

27th October 2023

Chairman's Letter to Shareholders

Dear Shareholder,

On behalf of the Board of Directors, I invite you to the 2023 Annual General Meeting (**AGM**) for Alliance Aviation Services Limited (**Alliance** or the **Company**) to be held at 11:00am (AEST) on **Tuesday, 28th November 2023** in the Murrayfield Room, Ballymore Stadium, 91 Clyde Road, Herston, Queensland.

For those that cannot attend in person, we are again hosting the AGM as a hybrid meeting thus ensuring all shareholders have the opportunity to participate in the meeting. The link to join the online meeting is <https://meetings.linkgroup.com/AQZ23>.

The online platform will allow shareholders to listen to the Annual General Meeting, ask questions during the meeting, and vote during the meeting. Further details on how to participate online are contained in this notice of meeting and will be published on the Company's website.

Even if you plan to attend the Annual General Meeting in person or online, we encourage you to submit a directed proxy vote as early as possible so that your vote will be counted if for any reason you cannot attend. Shareholders can lodge their proxy online at www.linkmarketservices.com.au or complete and return a hard-copy proxy form by 11:00am (AEST) on Sunday, 26th November 2023. Proxy forms can be obtained by contacting Link Market Services.

In the event that it is necessary for the Company to give further updates, relating to the AGM, information will be provided on the Company's website and lodged with the Australian Securities Exchange (**ASX**).

Yours faithfully



Stephen Padgett OAM
Chairman

Alliance Aviation Services Limited

ACN 153 361 525 - ASX code: AQZ

Notice of Annual General Meeting

Notice is hereby given that the 2023 Annual General Meeting (**AGM**) of Alliance Aviation Services Limited (the **Company**) will be held as a hybrid meeting as follows:

Date: Tuesday, 28th November 2023
Time: 11:00am (AEST)
Venue: Murrayfield Room
Ballymore Stadium
91 Clyde Road
Herston, Queensland

Online: <https://meetings.linkgroup.com/AQZ23>

An Explanatory Memorandum containing information relating to each of the Resolutions to be put to the Meeting accompanies and forms part of this Notice.

Items of Business

Item 1. Consideration of Reports

To receive and consider the Financial Report for the year ended 30 June 2023 and the reports of the Directors and the Independent Auditor as set out in the 2023 Annual Report.

Item 2. Re-election of Director – Mr Stephen Padgett

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

“That Mr Stephen Padgett, who retires by rotation under rule 8.1(f) of the Company’s constitution, and being eligible, is re-elected as a Director of the Company.”

Item 3. Adoption of Remuneration Report

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That the Remuneration Report for the financial year ended 30 June 2023 be adopted.”

Note: *the vote on this resolution is advisory only and does not bind the Directors of the Company. A voting exclusion applies to this resolution (see section Voting Exclusion section of the notes in relation to voting).*

Item 4. Approval of issue of securities under the Long-Term Incentive Plan to Mr Scott McMillan

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

“That approval be given for the purpose of ASX Listing Rule 10.14 and all other purposes, for the grant of 46,047 performance rights to the Managing Director, Scott McMillan, and the issue of Shares on the vesting of the performance rights, pursuant to the Company’s Performance Incentive Plan and on the terms set out in the Explanatory Memorandum accompanying this notice.”

Note: A voting exclusion applies to this resolution (see Voting Exclusion section of the notes in relation to voting).

The notes relating to voting and Explanatory Memorandum form part of this Notice of Annual General Meeting.

By Order of the Board

Nicky Clark
Company Secretary

27th October 2023

Notes relating to voting

Entitlement to Attend and Vote

In accordance with regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) the Company's Directors have determined that persons who are registered holders of shares in the Company at **11:00am (Australian Eastern Standard Time) on Sunday, 26th November 2023** will be entitled to attend and vote at the Annual General Meeting as a shareholder. Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.

If more than one joint holder of shares is present at the Annual General Meeting (whether personally, online, or by proxy or by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

All items of business set out in the Notice of Meeting will be decided by way of a poll. On a poll, shareholders have one vote for every fully paid ordinary share held (subject to the restrictions on voting referred to below).

Voting Exclusions

Item 3 – Adoption of Remuneration Report

The Company will disregard any votes cast on Resolution 3:

- by or on behalf of a member of the Company's key management personnel (**KMP**) whose remuneration details are disclosed in the Company's Remuneration Report for the year ended 30 June 2023 or their closely related parties, regardless of the capacity in which the vote is cast; or
- as a proxy by a person who is a member of the Company's KMP at the date of the meeting or their closely related parties,

unless the vote is cast as a proxy for a person entitled to vote on resolution 3:

- in accordance with a direction on the proxy form; or
- by the Chairman of the Annual General Meeting pursuant to an express authorisation to exercise the proxy even though resolution 3 is connected with the remuneration of the KMP.

Item 4 – Approval of issue of securities under the Long-Term Incentive Plan to Mr Scott McMillan

The Company will disregard any votes cast on Resolutions 4:

- in favour of either resolution by or on behalf of Mr McMillan, or any of their associates, regardless of the capacity in which the vote is cast; or
- as proxy by a person who is a member of the Company's KMP on the date of the meeting or their closely related parties,

unless the vote is cast on Resolution 4:

- as proxy or attorney for a person who is entitled to vote on the resolution in accordance with a direction given to the proxy or attorney to vote on the resolution in that way; or
- by the Chairman of the Annual General Meeting as proxy for a person who is entitled to vote on the resolution, pursuant to an express authorisation to exercise the proxy as the Chairman decides; or
- by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the relevant resolution; and
 - the holder votes on the relevant resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Alliance Aviation Services Limited

ACN 153 361 525

ASX code AQZ

2023 Annual General Meeting (AGM)

Explanatory Memorandum to Shareholders

This Explanatory Memorandum to Shareholders forms part of the Notice of Annual General Meeting (the **Meeting**) and is intended to provide Shareholders with an explanation of the business of the Meeting and proposed resolutions.

The Directors of the Company recommend that Shareholders read this Explanatory Memorandum before determining how to vote on a resolution.

Items of Business

Item 1. Consideration of Reports and Accounts

As required by Section 317 of the *Corporations Act 2001* (Cth), the Financial Report, Directors' Report and Auditor's Report of the Company for the financial period ended 30 June 2023 will be laid before the Company at the Meeting.

Neither the *Corporations Act 2001* (Cth) nor the Company's Constitution requires a vote of shareholders on the reports. However, a reasonable opportunity will be provided at the Meeting for Shareholders as a whole to ask questions about and make comments on the reports and on the performance and management of the Company.

Representatives of the Company's auditor, PwC, will be present and a reasonable opportunity will also be given to shareholders as a whole at the Meeting to ask the PwC questions relevant to the conduct of the audit, the preparation and content of the Auditor's Report and the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

Shareholders can access a copy of the 2023 Annual Report on the Company's website at <https://www.allianceairlines.com.au/investor-centre/investor-centre>.

Item 2. Re-election of Director

2.1 Re-election of Mr Stephen Padgett, OAM

Pursuant to rule 8.1 of the Company's constitution, Mr Stephen Padgett, being a Director of the Company, retires by way of rotation and, being eligible offers himself for re-election as a Director.

Mr Stephen Padgett is a non-executive director and has been on the Board and Chairman of Alliance Aviation Services Limited since its listing in 2011.

Steve Padgett has been in aviation for over 50 years, learning to fly at age 16 after winning a RAAF Flying Scholarship and then completing his Commercial Pilot Licence and a Flight Instructor Rating with command on Cessna Citation Business Jets.

In 1980 in Sydney, launched his own company, Aeromil, and in 1995, moved Aeromil to Queensland's Sunshine Coast, which was the catalyst for the establishment of Sunshine Express Airlines in 1998 for Ansett Airlines and later Qantas, and responsible for the introduction of a jet training centre for Singapore Airlines at the Sunshine Coast Airport.

During 2002 Steve co-founded the fledgling Alliance Airlines and appointed Chairman when the company publicly listed nine years later.

Steve is a Life Member of the Regional Aviation Association of Australia (RAAA), Chairman of the Australian Aviation Hall of Fame and an active supporter of the Australian Air Force Cadets Foundation.

In recent years Steve was awarded the Order of Australia in the Queen's Birthday Honours list for his service to aviation, elected a fellow of the Royal Aeronautical Society and in 2022 presented The Australian Bi-Centennial Award by the London based Honourable Company of Air Pilots.

Steve does not hold any other material directorships. As Steve Padgett is a substantial shareholder of the Company, the Board considers that he is not independent.

Recommendation - The Board (with Mr Padgett, abstaining) unanimously recommends that Shareholders vote in favour of the re-election of Stephen Padgett.

Item 3. Adoption of Remuneration Report

Section 250R(2) of the *Corporations Act 2001* (Cth) requires that the Remuneration Report of the Company for the financial year ended 30 June 2023 be laid before the Company at the Meeting and a resolution that it be adopted be put to a vote.

Although there is a requirement for a formal resolution on this Item by operation of section 250R(3) of the *Corporations Act 2001* (Cth), the outcome of the resolution is advisory only and does not bind the Directors or the Company, however, the Company takes the views of the Shareholders on this point seriously, particularly when developing future remuneration policies.

The Remuneration Report is set out on pages 12 to 20 of the Company's Annual Report dated 30 June 2023. The Annual Report is available on the Company's website <https://www.allianceairlines.com.au/investor-centre/investor-centre>.

The Company's executive remuneration strategy is designed to attract, retain and motivate a highly qualified and experienced executive management team with the necessary skills required to lead the Company in achieving its business and strategic objectives whilst protecting the interests of Shareholders.

In determining executive remuneration, the Board aims to ensure that remuneration practices are:

- competitive and reasonable;
- aligned to the Company's strategic and business objectives and the creation of Shareholder value;
- transparent and easily understood; and
- acceptable to Shareholders.

The Board considers that the remuneration policies adopted by the Company, as outlined in the Remuneration Report, are appropriately structured to provide rewards commensurate with the Company's performance.

For voting exclusions applicable to this resolution please refer to the "Entitlement to Attend and Vote" section on pages 4 and 5 of the Notice of Meeting.

The Chairman of the meeting intends to vote all available proxies in favour of the adoption of the Remuneration Report.

Recommendation - The Board unanimously recommends that Shareholders vote in favour of the adoption of the Remuneration Report.

Items 4. Approval of issue of securities under the Performance Incentive Plan to Mr Scott McMillan

ASX Listing Rule 10.14 requires that shareholder approval be obtained for a director to acquire securities under an employee incentive scheme. Under the Performance Incentive Plan, the Company grants eligible executives rights to acquire fully paid ordinary shares in the Company if vesting conditions are satisfied (**performance rights**).

Accordingly, approval is being sought to allow the Company to grant Mr Scott McMillan, the Company's Managing Director, performance rights as the equity component of their financial year 2023 Performance Incentive and to provide the Company with the flexibility to either issue new shares or to purchase shares on-market for allocation to Mr McMillan upon vesting of the performance rights, in accordance with the Performance Incentive Plan and terms of offer, which are outlined below. If Resolution 4 is not passed, the Board will consider alternative arrangements to appropriately remunerate and incentivise Mr McMillan, including a cash-based incentive.

Performance Incentive Plan

The purpose of the Performance Incentive Plan is to attract, retain and reward high performing executives. The Plan combines the features of a short-term incentive (STI) and a long-term incentive (LTI) and ensures alignment with longer term business strategy.

An executive's performance is assessed over a 12-month period from 1 July 2023 to 30 June 2024 (the short-term element) and equity is delivered over a three-year period (the long-term element). The 2024 Performance Incentive is an at-risk component of the Managing Director's remuneration package, tested against key performance measures, and the delivery of equity under the Performance Incentive Plan ensures executives' interests are aligned with the long-term interests of the Group and its shareholders.

Key terms of the 2024 Performance Incentive

Mr Scott McMillan, the Managing Director, has the opportunity to receive a 2024 Performance Incentive up to the value of 50% of his fixed annual remuneration (**FAR**). Subject to satisfaction of the vesting conditions outlined below, 50% of the Performance Incentive will be delivered via a grant of performance rights and 50% by way of a cash bonus.

Subject to receipt of Shareholder approval, the Board intends to grant the performance rights shortly after the Meeting and in any event, no later than 12 months after the date of the Meeting.

It is proposed that Mr McMillan be granted **46,047** performance rights, which has been determined by dividing his maximum 2024 Performance Incentive opportunity (i.e. 50%) of Mr McMillan's FAR (equalling **\$630,842**) by two (because performance rights represent 50% of the Performance Incentive) and then dividing that by the volume weighted average price (**VWAP**) of the Company's shares over the five business days from 10 August 2023 following the release of the Company's results (being \$3.4250) to give the total maximum number of performance rights to be granted.

As the performance rights will form part of the Managing Director's remuneration, there is no price paid or payable on issue of performance rights or allocation of shares.

The Company delivers the 2024 Performance Incentive partly in the form of performance rights because they create share price alignment between the Managing Director and shareholders but do not provide the full benefits of share ownership (such as dividend and voting rights) unless the performance rights vest.

The Board considers that the Performance Incentive currently in place is appropriately structured to provide incentives commensurate with the Company's performance. The Board will continue to review both internal and external factors related to the Performance Incentive Plan to ensure its alignment with the Company's remuneration principles.

Vesting conditions

The performance rights vest subject to the satisfaction of performance and service conditions described below.

Performance conditions: performance rights are subject to satisfaction of a scorecard of key performance indicators (**KPIs**) set by the Board. The scorecard of KPIs for Mr McMillan consist of a majority of financial metrics (i.e. more than 50%) with the balance consisting of safety, on time performance and other non-financial metrics. The KPIs will be assessed over a 12-month performance period from 1 July 2023 to 30 June 2024.

Performance against the KPIs will be assessed by the Board after the financial accounts for the relevant financial year have been audited (expected to be in August 2024). Following the assessment, the Board approves the payment of the cash component (if any) and confirms the number of performance rights that have become 'qualified' performance rights. If, for example, 60% of the performance rights become qualified, it is considered that the executive has performed 'at target'. If 100% of the performance rights are determined to be 'qualified' then the executive has met 'stretch' performance and exceeded expectations. Any performance rights that do not become 'qualified' will immediately lapse.

Service conditions: once the performance rights become performance 'qualified', on assessment against the KPIs, vesting of those qualified performance rights is based on service i.e. for performance rights to vest the executive must remain continuously employed by the Group at each vesting date. The vesting schedule is as follows:

- 50% of the 'qualified' performance rights will vest on the later of 15 August 2025 or the date on which the Company's FY25 Financial Statements are released to the ASX.
- 50% of the 'qualified' performance rights will vest on the later of 15 August 2026 or the date on which the Company's FY26 Financial Statements are released to the ASX.

Vesting of performance rights and dealing restrictions

On vesting, each performance rights entitles the executive to receive a fully paid ordinary share in the Company. The Board retains discretion to make a cash equivalent payment in lieu of an allocation of shares.

Prior to vesting, performance rights do not entitle the executive to any dividends or voting rights. The executives must not sell, transfer, encumber, hedge or otherwise deal with performance rights. Upon vesting of performance rights, Mr McMillan will be free to deal with any shares allocated to them on vesting of the performance rights, subject to the requirements of the Company's Securities Dealing Policy.

Cessation of employment

Unless the Board determines otherwise, where Mr McMillan ceases to be an employee of the Group by reason of resignation or is terminated for cause, all unvested performance rights will lapse.

In all other circumstances (including genuine retirement, redundancy, death, total and permanent disability, or termination by mutual agreement), all unvested performance rights will remain on foot and be subject to the original terms of offer, as though the individual had not ceased employment, unless the Board determines otherwise.

Change of control and takeover event

If a change of control event occurs (including a takeover event or any other transaction, event or state of affairs that, in the Board's opinion, is likely to result in a change in the control of the Company) the Board may decide that some or all of the unvested Rights will vest, lapse or remain on foot. Where only some of the performance rights vest, the remainder will immediately lapse. In determining whether to exercise its discretion, the Board will have regard to any circumstances it considers appropriate.

If an actual change of control of the Company occurs before the Board has exercised its discretion, all unvested Rights will vest and be automatically exercised. The Board retains the discretion to determine a different treatment.

Malus and clawback

The Board has broad "malus" and "clawback" powers to determine that performance rights lapse, any shares allocated on vesting are forfeited, in certain circumstances. For example, in the case of fraud or dishonesty or where the executive has done an act which has brought the Company or the Group into disrepute.

Other information required by ASX Listing Rule 10.15

- Mr McMillan's total current remuneration package is \$946,263, comprising \$630,842 as FAR (inclusive of superannuation) and \$315,421 as performance incentives (based on maximum opportunity). Shareholders are referred to the FY2023 Remuneration Report for further details of Mr McMillan's remuneration.
- 646,734 performance rights have been granted to Mr McMillan under the Performance Incentive Plan in prior years. These performance rights were granted to Mr McMillan for no cost. Approval is currently not required in respect of any other participants under the Performance Incentive Plan.

- There have been no loans granted to Mr McMillan in relation to the acquisition of these performance rights or shares under the Performance Incentive Plan.
- Details of any shares issued under the Performance Incentive Plan will be published in the Company's Annual Report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14. Any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of securities under the Performance Incentive Plan after this resolution is approved and who are not named in this notice of meeting will not participate until approval is obtained under ASX Listing Rule 10.14.
- Voting exclusions apply to Resolution 4. Please refer to the "Entitlement to Attend and Vote" section on pages 4 and 5 of the Notice of Meeting.

Recommendation - The Board (excluding Mr McMillan) recommends that Shareholders vote in favour of Resolution 4.

How to participate in the AGM

Attending online

Shareholders can listen and participate in the Annual General Meeting virtually via by entering the following URL in your computer or mobile device browser:

<https://meetings.linkgroup.com/AQZ23>.

To participate and vote online, we recommend logging into the online platform at least 15 minutes prior to the scheduled start time for the Meeting using the instructions below.

Enter <https://meetings.linkgroup.com/AQZ23> into a web browser on your computer or online device:

- Shareholders will need their Shareholder Reference Number (SRN) or Holder Identification Number (HIN) printed at the top of your voting Form; and
- Proxyholders will need their proxy code which Link Market Services will provide via email the day prior to the Meeting.

Further information on how to participate virtually is set out in the Online Platform Guide at <https://www.allianceairlines.com.au/investor-centre/investor-centre>.

Attending in-person

Shareholders, proxyholders and corporate representatives can attend the AGM in person at Murrayfield Room, Ballymore Stadium, 91 Clyde Road, Herston, Queensland where they may ask questions and vote. Registration will commence at 10.00 am (AEST) on the day.

Shareholders who are attending in-person are requested to bring their personalised Voting Form with them as it will help in registering attendance at the meeting.

If Shareholders are not able to present their Voting Forms prior to the meeting they will still be able to attend the meeting but will need to be able to verify their identity.

How to ask questions

Only shareholders and proxyholders may ask questions during the AGM, once they have been verified. The online platform allows shareholders and proxyholders to ask written questions during the meeting.

Technical difficulties when attending online

Technical difficulties may arise during the course of the online meeting. The Chairman has discretion as to whether and how the online meeting should proceed in the event that a technical difficulty arises. In exercising his discretion, the Chairman will have regard to the number of shareholders impacted and the extent to which participation in the business of the meeting is affected. Where he considers it appropriate, the Chairman may continue to hold the online meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions.

For this reason, shareholders are encouraged to lodge a proxy by **11:00am (Australian Eastern Standard Time) on Sunday, 26th November 2023** even if they plan to attend the Annual General Meeting online.

Proxies

A Shareholder entitled to attend, and vote has a right to appoint a proxy to attend and vote instead of the Shareholder. A proxy need not be a Shareholder and can be either an individual or a body corporate.

If a Shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it:

- appoints an individual as its corporate representative to exercise its powers at the meeting, in accordance with section 250D of the Corporations Act; and
- provides satisfactory evidence of the appointment of its corporate representative.

If such evidence is not received at least 48 hours before the meeting by **10.00am (Australian Eastern Standard Time) on Sunday, 26th November 2023**, then the body corporate (through its representative) will not be permitted to act as a proxy.

A Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the Shareholder's votes.

A Proxy Form accompanies this Notice and to be effective must be received at the Company's corporate registry:

By post: Alliance Aviation Services Limited
C/- Link Market Services Limited
Locked Bag A14
SYDNEY SOUTH NSW 1235
Australia

Or by facsimile: 02 9287 0309

Or online via: <https://investorcentre.linkgroup.com>

Or by hand: Link Market Services Limited
Parramatta Square, Level 22, Tower 6
10 Darcy Street, Parramatta NSW 2150
Australia

*by no later than 11:00am (Australian Eastern Standard Time) on
Sunday, 26th November 2023.*

If a Shareholder appoints a proxy, they may also still attend the meeting. The appointment of the proxy is not revoked by a Shareholder attending and taking part in the meeting, but if the Shareholder also votes on a resolution, the proxy is not entitled to vote on that same resolution.

The Chairman of the meeting intends to vote all available proxies in favour of all of the proposed resolutions.

If you wish to indicate how your proxy should vote, please mark the appropriate boxes on the proxy form. If you do not direct your proxy how to vote on a particular item of business, you are authorising your proxy to vote as they decide, subject to any applicable voting exclusions.

Unless the Chairman of the Annual General Meeting is your proxy, members of the Company's KMP (which includes each of the Directors) will not be able to vote as proxy on resolutions 3 and 4 unless you direct them how to vote. If you intend to appoint any of those persons as your proxy, you should ensure that you direct that person how to vote on resolutions 3 and 4.

If you intend to appoint the Chairman of the Annual General Meeting as your proxy, you can direct the Chairman how to vote by marking the boxes for the relevant resolution (for example, if you wish to vote "for", "against" or to "abstain" from voting). However, if you do not mark a box next to resolutions 3 or 4, then by signing and submitting the proxy form, you will be expressly authorising the Chairman to vote as he see fit in respect of resolutions 3 and 4 even though it is connected with the remuneration of the Company's KMP.

All resolutions will be decided on a poll. On a poll, if:

- a shareholder has appointed a proxy (other than the Chairman of the Annual General Meeting) and the appointment of the proxy specifies the way the proxy is to vote on the resolution; and
- that shareholder's proxy is either not recorded as attending the Annual General Meeting or does not vote on the resolution,

the Chairman of the Annual General Meeting will, before voting on the resolution closes, be taken to have been appointed as the proxy for the shareholder for the purposes of voting on that resolution and must vote in accordance with the written direction of that shareholder.

All Shareholders will have the opportunity to ask questions at the meeting.

Attorneys

A shareholder entitled to attend, and vote may appoint an attorney to act on his or her behalf at the meeting. An attorney may but need not be a member of the Company.

An attorney may not vote at the meeting unless the instrument appointing the attorney, and the authority under which the instrument is signed or a certified copy of the authority, are received by the Company in the same manner, and by the same time, as outlined above for proxy forms.