



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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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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NOTES TO THE UNAUDITED ACCOUNTS - 30 SEPTEMBER 2023

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)
	-	-
	-	-

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)
	-	-
	-	-

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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NOTES TO THE UNAUDITED ACCOUNTS - 30 SEPTEMBER 2023

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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(Incorporated in Malaysia with limited liability under the Companies Act, 2016)

THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2023

NOTES TO THE UNAUDITED ACCOUNTS - 30 SEPTEMBER 2023

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
	<u>427,903</u>	<u>411,047</u>

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	<u>98,254</u>	<u>57,033</u>
Non Current		
- Lease liabilities	<u>1,418,762</u>	<u>1,005,449</u>

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

	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
	<u>1,517,016</u>	<u>1,062,482</u>



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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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NOTES TO THE UNAUDITED ACCOUNTS - 30 SEPTEMBER 2023

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