CAPITAL A THIRD QUARTER 2023 FINANCIAL RESULTS

YEAR TO DATE REVENUE REACHES 84% OF FY2019
FULL YEAR POISED TO SURPASS PRE-COVID PERFORMANCE

NON-AIRLINE BUSINESSES YEAR TO DATE REVENUE NEARS RM1 BILLION

SIX STRAIGHT QUARTERS OF EBITDA POSITIVE RESULTS

SEPANG, 30 November 2023 – Capital A Berhad ("Capital A" or the "Group") today reported its unaudited financial results for the quarter ended 30 September 2023 ("3Q2023").

The **aviation and travel services Group** recorded a revenue of RM4.2 billion and EBITDA of RM448 million, showing an impressive Year-On-Year ("YoY") **increase of 116% and 520%**, respectively. Despite operating only 70% of FY2019 fleet, the Group attained 84% of FY2019 revenue within nine months of operation in 2023, signalling a steady path toward operational recovery. Bolstering its financial position, to date the Group has generated over **RM1 billion in cash flow** from its operations.

The **uplifting of AirAsia X from Practice Note 17** ("PN17") served as a significant boost to Capital A, enabling the Group to fully focus on exiting PN17 and delivering significant value to its shareholders. In the coming months, the Group anticipates making significant announcements regarding asset disposals and public listings, **positioning the company on a solid foundation** for future growth.

The Group anticipates all **lease liabilities will be restructured** by December 2023, having made significant progress with creditors, in addition to GE and Airbus already having restructured, which reflects a major vote of confidence from the partners.

Ongoing funding efforts, which had posed as a challenge for the Group during Covid, will continue to strengthen, signalling **strong confidence from the banking and credit markets**. The Group's first regional debt financing of USD179 million (RM834 million) from Bangkok Bank and Citibank has been secured. The **impending revenue bond** of USD200 million (RM930 million) from the international credit market will be the first capital raise earmarked for the expansion of the airline, which will be followed by an **equity raising** including potential IPO issuance for AirAsia Philippines in the near term and further equity raising from AirAsia Indonesia.

Despite challenges of Covid and the strenuous efforts to restart, Capital A have now created more value for the shareholders by establishing five valuable businesses: **Aviation, Capital A Aviation Services** (Asia Digital Engineering, Santan, Darts, and associate company Ground Team Red), **Logistics** (Teleport), **Digital ventures** (airasia MOVE and BigPay) and **Capital A International**, to be incorporated and listed in the United States as an Asean's leading branding and lifestyle company.

Aviation highlights for 3Q2023:

- After 22 years, the aviation group has made great strides in consolidating and simplifying its operations, achieving 100% ownership of AirAsia Philippines, exercising greater cost control over AirAsia Indonesia and planning a majority ownership stake in AirAsia Cambodia.
- Driven by robust domestic and international travel demand, the aviation business posted segmental revenue of RM3.9 billion and an EBITDA of RM385 million. Notably, in 3Q2023, the

Group recovered 80% and 75% of 3Q2019 passengers carried and capacity, with load factors hovering above the 2019 levels by 6ppt, signalling strong demand for travel.

- Despite the normalising of market seat capacity and a seasonally slower quarter, the average fare increased to RM216, up 5% vs prior quarter and 23% higher than pre-Covid levels, indicating substantial room for growth.
- Ancillary revenue per passenger climbed steadily reaching RM50 per pax, a 22% YoY improvement, amounting to RM735 million in 3Q2023, or 18% of the third quarter aviation revenue. Growth in Ancillary has been fueled by pricing optimisation through big data and dynamic bundling to drive take up rates, personalised offers based on travellers' purchase behaviour and launch of innovative products like Fastpass with additional carry-on, express immigration at selected airports, and ZoneUp that allows customers to bid for seat upgrade.
- RASK reported a 17% YoY decline to USc 4.35, attributed to the consolidation of AirAsia's Thailand financials. Adjusting for consolidation, RASK on a group basis only incurred a 1% YoY decline despite the steep increase in capacity.
- CASK and CASK ex-Fuel, stood at USc 5.04 and USc 3.07 respectively, marking a 25% and 27% reduction YoY. While the Group maintained their downward CASK trajectory, partly attributed to the increase in ASK and appreciation of the US Dollar, the quarter also saw a more stable increase in absolute costs with fewer aircraft being reactivated, thus reducing the associated high reactivation costs.

CEO of AirAsia Aviation Group, Bo Lingam comments on the Aviation business outlook:
"As we approach the final quarter, we are expecting a revenue upswing, exceeding pre-pandemic levels. This optimistic outlook is based on robust travel demand during the peak season, which enables us to command premium fares and boost ancillary income. We are amplifying our domestic capacity in all markets especially in Malaysia and Thailand, fortifying our market share and taking advantage of lessening competition. Internationally, aligning with the forecast market's recovery pace, we are rapidly increasing our growth in China, also encouraged by the much-anticipated announcement of a visa-free travel between China and Malaysia, starting December 1, 2023. Another notable strategic move is our accelerated expansion in India, introducing new destinations to deepen market penetration and enhance regional connectivity, whose traffic will also boost following the visa free travel between India and Malaysia. In parallel, we expect high average fares as the market is still experiencing a shortage of operational aircraft. Combining this with the decreasing fuel price, we expect a profitable end to 2023."

Highlights of 3Q2023 Non-Aviation:

Aviation Services

- Aircraft maintenance and overhaul division ADE achieved a new quarterly milestone with robust revenue of RM165 million, up 107% YoY, with an EBITDA of RM42.8 million, up 117% YoY. Driven by increased flight activity for AirAsia Group and third party airlines, ADE saw a 58% rise in base maintenance checks.

  CEO of ADE, Mahesh comments on the Aviation Services business outlook:
  "Our third-party revenue in this quarter accounted for nearly 5% of our total revenue. This rise is closely linked to the near-complete reactivation of the AirAsia fleet, providing us with additional capacity to cater to third-party airlines. To date, our maintenance service slots are fully booked until September 2024, reflecting strong market presence and customer confidence, which bodes well with our expansion plans in the future."
- Airline and restaurant catering company Santan's revenue surged by 283% YoY to RM42 million, while EBITDA improved to RM10.2 million from an EBITDA loss in previous year as flights, especially international flights rose. Additionally, the restaurant segment saw a 21% QoQ increase in sales and 49% QoQ growth in units sold. In addition to the heightened foot traffic and surging

demand for dine-in experiences, Santan's latest collaboration with a renowned retailer further catalysed sales and growth.

Logistics

- The Group's logistics venture Teleport's quarterly revenue grew by 71% YoY to RM189 million but incurred an EBITDA loss of RM3.7 million, attributed to one-off induction costs of the freighter to its fleet mix. E-commerce segment recorded an average of 80k daily deliveries, equivalent to a 171% YoY growth despite continued industry headwinds. Teleport continued to unlock end-to-end operational capabilities to better serve its e-commerce customers and to continue scaling recurring growth in the coming quarters. Volume growth is also attributed to capacity injection across Teleport's extended network with the induction of Awan, its first of three A321F freighters, as well as added capacity via its partner airlines such as UPS and SF Airlines.

  CEO of Teleport, Pete comments on the Logistics business outlook:
  "Teleport has delivered significant QoQ volume growth, with tonnage up 27% and e-commerce parcel growth up 50%, respectively. This is despite challenging the market backdrop. While industry outlook is poor, Teleport is winning; operating on the back of a highly favourable cost structure built on a valuable combined belly and freighter network and an end-to-end mode."

MOVE Digital

- airasia MOVE - the travel, lifestyle and financial digital platform, posted quarterly revenue of RM171 million, up 68% YoY with an EBITDA of RM11.7 million, primarily driven by travel (Flights and Hotels) and rides segments. In an effort to boost demand in a typically slower quarter, airasia MOVE ramped up its flight marketing initiatives, which led to a rise in operating expenses for the period.

  CEO of airasia MOVE, Nadia Omer comments on airasia MOVE outlook:
  "We are prioritising the development and execution of a strategic plan that emphasises cost restructuring and operational efficiency, cutting out smaller businesses to focus on core businesses around the travel segment with the return of global travel. Leveraging the solid foundation laid by flights and hotels, we are now amplifying the potential of our hotel business, with the vision of going beyond mere market participation but becoming market leaders. The expansion and enhancement of our hotel services are critical steps towards establishing airasia MOVE as the go-to Online Travel Agency in the Asean region."

- BigPay's quarterly revenue rose by 30% YoY to RM11.1 million, narrowing its EBITDA loss by 33% YoY to RM22 million. The revenue growth was seen across all core product sectors, with payments climbing by 21%, remittances by 40%, and marketplace sales surging by 167% YoY. Efforts were made to better integrate BigPay within airasia MOVE to access a wider customer base, thus boosting sales and widening service offerings.

CEO of Capital A, Tan Sri Tony Fernandes' comments on the Group's outlook:

"Despite all the obstacles of Covid and the restarting of our operations, we've remained steadfast and focused on restructuring against tough market conditions and competition. Now we are defining a clear structure and setting specific goals in five focused verticals: Aviation, Aviation Services, Logistics, MOVE Digital and Capital A International.

"Looking ahead to 2024, we project a significant upswing. With the absence of one-off costs, and the reactivation of our full fleet, coupled with the restoration of frequencies, we are strategically poised for a more resilient performance. This collective initiative positions us for a stronger 2024, beating will the benchmark set in 2019."

"With regards to the Practice Note 17 (PN17), we are in the final stages of completing the regularisation plan and will share comprehensive updates as soon as everything is finalised.

Simultaneously, the collaboration between Capital A International, to be incorporated, and the US-based SPAC Aetherium, is a milestone that would mark our very first entry into the US market, linking us with the largest capital market and enhancing our access to international liquidity.

"I am deeply committed to maximising the value for those who have supported us unwaveringly, especially through the challenges of the pandemic. Your trust and support are invaluable, and I have strived tirelessly to ensure that whatever we do translates into the best outcomes for all of our stakeholders. As part of our commitment, I am excited to share that we will start announcing a profit forecast in 2024. This journey is just the beginning to reward shareholders' faith with our commitment to deliver tangible success and sustainable growth."

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