



AIRASIA X BERHAD
 (Company No. 200601014410)
 (Incorporated in Malaysia with limited liability under the Companies Act, 2016)
 THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2023

ANNOUNCEMENT

The Board of Directors of AirAsia X Berhad (“AirAsia X” or “the Company”) is pleased to announce the following unaudited consolidated results of AirAsia X and its subsidiaries (collectively known as “the Group”) for the third quarter ended 30 September 2023.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

| | Note | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|------|----------------------|----------------------|----------------------|----------------------|
| | | Quarter ended | Quarter ended | Period Ended | Period Ended |
| | | 30/09/2023 RM'000 | 30/09/2022 RM'000 | 30/09/2023 RM'000 | 30/09/2022 RM'000 |
| Revenue | 10 | 648,356 | 100,103 | 1,710,111 | 320,298 |
| Operating Expenses | | | | | |
| - Staff costs | 11 | (50,329) | (21,017) | (139,664) | (53,826) |
| - Aircraft fuel expenses | | (358,926) | (37,121) | (832,608) | (121,883) |
| - Maintenance and overhaul | | (101,897) | (31,046) | (281,153) | (89,120) |
| - User charges | | (48,931) | 4,078 | (155,489) | (15,845) |
| - Aircraft lease expenses | | (20,570) | (6,462) | (48,689) | (18,762) |
| - Other operating expenses | | 64,127 | 14,972 | 338,882 | 32,929,483 |
| Other income | | 310 | 1,843 | 1,602 | 2,630 |
| EBITDA * | | 132,140 | 25,350 | 592,992 | 32,952,975 |
| Depreciation | | (43,635) | - | (118,931) | - |
| Finance income | 12 | 812 | 2,426 | 9,618 | 51,158 |
| Finance cost | 12 | (28,965) | (204) | (76,712) | (11,270) |
| Net Operating profit | | 60,352 | 27,572 | 406,967 | 32,992,863 |
| Net foreign exchange loss | 12 | (54,556) | (3,758) | (67,626) | (3,857) |
| Profit before taxation | | 5,796 | 23,814 | 339,341 | 32,989,006 |
| Taxation | 13 | (233) | (3) | (239) | (52) |
| Deferred taxation | 13 | - | 1,276 | - | 1,276 |
| | | (233) | 1,273 | (239) | 1,224 |
| Profit for the financial period | | 5,563 | 25,087 | 339,102 | 32,990,230 |
| Attributable to: | | | | | |
| Equity holders of the Company | | 5,563 | 25,087 | 339,102 | 32,990,230 |
| Non-controlling Interests | | - | - | - | - |
| | | 5,563 | 25,087 | 339,102 | 32,990,230 |
| Earnings per share (sen) | | | | | |
| Basic | 22 | 1.2 | 6.0 | 75.8 | 7,953.0 |
| Diluted | 22 | 1.2 | 6.0 | 75.8 | 7,953.0 |

* Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA")

This unaudited condensed consolidated income statement should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached in the interim financial statements.



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME**

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|---------------------------------------|---------------------------------------|--------------------------------------|--------------------------------------|
| | Quarter ended 30/09/2023 RM'000 | Quarter ended 30/09/2022 RM'000 | Period Ended 30/09/2023 RM'000 | Period Ended 30/09/2022 RM'000 |
| Profit for the financial period | 5,563 | 25,087 | 339,102 | 32,990,230 |
| Other comprehensive income | | | | |
| Foreign currency translation differences | 335 | 1,107 | (940) | 929 |
| Total comprehensive profit for the financial period | 5,898 | 26,194 | 338,162 | 32,991,159 |
| Total comprehensive profit attributable | | | | |
| To equity holder of the company | 5,898 | 26,194 | 338,162 | 32,991,159 |
| Non-controlling interest | - | - | - | - |
| Total comprehensive profit for the financial period | 5,898 | 26,194 | 338,162 | 32,991,159 |
| | | | | |

This unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached in the interim financial statements.



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION**

| | | Unaudited | Audited (Restated) |
|---|------|----------------------|----------------------|
| | Note | 30/09/2023 RM'000 | 31/12/2022 RM'000 |
| NON-CURRENT ASSETS | | | |
| Property, plant & equipment | 14 | 42,526 | 41,848 |
| Right of use assets | | 1,277,259 | 1,013,394 |
| Deferred tax assets | | 612,040 | 612,240 |
| Investment in an associate | 15 | - | - |
| Investment in a joint venture | 16 | - | - |
| Trade and other receivables | 17 | 472,567 | 234,248 |
| Amount due from an associate | | 34,223 | - |
| | | 2,438,615 | 1,901,730 |
| CURRENT ASSETS | | | |
| Inventories | | 9,960 | 9,190 |
| Trade and other receivables | 17 | 95,685 | 230,634 |
| Amount due from an associate | | 29 | 29 |
| Amounts due from related parties | | 394,162 | 131,848 |
| Tax recoverable | | 1,858 | 1,735 |
| Deposits, cash and bank balances | 18 | 119,634 | 176,710 |
| | | 621,328 | 550,146 |
| CURRENT LIABILITIES | | | |
| Sales in advance | | 243,737 | 391,373 |
| Trade and other payables | 19 | 427,903 | 411,047 |
| Amount due to an associate | | 5,969 | 3,380 |
| Amount due to related parties | | 22,750 | 8,469 |
| Lease liabilities | 20 | 98,254 | 57,033 |
| Provision for aircraft maintenance | | 20,323 | 28,169 |
| | | 818,936 | 899,471 |
| Net Current Liabilities | | (197,608) | (349,325) |
| NON-CURRENT LIABILITIES | | | |
| Sales in advance | | 375,319 | 352,139 |
| Lease liabilities | 20 | 1,418,762 | 1,005,449 |
| Provision for aircraft maintenance | | 285,855 | 256,775 |
| Provision for additional loss in the investment in IAAX | 21 | 58,617 | 223,245 |
| | | 2,138,553 | 1,837,608 |
| | | 102,454 | (285,203) |
| CAPITAL AND RESERVES | | | |
| Share capital | | 51,029 | 1,534 |
| Currency translation reserve | | (926) | 14 |
| Accumulated profit/(loss) | | 52,351 | (286,751) |
| Shareholders' equity | | 102,454 | (285,203) |

This unaudited condensed consolidated statement of financial position should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached in the interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | <u>Issued and fully paid ordinary shares</u> | | Currency Translation Reserve RM'000 | Accumulated Profit/ Loss RM'000 | Total Equity RM'000 |
|-------------------------------------|--|----------------------------|--|--|---------------------------|
| | Number of shares '000 | Nominal Value RM'000 | | | |
| At 1 January 2023 | 414,815 | 1,534 | 14 | (286,751) | (285,203) |
| Net profit for the financial period | - | - | - | 339,102 | 339,102 |
| Share capital addition | 32,258 | 49,495 | - | - | 49,495 |
| Other comprehensive loss | - | - | (940) | - | (940) |
| Total comprehensive profit | 32,258 | 49,495 | (940) | 339,102 | 387,657 |
| At 30 September 2023 | 447,073 | 51,029 | (926) | 52,351 | 102,454 |
| At 1 July 2021, restated | 4,148,149 | 1,534,044 | 727 | (35,101,872) | (33,567,101) |
| Net profit for the financial period | - | - | - | 33,282,611 | 33,282,611 |
| Share consolidation | (3,733,334) | - | - | - | - |
| Share capital reduction | - | (1,532,510) | - | 1,532,510 | - |
| Other comprehensive loss | - | - | (713) | - | (713) |
| Total comprehensive loss | 414,815 | 1,534 | 14 | (286,751) | (285,203) |
| At 31 December 2022 | 414,815 | 1,534 | 14 | (286,751) | (285,203) |

This unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached in the interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

| | Period ended 30/09/2023 RM'000 | Period ended 30/09/2022 RM'000 |
|---|--------------------------------------|--------------------------------------|
| Note | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before tax | 339,341 | 32,989,006 |
| Adjustments: | | |
| Depreciation | 118,931 | - |
| Finance income | (3,839) | (301) |
| Finance costs | 67,731 | (1,381) |
| Reversal of provision additional loss of investment in IAAX | (164,628) | - |
| Reversal of provision for doubtful debts | (34,223) | - |
| Discounting of interest | 3,202 | (38,206) |
| Net unrealised foreign exchange losses | 127,698 | 16,683 |
| Operating profit before working capital changes | 454,213 | 32,965,801 |
| Changes in working capital: | | |
| Inventories | (770) | - |
| Trade and other receivables | 58,107 | 185,773 |
| Related parties balances | (295,674) | (198,933) |
| Trade and other payables | (142,361) | (33,066,956) |
| Sales in advance | (124,456) | 119,480 |
| Cash flows (used in)/generated from operations | (50,942) | 5,165 |
| Finance costs paid | (4,766) | 1,381 |
| Interest received | 2,354 | 301 |
| Net cash (used in)/generated from operating activities | (53,354) | 6,847 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Property, plant and equipment - addition | (8,691) | - |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Deposits pledged as securities | - | 3,210 |
| Repayment of lease liabilities | (52,077) | - |
| Receipts from issuance of shares | 49,495 | - |
| Net cash used in financing activities | (2,582) | 3,210 |
| NET (DECREASE)/INCREASE FOR THE FINANCIAL PERIOD | (64,626) | 10,057 |
| CURRENCY TRANSLATION DIFFERENCES | 7,550 | 16,766 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD | 176,710 | 52,714 |
| CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD | 119,634 | 79,537 |

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This unaudited condensed consolidated cash flow statement should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached in the interim financial statements.



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KEY OPERATING STATISTICS - 30 SEPTEMBER 2023

Performance indicator for current quarter against the same quarter last year

The Company commenced operations during the quarter ended 30 June 2022 after 2 years of suspension of scheduled flight and majority of the aircraft fleet remain grounded during the quarter ended 30 September 2022. As such, performance indicators comparison quarter for quarter is not meaningful. The tabular presentation of revenue and cost metrics in the quarter therefore will be presented without comparison to the last quarter as there is no like-to-like comparison to the same quarter as 30 September 2023.

| Quarter Ended: 30 September | Jul - Sept 2023 |
|--------------------------------------|-----------------|
| Seat capacity | 1,014,432 |
| Passengers carried | 807,004 |
| Load factor | 80% |
| RPK (millions) | 3,452 |
| ASK (millions) | 4,412 |
| Average passenger fare (RM) | 514 |
| Ancillary revenue per passenger (RM) | 238 |
| Revenue per ASK (sen) | 14.69 |
| Revenue per ASK (USc) | 3.24 |
| Cost per ASK (sen) | 11.70 |
| Cost per ASK (USc) | 2.58 |
| Aircraft (end of period) | 17 |
| Sectors flown | 2,810 |
| Fuel consumed (Barrels) | 699,132 |
| Average fuel price (USD/Barrel) | 113 |
| Exchange rate | 4.53 |

Definitions and calculation methodology

RPK (Revenue Passenger Kilometers)

Number of passengers carried multiplied by distance flown

ASK (Available Seat Kilometers)

Total available seats multiplied by distance flown

Average passenger fare

Total schedule flight revenue, divided by number of passengers



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NOTES TO THE UNAUDITED ACCOUNTS - 30 SEPTEMBER 2023

1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134: "Interim Financial Reporting" and paragraph 9.22 and Appendix 9B of Bursa Malaysia Securities Berhad ("Bursa Malaysia") Listing Requirements.

The interim financial statements should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2022. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant for understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2022.

2. Summary of significant accounting policies

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the Audited Financial Statements for the financial year ended 31 December 2022. Details of standards, amendments to published standards and interpretations to existing standards that are applicable to the Group with effect from 1 January 2022 or later are provided in the notes to the financial statements in the Audited Financial Statements of the Group for the financial year ended 31 December 2022. The Group did not early adopt any new standards, amendments to published standards and interpretation to existing standards.

3. Auditors' report on preceding annual financial statements

The auditors have expressed an unqualified opinion on the Group and the Company's audited financial statements for the financial year ended 31 December 2022 in their report dated 28 April 2023.

4. Seasonality of operations

AirAsia X is primarily involved in the provision of air transportation services and thus, is subject to seasonal demand for air travel.

5. Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter.

6. Changes in estimates

There were no changes in estimates that have had material effect on the results of current quarter.

7. Capital and reserves

On 15 June 2023, AirAsia X Berhad ("AAX") completed the private placement of 32,258,066 new ordinary shares, representing approximately 7.78% of the total number of issued shares of AAX. The issued number of shares and nominal value after the private placement is 447,072,803 units and RM51,029,078.11, respectively.



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NOTES TO THE UNAUDITED ACCOUNTS - 30 SEPTEMBER 2023

8. Dividends

No dividends were declared, approved or paid during the quarter ended 30 September 2023.

9. Segment Reporting

Operating segments are reported in a manner consistent with the internal management reporting provided to the chief operating decision maker, which is the Chief Executive Officer ("CEO"). The CEO considers the business from a geographical perspective. The operating segments have been identified by each Air Operator Certificate ("AOC") held under the AirAsia brand, and are categorised as Malaysia and Thailand. Indonesia has been dormant and hence not included in the segment reporting.

The CEO assesses the performance of the operating segments based on revenue and net operating profit.

Reconciliation to the reportable segments relates to the elimination of the associate and joint venture companies.

The segment information provided to the CEO for the reportable segments are as follows:

| | Malaysia RM'000 | Thailand RM'000 | Elimination Adjustments RM'000 | Total RM'000 |
|--|--------------------|--------------------|--------------------------------------|-----------------|
| Quarter ended 30 September 2023 | | | | |
| Revenue | 648,356 | 285,641 | - | 933,997 |
| Operating expenses | | | | |
| - Staff costs | (50,329) | (24,238) | - | (74,567) |
| - Depreciation | (43,635) | (27,982) | - | (71,617) |
| - Aircraft fuel expenses | (358,926) | (132,048) | - | (490,974) |
| - Maintenance and overhaul | (101,897) | (55,190) | - | (157,087) |
| - User charges | (48,931) | (63,248) | - | (112,179) |
| - Aircraft lease expenses | (20,570) | - | - | (20,570) |
| - Other operating expenses | 64,127 | (22,507) | - | 41,620 |
| Other income | 310 | 3,060 | - | 3,370 |
| Operating profit/(loss) | 88,505 | (36,512) | - | 51,993 |
| Finance income | 812 | 1,969 | - | 2,781 |
| Finance costs | (28,965) | (7,167) | - | (36,132) |
| Net operating loss | 60,352 | (41,710) | - | 18,642 |
| Foreign exchange losses | (54,556) | (102,470) | - | (157,026) |
| Share of results of an associate | - | - | - | - |
| Other gains | - | 893,351 | - | 893,351 |
| Profit before taxation | 5,796 | 749,171 | - | 754,967 |



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NOTES TO THE UNAUDITED ACCOUNTS - 30 SEPTEMBER 2023

9. Segment Reporting (contd')

The segment information provided to the CEO for the reportable segments are as follows:

| | Malaysia RM'000 | Thailand RM'000 | Elimination Adjustments RM'000 | Total RM'000 |
|---------------------------------------|--------------------|--------------------|--------------------------------------|------------------|
| Period ended 30 September 2023 | | | | |
| Revenue | 1,710,111 | 1,002,861 | - | 2,712,972 |
| Operating expenses | | | | |
| - Staff costs | (139,664) | (80,647) | - | (220,311) |
| - Depreciation | (118,931) | (81,906) | - | (200,837) |
| - Aircraft fuel expenses | (832,608) | (388,589) | - | (1,221,197) |
| - Maintenance and overhaul | (281,153) | (137,749) | - | (418,902) |
| - User charges | (155,489) | (189,838) | - | (345,327) |
| - Aircraft lease expenses | (48,689) | - | - | (48,689) |
| - Other operating expenses | 338,882 | (48,581) | - | 290,301 |
| Other income | 1,602 | 5,360 | - | 6,962 |
| Operating profit | 474,061 | 80,910 | - | 554,971 |
| Finance income | 9,618 | 6,081 | - | 15,699 |
| Finance costs | (76,712) | (29,671) | - | (106,383) |
| Net operating profit | 406,967 | 57,321 | - | 464,288 |
| Foreign exchange loss | (67,626) | (181,339) | - | (248,965) |
| Share of results of an associate | - | - | - | - |
| Other gains | - | 893,351 | - | 893,351 |
| Profit before taxation | 339,341 | 769,333 | - | 1,108,674 |

a) Reconciliation of segment revenue to reported revenue:

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|--|--|---|---|
| | Quarter ended 30/09/2023 RM'000 | Quarter ended 30/09/2022 RM'000 | Period ended 30/09/2023 RM'000 | Period ended 30/09/2022 RM'000 |
| Segment revenue | 933,997 | 128,120 | 2,712,972 | 655,772 |
| Add: Inter-segment revenue | - | - | - | - |
| Less: Revenue from affiliates which were not consolidated | (285,641) | (28,017) | (1,002,861) | (335,474) |
| | 648,356 | 100,103 | 1,710,111 | 320,298 |



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9. Segment Reporting (contd')

b) Reconciliation of segment profit before taxation to reported profit before taxation:

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|--------------------|---------------|--------------------|--------------|
| | Quarter ended | Quarter ended | Period ended | Period ended |
| | 30/09/2023 | 30/09/2022 | 30/09/2023 | 30/09/2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Segment profit/(loss) before taxation | 754,967 | (228,915) | 1,108,674 | 32,566,135 |
| Add: Segment (loss)/profit from affiliates which were not consolidated | (749,171) | 252,729 | (769,333) | 422,871 |
| | 5,796 | 23,814 | 339,341 | 32,989,006 |

10. Revenue

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---------------------------------|--------------------|---------------|--------------------|--------------|
| | Quarter ended | Quarter ended | Period ended | Period ended |
| | 30/09/2023 | 30/09/2022 | 30/09/2023 | 30/09/2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Scheduled flights | 412,134 | 35,624 | 1,132,699 | 42,552 |
| Charter flights | 2,945 | 24,503 | 9,946 | 57,813 |
| Freight services | 41,189 | 28,415 | 104,989 | 206,752 |
| Ancillary revenue ** | 191,960 | 11,424 | 462,126 | 12,817 |
| Aircraft operating lease income | - | - | - | - |
| Management fees | 128 | 137 | 351 | 364 |
| | 648,356 | 100,103 | 1,710,111 | 320,298 |

* Ancillary revenue includes baggage fees, assigned seats, cancellations, documentation and other fees, and on-board sale of meals and merchandise.

11. Staff cost

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|--------------------|---------------|--------------------|--------------|
| | Quarter ended | Quarter ended | Period ended | Period ended |
| | 30/09/2023 | 30/09/2022 | 30/09/2023 | 30/09/2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Wages, salaries, bonuses and allowances | 45,754 | 19,130 | 128,030 | 48,846 |
| Defined contribution retirement plan | 4,575 | 1,887 | 11,634 | 4,980 |
| | 50,329 | 21,017 | 139,664 | 53,826 |



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NOTES TO THE UNAUDITED ACCOUNTS - 30 SEPTEMBER 2023

12. Finance income/(cost) and foreign exchange gain/(loss)

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---------------------------------------|---------------------------------------|--------------------------------------|--------------------------------------|
| | Quarter ended 30/09/2023 RM'000 | Quarter ended 30/09/2022 RM'000 | Period ended 30/09/2023 RM'000 | Period ended 30/09/2022 RM'000 |
| Finance income: | | | | |
| Interest income on deposits with licensed banks | 812 | 196 | 2,354 | 301 |
| Other interest income | - | - | 1,485 | - |
| | 812 | 196 | 3,839 | 301 |
| Impact of discounting effect on financial instruments | - | 2,230 | 5,779 | 50,857 |
| | 812 | 2,426 | 9,618 | 51,158 |
| Finance cost: | | | | |
| Interest expense on lease liabilities | (23,979) | - | (62,965) | - |
| Bank facilities and other charges | (3,797) | 210 | (4,766) | 1,381 |
| | (27,776) | 210 | (67,731) | 1,381 |
| Impact of discounting effect on financial instruments | (1,189) | (414) | (8,981) | (12,651) |
| | (28,965) | (204) | (76,712) | (11,270) |
| Net foreign exchange gain/ (loss): | | | | |
| Realised | 5,123 | 11,884 | 60,072 | 12,826 |
| Unrealised | (59,679) | (15,642) | (127,698) | (16,683) |
| | (54,556) | (3,758) | (67,626) | (3,857) |

13. Taxation

Current taxation

The current taxation charge comprises tax payable on interest income.

14. Property, plant and equipment

(a) Acquisition and disposal

During the period ended 30 September 2023, the Group acquired RM8.7 million of property, plant and equipment.

(b) Written-off

During the period ended 30 September 2023, there was no write off of property, plant and equipment.

(c) Reversal of impairment

During the period ended 30 September 2023, there was no reversal of impairment.



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NOTES TO THE UNAUDITED ACCOUNTS - 30 SEPTEMBER 2023

15. Investment in an associate

| | As at 30/09/2023 | As at 31/12/2022 |
|--|---------------------|---------------------|
| | RM'000 | RM'000 |
| Unquoted investments, at cost | 21,122 | 21,122 |
| Group's share of post-acquisition profit | (21,122) | (21,122) |
| | <u>-</u> | <u>-</u> |

The details of the associate is as follows:-

| Name | Country of Incorporation | Group effective equity interest | | Principal activity |
|---------------------------------|-----------------------------|---------------------------------|------------|--------------------------------------|
| | | 30/09/2023 | 31/12/2022 | |
| | | % | % | |
| Thai AirAsia X Co. Ltd ("TAAX") | Thailand | 49% | 49% | Commercial air transport services |

TAAX recorded a net profit of RM749.17 million in the current quarter. As at 30 September 2023, the unrecognised amount of the Group's share of loss of TAAX which have not been equity accounted for amounted to RM140.28 million. In accordance to MFRS 128, any profits will only be recognised when its shares of the profits equals the share of losses previously not recognised.

16. Investment in a joint venture

| | As at 30/09/2023 | As at 31/12/2022 |
|--|---------------------|---------------------|
| | RM'000 | RM'000 |
| Unquoted investments, at cost | 53,888 | 53,888 |
| Group's share of post-acquisition losses | (53,888) | (53,888) |
| | <u>-</u> | <u>-</u> |

The details of the joint venture is as follows:-

| Name | Country of Incorporation | Group effective equity interest | | Principal activity |
|--------------------------------------|-----------------------------|---------------------------------|------------|--------------------------------------|
| | | 30/09/2023 | 31/12/2022 | |
| | | % | % | |
| PT. Indonesia AirAsia Extra ("IAAX") | Indonesia | 49% | 49% | Commercial air transport services |

IAAX has been dormant since FY2020. The Group has discontinued the recognition of its share of losses incurred by IAAX as the Group's interests had been reduced to zero. As at 30 September 2023, the unrecognised amount of the Group's share of loss of IAAX which have not been equity accounted for amounted to RM304.7 million.



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17. Trade and other receivables

| | As at 30/09/2023 RM'000 | As at 31/12/2022 RM'000 (Restated) |
|--|-------------------------------|---|
| Non-current | | |
| Deposits | 376,980 | 221,318 |
| Prepayments | 95,587 | 12,930 |
| | <u>472,567</u> | <u>234,248</u> |
| Current | | |
| Trade receivables | 47,382 | 58,032 |
| Less : Allowance for impairment of receivables | (8,365) | (8,883) |
| | <u>39,017</u> | <u>49,149</u> |
| Other receivables | 421,950 | 452,550 |
| Less : Allowance for impairment of receivables * | (406,171) | (380,511) |
| | <u>15,779</u> | <u>72,039</u> |
| Deposits | 18,512 | 64,783 |
| Less : Allowance for impairment of receivables * | (2,275) | (2,151) |
| | <u>16,237</u> | <u>62,632</u> |
| Prepayments | 24,652 | 46,814 |
| | <u>95,685</u> | <u>230,634</u> |

*Included in the total impairment of receivables is RM335.3 million (31 December 2022: RM353.6 million) relating to lease rental and maintenance reserve due from a joint venture through a third party leasing intermediary.

18. Deposits, cash and bank balances

For the purpose of the statement of cash flows, cash and cash equivalents include the following:

| | As at 30/09/2023 RM'000 | As at 31/12/2022 RM'000 |
|------------------------------|-------------------------------|-------------------------------|
| Cash and bank balances | 90,706 | 18,632 |
| Deposits with licensed banks | 28,928 | 158,078 |
| Cash and cash equivalents | <u>119,634</u> | <u>176,710</u> |



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19. Trade and other payables

| | As at 30/09/2023 RM'000 | As at 31/12/2022 RM'000 |
|-----------------------------|-------------------------------|-------------------------------|
| Current | | |
| Trade payables | 156,935 | 74,242 |
| Other payables and accruals | 270,968 | 336,805 |
| | 427,903 | 411,047 |

Included in other payables and accruals are operational expenses, passenger service charges payable to airport authorities and deferred lease income.

20. Lease liabilities

| | As at 30/09/2023 RM'000 | As at 31/12/2022 RM'000 |
|---------------------|-------------------------------|-------------------------------|
| Current | | |
| - Lease liabilities | 98,254 | 57,033 |
| Non Current | | |
| - Lease liabilities | 1,418,762 | 1,005,449 |

| | As at 30/09/2023 RM'000 | As at 31/12/2022 RM'000 |
|---|-------------------------------|-------------------------------|
| The currency profile of borrowings is as follows: | | |
| US Dollar | 1,517,016 | 1,062,482 |

| | As at 30/09/2023 RM'000 | As at 31/12/2022 RM'000 |
|--|-------------------------------|-------------------------------|
| Not later than 1 year | 98,254 | 57,033 |
| Later than 1 year and not later than 5 years | 773,787 | 285,165 |
| Later than 5 years | 644,975 | 720,284 |
| | 1,517,016 | 1,062,482 |



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21. Provision for additional loss in the investment in IAAX

The Company’s joint venture, IAAX received a Tax Underpayment Assessment Letter from the Indonesia Tax Office (“ITO”) requesting IAAX to pay RM200.7 million relating to underpayment of tax in respect of the fiscal year 2017. The ITO is currently performing tax audits on IAAX in respect of the fiscal years 2018 and 2019 which are expected to be concluded no later than December 2023 and December 2024 respectively. Whilst the tax audits for fiscal years 2018 and 2019 have not been finalised, it is possible that the ITO would use the same approach as the tax audit for the fiscal year 2017 which may result in additional tax to be paid by IAAX.

IAAX is disputing the Tax Underpayment Assessment Letter in respect of the fiscal year 2017 and has submitted objection letters on 28 November 2022. 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 non-payment by the corporate taxpayers. Tax bearers are defined under the tax regulations to include shareholders of corporate taxpayers. Accordingly, the Company as a shareholder of IAAX may be responsible for the settlement of IAAX’s tax payable of RM45.1 million for fiscal year 2017, computed based on the Company’s equity interest in IAAX.

Accordingly, a provision for additional losses in respect of investment in IAAX is maintained at RM58.6 million as at 30 September 2023 (31 December 2022: RM223.3 million).

22. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the net profit for the quarter/financial year ended by the weighted average number of ordinary shares in issue during the quarter/financial period.

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|--------------------|---------------|--------------------|--------------|
| | Quarter ended | Quarter ended | Period ended | Period ended |
| | 30/09/2023 | 30/09/2022 | 30/09/2023 | 30/09/2022 |
| Net profit (RM'000) | 5,563 | 25,087 | 339,102 | 32,990,230 |
| Weighted average number of ordinary shares in issue ('000) | 447,073 | 414,815 | 447,073 | 414,815 |
| Earnings per share (sen) | 1.2 | 6.0 | 75.8 | 7,953.0 |



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23. Contingent assets

As at the date of this report, the Group does not have any contingent assets.

24. Contingent liabilities

There were no major changes in contingent liabilities since the latest audited consolidated financial statements for the period ended 31 December 2022.

25. Capital commitments outstanding not provided for in the interim financial report

Capital commitments not provided for in the financial statements are as follows:-

| | As at 30/09/2023 | As at 31/12/2022 |
|-------------------|---------------------|---------------------|
| | RM'000 | RM'000 |
| Aircraft purchase | 4,062,499 | 3,804,128 |

26. Significant related party transactions

Details of the relationships and transactions between AirAsia X and its significant related parties are as described below:

| <u>Name of companies</u> | <u>Relationship</u> |
|--|---|
| Thai AirAsia X Co Ltd ("TAAX") | Associate |
| PT Indonesia AirAsia Extra ("IAAX") | Joint Venture |
| AirAsia Berhad ("AAB") | Shareholder of the Company for which there is no control, significant influence or joint control, and common Directors and shareholders |
| <u>Subsidiaries of Capital A Berhad</u> | |
| AirAsia SEA Sdn Bhd ("AASEA") | Common Directors and shareholders |
| Rokki Sdn Bhd ("Rokki") | Common Directors and shareholders |
| BIGLIFE Sdn Bhd ("BIG") | Common Directors and shareholders |
| Ground Team Red Sdn Bhd ("GTR") | Common Directors and shareholders |
| Teleport Everywhere Pte Ltd ("TELEPORT") | Common Directors and shareholders |
| AirAsia (Guangzhou) Aviation Service Limited ("AirAsia (Guangzhou)") | Common Directors and shareholders |
| Santan Food Sdn Bhd ("Santan Food") | Common Directors and shareholders |
| Santan Restaurant Sdn Bhd ("Santan Restaurant") | Common Directors and shareholders |
| Ikhlas Com Travel Sdn Bhd ("Ikhlas") | Common Directors and shareholders |
| Redbeat Academy Sdn Bhd ("RedBeat") | Common Directors and shareholders |
| AirAsia Digital Sdn Bhd ("AirAsia Digital") | Common Directors and shareholders |
| AirAsia Com Travel Sdn Bhd ("AACOM") | Common Directors and shareholders |
| AirAsia Ride Sdn Bhd ("AirAsia Ride") | Common Directors and shareholders |
| Asia Digital Engineering Sdn Bhd ("ADE") | Common Directors and shareholders |
| Capital A Berhad ("Capital A") | Common Directors and shareholders |



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26. Significant related party transactions (contd')

Details of the relationships and transactions between AirAsia X and its significant related parties are as described below (contd'):

Associates of Capital A Berhad

| | |
|----------------------------------|-----------------------------------|
| Thai AirAsia Co Ltd ("TAA") | Common Directors and shareholders |
| PT Indonesia AirAsia ("IAA") | Common Directors and shareholders |
| Philippines AirAsia Inc. ("AAZ") | Common Directors and shareholders |

Other related entities

| | |
|--|-----------------------------------|
| Ormond Lifestyle Services Sdn Bhd ("Ormond") | Common Directors and shareholders |
| Tune Insurance Malaysia Berhad ("TIMB") | Common Directors and shareholders |

These following items have been included in the income statement and balance sheet:

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|------------------------------------|------------------------------------|-----------------------------------|-----------------------------------|
| | Quarter ended 30/09/2023 RM'000 | Quarter ended 30/09/2022 RM'000 | Period ended 30/09/2023 RM'000 | Period ended 30/09/2022 RM'000 |
| TAA | | | | |
| - Aircraft operating lease income for leased aircraft | - | - | - | 44,396 |
| - Net operational services charged | (4) | 23 | 1,269 | 1,596 |
| AAB | | | | |
| - Wet lease | - | 10,407 | - | 11,925 |
| - Net operational services charged | (2,012) | (846) | (5,814) | (2,538) |
| AASEA | | | | |
| - Provision of shared services | (1,994) | (276) | (5,028) | (496) |
| - Net operational services charged | (85) | 13 | (582) | 1,273 |
| Ormond | | | | |
| - Net operational services charged | 150 | - | 1,566 | - |



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26. Significant related party transactions (contd')

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---------------------------------------|---------------------------------------|--------------------------------------|--------------------------------------|
| | Quarter ended 30/09/2023 RM'000 | Quarter ended 30/09/2022 RM'000 | Period ended 30/09/2023 RM'000 | Period ended 30/09/2022 RM'000 |
| GTR | | | | |
| - Ground handling services | (5,778) | (350) | (13,799) | (2,059) |
| - Net operational services charged | 2,197 | 14 | 2,322 | 15,925 |
| TELEPORT | | | | |
| - Sales/(purchase) of cargo transportation capa | 41,063 | (24,677) | 104,632 | 153,273 |
| AirAsia (Guangzhou) | | | | |
| - Turnaround charges charged by | (601) | - | (980) | - |
| - Net operational services charged | (4) | (140) | (7) | (426) |
| Santan Restaurant | | | | |
| - Inflight goods and services | (7,449) | - | (10,870) | - |
| Ikhlas | | | | |
| - Revenue for seats sold in Saudi Arabia routes | (814) | - | (2,804) | - |
| - Net operational services charged | 30 | - | 87 | - |
| AACOM | | | | |
| - Commission for preferred agent | (14,595) | - | (38,896) | - |
| - Net operational services charged | 12,483 | - | 12,478 | - |
| ADE | | | | |
| - Line maintenance services | (3,958) | - | (14,984) | - |
| - Net operational services charged | (1) | - | (167) | - |
| TIMB | | | | |
| - Commission for preferred agent | (427) | - | 76 | - |



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27. Review of Group's Performance

During the period, the Group reported a revenue of RM1,710.1 million, over five times the revenue reported in the same period of 2022. The multifold surge is attributable to the recovery of international travel and the Group's available seat capacity over the past 12-month period. For the most part of 2022, the Group's revenue was primarily generated from charter and freight services, whilst in 2023, the Group's number of operational aircraft had grown to 14 aircraft by September 2023, subsequently allowing the Group to meet the demand for international travel.

This period under review has traditionally recorded relatively lower sales due to the seasonality of international sectors, yet the Group had achieved an over 53% recovery against the same period pre-COVID-19. In line with the reactivation of aircraft this quarter to 14 operational aircraft, staff costs and maintenance costs had increased; by the end of September 2023, the number of pilots and cabin crew has increased by 40% and 131% respectively, while maintenance cost increased in tandem with higher utilisation of aircraft and further driven by the weakening of the Malaysian Ringgit against the greenback.

28. Variance results against preceding quarter

The Group recorded EBITDA of RM132.1 million for the quarter under review, against the EBITDA of RM100.5 million in the preceding quarter ended 30 June 2023, as an uptick in aircraft fuel expenses was marginally mitigated by lower maintenance and overhaul expenses and aircraft lease expenses, despite the increase in number of operational aircraft within the Group's fleet (Q3'23: 14 aircraft, Q2'23: 11 aircraft) and utilisation of aircraft (Q3'23: no. of stages 2,810, Q2'23: no. of stages 2,234).

Revenue remained strong at RM648.4 million with an increase of 26% from RM512.9 million, albeit both Q2'23 and Q3'23 being traditionally low-sales seasons within a calendar year. This is attributable to a healthy passenger load factor of 80% despite an increase of 26% in ASK capacity.

Operating costs for this quarter continue to be impacted by the weakening of the Malaysian Ringgit against the US Dollar as well as higher fuel price (Q3'23: USD113/barrel; preceding quarter Q2'23: USD92/barrel). That being said, the Group's continued prudence in cost management has mitigated the otherwise heavier impacts.

29. Profit forecast

No profit forecast has been issued.

30. Commentary on prospects

In its outlook, the Group maintains its momentum in fleet recovery; the Group currently operates 14 aircraft out of 17 strong fleet, and expects to add one aircraft to its fleet, bringing its total fleet size to 18 aircraft. By December 2023, the Group expects at least 16 aircraft to be operational. The Group continues its course in relaunching its key profitable routes and maintains its focus on the potentials in China as the country's international travel traffic recovers. Apart from strengthening the airline's position within markets that it operates in, the Group has also recently announced that it will soon service Almaty, Kazakhstan, which is a fresh and strategic route for the airline to expand its reach into other regions of the world. As a whole, the Group's recovery strategy remains on track. Moving into the final and busiest quarter for the international travel industry, the Group expects its trajectory to sustain, ensuring the viability of its earnings.



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31. Material litigation

No material litigation taken or threatened against the Company and its subsidiaries.

32. Proposed Dividend

The Directors did not recommend any dividend for the quarter ended 30 September 2023.

By Order of the Board

21 November 2023