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ASX Release

Alliance Aviation Services Limited
(“Alliance” or “the Company”) (ASX: AQZ)

FY26 Results

Turnaround underway as Alliance resets business for sustainable returns and announces new balance sheet initiatives

Alliance Aviation (“Alliance” or the “Company”), a leading provider of contract and charter services to blue-chip companies, today announces its financial results for the full year ended 30 June 2026 (“FY26”) and a $40m fully underwritten Equity Raising.

Key Highlights

- **FY26 Underlying[1] profit before tax** of $38.2 million, within guidance range of $35 million to $40 million.
- **FY26 Statutory Net profit/(loss)** after tax of ($90.9 million) reflects non-cash impairment and asset write-downs primarily associated with the Fokker fleet.
- **The Strategic Reset and Performance Improvement Program** delivered meaningful cost reductions in 2H26 exceeding the reduction in block hours, demonstrating improved cost discipline across the business.
- **Revised Qantas agreement** strengthens the economic sustainability of Alliance’s largest wet lease arrangement, with higher pricing, improved contractual protections and improved margin and cash generation.
- **Fleet optionality to be progressively realised**, with twelve Embraer E190 aircraft becoming available through a combination of reduced Qantas fleet requirements and aircraft returning on expiry of dry lease contracts, providing fleet renewal optionality and balance sheet flexibility.
- **Net tangible assets** at 30 June 2026 of $2.32 per share following impairment review.
- **Annualised cost reductions** of approximately $38 million from FY28, with $27 million expected to be realised in FY27, reflecting the benefits of the Strategic Reset and Performance Improvement Program and workforce and operating model changes implemented in response to the revised Qantas arrangement.
- **FY27 earnings guidance of underlying EBITDA within the range of $175 million to $190** million and underlying profit before tax of between $55 million and $60 million
- No final dividend declared as the Board prioritises cash generation, balance sheet strength and funding flexibility.

[1] Underlying results are non-AASB financial measured which are used by Alliance’s board and management to assess the performance of the business and have been derived from Alliance’s financial statements. Refer to Appendix A of Alliance’s FY26 Results and Equity Raising Presentation for a description and reconciliation to Statutory results.

Managing Director and Chief Executive Officer Commentary

Alliance Managing Director, Stewart Tully, said:

"FY26 was a defining year for Alliance with the Board and management taking decisive action to reset the business and position it for stronger and more sustainable returns. Following a comprehensive review of our operations, fleet strategy, capital allocation priorities and key customer contracts, we have taken significant steps to address the factors that weighed on our financial performance, including right-sizing our cost base.

“Our agreement with Qantas to revise the terms of our wet lease contract is expected to deliver a material improvement in Alliance’s profitability and represents an important step forward in Alliance’s valued partnership with Qantas. It underpins the sustainable long-term performance of our business and unlocks a number of strategic options to strengthen the company’s financial position.

Our ongoing work to strengthen the balance sheet will be further reinforced by a fully underwritten $40 million equity raise.

"As Australia's leading FIFO aviation operator, Alliance's core FIFO operations continue to perform well. Moving forward, FIFO will be our core growth platform, underpinned by our long-term customer relationships and strong demand from the Australian resources sector.

“The strategic decisions we have made, position Alliance to continue to provide industry-leading safety performance and service to our customers and deliver sustainable long-term returns to shareholders.”

FY26 Financial Performance

Statutory Results:

$ million	FY26	FY25	Variance
Revenue and Income	$712.0	$769.7m	(7.5%)
EBITDA	$9.4	$207.3m	(95.5%)
Profit Before Tax	($129.9)	$82.1m	(258.2%)
Basic EPS (cents)	(56.43)	35.64	(258.3%)

Underlying Results[2]

$ million	FY26	FY25	Variance
Revenue and Income	$712.6	$769.7m	(7.4%)
EBITDA	$177.5	$207.3m	(14.4%)
Profit Before Tax	$38.2	$82.1	(53.5%)
Basic EPS (cents)	16.65	35.64	(53.3%)

[2] Underlying results are non-AASB financial measured which are used by Alliance’s board and management to assess the performance of the business and have been derived from Alliance’s financial statements. Refer to Appendix A of Alliance’s FY26 Results and Equity Raising Presentation for a description and reconciliation to Statutory results.

Group profitability was impacted by lower wet lease utilisation, commercial performance issues within key wet lease arrangements, elevated maintenance expenditure, compliance costs, AVIAN implementation costs and increased depreciation and finance charges associated with prior fleet investments. Cost performance improved in the second half, with labour costs declining by 15.4% and repairs and maintenance cost reducing by 14.6%, exceeding the 14% reduction in overall block hours half on half, demonstrating improved cost discipline.

Subsequent to year end, as announced on 5 August 2026, revised contract terms on the Qantas agreement have strengthened the economic sustainability of Alliances largest wet-lease agreement from 1 July 2026.

Operating Results

Flight Hours	**FY26**	**FY25**	**Variance**
Wet lease	79,560	83,212	(4.4%)
Contract (FIFO)	27,328	27,376	(0.2%)
Charter	1,362	1,214	12.2%
RPT	853	856	(0.4%)
Ferry/Maintenance	854	963	(11.3%)
TOTAL	**109,957**	**113,621**	(3.2%)

Fleet[3]	**FY26**	**FY25**
Fokker 100/ Fokker 70	35	36
Embraer 190	45	43
Total	80	79

Alliance safely delivered almost 110,000 flight hours in FY26 across Australia and the Asia Pacific, serving customers in the resources, aviation and government sectors while maintaining our long-standing commitment to safety and achieving a 95% on-time performance rate. Across our operations, our people continued to demonstrate professionalism, resilience and commitment in a period of significant change.

Cash Flow

Operating cash flow before aircraft purchases for inventory and AerCap payments was $17.7 million. compared with $105.6 million in FY25. Cash flow reflected lower profitability, elevated maintenance expenditure, increased interest costs and ongoing fleet investment activity.

Net cash outflow for the year was ($67.3 million), with cash and cash equivalents of $29.2 million at 30 June 2026.

Net Debt and funding commitments

Net debt increased to $459.8 million at 30 June 2026 from $378.0 million at 30 June 2025.

Alliance remains compliant with all banking covenants and is focused on improving free cash flow and reducing leverage through asset sales, its strategic reset initiatives and the Equity Raising announced today.

[3] Total fleet number is inclusive of aircraft in storage.

Impairment and Fleet Strategy Review

As previously announced, during FY26 Alliance completed a comprehensive review of the carrying value of the Fokker fleet, associated engines and inventory.

This review resulted in non-cash impairment and inventory write-downs totalling approximately $164.8 million and reflects revised assumptions regarding future fleet utilisation and the timing of fleet renewal. The impairment does not impact the Company's ongoing operations or cash position.

The review, together with the revised wet lease arrangement has established a clearer and more disciplined fleet strategy aligned to Alliance's FIFO-focused operating model. Importantly, the release of aircraft under the revised wet lease arrangements enables fleet optionality.

The revised fleet strategy is focused on:

- Progressive retirement of older Fokker 100 aircraft.
- Retention of Fokker 70 aircraft where operationally appropriate.
- Increased utilisation of Embraer E190 aircraft across the operating fleet.
- Improved fleet efficiency, reliability and customer experience.
- Fleet operationality supported by twelve Embraer E190 aircraft becoming available through a combination of reduced Qantas fleet requirements and aircraft returning on expiry of dry lease contracts.
- Stronger long-term fleet economics.

Strategic Reset and Performance Improvement Program

In November 2025, Alliance commenced an organisation-wide strategic reset and performance improvement program designed to strengthen profitability, improve cash generation and position the business for more sustainable long-term returns. During FY26, the Company made meaningful progress against its key priorities, with actions already contributing to improved operating and cash flow performance in the second half.

1. **Improve Capital Allocation**

Alliance completed a review of fleet deployment and future investment requirements, resulting in a revised fleet strategy and lower expected capital intensity. The revised wet lease arrangements and release of aircraft have reduced the number of replacement aircraft required to support the fleet transition and lower future capital requirements.

2. **Improve Free Cash Flow**

Alliance implemented a planned engine procurement strategy, reduced maintenance expenditure, commenced an organisation-wide staffing review and identified surplus and non-core assets for divestment. These initiatives contributed to improved second half cash flow performance and remain a focus as the Company strengthens liquidity and reduces leverage.

3. Improve Commercial Discipline

Alliance reviewed major customer contracts against required return thresholds and took action to address arrangements that did not meet its profitability and return objectives. This process contributed to the successful renegotiation of Alliance's largest wet lease contract, restoring economic sustainability through improved pricing, stronger contractual protections and enhanced margin and cash generation.

FY27 Outlook and Strategy

Alliance enters FY27 with a clearer strategic focus, improved commercial arrangements, fleet optionality and a comprehensive strategic improvement program in progress.

Alliance expect FY27 underlying EBITDA to be within a range of $175 million to $190 million and underlying profit before tax of $55 million to $60 million, with an expected EBITDA margin between 27 and 29 percent.

This guidance reflects:

- Progressive realisation of improved economics from the revised wet lease agreement and the further optionality from returning aircraft;
- Benefits from the Strategic Reset and Performance Improvement Program, including commercial discipline, cost reduction and cash generation initiatives;
- Continued investment in fleet and operational capability, including the final AerCap contract payments of $33 million brought forward from FY28;
- Planned asset sales of between $60 to $75 million, subject to timing and execution risk;
- A material reduction in future interest expenses;
- Equity Raising announced today with proceeds of approximately $40 million.

Alliance expects underlying free cash flow[4] of $10 million to $20 million in FY27 and a meaningful reduction in leverage as the benefits of operational and capital structure initiatives are realised. This supports a target of 2.1x net debt[5] / Underlying EBITDA by 30 June 2027.

This FY27 outlook remains subject to a range of assumptions and risks, including operational performance, aircraft utilisation, customer demand, fuel costs, labour availability and broader economic conditions. The occurrence of any one or more of the risks factors set out in Appendix B of the FY26 Results and Capital Raising Presentation may impact Alliance's ability to achieve the FY27 guidance.

Alliance remains confident that the actions taken during FY26 and the equity raise announced today have established a stronger foundation for the business. The Company enters FY27 focused on disciplined execution of its turnaround program, seamless leadership transition, operational efficiency, fleet optimisation and strengthening shareholder returns while continuing to deliver safe and reliable aviation services for customers.

[4] Underlying free cash flow is calculated as Underlying EBITDA less change in working capital, interest and sustaining capex. Sustaining capex excludes $33 million AerCap payment in 1HFY27.

[5] Calculated as pre-AASB16 Net Debt / EBITDA

Balance Sheet Initiatives

Alliance today announces a $40 million fully underwritten equity raising ("Equity Raising") to enhance liquidity and balance sheet flexibility.

Alliance is also targeting a number of asset sales, expected to release $60 to $75 million over FY27, with aircraft and non-core assets identified for proposed divestment including surplus aircraft, hangars, engine cores and parts inventory.

The Equity Raising reduces FY26 net debt / Underlying EBITDA from 2.7x to 2.5x and Alliance is targeting 2.1x on the same metric by 30 June 2027[6].

No dividends are expected to be paid during FY27, with Alliance targeting the resumption of dividend payments once free cash flow improves.

"Our announcement today, to raise $40 million equity, provides Alliance with a stronger capital foundation as we progress our strategic turnaround program. It enhances liquidity, improves balance sheet flexibility and ensures the Company is well positioned to realise the benefits of the strategic initiatives underway. My fellow eligible directors and I intend to participate in the Retail Entitlement Offer, reflecting our confidence in the Company's strategy, new chief executive officer and future prospects," Alliance Chairman, James Jackson said.

Equity Raising

Alliance today announces a $40 million fully underwritten equity raising (the "**Offer**" or the "**Equity Raising**") comprising:

- A institutional placement ("Placement") of new fully paid ordinary shares ("New Shares") to raise approximately $20 million; and a
- A 1 for 5.6 pro-rata accelerated non-renounceable entitlement offer ("Entitlement Offer") of New Shares to raise approximately $20 million.

The Equity Raising will be conducted at an offer price of $0.70 per New Share ("Offer Price"), representing a:

- 17.4% discount to the theoretical ex rights price (TERP)[7] of $0.85 per share;
- 22.2% discount to the last close price of $0.90 per share as at Friday 21 August 2026.

Approximately 57.2 million New Shares are to be issued under the Offer, representing approximately 35.5% of the existing shares on issue.

New Shares issued under the Offer will rank equally with existing fully paid AQZ ordinary shares from their time of issue.

The Equity Raising is fully underwritten by Barrenjoey Markets Pty Limited. Morgans Financial Limited and Ord Minnett Limited are acting as Co-Managers to the Equity Raising.

Alliance's major shareholder (19.7%) has committed to subscribe for New Shares equating to their pro-rata across the Equity Raising.

[6] Calculated as pre-AASB 16 Net Debt / EBITDA

[7] The Theoretical Ex-Rights Price ("TERP") is the theoretical price at which Alliance shares should trade after the ex-date for the Equity Raising. TERP is calculated by reference to Alliances closing share price of $0.90 per share on Friday 21 August 2026, being the last trading day prior to the announcement of the Equity Raising, and includes the New Shares issued under both the Entitlement Offer and the Placement. TERP is a theoretical calculation only and the actual price at which Alliance shares trade immediately after the ex-date of the Equity Raising will depend on many factors and may not be equal to TERP.

Viburnum Funds Pty Ltd ("Viburnum") (Alliance's second largest institutional shareholder), has committed to subscribe for New Shares equating to their pro-rata across the Equity Raising[8].

The Directors intend to participate in the Entitlement Offer for some or all of their entitlement in respect of the Shares they hold.

Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the institutional component of the Entitlement Offer ("Institutional Entitlement Offer") which is being conducted today, Wednesday, 26 August 2026. Eligible institutional shareholders may elect to take up all, part or none of their entitlement.

Entitlements that eligible institutional investors do not take up under the Institutional Entitlement Offer, and entitlements that represent the entitlements of ineligible shareholders, will be offered to existing and new institutional shareholders concurrently with the Institutional Entitlement Offer.

Per the indicative Entitlement Offer timetable, the New Shares subscribed for under the Placement and Institutional Entitlement Offer are expected to settle on Friday, 4 September 2026 with allotment and normal trading expected to commence on ASX on Monday, 7 September 2026.

The record date for the Entitlement Offer is Friday, 28 August 2026.

Retail Entitlement Offer

Eligible retail shareholders in Australia and New Zealand will be invited to participate in the Entitlement Offer for retail shareholders ("Retail Entitlement Offer") at the same offer price and offer ratio as the Institutional Entitlement Offer and subject to the terms and conditions set out in the retail offer booklet (Retail Offer Booklet). The Retail Entitlement Offer will open on Wednesday, 2 September 2026 and close on Friday, 11 September 2026. The Retail Offer Booklet and accompanying personalised Entitlement and Acceptance form are expected to be made available on Wednesday, 2 September 2026.

Investor Briefing

Alliance will host a briefing session today for investors and analysts at 11:00am AEST today. Please attend the meeting by following this link:

Webcast Registration:

https://webcast.openbriefing.com/aqz-fyr-2026/

Teleconference Registration:

https://registrations.events/direct/MCM21058VIP56g5csPfavBBuo

[8] Refer to issue of "New Shares to Viburnum" below including as to why ASX Listing Rule 10.11.3 does not apply to Viburnum's participation in the Placement.

Further information

Further details of the Equity Raising are set out in the Investor Presentation also lodged on the ASX today. The Investor Presentation contains important information including key risks and foreign selling restrictions with respect to the Equity Raising. Nothing contained in this announcement constitutes investment, legal, tax or other advice. Investors should seek appropriate professional advice before making any investment decision.

Equity Raising Timetable

Event	Date
Trading halt	Monday, 24 August 2026
Announcement of Institutional Placement and Entitlement Offer	Wednesday, 26 August 2026
Institutional Placement and Institutional Entitlement Offer opens	Wednesday, 26 August 2026
Institutional Placement and Institutional Entitlement Offer closes	Wednesday, 26 August 2026
Announcement of results of Placement and Institutional Entitlement Offer Trading halt lifted, existing shares re-commence trading	Friday, 28 August 2026
Record Date for the Entitlement Offer	Friday, 28 August 2026
Retail Entitlement Offer Opens, despatch of Retail Offer Booklet	Wednesday, 2 September 2026
Settlement under Institutional Placement and Institutional Entitlement Offer	Friday, 4 September 2026
Quotation of New Shares issued under the Institutional Placement and Institutional Entitlement Offer and commencement of trading	Monday, 7 September 2026
Retail Entitlement Offer Closes	Friday, 11 September 2026
Announcement of results of Retail Entitlement Offer	Wednesday, 16 September 2026
Settlement of the Retail Entitlement Offer	Thursday, 17 September 2026

Allotment and issue of New Shares under Retail Entitlement Offer	Friday, 18 September 2026
New Shares under Retail Entitlement Offer commence trading on ASX	Monday, 21 September 2026
Holding statements sent for New Shares issued under the Retail Entitlement Offer	Monday, 21 September 2026

Issue of New Shares to Viburnum

Mr Jason Korman ("Mr Korman") a non-executive director of AQZ, is also a senior partner and employee of Viburnum. Viburnum currently holds a 10.26% shareholding in AQZ.

Viburnum has entered into a pre-commitment letter with AQZ under which Viburnum irrevocably agrees and commits to subscribe for New Shares to the value of:

- Approximately $2.1 million under the Institutional Entitlement Offer, reflecting its pro-rata allocation; and
- Approximately $2.0 million under the Placement,

at the Offer Price of A$0.70 per New Share.

The terms of, and the Offer Price under, the Institutional Entitlement Offer and the Placement were determined by the Board, following market soundings and advice from the Lead Manager. Such terms and Offer Price were determined by the Board without any influence from Viburnum and on an arms-length basis from Viburnum. The terms, and the Offer Price, are the terms and price which apply to all applicants under the Institutional Entitlement Offer and the Placement. The Institutional Entitlement Offer is being made to all eligible existing institutional shareholders on the basis that no participating institutional shareholder is able participate on more favourable terms than any other.

AQZ is of the view that ASX Listing Rule 10.11.3 does not apply to the participation by Viburnum in the Placement.

Listing Rule 10.11.3 states that an issue of shares, by a listed entity, to a shareholder holding more than 10% of the ordinary shares in that entity and which has nominated a director to its board pursuant to a relevant agreement which gives that shareholder a right or expectation to do so, requires shareholder approval by ordinary resolution.

Mr Korman's appointment followed a letter from Viburnum to AQZ requesting that Mr Korman be appointed a director to represent AQZ shareholders on the Board. Following receipt of that letter, AQZ undertook a comprehensive review of Mr Korman and his credentials, met with Mr Korman, consulted with other major shareholders and determined that Mr Korman's qualifications, experience and skills were relevant to AQZ, having regard to the Board's existing composition and the needs of AQZ.

AQZ confirms that there is not, and has never been, any relevant agreement between AQZ and Viburnum under which Viburnum has a right or expectation to nominate a director to the AQZ Board, whether for the purposes of ASX Listing Rule 10.11.3 or otherwise.

-END-

Alliance is Australasia's leading provider of ACMI, contract, and charter airline services currently employing more than 1,400 staff. The Company provides essential services to mining, energy, and government sectors as well as wet lease services for other airlines. Alliance holds IATA's IOSA certification, the only Australian contract and charter operator to do so and Flight Safety Foundation "BARS Gold" status, the first such carrier in Australia to achieve gold status.

This announcement was authorised for release to the ASX by the Board of Directors of Alliance Aviation Services Limited.

For more information contact:

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