CAPITAL A FINANCIAL RESULTS FIRST QUARTER 2024

- **Record-breaking quarter despite only operating 78% of total fleet:**
  - **Revenue exceeds RM5.2 billion**
  - **Over RM1 billion EBITDA**
  - **Net Operating Profit of RM305 million**

- **Capital A non-aviation businesses contributes over RM620 million or 12% to total Group revenue with EBITDA margin of 13%**

SEPANG, 29 May 2024 – Capital A Berhad ("Capital A" or the "Group") today reported its unaudited financial results for the quarter ended 31 March 2024 ("1Q2024").

The Group posted first quarter revenue of RM5.2 billion and EBITDA of RM1 billion, representing Year-on-Year ("YoY") increase of 107% and 105%, respectively. Driven by the strength of the diverse ecosystem, consisting of **Aviation Group** and **Capital A Companies** - Capital A Aviation Services, Teleport, MOVE Digital and Capital A International.

Collectively, the Group achieved adjusted net operating profit of RM305 million or 5.8% margin for the quarter. Of this, 89% was contributed by the Aviation Group and 11% by Capital A Companies. While the Group recorded a net loss of RM244 million, this was mainly contributed by RM79 million finance cost and RM 104 million depreciation from non-operating aircraft and RM364 million unrealised forex loss. Despite this, net cash from operations grew 49% YoY to RM789 million.

<u>Highlights of 1Q2024 of the Aviation Group:</u>

Surpassing the seasonal peak of the previous quarter, the airline business segmental revenue surged by 121% YoY to nearly RM5 billion while EBITDA grew by 91% to RM958 million. The impressive performance was achieved despite operating only 78% of the total fleet and incurring full operational costs without any reversals in provisions as experienced last year.

- Record quarterly load factor of 90.4% with passenger demand exceeding capacity recovery

- The average fare reached a new peak at RM264 per passenger, marking a 26% and 6% increase YoY and Quarter-on-Quarter ("QoQ").

- Ancillary revenue per passenger, which includes income from baggage fees, seat selection, and other add-ons, climbed 19% YoY to RM57 per passenger, to post a total ancillary revenue of RM879 million.

- RASK experienced 14% YoY growth to USc5.15, driven by the 26% YoY increase in average fare despite partially offset by the 81% YoY increase in ASK and the appreciation of the US Dollar.

- CASK and CASK ex-Fuel inched up 10% and 17% YoY respectively to USc4.93 and USc2.96 respectively. Excluding TAA for a fair comparison to the prior year, the increase in CASK and CASK ex-Fuel are only 4% and 12% respectively. The rise stemmed from higher maintenance cost due to reversal in maintenance provision amounting to over RM300 million recorded in 1Q2023.

Excluding finance cost of non-operating aircraft, CASK and CASK ex-Fuel of 1Q2024 would be lower by 4% and 6%, respectively.

CEO of Aviation Group, Bo Lingam comments on the business outlook:

"We're thrilled to kick off the year with a strong start achieving our highest-ever quarterly performance after a year of revitalising our aviation business. As we transition into the second quarter and demand stabilises, we remain confident with plans to optimise operations and increase ancillary revenue. We're also excited about the launch of AirAsia Cambodia and look forward to its first international routes in 3Q.

"Looking ahead, our fleet reactivation and acquisition plans are key components to fuel our ongoing growth trajectory. This year, we expect to add nine new aircraft to the fleet through new leases and new deliveries, while continuing our aircraft reactivation program to bring the rest of the fleet online. Overall, we expect to progressively increase our total active fleet from 187 in 1Q to 221 by 4Q. Our plan is to have 204 aircraft in operations by year end, which we will use to extend our reach to new destinations, including the potential of some we have never flown before, enhancing ancillary income and boosting our financial performance in the following quarters.

"My deputy, Farouk will play a pivotal role in spearheading our fundraising initiatives. The capital raised will be used to fund our growth, including payment for aircraft deposits, maintenance and new routes development. As we grow, we will build up our cash reserves and we hope to restructure our existing loans and reduce our financing cost that currently stands at RM158 million."

Highlights of 1Q2024 of the Capital A Companies

Capital A Aviation Services ("CAPAS"):

CAPAS started the year with stellar performance having recorded RM251 million in revenue, up 33% YoY of which 67% was contributed by ADE, the Maintenance, Repair & Overhaul arm, 15% by Santan, the inflight food provider, and the remaining by corporate services provider DARTS and Capital A Consultancy. Meanwhile, EBITDA increased 67% YoY to RM46 million.

- **ADE** posted segmental revenue of RM168 million with EBITDA of RM40.7 million. Base maintenance checks grew by 82% YoY, while line maintenance checks that focused on routine maintenance also saw a healthy growth of 18% YoY. Meanwhile, AEROTRADE, the digital marketplace for airline parts, facilitated the sale of over 1,000 parts and recorded 30 active third-party customers using the industry leading platform during the quarter.

- **Santan's** segmental revenue stood at RM37 million, of which 1.5% was from third parties. EBITDA reached RM3.3 million. This was driven by growth in inflight products in tandem with the increase in international flight activity. Santan also enjoyed an improvement in the restaurant segment thanks to a new corporate discount program alongside the introduction of a new menu and new strategic partnerships.

COO of CAPAS, Subashini comments on the business outlook:

"Last year's focus was to establish and finetune the business models of the companies within CAPAS, and 2024 is now the year for growth. ADE made its first international expansion by setting up its line maintenance services in Cambodia. Next we are reviewing the potential of servicing airlines in the Philippines in 2Q2024 and Indonesia in 2H2024, further solidifying our regional foothold for services across the region. Apart from AirAsia, ADE has begun servicing other airline clients for both line and base maintenance services, and expects to onboard more in 2025. Santan on the other hand is focused on increasing take up rates to maximise revenue with the anticipated increase in flight activity. Pre-booking cut-off time for inflight meals will be reduced from 24 hours to 1 hour and dedicated Santan service counters will be set up at major airports. Both initiatives are aimed at providing passengers with greater ease and convenience of pre-booking inflight meals before their flight."

Teleport:

Teleport's quarterly revenue rose by 48% YoY to RM224 million (USD47.3 million) from RM152 million, thanks to increased volumes delivered across the region. Both cargo tonnage and e-commerce parcels saw YoY growth of 79% and 176% respectively, while the daily average parcel volumes reached a new high of 172,000 parcels. This supported EBITDA profitability of RM5.3 million (USD1.1 million) during the quarter, against a backdrop of normalising yields across the industry.

CEO of Teleport, Pete Chareonwongsak comments on the business outlook:

"We've entered the most exciting phase of our next five-year growth cycle, with a clear mission to make fast, affordable and reliable next day delivery a reality for all businesses in Asean for the first time. By 2025, we aim to deliver two million parcels daily. Our roadmap to achieve this is anchored on investing heavily into our first to last mile infrastructure to gain better control of our network, enabled by the right use of technology. This will ensure we can better serve our customers and scale for growth in the coming quarters, while maintaining profitability for the company. Additionally, Teleport also signed with VietJet Air Cargo in March as the newest Air Partner, alongside AirAsia Aviation Group and more than 30 other airlines. Through this partnership, we will be managing the belly capacity of Vietjet from India to Vietnam, and onward through Teleport's Asia Pacific network. This is one of many partnerships in the pipeline this year that will build a combined network to better serve the growing air cargo demand connecting into and out of Asean."

MOVE Digital:

In 1Q2024, MOVE Digital posted RM141 million in revenue and EBITDA loss of RM7.7 million. AirAsia MOVE, our integrated travel and financial platform, was the primary revenue driver, contributing 92% of the total. BigPay, our digital wallet platform, saw continued progress.

- **AirAsia MOVE** posted revenue of RM130.2 million, while EBITDA stood at RM10.4 million. There is a 18% YoY drop in revenue, mainly attributed to decline in sale of AirAsia flights due to heightened price competition in the OTA landscape, and the cessation of commissions from sales through third-party agents, as the airline has shifted to handling this transactions directly. However, this was mitigated by a slight increase in sales in other segments.

  Moving forward, AirAsia MOVE is to concentrate on enhancing conversion rates and user stickiness, cultivating an active user base that will generate sustainable revenue through increased platform usage. It will be focusing on boosting its flight and hotel take-up rates by intensifying its cross-selling efforts and bundle deals. Additionally, AirAsia MOVE will be deploying targeted and engaging loyalty campaigns via its Rewards Program that will drive user retention.

- While **BigPay** quarterly revenue reached nearly RM11 million, up 2% YoY, the focus on cost optimization initiatives paid off significantly. The EBITDA loss narrowed by a notable 35% YoY, demonstrating strong progress in financial discipline and efficiency.

BigPay is also actively exploring a transition into a regional neobank through partnerships with established traditional banking institutions. The plan is to combine BigPay's extensive ewallet experience and customer engagement with the robust financial infrastructure and regulatory compliance of traditional banks. This will not only allow BigPay to develop innovative digital banking solutions but also expand its reach into the B2B segment. BigPay targets to be EBITDA positive by 4Q2024.

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

"As I promised last year, we are returning stronger than before. The record-breaking results, powered by our twin engines of growth in the Aviation Group and Capital A Companies, speak volumes about our resilience and growth potential. In the first quarter alone, we have hit multiple new records that culminated in our best-ever quarterly financial performance. This demonstrates the strength and effectiveness of our diversified ecosystem and the momentum we are building.

The Aviation Group reached historic highs for revenue, EBITDA and ancillary income despite operating with over a fifth of our fleet still grounded. Meantime, Capital A Companies generated a stellar half a billion of revenue and a profitable operating performance in just one quarter. I am excited about the rest of the financial year as the Aviation Group returns to full airline capacity and grows our fleet further, with the resulting ecosystem synergies for Capital A Companies.

"We are also gaining momentum in our efforts to unlock the full value of our businesses, both airline and non-airline. We recently announced the proposed divestment of our aviation business to unlock its value as a pure-play business. Next, we will submit the circular to Bursa Malaysia by June and move a step closer to resolving our PN17 status through the submission of our regularisation plan a month later.

"Capital A is the first in the world to grow from an airline into five verticals of strong aviation-led businesses. Our immediate strategy now focuses on delivering shareholder value, getting the right organisation structure, and doubling down on our low-cost DNA across the ecosystem. Additionally, we are committed to maximising ecosystem synergies to enhance our performance and create sustainable growth.

"So the next six months will be the defining period for Capital A as we execute our strategic initiatives to address challenges and seize exciting opportunities. At the end of this period, I believe we will have delivered an amazing turnaround – emerging stronger with two strong groups of businesses with immense potential and transformative value creation for our stakeholders."

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