CAPITAL A FINANCIAL RESULTS THIRD QUARTER 2024

Net Profit margin reaches 41% as the Group recognises over RM2 billion in foreign exchange gain

Aviation Group posts net profit of RM2.07 billion partly due to lower fuel price. Ancillary income remains a key growth driver, contributing 18% to total revenue

Capital A Companies post RM771 million in pre-elimination revenue with a healthy EBITDA margin of 12%, and RM61 million in net operating profit

Shareholders approval secured for the aviation business disposal with 99.97% approval rate

SEPANG, 28 November 2024 – Capital A Berhad ("Capital A" or the "Group") today reported its unaudited financial results for the third quarter ended 30 September 2024 ("3Q2024").

The Group, consisting of **Aviation Group** and **Capital A Companies** - Asia Digital Engineering ("ADE"), Capital A Aviation Services ("CAPAS"), Teleport, MOVE Digital and Capital A International, reported a strong net profit of RM2.01 billion for the quarter after recognising a significant foreign exchange gain of over RM2 billion. In terms of core, the Group recorded net operating profit of RM9.9 million, which is supported by RM4.9 billion revenue and RM640 million EBITDA. This represents Year-on-Year ("YoY") increase of 17% and 43%, respectively.

Highlights of 3Q2024 of the Aviation Group:

Despite being a seasonally slow quarter, the airline business delivered strong results as revenue increased by 15% YoY to RM4.5 billion, while EBITDA surged 50% YoY to RM577 million, achieving a healthy 13% EBITDA margin. This positive performance was driven by strong travel demand, favourable fuel prices and strengthening of the Malaysian Ringgit ("MYR") against the US Dollar ("USD"). This was achieved despite still having non-active aircraft. Including these non-active aircraft, the Aviation Group would record an additional EBITDA of RM195 million. At the operating level, the business recorded a net operating loss of RM42 million.

- The total fleet grew to 221 aircraft during the quarter, with 181 aircraft available for operations including spares. Once all aircraft are reactivated, this will bring the total active fleet to 205 aircraft by the end of 2024. Capacity growth and passengers carried have already increased by 8% YoY, and the full reactivation of the fleet will further enable the Aviation Group to capitalise on surging travel demand, expand high-yield routes, and improve network efficiency.
- The performance continued on a strong trajectory, bolstered by a robust load factor of approximately 90% throughout the year. Average fares increased by 7% YoY to reach RM231 even when there was a marginal dip of 4% Quarter-on-Quarter ("QoQ") due to seasonal factors.
- Ancillary revenue grew to RM52 per passenger, marking a 4% YoY increase. This exceeded the target of RM50 per passenger and contributed to a total ancillary revenue of over RM824 million.
- RASK increased by 10% YoY to USc4.79, driven by the 8% and 7% YoY increase in passengers carried and average fares coupled with the appreciation of MYR against USD.

- CASK ex-Fuel rose slightly by 3% to USc3.16, primarily driven by user charges and other operating expenses associated with increased flight activities. While 10% lower fuel price per barrel and reduced maintenance costs contributed to cost savings, overall CASK declined by 1% YoY to USc4.98. Excluding non-flying aircraft costs, operational CASK and CASK ex-Fuel would be lower by 4% and 2%, respectively.

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

"We are optimistic about the upcoming fourth quarter, traditionally a strong period for the aviation industry. We expect to maintain high load factors exceeding 85% and robust average fares, driven by year-end festivities. To accelerate this momentum, we will expand our fleet by adding five new A321neo aircraft to our Malaysian and Thai operations, bringing our total active fleet to 205 aircraft. We will also launch 18 new routes, both domestically and internationally, to cater to the growing demand from key markets like China and India. In 2025, while we are returning back two aircraft to our lessors, we are also anticipating to add eleven new aircraft into our fleet bringing the total fleet count to 233 aircraft"

Highlights of 3Q2024 of the Capital A Companies

Overall, Capital A's non-aviation companies delivered promising growth, generating over RM771 million in pre-elimination revenue for the quarter, up 19% YoY. Teleport and ADE were the key revenue contributors, accounting for 35% and 25% respectively. The recorded EBITDA was RM90 million, or 12% margin, which resulted in a quarterly net operating profit of over RM61 million.

ADE

ADE's revenue increased by 12% YoY to RM184 million, with an EBITDA of RM29.6 million, or a 16% margin. This growth was driven by a 14% YoY increase in revenue from engineering maintenance services, fueled by expanded capacity and geographic coverage. The increase in maintenance activities also led to higher revenue from component sales. However, ADE incurred higher operating expenses due to increased headcount to support the expanded hangar capacity. AEROTRADE, the digital marketplace saw a 128% YoY and 53% QoQ increase in the number of parts sold to third-party during the quarter.

CEO of ADE, Mahesh Kumar comments on the business outlook:

"ADE is set to operationalise its remaining eight hangar lines at KLIA, bringing the total to 16 active lines by the year end. The increase in base maintenance capacity provides ADE more opportunity to serve third party customers while still prioritising AirAsia's fleet. We are proud to announce that in December, ADE will begin to perform base maintenance checks for widebody aircraft ("A330"), which is expected to significantly boost the fourth quarter revenue. Besides the hangar, ADE will be launching a new workshop in Nilai early 2025, with capabilities include composite and component repair. We are also working on launching our own Aircraft Engineering training centre to develop a skilled workforce to support future growth. Even more exciting is the strategic investment with Garuda Maintenance Facility (GMF) to expand the landing gear overhaul facility. The partnership aims to tap into the robust landing gear market in Southeast Asia and is expecting to start generating revenue by 4Q2025."

CAPAS (consisting of Santan and DARTS)

CAPAS delivered a solid performance, generating revenue of RM105 million. The segment achieved an EBITDA of RM25.7 million, a 24% margin and net profit of RM11 million representing a 10% margin.

Santan's revenue surged 20% YoY to RM50 million, with an EBITDA of RM4.8 million. This growth was driven by inflight sales, with a take-up rate of 28% and inflight revenue per pax reaching

USD0.9. The introduction of combo meal options has been particularly well-received by passengers. In the ready-to-eat segment, Santan sold over 230,000 units in the third quarter, from just 700 units in the same period last year, fueled by expanded partnerships with leading retailers.

CEO of CAPAS, Subashini Silvadas comments on the business outlook:

"CAPAS has many exciting projects in the pipeline. One important development is Santan pursuit of an inflight catering licence to expand its inflight customer base beyond AirAsia. By obtaining this licence, Santan will be able to benefit from volume scale and utilise its supply chain assets better, that ultimately optimise operations, and drive revenue growth.

"Another initiative is the planned acquisition of the Ground Team Red ("GTR"), our joint venture company that handles aviation ground handling, from the Aviation Group. GTR currently plays a vital role in ground handling operations, and expanding these services will enable us to offer a more comprehensive suite of aviation services. This move is part of our broader vision to become a fully integrated aviation service provider. Besides this, we are also looking to expand the scope of CAPAS, potentially looking to invest and operate an airport management company, which will be complementary to our aviation services portfolio."

Teleport

Teleport's 3Q2024 revenue increased 52% YoY to RM287 million (~USD61.4 million), driven mainly by a 31% YoY increase in tonnage as well as a 113% growth YoY on delivery parcels moved. Over 15.7 million parcels were delivered this quarter, bringing YTD total to over 47 million parcels (FY2023 total was 30 million parcels). Teleport delivered positive EBITDA of RM21.9 million (~USD 4.8 million) in the quarter (post-IFRS16), up from RM3.4 million in the third quarter of 2023 (post IFRS16).

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

"Our 3Q2024 results is evidenced by the acceleration in cargo and eCommerce parcel volumes that we have moved through The Teleport Network, delivering higher operating profit through increasing returns to scale. This growth was delivered on the back of four key strategies: First, we continue to deepen relationships with existing customers by delivering greater market reach and improved service reliability from China to regions like Asean, Oceania, and the Middle East; while at the same time, continuing to pursue more direct volumes from China's top eCommerce marketplaces through value-added end-to-end services. Third, we continue to strengthen our operational capability and available capacity - with our freighter operations stabilised in early 3Q2024, combined with continuous efforts in growing The Teleport Network with more belly and freighter capacity on top of the 40 partner airlines, welcoming Terra Avia, a Boeing 747F operator, as one of our latest Air Partner to join The Teleport Network; and lastly, consistently optimising our end-to-end costs, including our last mile operations, to maintain our asset-light, low-cost structure model. We are confident we will close 2024 on a high note, with an expected 50% YoY growth at approximately RM1 billion in total revenues — our strongest performance since inception seven years ago."

MOVE

AirAsia MOVE reported revenue of RM128 million, a 25% YoY decline, mainly due to reduced sale of AirAsia flight tickets. As the Aviation Group is recovering from the financial impact due to the pandemic, they resorted to doing preferential deals, that include selling inventories to other online travel agents, which will end by this December. Despite this, other key segments of AirAsia Move are demonstrating robust growth. Hotels revenue increased by 6% YoY, driven by a 35% surge in bookings, supported by improved deals and personalised offers that are relevant to our user demographics. Additionally, Rewards achieved a 29% YoY revenue growth, fueled by higher gross billing, greater points issuance, and improved redemption rates. On a positive note, AirAsia MOVE's

EBITDA strengthened significantly, rising by 65% YoY to RM19 million, underpinned by effective cost optimisation initiatives, alongside other core businesses demonstrating improvement in returns.

CEO of AirAsia MOVE, Nadia Omer comments on the business outlook:

"As the cornerstone of AirAsia's sales channel, we are doubling down on our popular regional campaigns to drive demand. Right now, we only contribute 40% of the total share of AirAsia's bookings and we aim to improve this to 60% by mid-2025 through multiple strategic initiatives already underway. Meanwhile, we will continue to boost non-AirAsia bookings volume through strategic partnership and destination marketing with airline partners and tourism board partnerships. We will also improve our conversion rate of 0.75% further by refining pricing strategies and leveraging AI-driven personalisation to enhance the user experience and streamline the booking process. Our Hotels and SNAP segments have seen good traction of conversion at 4.2%, on the back of strong content, pricing and personalisation. From here on we plan to grow bookings by increasing investments on awareness and driving more traffic. For Rides, our focus is on strengthening our position as the go-to airport ride provider, with a target of reaching an 80% completion rate by Q4. Finally, our Rewards program will continue to expand its partner network, offering our loyal customers a wider range of exclusive benefits and incentives."

BigPay's revenue reached RM8.7 million, with an EBITDA loss narrowed by 2% YoY to RM21.7 million This improvement was largely driven by cost-cutting initiatives, including a 26% YoY decline in staff cost. This quarter, a fraud incident was identified, but provisions were made to manage the impact. We have engaged legal counsel, and are confident that a substantial portion of the funds will be recovered through the legal process. In addition, annualised ARPU (Average Revenue Per User) continues to grow 8% YoY, revenue per headcount in 3Q2024 has also increased 5% YoY. To fuel growth, BigPay will continue to deepen integration with AirAsia MOVE and drive spending within the AirAsia ecosystem. The recent launch of BigPay Lite saw 44% of new users in 3Q2024 onboarded via this channel. For remittance, BigPay will target foreign workers beginning with Indonesians working in Malaysia. BigPay is also finalising a credit line from a bank, which will bolster its lending services and accelerate its journey toward sustained profitability.

AirAsia brand co. (Abc.) and other subsidiaries

Abc., along with other subsidiaries, recorded a quarterly revenue of RM57.4 million, reflecting nearly 11x YoY increase. The company maintained a strong EBITDA of RM15.2 million, a robust 27% margin. Abc. continues to promote the masterbrand AirAsia through strategic partnerships, including collaboration with SEGA to boost inflight experiences, and Asean sports sponsorship for regional brand promotions and visibility. The company has also developed the 'AirAsia Buds' character IP that presents exciting opportunities for future merchandise and licensing revenue.

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

"We are thrilled to announce a significant milestone in our journey to emerge from PN17 status. Having secured the shareholder approval for the disposal of our aviation business, we are on track to complete this transaction by January 2025. Concurrently, we are actively working on submitting and securing approval for our regularisation plan, which is now simplified.

Looking ahead, we anticipate a strong fourth quarter. Our aviation business will be driven by peak travel season and increased capacity. ADE will capture growing MRO demand through the expanded hangar capacity, while Santan's entry into the third-party airline catering market will further boost our revenue. Separately, Teleport's robust performance, driven by increased volume and operational efficiencies, is expected to continue. The successful resolution of freighter capacity issues and the expansion of our network will further strengthen our position in the logistics market.

AirAsia MOVE will remain our primary platform for flight sales while expanding its offerings to include non-AirAsia flights through strategic partnerships and leveraging cross-selling opportunities. Our brand company is gearing up for a strong 2025, with a focus on strategic partnerships and innovative initiatives to elevate the brand's global presence.

The strong performance of our businesses in 3Q2024 is promising. As we navigate this new chapter, we are committed to driving sustainable growth and creating value for our shareholders."

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