), EURO, Indian Rupee ("INR"), Chinese Renminbi ("RMB") and Japanese Yen ("JPY"). Therefore, the Group and the Company are exposed to currency exchange risk. These exposures are managed, to the extent possible, by natural hedges that arise when payments for foreign currency payables are matched against receivables denominated in the same foreign currency, or whenever possible by intragroup arrangements and settlements.

38. Financial risk management policies (Cont'd.)

The policies in respect of the major areas of treasury activities are as follows (Cont'd.):

(a) Market risk (Cont'd.)

(i) Foreign currency risk (Cont'd.)

As at 31 December 2023, if RM had weakened/strengthened by 5% against the USD with all other variables held constant, the impact on the post-tax profit for the financial year are tabulated below:

Change in USD rate	2023		2022	
	+5% RM'000	-5% RM'000	+5% RM'000	-5% RM'000
Impact on post tax profit	<u>(50,908)</u>	<u>50,908</u>	<u>(45,186)</u>	<u>45,186</u>

The exposure to other foreign currency risk of the Group and the Company is not material and hence, sensitivity analysis is not presented.

(b) Credit risk

Credit risk is the risk of financial loss to the Group and the Company if a customer or a counter party to a financial instrument fails to meet its contractual obligations and arises principally from the Group's and the Company's receivables from customers and cash and cash equivalents.

The Group's and the Company's exposure to credit risk or the risk of counterparties defaulting arises mainly from various deposits and bank balances, and receivables. As the Group and the Company do not hold collateral, the maximum exposure to credit risk is represented by the total carrying amounts of these financial assets in the financial position. Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures.

Credit risk relating to receivables is minimised by regular monitoring and, in addition, credit risk is controlled as the majority of the Group's and the Company's deposits and bank balances are placed with major financial institutions and reputable parties. The Directors are of the view that the possibility of non-performance by the majority of these financial institutions is remote on the basis of their financial strength and support of their respective governments.

The Group and the Company use a provision matrix to calculate ECLs for trade receivables and contract assets. The Group and the Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

As at the reporting date, the Group's and the Company's significant concentration of credit risk comprised predominantly from the amount due from AAB for unremitted sales in advance collection. The amount due from AAB is disclosed in Note 25.

38. Financial risk management policies (Cont'd.)

The policies in respect of the major areas of treasury activities are as follows (Cont'd.):

(c) Liquidity and cash flow risk

The Group's and the Company's policy on liquidity risk management is to maintain sufficient cash and cash equivalents and to have available funding through adequate amounts of committed credit facilities and credit lines for working capital requirements.

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

	Note	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
Group					
At 31 December 2023					
Lease liabilities	31	152,392	304,287	456,431	598,915
Trade and other payables	30	360,232	-	-	-
Amount due to an associate	26	4,603	-	-	-
Amount due to related parties	28	41,401	-	-	-
		<u>558,628</u>	<u>304,287</u>	<u>456,431</u>	<u>598,915</u>
At 31 December 2022					
Lease liabilities	31	57,033	114,066	171,099	720,284
Trade and other payables	30	429,167	-	-	-
Amount due to an associate	26	3,380	-	-	-
Amount due to related parties	28	8,469	-	-	-
		<u>498,049</u>	<u>114,066</u>	<u>171,099</u>	<u>720,284</u>

38. Financial risk management policies (Cont'd.)

The policies in respect of the major areas of treasury activities are as follows (Cont'd.):

(c) Liquidity and cash flow risk (Cont'd.)

	Note	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
Company					
At 31 December 2023					
Lease liabilities	31	152,392	304,287	456,431	598,915
Trade and other payables	30	326,916	-	-	-
Amount due to subsidiaries	27	11,809	-	-	-
Amount due to an associate	26	4,603	-	-	-
Amount due to related parties	28	41,401	-	-	-
		<u>537,121</u>	<u>304,287</u>	<u>456,431</u>	<u>598,915</u>
At 31 December 2022					
Lease liabilities	31	57,033	114,066	171,099	720,284
Trade and other payables	30	300,521	-	-	-
Amount due to subsidiaries	27	635	-	-	-
Amount due to an associate	26	3,380	-	-	-
Amount due to related parties	28	8,469	-	-	-
		<u>370,038</u>	<u>114,066</u>	<u>171,099</u>	<u>720,284</u>

38. Financial risk management policies (Cont'd.)

The policies in respect of the major areas of treasury activities are as follows (Cont'd.):

(d) Capital risk management

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group and the Company monitor capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the Group's and the Company's financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the Group's and the Company's financial position plus net debt.

The gearing ratio as at 31 December 2023 and 31 December 2022 were as follows:

	Group		Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Lease liabilities (Note 31)	1,512,025	1,062,482	1,512,025	1,062,482
Less: Cash and cash equivalents (Note 29)	(57,689)	(176,710)	(57,113)	(176,373)
Net debt	1,454,336	885,772	1,454,912	886,109
Total equity attributable to equity holders of the Group and Company	116,175	(259,229)	135,419	(247,148)
Total capital	1,570,511	626,543	1,590,331	638,961
Gearing ratio	0.93	1.41	0.91	1.39

38. Financial risk management policies (Cont'd.)

The policies in respect of the major areas of treasury activities are as follows (Cont'd.):

(e) Fair value measurement

The carrying amounts of cash and cash equivalents, trade and other current assets, and trade and other current liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

Determination of fair value and fair value hierarchy

The Group's and the Company's financial instruments are measured in the financial position at fair value. Disclosure of fair value measurements are by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The fair values of the Group's long-term amounts due from an associate and related parties and the Company's long-term amount due from subsidiaries are determined by using the discounted cashflows method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

39. Financial instruments

(a) Financial instruments by category

	Group amortised cost RM'000	Company amortised cost RM'000
31 December 2023		
Assets as per statement of financial position		
Trade and other receivables excluding prepayments	499,179	497,463
Amount due from subsidiaries	-	32,830
Amount due from an associate	32,641	-
Amount due from related parties	435,550	435,413
Deposits, cash and bank balances	57,689	57,113
Total	<u>1,025,059</u>	<u>1,022,819</u>

39. Financial instruments (Cont'd.)

(a) Financial instruments by category (Cont'd.)

Liabilities as per statement of financial position

	Group amortised cost RM'000	Company amortised cost RM'000
31 December 2023		
Lease liabilities	1,512,025	1,512,025
Trade and other payables	360,232	326,916
Amount due to subsidiaries	-	11,809
Amount due to an associate	4,603	4,603
Amount due to related parties	41,401	41,401
Total	<u>1,918,261</u>	<u>1,896,754</u>

31 December 2022

Assets as per statement of financial position

Trade and other receivables excluding prepayments	405,138	293,174
Amount due from an associate	29	-
Amount due from related parties	131,848	132,580
Deposits, cash and bank balances	176,710	176,373
Total	<u>713,725</u>	<u>602,127</u>

Liabilities as per statement of financial position

Lease liabilities	1,062,482	1,062,482
Trade and other payables	429,167	300,521
Amount due to subsidiaries	-	635
Amount due to an associate	3,380	3,380
Amount due to related parties	8,469	8,469
Total	<u>1,503,498</u>	<u>1,375,487</u>

39. Financial instruments (Cont'd.)

(b) Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	Group		Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Counterparties without external credit rating				
Group 1	-	-	-	-
Group 2	37,228	38,138	37,228	38,138
Total trade receivables that are neither past due nor impaired (Note 22 (a)(i))	37,228	38,138	37,228	38,138

	Note	Group		Company	
		31.12.2023	31.12.2022	31.12.2023	31.12.2022
		RM'000	RM'000	RM'000	RM'000
Deposits, cash and bank balances					
AAA to A-		57,338	176,177	56,762	176,177
BBB to BBB-		-	375	-	38
		57,338	176,552	56,762	176,215
Cash on hand		351	158	351	158
Total	29	57,689	176,710	57,113	176,373

39. Financial instruments (Cont'd.)

(b) Credit quality of financial assets (Cont'd.)

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates (Cont'd.):

	Group		Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Amount due from subsidiaries, an associate, a joint venture and related parties				
Group 1	-	-	-	-
Group 2	468,191	131,877	468,243	132,580
Total	<u>468,191</u>	<u>131,877</u>	<u>468,243</u>	<u>132,580</u>

Group 1 - New customers/related parties (less than 6 months)

Group 2 - Existing customers/related parties (more than 6 months)

All other receivables and deposits are substantially with existing counterparties.

40. Segmental information

Management has determined the operating segments based on reports that are reviewed and used to make strategic decisions by the Group's CEO who is identified as the chief operating decision maker.

The Group's CEO considers the business from a geographic perspective. The operating segments have been identified by each Air Operator Certificate ("AOC") held under the AirAsia brand, and are categorised as Malaysia, Thailand and Indonesia.

The Group's CEO assesses the performance of the operating segments based on revenue and net operating profit.

40. Segmental information (Cont'd.)

The Group's operations by geographical segments are as follows:

2023	Malaysia RM'000	Thailand RM'000	Elimination adjustments RM'000	Total RM'000
Segment results				
Revenue	2,527,096	1,474,053	-	4,001,149
Operating expenses				
- Staff costs	(204,071)	(115,339)	-	(319,410)
- Depreciation	(184,395)	(70,857)	-	(255,252)
- Aircraft fuel expenses	(1,256,429)	(210,631)	-	(1,467,060)
- Maintenance and overhaul	(351,045)	(100,245)	-	(451,290)
- User charges	(247,619)	(120,572)	-	(368,191)
- Aircraft operating lease expenses	(72,158)	-	-	(72,158)
- Other operating expenses	(195,249)	(348,759)	-	(544,008)
- Reversal of additional loss in the investment in IAAX	223,245	-	-	223,245
Other income	239,592	115,512	-	355,104
Gain arising from debt rehabilitation	-	1,492,657	-	1,492,657
Operating profit	478,967	2,115,819	-	2,594,786
Finance income	2,702	-	-	2,702
Finance costs	(112,601)	(36,118)	-	(148,719)
Net operating profit	369,068	2,079,701	-	2,448,769
Net foreign exchange (loss)/gain	(25,295)	13,900	-	(11,395)
Profit before taxation	343,773	2,093,601	-	2,437,374
Taxation	(12,268)	1,107	-	(11,161)
Profit after taxation	331,505	2,094,708	-	2,426,213

40. Segmental information (Cont'd.)

The Group's operations by geographical segments are as follows (Cont'd.):

	Malaysia RM'000 Restated	Thailand RM'000	Indonesia RM'000	Elimination adjustments RM'000	Total RM'000 Restated
2022					
Segment results					
Revenue	825,860	1,006,211	-	-	1,832,071
Operating expenses					
- Staff costs	(106,442)	(25,546)	(5)	-	(131,993)
- Depreciation	(40,270)	(67,425)	(119)	-	(107,814)
- Aircraft fuel expenses	(354,896)	(89,598)	-	-	(444,494)
- Maintenance and overhaul	(472,353)	(68,731)	-	-	(541,084)
- User charges	(96,965)	(30,886)	-	-	(127,851)
- Aircraft operating lease expenses	(33,637)	(47,817)	-	-	(81,454)
- Other operating expenses	(275,115)	(67,522)	(87)	-	(342,724)
- Provision for additional loss in the investment in IAAX	(223,245)	-	-	-	(223,245)
Other income	34,328,563	6,487	-	-	34,335,050
Other loss	(46,000)	-	-	-	(46,000)
Operating profit/(loss)	33,505,500	615,173	(211)	-	34,120,462
Finance income	1,553	11,716	-	-	13,269
Finance costs	(762,967)	(63,147)	-	-	(826,114)

40. Segmental information (Cont'd.)

The Group's operations by geographical segments are as follows (Cont'd.):

	Malaysia	Thailand	Indonesia	Elimination adjustments	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
2022 (Cont'd.)	Restated				Restated
Segment results (Cont'd.)					
Net operating profit/ (loss)	32,744,086	563,742	(211)	-	33,307,617
Net foreign exchange (loss)/gain	(47,742)	(81,664)	67	-	(129,339)
Profit/(loss) before taxation	32,696,344	482,078	-	(144)	33,178,278
Taxation	612,241	375	-	-	612,616
Profit/(loss) after taxation	<u>33,308,585</u>	<u>482,453</u>	<u>(144)</u>	<u>-</u>	<u>33,790,894</u>
2023					
Segment assets					
Non-current assets [^]	2,434,493	761,731	3,008	-	3,199,232
Current assets	703,080	666,206	133,518	-	1,502,804
	<u>3,137,573</u>	<u>1,427,937</u>	<u>136,526</u>	<u>-</u>	<u>4,702,036</u>
Segment liabilities					
Non-current liabilities	(1,779,727)	(805,752)	7,121	-	(2,578,358)
Current liabilities	(1,241,671)	(1,203,964)	(624,733)	-	(3,070,368)
	<u>(3,021,398)</u>	<u>(2,009,716)</u>	<u>(617,612)</u>	<u>-</u>	<u>(5,648,726)</u>
2022					
Segment assets					
Non-current assets [^]	1,932,648	1,162,663	3,008	(268,288)	2,830,031
Current assets	550,146	689,738	133,518	(152,690)	1,220,712
	<u>2,482,794</u>	<u>1,852,401</u>	<u>136,526</u>	<u>(420,978)</u>	<u>4,050,743</u>

40. Segmental information (Cont'd.)

The Group's operations by geographical segments are as follows (Cont'd.):

	Malaysia RM'000	Thailand RM'000	Indonesia RM'000	Elimination adjustments RM'000	Total RM'000
2022 (Cont'd.)	Restated				
Segment liabilities					
Non-current liabilities	(1,821,732)	(1,141,210)	7,121	23,434	(2,932,387)
Current liabilities	(920,291)	(2,486,426)	(624,733)	152,690	(3,878,760)
	<u>(2,742,023)</u>	<u>(3,627,636)</u>	<u>(617,612)</u>	<u>176,124</u>	<u>(6,811,147)</u>

^ Excluding investment in an associate and a joint venture.

	2023 RM'000	2022 RM'000 Restated
(a) Reconciliation of segment revenue to reported revenue:		
Segment revenue	4,001,149	1,832,071
Less: Revenue from an associate and a joint venture which were not consolidated	(1,474,053)	(1,006,211)
	<u>2,527,096</u>	<u>825,860</u>
(b) Reconciliation of segment profit before taxation to reported loss before taxation:		
Segment profit before taxation	2,437,374	33,178,278
Less: Expenses from an associate and a joint venture which were not consolidated	(2,093,601)	(481,934)
	<u>343,773</u>	<u>32,696,344</u>
(c) Reconciliation of segment assets to reported total assets:		
Segment assets	4,702,036	4,050,743
Less: Assets of an associate and a joint venture which were not consolidated	(1,564,463)	(1,567,949)
	<u>3,137,573</u>	<u>2,482,794</u>

40. Segmental information (Cont'd.)

	2023	2022
	RM'000	RM'000
(d) Reconciliation of segment liabilities to reported total liabilities:		
Segment liabilities	(5,648,726)	(6,811,147)
Add: Liabilities of an associate and a joint venture which were not consolidated	2,627,328	4,069,124
	<u>(3,021,398)</u>	<u>(2,742,023)</u>

41. Comparative figures

The following comparative amount as at 31 December 2022 has been reclassified to conform with current year's presentation.

	As previously stated	Reclassified	As restated
	RM'000	RM'000	RM'000
Group and Company			
Non-current assets			
Trade and other receivables (Note 22)	117,059	117,189	234,248
Property, plant and equipment (Note 15)	159,037	(117,189)	41,848
	<u>159,037</u>	<u>(117,189)</u>	<u>41,848</u>
Group			
Maintenance and overhaul	490,614	(18,261)	472,353
Finance income (Note 11(a))	(19,814)	18,261	(1,553)
	<u>(19,814)</u>	<u>18,261</u>	<u>(1,553)</u>
Company			
Maintenance and overhaul	490,232	(18,261)	471,971
Finance income (Note 11(a))	(19,814)	18,261	(1,553)
	<u>(19,814)</u>	<u>18,261</u>	<u>(1,553)</u>

42. Contingent liabilities

During the financial period ended 31 December 2022, IAAX, a joint venture of the Company, received a Tax Underpayment Assessment Letter from the Indonesia Tax Office (ITO), demanding a payment of RM200.7 million for tax underpayment in the fiscal year 2017. The tax audit for the year assessment 2018 and 2019 were completed during the financial year and the ITO raised an additional assessment of RM236.6 million.

IAAX has disputed the tax assessments by the ITO and has submitted objection letters and appeal letters to the ITO. ITO has rejected the appeal by IAAX and the case has been brought to court. In the event the dispute is ruled in favour of the ITO, it is unlikely that IAAX will be able to pay the additional tax. Per Indonesian tax regulations, tax collection actions target “tax bearers” of corporate taxpayers, including shareholders. Consequently, the Company, as IAAX’s shareholder, could be liable for IAAX’s RM215.9 million tax payable, based on its equity interest in IAAX.

In 2023, the Company’s Directors, based on legal opinion provided by external lawyer, believe that it is not probable that the Company will incur expenses related to IAAX’s tax liability due to the lack of legal mechanism in Indonesia to effect the reciprocal arrangement with partner countries for cross-border tax collection assistance. Additionally, cross-border tax collection is not permissible if the tax is in dispute. IAAX has contested the tax claim and the case is currently pending hearing in Indonesia. Accordingly, this matter is disclosed as a contingent liability as it gives rise to a possible obligation whose existence will be confirmed only by the occurrence or non-occurrence of one of more uncertain future events not wholly within the control of the Company.

43. Events during the reporting period

With the Company’s announcement on 16 March 2022 in relation to the completion of the Restructuring Scheme, Bursa Malaysia Securities Berhad (“Bursa Securities”) had via its letter dated 16 March 2022 noted that with the completion of the Restructuring Scheme, the Company would have regularised its financial condition and level of operations and would no longer trigger any criteria under paragraph 2.1 of Practice Note 17 (“PN 17”) of the Main Market Listing Requirements of Bursa Malaysia.

The upliftment of the Company from PN 17 status was effective on 22 November 2023.

44. Events after the reporting period

On 8 January 2024, AirAsia X has entered into a non-binding letter of acceptance with its related party, Capital A Berhad (“Capital A”) for the Proposed Acquisitions by AirAsia X of 100% equity interest in AirAsia Berhad (“AAB”) and 100% equity interest in AirAsia Aviation Group Limited (“AAAGL”), both are wholly-owned subsidiary of Capital A.

With reference to the Company’s announcement on 25 April 2024, the Company proposed to undertake several proposals as follows:

- (i) Proposed internal reorganisation
- (ii) Proposed issuance of free warrants
- (iii) Proposed private placement
- (iv) Proposed AirAsia Aviation Group Limited (“AAAGL”) acquisition
- (v) Proposed AirAsia Berhad (“AAB”) acquisition
- (vi) Proposed share capital reduction
- (vii) Proposed granting of subscription options

44. Events after the reporting period (Cont'd.)

As part of the proposed internal reorganisation, all of the Company's shareholders will exchange their respective shares in the Company with shares in AirAsia Group Sdn Bhd ("AA Group"). Upon completion of the proposed internal reorganisation, the Company will become a wholly-owned subsidiary of the AA Group.

In addition, a proposal has been made for the issuance of 223,506,402 warrants on the basis of one warrant for every two AA Group shares subsequent to the proposed internal reorganisation. A private placement exercise will also be carried out to raise gross proceeds of RM1,000 million followed by a reduction of the issued share capital of AA Group to RM100 million via cancellation of paid-up share capital.

AirAsia X proposed to grant subscription option to Garynma Investments Pte Ltd on the rights to subscribe AA Group shares that represents 15% of the total enlarged issued shares in AA Group subsequent to the proposed acquisition.

45. Prior year adjustments

- (i) The provision for aircraft maintenance as of 31 December 2022 was overstated by RM59.2 million.
- (ii) The right-of-use assets as of 31 December 2022 was understated by RM30.9 million as certain capital expenditures were expensed to the income statement for the period ended 31 December 2022.
- (iii) In the previous financial period, the Group did not recognise the estimated obligation of RM46 million under the profit-sharing arrangement entered into with the Group's creditors in connection with the debt restructuring scheme which was completed on 16 March 2022.

The above have been adjusted for retrospectively as prior year adjustments.

The prior year adjustments did not have any impact to the balances as at 1 July 2021. Accordingly, the statements of financial positions of the Group and the Company as of 1 July 2021 are not presented.

The Group and the Company restated the affected financial statement line items for prior period to correct (i) to (iii) as follows:

Impact on equity (increase in equity)

		Group and Company 31.12.2022 RM'000
Right-of-use assets	(ii)	30,918
Total assets		<u>30,918</u>
Trade and other payables	(ii)	(18,120)
Provision for profit sharing	(iii)	(46,000)
Provision for aircraft maintenance	(i)	59,176
Total liabilities		<u>(4,944)</u>
Net impact on equity		<u><u>(25,974)</u></u>

45. Prior year adjustments (Cont'd.)

The Group and the Company restated the affected financial statement line items for prior period to correct (i) to (iii) as follows (Cont'd.):

Impact on profit or loss (increase in profit)

		Group and Company 1.7.2021 to 31.12.2022 RM'000
Operating expenses		
- Depreciation	(ii)	666
- Maintenance and overhaul	(i) & (ii)	(69,676)
Other loss	(iii)	46,000
Finance costs	(ii)	(2,964)
Net impact on loss for the period		(25,974)
Attributable:		
Owners of the Company		(25,974)

Impact on statement of cash flows (increase/(decrease) in cash and cash equivalents)

	Group 1.7.2021 to 31.12.2022 RM'000	Company 1.7.2021 to 31.12.2022 RM'000
Profit before tax	25,974	25,974
Depreciation	666	666
Net gain of discounting effect on financial instruments	(2,964)	(2,964)
Operating gain before working capital changes	23,676	23,676
Increase in trade and other receivables	95	95
Decrease in trade and other payables	(23,771)	(23,771)
Net impact on cash and cash equivalents	-	-

45. Prior year adjustments (Cont'd.)

The Group and the Company restated the affected financial statement line items for prior period to correct (i) to (iii) as follows (Cont'd.):

Impact on basic and diluted earnings per share (“EPS”) (increase in EPS)

	Group and Company 1.7.2021 to 31.12.2022 sen
Earnings per share	
Basic and diluted, profit for the period attributable to ordinary equity holders of the parent	<u>6.2</u>

The prior year adjustments did not have any impact to the opening balance of the comparative balances.

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, Dato' Fam Lee Ee and Dato' Abdul Mutalib bin Alias, being two of the Directors of AirAsia X Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 123 to 214 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia, so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 30 April 2024.

Dato' Fam Lee Ee

Director

Kuala Lumpur, Malaysia

Dato' Abdul Mutalib bin Alias

Director

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Lavinia Louis, the officer primarily responsible for the financial management of AirAsia X Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 123 to 214 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared
by the abovenamed Lavinia Louis
at Kuala Lumpur in the Federal Territory
on 30 April 2024.

Lavinia Louis

Before me,

Commissioner for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

To the members of AirAsia X Berhad (Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of AirAsia X Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 123 to 214.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Key audit matters (Cont'd.)

Key risk	Our response
<p>Revenue recognition from scheduled flights and sales in advance</p> <p>For the financial year ended 31 December 2023, revenue from scheduled flights and ancillary services accounted for 93% of the Group's total revenue. The Group and the Company rely on an integrated information technology system (including the flight reservation system and revenue accounting system), in accounting for its scheduled flights and ancillary revenue. Such information system processes large volumes of data comprising individually low value transactions.</p> <p>The flight reservation system is managed by third party vendor.</p> <p>The accounting for revenue from scheduled flights and ancillary services are susceptible to management override through the posting of manual journal entries either in the underlying ledgers or as a consolidated journal.</p> <p>The above factors gave rise to higher risk of material misstatement in the timing and amount of revenue recognised. Accordingly, we identified revenue recognition to be an area of focus.</p> <p>The notes relating to schedule and ancillary revenue are disclosed in Notes 2.18 and 4 to the financial statements.</p>	<p>To address this area of focus, we performed, amongst others, the following procedures:</p> <ul style="list-style-type: none"> a) Obtained an understanding and assessed the Group's information technology systems and key controls that affect the recording of revenue from passenger seat sales. As the flight reservation system is managed by a third-party vendor, we obtained and assessed the external expert's report on the operating effectiveness of the key controls over the system; b) Involved our information technology specialists to test the effectiveness of the automated controls of the key modules of the information technology system; c) Tested the non-automated controls in place to ensure the completeness and accuracy of revenue recognised, including timely updating of approved changes to base fares and ancillary fares; d) Conducted data analytics to reconcile the revenue recognised in respect of passenger seat sales and the amount of sales in advance to payments received from passengers; e) Corroborated the occurrence of revenue by tracing samples of revenue recognised to settlement reports from financial institutions; f) Tested the reconciliation of data between the flight reservation system and the general ledger to ensure the completeness of revenue; and g) Performed procedures to verify that revenue from passenger seat sales is recorded in the appropriate accounting period.

INDEPENDENT AUDITORS' REPORT

To the members of AirAsia X Berhad (Incorporated in Malaysia)

Key audit matters (Cont'd.)

Key risk	Our response
<p>Provision for aircraft maintenance</p> <p>As of 31 December 2023, AAX was operating 18 aircrafts under operating lease arrangements with lessors. In respect of these operating lease arrangements, the Group and the Company are contractually obligated to maintain the aircraft during the lease period and to redeliver the aircraft to the lessors at the end of the lease term, in certain pre-agreed conditions.</p> <p>Management made an estimates of the costs for aircraft maintenance either through obtaining the estimated overhaul cost from third party maintenance service providers or relying on the actual incurred overhaul cost of similar aircraft component.</p> <p>The management then makes provision for such costs over the flight hours, flight cycles or calendar months of the aircraft components as used. These aircraft utilisation and calendar months affect the extent of the restoration work that will be required and the expected costs of such overhaul, restoration and redelivery at the end of the lease term.</p> <p>A provision of RM389.5 million was recorded by AAX for the year, which represents an increase from RM225.8 million as at 31 December 2022.</p> <p>The provision for aircraft maintenance has been identified as an area of audit focus due to the significant amount involved and the high level of judgment and estimates applied by management in determining the provision.</p> <p>The notes relating to provision for aircraft maintenance are disclosed in Notes 2.10, 3(ii) and 33 to the financial statements.</p>	<p>To address this area of focus, we performed, amongst others, the following procedures:</p> <ul style="list-style-type: none"> a) Gained an understanding of the management's process for estimating aircraft maintenance costs for aircraft held under lease arrangements, including understanding the contractual obligations of the Group and of the Company arising from the lease arrangements; b) Evaluated the key assumptions adopted by management by discussing with the relevant fleet maintenance engineers and tested, on a sample basis, the accuracy of the data on aircraft utilisation statistics; c) Compared the historical overhaul costs by aircraft components or quotations by suppliers for the overhaul costs against the amount of provision made by the Group and by the Company to assess the adequacy of the provision; and d) Performed recalculation of the aircraft maintenance costs provision based on the key assumptions adopted by management.

Key audit matters (Cont'd.)

Key risk	Our response
<p>Provision for additional loss in the investment in PT Indonesia AirAsia Extra</p> <p>As disclosed in Notes 3(iv) and 42 to the financial statements, during the previous financial period ended 31 December 2022, the Company's joint venture, PT Indonesia AirAsia Extra (IAAX), received a Tax Underpayment Assessment Letter from the Indonesia Tax Office ("ITO") demanding a payment of RM200.7 million for tax underpayment in the fiscal year 2017. During the financial year ended 31 December 2023, ITO raised additional assessment of RM236.6 million in respect of fiscal year 2018 and 2019.</p> <p>IAAX disputed the tax assessments by the ITO and submitted objection letters and appeal letters to the ITO. ITO rejected the appeal by IAAX and the case has been brought to court. In the event the dispute is ruled in favour of the ITO, it is unlikely that IAAX will be able to pay the additional tax. Based on the prevailing tax regulation in Indonesia, tax collection actions shall be carried out against "tax bearers" of corporate taxpayers in the event of nonpayment by the corporate taxpayers. Tax bearers are defined under the tax regulation in Indonesia to include shareholders of corporate taxpayers. Consequently, the Company, as IAAX's shareholder, may be responsible for the settlement of IAAX's tax payable of RM215.9 million, computed based on the Company's equity interest in IAAX.</p> <p>The Directors of the Company in consultation with their external lawyer are of the opinion that as at 31 December 2023, it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation for reasons further disclosed in Note 42. Accordingly, this matter is disclosed as a contingent liability in Note 42 to the financial statements as it gives rise to a possible obligation whose existence will be confirmed only by the occurrence or non-occurrence of one of more uncertain future events not wholly within the control of the Company.</p> <p>Due to the significance of this matter, we consider this to be an area of audit focus.</p>	<p>In addressing this area of audit focus, we performed amongst others, the following procedures:</p> <ul style="list-style-type: none"> a) We assessed the external lawyers' objectivity and independence, and reviewed their credentials, qualifications, experience and reputation; b) We discussed with our internal tax specialists to understand the prevailing tax regulations in Indonesia and the effects of such regulations on the shareholders of corporate taxpayers in Indonesia; c) We discussed with the external lawyers to understand the basis and judgment applied in determining the probability of an outflow of resources embodying economic benefits, if any, required to settle the obligation; and d) We evaluated the adequacy of the disclosures of this matter.

INDEPENDENT AUDITORS' REPORT

To the members of AirAsia X Berhad (Incorporated in Malaysia)

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Annual Report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of the financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditors' responsibilities for the audit of the financial statements (Cont'd.)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Company for the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT

To the members of AirAsia X Berhad (Incorporated in Malaysia)

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT

202006000003 (LLP0022760-LCA) & AF 0039

Chartered Accountants

Kuala Lumpur, Malaysia

30 April 2024

Low Khung Leong

No. 02697/01/2025 J

Chartered Accountant

ANALYSIS OF SHAREHOLDINGS

As at 29 March 2024

DISTRIBUTION OF SHAREHOLDINGS

Class of Shares : Ordinary Shares

Voting Rights : One vote per Ordinary Share

Shareholdings	No. of Holders	%	No. of Shares	%
1 - 99	3,964	10.373	128,768	0.028
100 - 1,000	17,113	44.784	8,531,832	1.908
1,001 - 10,000	13,667	35.766	51,324,129	11.480
10,001 - 100,000	3,178	8.316	88,994,006	19.905
100,001 - 22,353,639 (*)	288	0.753	188,870,907	42.246
22,353,640 AND ABOVE (**)	2	0.005	109,223,161	24.430
	38,212	100.000	447,072,803	100.000

* - Less than 5% of issued shares

** - 5% And above of issued shares

SUBSTANTIAL SHAREHOLDERS

Names	Holdings	%
AIRASIA BERHAD	57,072,850	12.765
RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD RHB ISLAMIC BANK BERHAD PLEDGED SECURITIES ACCOUNT FOR TUNE GROUP SDN BHD	52,150,311	11.664

DIRECTORS' SHAREHOLDINGS

As at 29 March 2024

Name	Direct		Indirect	
	No. of Shares Held	% of Shares Held	No. of Shares Held	% of Shares Held
Dato' Fam Lee Ee	-	-	-	-
Datuk Kamarudin bin Meranun	37,070,993	8.292	131,033,136 ⁽¹⁾	29.309
Tan Sri Asmat bin Kamaludin	10,000	0.002	2,000 ⁽²⁾	0.000*
Chin Min Ming	-	-	-	-
Dato' Sri Mohammed Shazalli bin Ramly	-	-	-	-
Dato' Abdul Mutalib bin Alias	-	-	-	-

Notes:

* Negligible

⁽¹⁾ Deemed interested by virtue of Section 8 of the Companies Act 2016 through a shareholding of more than 20% in Tune Group Sdn Bhd and AirAsia Berhad.

⁽²⁾ Deemed interest held through his children.

TOP 30 LARGEST SHAREHOLDERS

As at 29 March 2024

No	Name of Shareholders	No. of Shares Held	% of Issued Share Capital
1.	AIRASIA BERHAD	57,072,850	12.765
2.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD RHB ISLAMIC BANK BERHAD PLEDGED SECURITIES ACCOUNT FOR TUNE GROUP SDN BHD	52,150,311	11.664
3.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TUNE GROUP SDN BHD (7006233)	21,809,975	4.878
4.	HSBC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - CREDIT SUISSE AG, SINGAPORE FOR KAMARUDIN BIN MERANUN	19,027,895	4.256
5.	KAMARUDIN BIN MERANUN	18,043,098	4.035
6.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 22)	12,000,000	2.684
7.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ANTHONY FRANCIS FERNANDES (7006493)	11,130,372	2.489
8.	LAVIN GROUP SDN BHD	8,922,133	1.995
9.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK JULIUS BAER & CO. LTD. (SINGAPORE BCH)	7,844,263	1.754
10.	KENANGA NOMINEES (ASING) SDN BHD GARYNMA MY CAPITAL LIMITED	5,000,000	1.118
11.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	4,622,300	1.033
12.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR UBS AG SINGAPORE (FOREIGN)	2,950,000	0.659
13.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TANG VEE MUN (DATUK) (MY4553)	2,200,000	0.492
14.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KEOK CHAI (E-TSA)	1,823,000	0.407
15.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIEW CHIENG SIEW (MK0111)	1,738,200	0.388

TOP 30 LARGEST SHAREHOLDERS

No	Name of Shareholders	No. of Shares Held	% of Issued Share Capital
16.	WONG WENG TIEN	1,365,800	0.305
17.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (MYBK AM SC E)	1,250,000	0.279
18.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR MOHAMAD NORZA BIN ZAKARIA	1,185,000	0.265
19.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR WONG TING TECK (E-JCL)	1,054,700	0.235
20.	TEO TUAN KWEE	1,003,000	0.224
21.	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	1,002,900	0.224
22.	SENG SIAW WEI	1,000,000	0.223
23.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR AUGUSTUS RALPH MARSHALL (PB)	941,000	0.210
24.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD TA DANA FOKUS	909,600	0.203
25.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR CHIEW CHIENG SIEW (E-PDG)	860,000	0.192
26.	LOW SU-MING	841,000	0.188
27.	THEN MEE KOM	790,000	0.176
28.	AMCEN CONSULTANCY SDN BHD	752,900	0.168
29.	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR BARCLAYS CAPITAL SECURITIES LTD (SBL/PB)	739,300	0.165
30.	ZAKARIA BIN MERANUN	692,200	0.154

NOTICE OF THE 17TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventeenth (“17th”) Annual General Meeting (“AGM”) of AirAsia X Berhad (Registration No. 200601014410) (734161-K) (the “Company”) will be held as a virtual meeting through live streaming and online remote voting from the Broadcast Venue at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur, 64000 KLIA, Selangor Darul Ehsan, Malaysia on Thursday, 6 June 2024 at 2.00 p.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements together with the Reports of the Directors and Auditors thereon for the financial period ended 31 December 2023.

Please refer to Note A.

2. To approve the Non-Executive Directors’ Remuneration as described in Note B for the period from the 17th AGM until the next AGM of the Company to be held in the year 2025.

(Ordinary Resolution 1)

Please refer to Note B.

3. To re-elect the following Directors of the Company who retire by rotation pursuant to Rule 119 of the Company’s Constitution and who being eligible had offered themselves for re-election:-

- i) Tan Sri Asmat bin Kamaludin; and
- ii) Ms Chin Min Ming.

(Ordinary Resolution 2)

(Ordinary Resolution 3)

4. To re-elect the following Directors of the Company who retire pursuant to Rule 124 of the Company’s Constitution and who being eligible had offered themselves for re-election:-

- i) Dato’ Abdul Mutalib bin Alias; and
- ii) Dato’ Sri Mohammed Shazalli bin Ramly.

(Ordinary Resolution 4)

(Ordinary Resolution 5)

5. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to determine their remuneration.

(Ordinary Resolution 6)

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:-

6. AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 (“ACT”) AND WAIVER OF PRE-EMPTIVE RIGHTS (Ordinary Resolution 7)

“**THAT** pursuant to Sections 75 and 76 of the Companies Act, 2016 (“**the Act**”) and subject always to the approval of all the relevant regulatory authorities, the Board of Directors of the Company be and is hereby authorised to issue and allot from time to time such number of shares of the Company upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, PROVIDED ALWAYS THAT the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares of the Company for the time being.

THAT pursuant to Section 85 of the Act read together with Clause 16 of the Company’s Constitution, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares arising from any issuance of new shares pursuant to the mandate.”

AND THAT the Directors are also empowered to obtain the approval from Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the listing of and quotation for the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier”.

Please refer to Note C.

7. PROPOSED RENEWAL OF EXISTING SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE AND PROPOSED NEW SHAREHOLDERS’ MANDATE FOR THE NEW RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (“PROPOSED MANDATE”) (Ordinary Resolution 8)

“**THAT** approval be and is hereby given for the renewal of the existing shareholders’ mandate and new shareholders’ mandate for the Company to enter into recurrent related party transactions of a revenue or trading nature with the related parties (“**Recurrent Related Party Transactions**”) as set out in Section 2.3 of the Circular to Shareholders dated 30 April 2024 (“**Circular**”), subject further to the following:-

- i) the Recurrent Related Party Transactions are entered into in the ordinary course of business which are:
 - (a) necessary for the day-to-day operations;
 - (b) on normal commercial terms and transaction price which are not more favourable to the related parties than those generally available to the public;
 - (c) undertaken on arm’s length basis; and
 - (d) not to the detriment of the minority shareholders of the Company;
- ii) the shareholders’ mandate is subject to annual renewal and this shareholders’ mandate shall only continue to be in full force until:
 - (a) the conclusion of the next AGM of the Company at which time it will lapse, unless by an ordinary resolution passed at that AGM, such authority is renewed;
 - (b) the expiration of the period within which the next AGM after the date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or
 - (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting of the Company, whichever is the earliest.

THAT the Directors of the Company and/or any one (1) of them be and are hereby authorised to complete and do all such acts and things and take all such steps and to execute all such transactions, deeds, agreements, arrangements and/or undertakings as the Directors in their discretion deem fit, necessary, expedient and/or appropriate in the best interest of the Company in order to implement, finalise and give full effect to the Recurrent Related Party Transactions with full powers to assent to any modifications, variations and/or amendments thereto.

AND THAT as the estimates given for the Recurrent Related Party Transactions specified in Section 2.3 of the Circular being provisional in nature, the Directors of the Company and/or any one (1) of them be and are hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the procedures set out in Section 2.6 of the Circular.”

Please refer to Note D.

8. **RETENTION OF INDEPENDENT DIRECTOR**

(Ordinary Resolution 9)

“**THAT** Tan Sri Asmat bin Kamaludin, the Director who has served the Board as an Independent Non-Executive Chairman of the Company for a cumulative term of more than nine (9) years, but less than twelve (12) years, be and is hereby retained as Independent Non-Executive Director of the Company.”

OTHER ORDINARY BUSINESS

9. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Constitution of the Company.

By Order of the Board

THIN PUI LENG (LS0009933)
(SSM PC No. 202208000271)

Company Secretary
Selangor Darul Ehsan
30 April 2024

VIRTUAL AGM

1. The 17th AGM will be held as a virtual meeting through live streaming and online remote voting using the Remote Participation and Voting Facilities (“**RPV**”) provided by Tricor Investor & Issuing House Services Sdn Bhd (“**TIIH**”) via its **TIIH Online website** at <https://tiih.online>. This is in line with the revised Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 7 April 2022 (including any amendments that may be made from time to time) (“**Guidance Note**”). Please follow the procedures as set out in the **Administrative Details** which is available at the Company’s website at www.airasiac.com.
2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Guidance Note which require the Chairman of the meeting to be present at the main venue of the meeting.
3. Members and/or proxy(ies) and/or corporate representative(s) and/or attorneys **WILL NOT BE ALLOWED** to be physically present at the Broadcast Venue on the day of the 17th AGM, instead are to attend, speak (including posing questions to the Board of Directors via real time submission of typed texts) and vote (collectively, “participate”) remotely at the 17th AGM via the RPV provided by TIIH.

NOTES ON APPOINTMENT OF PROXY

1. Pursuant to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 and Rule 41(a) of the Company's Constitution, only those Foreigners (as defined in the Constitution) who hold shares up to the current prescribed foreign ownership limit of 45.0% of the total number of issued shares of the Company, on a first-in-time basis based on the Record of Depositors to be used for the forthcoming AGM, shall be entitled to vote. A proxy appointed by a Foreigner not entitled to vote, will similarly not be entitled to vote. Consequently, all such disenfranchised voting rights shall be automatically vested in the Chairman of the AGM.
2. A member must be registered in the Record of Depositors at 5.00 p.m. on **28 May 2024** ("**General Meeting Record of Depositors**") in order to attend and vote at the Meeting. A depositor shall not be regarded as a member entitled to attend the Meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors. Any changes in the entries on the Record of Depositors after the abovementioned date and time shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
3. A member entitled to attend and vote is entitled to appoint not more than two (2) proxies (or in the case of a corporation, to appoint a representative(s) in accordance with Section 333 of the Companies Act, 2016) to attend and vote in his stead. There shall be no restriction as to the qualification of the proxy(ies).
4. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. 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 the Company not less than forty-eight (48) hours before the time appointed for holding the 17th AGM or adjourned general meeting at which the person named in the appointment proposes to vote:
 - (i) In hard copy form
In the case of an appointment made in hard copy form, this Form of Proxy must be deposited at the Registered Office of the Company at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur, 64000 KLIA, Selangor Darul Ehsan, Malaysia.
 - (ii) By electronic means
This Form of Proxy can be electronically lodged via **TIIH Online** website at <https://tiih.online>. Kindly refer to the Administrative Details on the procedures for electronic lodgement of form of proxy via TIIH Online.
7. Please ensure **ALL** the particulars as required in this Form of Proxy are completed, signed and dated accordingly.
8. Last date and time for lodging this Form of Proxy is **Tuesday, 4 June 2024 at 2.00 p.m.**
9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Registered Office of the Company at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur, 64000 KLIA, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the 17th AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

10. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL/DULY CERTIFIED** certificate of appointment of authorised representative at the Registered Office of the Company at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur, 64000 KLIA, Selangor Darul Ehsan, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:
- (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
 - (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - (a) at least two (2) authorised officers, of whom one shall be a director; or
 - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
11. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all resolutions set out in this Notice of the 17th AGM will be put to vote by way of poll.

EXPLANATORY NOTES:

A. Audited Financial Statements together with the Reports of the Directors and Auditors thereon for the financial period ended 31 December 2023

This Agenda item is meant for discussion only in accordance with Sections 248(2) and 340(1) of the Companies Act 2016 (“**the Act**”). The audited financial statements do not require the formal approval of shareholders and therefore, the matter will not be put forward for voting.

B. To approve the Non-Executive Directors’ Remuneration for the period from the 17th AGM until the next AGM of the Company to be held in the year 2025 (Ordinary Resolution 1)

The Nomination and Remuneration Committee has recommended and the Board of Directors affirmed that the Non-Executive Directors’ Remuneration for the period from the 17th AGM until the next AGM of the Company to be held in the year 2025 shall remain unchanged as per the financial year ended 31 December 2023, as shown below:-

Non-Executive Directors’ Fees (per annum)	Non-Executive Chairman (RM)	Non-Executive Deputy Chairman (RM)	Per Non-Executive Director/Per other Committee Member (RM)
Board of Directors	165,000	115,000	65,000
Audit Committee	40,000	-	30,000
Nomination and Remuneration Committee	30,000	-	20,000
Safety Review Board	30,000	-	20,000
Risk Management Committee	30,000	-	20,000
Non-Executive Directors’ Benefits (per attendance by each Director or committee member)	Board of Directors	Board Committees	
Meeting allowance	1,000	1,000	
Other Non-Executive Directors’ Benefits			
Insurance premiums on medical coverage, and other claimable expenses incurred in the course of carrying out their duties	Up to a total amount of RM100,000 for all Non-Executive Directors.		

The shareholders' approval being sought under **Ordinary Resolution 1** is for the payment of the remuneration to Non-Executive Directors for the period from the 17th AGM up to the next AGM of the Company in accordance with the remuneration structure as set out above and to authorise the Directors to disburse the fees on a monthly basis.

C. Authority to allot shares pursuant to Sections 75 and 76 of the Act and Waiver of Pre-emptive Rights (Ordinary Resolution 7)

The Company had at its Sixteenth AGM held on 8 June 2023 ("**16th AGM**"), obtained a general mandate pursuant to Sections 75 and 76 of the Act from its shareholders, to empower the Directors to allot and issue shares in the Company from time to time and upon such terms and conditions and for such purposes and to such persons whomsoever as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares issued does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company at any point of time ("**10% General Mandate**"). The 10% General Mandate would expire at the conclusion of the forthcoming AGM.

Ordinary Resolution 7 has been proposed for the purpose of renewing the general mandate for issuance of shares by the Company pursuant to Sections 75 and 76 of the Act read together with Article 17 of the Company's Constitution.

Ordinary Resolution 7, if passed, will empower the Directors of the Company authority to issue ordinary shares in the Company at their discretion without having to first convene another general meeting provided that the aggregate number of the shares issued does not exceed 10% of the total number of issued shares of the Company at any point of time. The 10% mandate, if granted at this AGM, unless revoked or varied by the Company in a general meeting, would expire upon the conclusion of the next AGM.

The 10% mandate, if granted, will provide the flexibility to the Company for any future fund raising activities, including but not limited to further placing of shares for the purposes of funding future investment project(s), repayment of bank borrowing(s), working capital and/or acquisition(s) and thereby reducing administrative time and costs associated with the convening of additional shareholders meeting(s).

D. Proposed Renewal of Existing Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Mandate") (Ordinary Resolution 8)

Ordinary Resolution 8, if passed, will allow the Company to enter into Recurrent Related Party Transactions of a revenue or trading nature pursuant to the provisions of the Main Market Listing Requirements of Bursa Securities. Please refer to the Circular to Shareholders dated 30 April 2024 for further information.

E. Retention of Independent Non-Executive Director (Ordinary Resolution 9)

This item is tabled pursuant to Practice 5.3 of the Malaysian Code on Corporate Governance. The Nomination and Remuneration Committee and the Board of Directors had assessed the independence of Tan Sri Asmat bin Kamaludin, who has served as an Independent Non-Executive Director of the Company since 13 May 2013 for a cumulative term of more than nine (9) years, but less than twelve (12) years, and with his consent, had recommended for him to continuing serving as an Independent Non-Executive Director of the Company.

The Board holds the view that a Director's independence cannot be determined arbitrarily with reference to a set period of time. The Company benefits from the long service of Tan Sri Asmat bin Kamaludin who possesses an incumbent knowledge of the Company and the Group's activities and corporate history and has provided invaluable contributions to the Board in his role as an Independent Non-Executive Director. In fact, he has been bringing his independent and objective judgment to the deliberations and the decision-making process of the Board. In addition, he has exercised due care during his tenure as an Independent Director, as well as the Chairman of the Nomination and Remuneration Committee and a member of the Audit Committee of the Company. As an Independent Non-Executive Director, he has carried out his duties proficiently in the interest of the Company and the shareholders.

PERSONAL DATA PRIVACY By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting (“AGM”) and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “Purposes”), (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees and undertakes that the member shall indemnify the Company and/or to keep the Company fully indemnified and save the Company harmless against all and/or any actions, demands, claims, losses, costs, proceedings and damages (including all legal fees and costs) which the Company may suffer or incur in any manner howsoever arising from or as a result of the member’s breach of the aforementioned warranty.

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AIRASIA X BERHAD
(Registration No.: 200601014410) (734161-K)
("the Company")
Incorporated in Malaysia

FORM OF PROXY

I/We _____ NRIC No./Passport No./Company No.: _____
(FULL NAME AS PER NRIC/CERTIFICATE OF INCORPORATION IN BLOCK LETTERS) (COMPULSORY)

of _____
(FULL ADDRESS)

telephone no. _____, email address _____, being a member of the

Company, hereby appoint _____
(FULL NAME IN BLOCK LETTERS)

NRIC No./Passport No.: _____ of _____
(COMPULSORY) (FULL ADDRESS)

_____ telephone no. _____, email address _____

or failing him/her, _____ NRIC No./Passport No.: _____
(FULL NAME IN BLOCK LETTERS) (COMPULSORY)

of _____
(FULL ADDRESS)

telephone no. _____, email address _____

*or failing him/her, the Chairman of the Meeting, as my/our proxy(ies) to vote in my/our name and on my/our behalf at the Seventeenth ("17th") Annual General Meeting ("AGM") of the Company to be conducted as a virtual meeting through live streaming and online remote voting at the Broadcast Venue at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur, 64000 KLIA, Selangor Darul Ehsan, Malaysia on Thursday, 6 June 2024 at 2.00 p.m. and at any adjournment thereof, on the following resolutions referred to in the Notice of the 17th AGM, and to vote as indicated below:

AGENDA

RESOLUTIONS	Description	FOR	AGAINST
ORDINARY BUSINESS			
Ordinary Resolution 1	To approve the Non-Executive Directors' Remuneration for the period from the 17 th AGM until the next AGM of the Company to be held in the year 2025		
Ordinary Resolution 2	Re-election of Tan Sri Asmat bin Kamaludin as a Director of the Company, who retires by rotation pursuant to Rule 119 of the Company's Constitution		
Ordinary Resolution 3	Re-election of Ms Chin Min Ming as a Director of the Company, who retires by rotation pursuant to Rule 119 of the Company's Constitution		
Ordinary Resolution 4	Re-election of Dato' Abdul Mutalib bin Alias as a Director of the Company, who retires by rotation pursuant to Rule 124 of the Company's Constitution		
Ordinary Resolution 5	Re-election of Dato' Sri Mohammed Shazalli bin Ramly as a Director of the Company, who retires by rotation pursuant to Rule 124 of the Company's Constitution		
Ordinary Resolution 6	To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to determine their remuneration		
SPECIAL BUSINESS			
Ordinary Resolution 7	Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016		
Ordinary Resolution 8	Proposed renewal of existing shareholders' mandate and new shareholders' mandate for Recurrent Related Party Transactions of a revenue or trading nature		
Ordinary Resolution 9	Retention of Tan Sri Asmat bin Kamaludin as an Independent Non-Executive Director of the Company		

(Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. If you do not do so, the proxy will vote or abstain from voting, as he/she thinks fit.)

*Delete the words "or failing him/her, the Chairman of the Meeting" if not applicable.

No. of Shares Held:			
CDS Account No.: (Nominee Account Only)			
The proportion of my/our holding to be represented by my/our proxies are as follows:		No. of Shares	Percentage
	First Proxy		
	Second Proxy		
Date:			

Signature(s)/Common Seal of Member(s)

VIRTUAL AGM

- The 17th AGM will be held as a virtual meeting through live streaming and online remote voting using the Remote Participation and Voting Facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn Bhd ("TIIH") via its **TIIH Online website** at <https://tiih.online>. This is in line with the revised Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 7 April 2022 (including any amendments that may be made from time to time) ("**Guidance Note**"). Please follow the procedures as set out in the **Administrative Details** which is available at the Company's website at www.airasiac.com.
- The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Guidance Note which require the Chairman of the meeting to be present at the main venue of the meeting.
- Members and/or proxy(ies) and/or corporate representative(s) and/or attorneys **WILL NOT BE ALLOWED** to be physically present at the Broadcast Venue on the day of the 17th AGM, instead are to attend, speak (including posing questions to the Board of Directors via real time submission of typed texts) and vote (collectively, "**participate**") remotely at the 17th AGM via the RPV provided by TIIH.

Notes to Form of Proxy

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| <ol style="list-style-type: none"> 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 AGM, shall be entitled to vote. A proxy appointed by a Foreigner not entitled to vote, will similarly not be entitled to vote. Consequently, all such disenfranchised voting rights shall be automatically vested in the Chairman of the AGM. A member must be registered in the Record of Depositors at 5.00 p.m. on 28 May 2024 ("General Meeting Record of Depositors") in order to attend and vote at the Meeting. A depositor shall not be regarded as a member entitled to attend the Meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors. Any changes in the entries on the Record of Depositors after the abovementioned date and time shall be disregarded in determining the rights of any person to attend and vote at the Meeting. A member entitled to attend and vote is entitled to appoint not more than two (2) proxies (or in the case of a corporation, to appoint a representative(s) in accordance with Section 333 of the Companies Act 2016) to attend and vote in his stead. There shall be no restriction as to the qualification of the proxy(ies). Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. 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 the Company not less than forty-eight (48) hours before the time appointed for holding the 17th AGM or adjourned general meeting at which the person named in the appointment proposes to vote: <ol style="list-style-type: none"> <u>In hard copy form</u>
In the case of an appointment made in hard copy form, this Form of Proxy must be deposited at the Registered Office of the Company at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur, 64000 KLIA, Selangor Darul Ehsan, Malaysia. | <ol style="list-style-type: none"> <u>By electronic means</u>
This Form of Proxy can be electronically lodged via TIIH Online website at https://tiih.online. Kindly refer to the Administrative Details on the procedures for electronic lodgement of form of proxy via TIIH Online. <ol style="list-style-type: none"> Please ensure ALL the particulars as required in this Form of Proxy are completed, signed and dated accordingly. Last date and time for lodging this Form of Proxy is Tuesday, 4 June 2024 at 2.00 p.m. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Registered Office of the Company at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur, 64000 KLIA, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the 17th AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed. For a corporate member who has appointed an authorised representative, please deposit the ORIGINAL/DULY CERTIFIED certificate of appointment of authorised representative at the Registered Office of the Company at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur, 64000 KLIA, Selangor Darul Ehsan, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner: <ol style="list-style-type: none"> If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member. If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by: <ol style="list-style-type: none"> at least two (2) authorised officers, of whom one shall be a director; or any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all resolutions set out in this Notice of the 17th AGM will be put to vote by way of poll. |
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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 AGM dated 30 April 2024.

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STAMP

The Company Secretary
AIRASIA X BERHAD
(Registration No. 200601014410) (734161-K)

RedQ, Jalan Pekeliling 5
Lapangan Terbang Antarabangsa Kuala Lumpur
64000 KLIA
Selangor Darul Ehsan
Malaysia

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