



**Alliance**

# RESULTS PRESENTATION

- Half Year Ended -

31 December 2025

Alliance Aviation Services Limited

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# AGENDA



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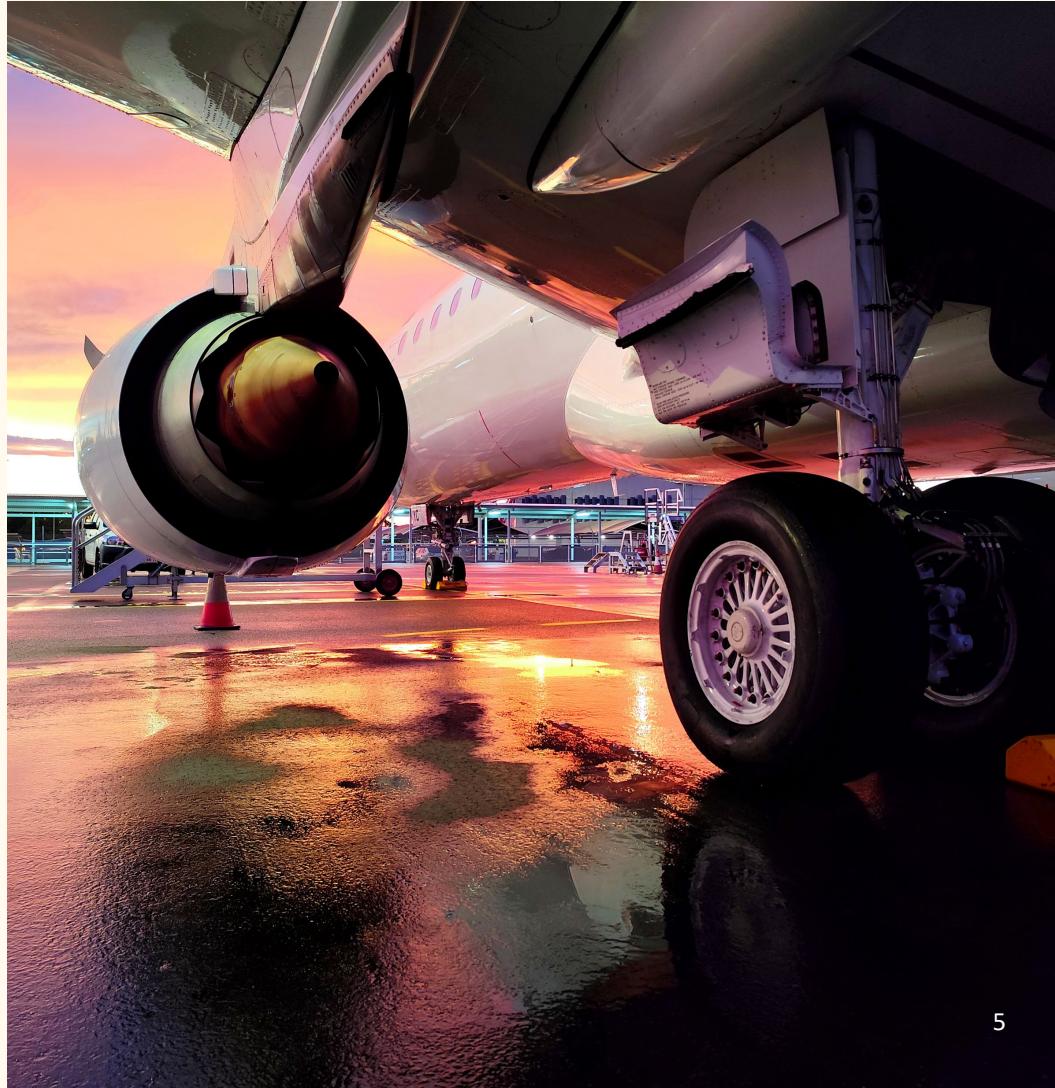
# 1H26 KEY MESSAGES

Stewart Tully, Managing Director



# KEY MESSAGES

- Core contracted (FIFO) business remains resilient, underpinned by strong safety and operational performance coupled with a positive outlook for the resources sector
- Commercially unviable and cash flow negative arrangement with major wet-lease customer materially impacted Group financial performance; good faith negotiations ongoing
- \$164.8 million fleet impairment and inventory write-down announced in February 2026
- Turnaround underway, with focus on capital allocation, free cash flow generation including asset sales and expense management
- Aircraft trading activity ceased as at 31 December 2025
- NTA of \$2.22 per share as at 31 December 2025<sup>1</sup>



1) NTA calculated as net assets, less intangibles

# 1H26 UNDERLYING RESULTS

UNDERLYING REVENUE<sup>1</sup>

\$368.8m

1H25: \$338.9m

UNDERLYING EBITDA<sup>1</sup>

\$87.4m

1H25: \$101.2m

UNDERLYING PBT<sup>1</sup>

\$14.6m

1H25: \$41.3m

UNDERLYING NPAT<sup>1</sup>

\$11.9m

1H25: \$28.8m

OPERATING CASH FLOW<sup>2</sup>

\$8.2m

1H25: \$27.2m

NET DEBT

\$433.4m

30 JUN 2025: \$378.0m

FLEET

81

36 FOKKER | 45 EMBRAER

FLIGHT HOURS

59,207

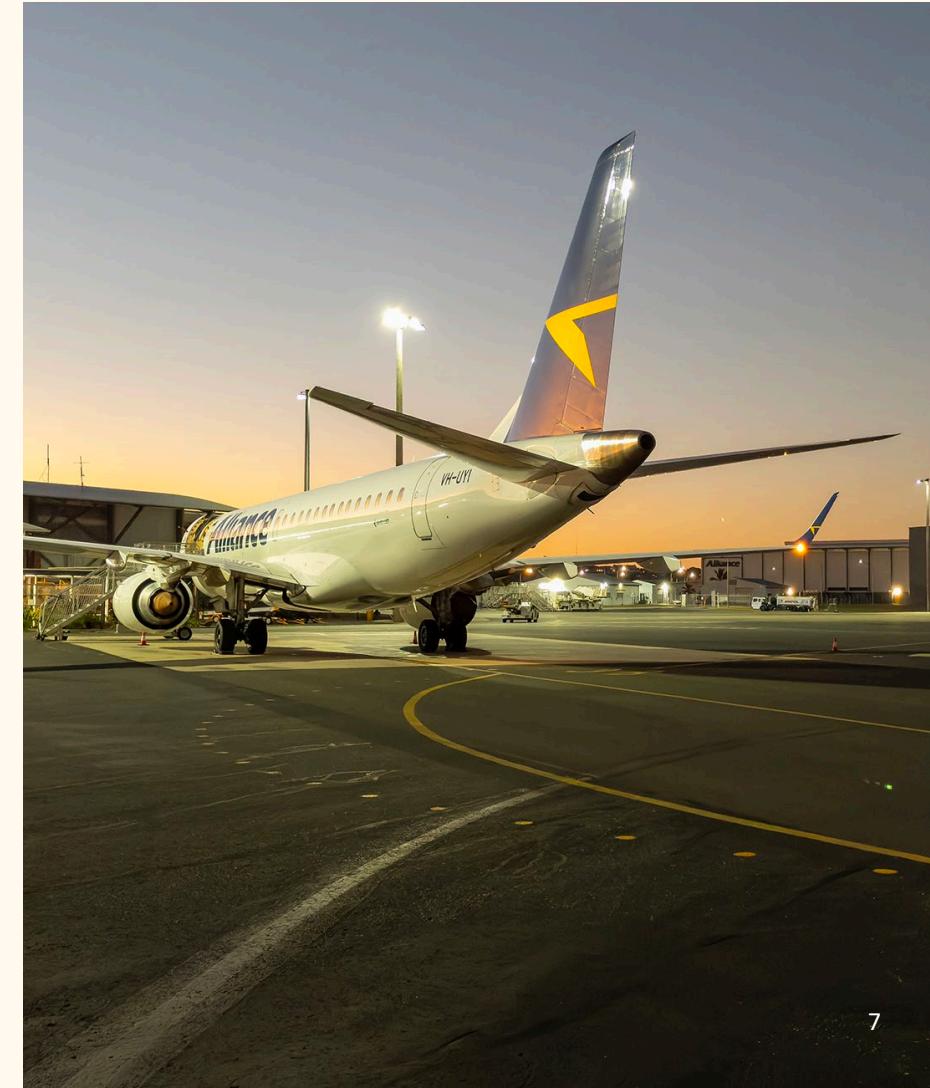
1H25: 58,362

1) Adjustments in underlying results detailed in Appendix on Slide 22. 2) Operating cash flow before aircraft purchases for inventory.

# WET-LEASE UPDATE

Update on review of major wet-lease customer agreement, arrangement or understanding

- Commercially unviable and cash flow negative arrangement with major wet-lease customer materially impacting Group financial performance
- Under this arrangement, Alliance provides critical regional transport infrastructure supporting rural, resources and tourism industries, which is necessary to the customer's current network
- Alliance has initiated and is now engaged in a good faith commercial negotiation with the customer
- The Alliance Board is taking advice and is exploring a range of alternative options if a timely negotiated outcome cannot be achieved



# ASSET IMPAIRMENT AND FLEET RENEWAL

Revised financial outlook has necessitated the need to impair the book value of the company's fleet and related assets.

Alliance has subsequently recognised:

- \$144.6m impairment on Fokker F70 and F100 aircraft and engines
- \$7.2m impairment on right of use (ROU) assets
- \$0.1m impairment of intangible assets
- \$12.9m write-down on Fokker spare parts and inventory
- All are non-cash accounting adjustments and do not impact Alliance's cash position, operations or debt covenants

Fokker aircraft to be progressively retired and replaced over 4-5 years, with long-term fleet renewal planning underway.



# OPERATIONAL TURNAROUND UNDERWAY

Capital, cash and contract discipline to provide a platform for sustainable growth

	IMPROVE CAPITAL ALLOCATION	IMPROVE FREE CASH FLOW	IMPROVE SALES & CUSTOMER MANAGEMENT
OBJECTIVES	<b>Optimise fleet, improve utilisation and divest non-core or underperforming assets</b>	<b>Implement disciplined maintenance capital expenditure, cost control, staffing alignment and financial accountability</b>	<b>Improve contract quality and revenue discipline</b>
PRIORITIES	<ul style="list-style-type: none"><li>✓ Revised fleet plan underway</li><li>✓ Aircraft and non-core asset sales identified and listed via agents<ul style="list-style-type: none"><li>• Surplus aircraft</li><li>• Hangars</li><li>• Engine cores</li><li>• Surplus parts inventory</li></ul></li></ul>	<ul style="list-style-type: none"><li>✓ Established planned engine procurement strategy with focus on cost efficiency</li><li>✓ Reviewed and continued reduction in maintenance expenditure</li><li>✓ Commenced organisation-wide staffing review</li><li>✓ Commenced review and implementation of controls for reducing operating costs</li></ul>	<ul style="list-style-type: none"><li>✓ Reviewing customer contracts to identify arrangements that do not meet required return thresholds</li><li>✓ Addressing under-performing wet-lease activity</li><li>✓ Pursue targeted growth opportunities</li></ul>



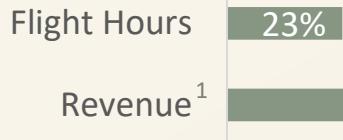
1H26 FINANCIAL PERFORMANCE  
Simon Vertullo, Chief Financial Officer

# REVENUE STREAMS

## CONTRACTED FIFO

**Flights operated on behalf of resource sector customers**

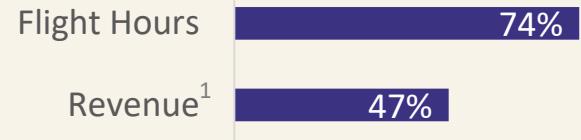
- Revenue performance remains resilient
- Diverse long-term contracted FIFO client base
- Predominately serviced by Fokker aircraft
- Significant regional presence provides a distinct advantage in gaining, and retaining, customers.



## WET-LEASE

**Providing flight services to major airlines**

- Full aircraft deployment of 30 Embraer 190 and complement of Fokker aircraft
- Continued strength in on-time performance and safety
- Commercially unviable and cash flow negative arrangement with major customer materially impacting financial performance



## AVIATION SERVICES & OTHER REVENUE

**Provision of specialised aviation services and inventory trading**

- Aircraft trading activity ceased as at 31 December 2025
- In future, Aviation Services will concentrate exclusively on supporting the Alliance fleet



1) Revenue as a percentage of revenue from continuing operations as per Financial Statements.

# UNDERLYING INCOME STATEMENT<sup>1</sup>

## Revenue

- Full deployment of wet lease aircraft and 3% increase in flight hours
- Resilient contract revenue for FIFO
- Limited aircraft capacity for Charter flying
- Aviation Services revenue includes \$18.1m from Aviation trading from the sale of engine cores and airframes (this generated a net loss of \$2.3m for the period)
- Other Revenue includes \$7.3m in dry lease revenue

## Operating Expenses

- Increased costs running ahead of CPI
- Impact of Enterprise Agreement for flight crew and engineer costs
- Increased repairs and maintenance costs particularly AVIAN related expenses with benefits yet to be achieved

## Other Costs

- Depreciation has increased from higher cost replacement engines and increased heavy maintenance costs
- Increased finance cost resulting from debt funded fleet expansion

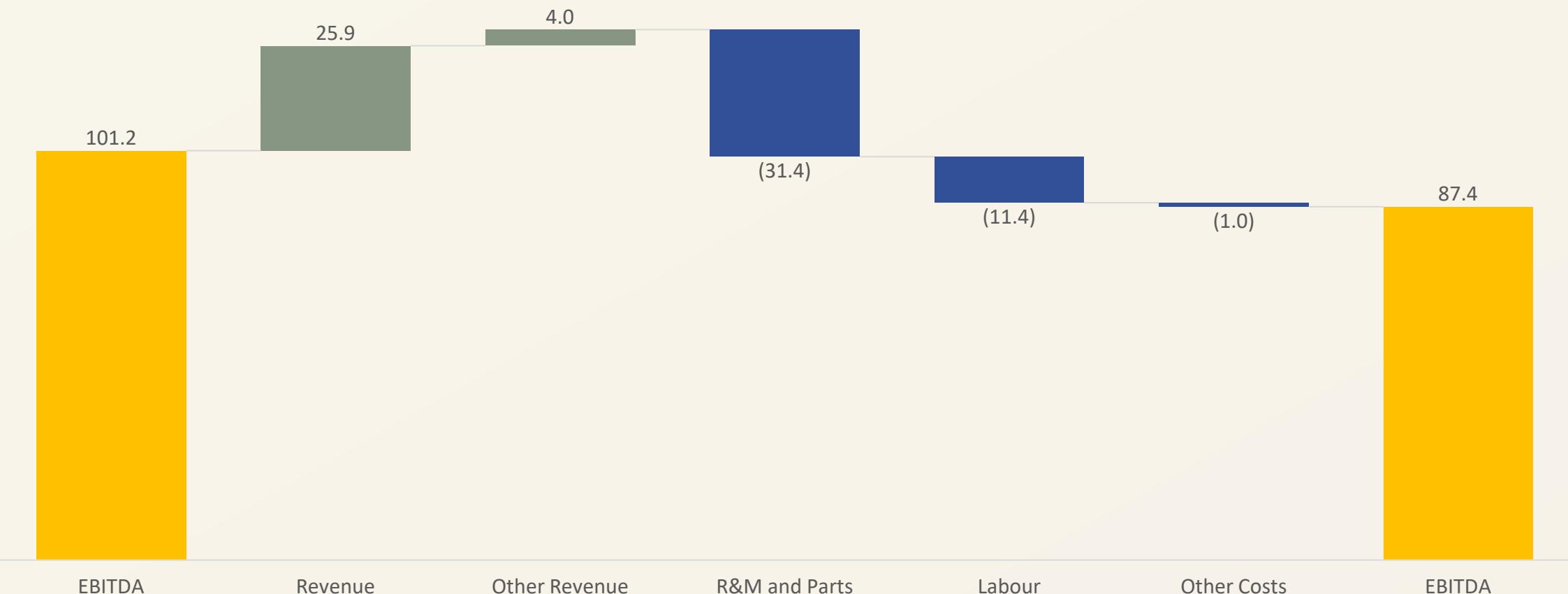
\$ millions	31 Dec 2025 Underlying	31 Dec 2024 Actual	PCP Change
<b>Revenue</b>			
Contract Revenue	152.6	153.6	(1%)
Charter Revenue	7.1	7.2	(1%)
Wet Lease Revenue	169.8	160.1	6%
RPT Revenue	5.8	5.9	(2%)
Aviation Services Revenue	18.7	4.9	282%
Other Revenue	14.8	7.2	106%
<b>Total Revenue</b>	<b>368.8</b>	<b>338.9</b>	<b>9%</b>
Operating Expenses	(281.4)	(237.7)	(18%)
<b>EBITDA</b>	<b>87.4</b>	<b>101.2</b>	<b>(14%)</b>
Depreciation and amortisation	(55.3)	(43.9)	(26%)
<b>EBIT</b>	<b>32.1</b>	<b>57.3</b>	<b>(44%)</b>
Finance costs	(17.5)	(16.0)	(9%)
<b>PBT</b>	<b>14.6</b>	<b>41.3</b>	<b>(65%)</b>
Income tax expense	(2.7)	(12.5)	78%
<b>NPAT</b>	<b>11.9</b>	<b>28.8</b>	<b>(59%)</b>
<b>Basic EPS (cents)</b>	<b>7.4</b>	<b>18.0</b>	<b>(59%)</b>

1) Adjustments in underlying results detailed in Appendix on Slide 23.

# EBITDA BRIDGE (UNDERLYING)

Key movements in 1H26 include increased repairs & maintenance and labour

1H25 EBITDA to 1H26 EBITDA (\$m)



# STATEMENT OF FINANCIAL POSITION

## Statutory Impairment

- An impairment charge of \$144.6 million against the carrying value of Fokker F70 and F100 aircraft and engines
- Other impairment and write-downs were Fokker inventory of \$12.9 million, ROU assets of \$7.2 million and intangibles of \$0.1 million
- Post-impairment Net Tangible Asset valuation of \$2.22 per share<sup>1</sup>
- Independent aircraft valuation exceeded the written down value of the Embraer fleet by \$67 million

## Inventory (pre-impairment)

- Costs associated with aircraft classified as inventory of \$8.3 million and the purchase of engines, rotables and spares of \$22.7 million

## Debt

- Net Debt was \$433.5 million, including \$23.0 of newly drawn debt offset by mandatory payments of \$5.7 million
- Continue to be compliant with all covenants

## Net Assets

- Net Asset position decreased to \$357.9m, principally driven by the impairment

1) NTA calculated as net assets, less intangibles

\$ millions	31 Dec 2025	30 Jun 2025	Change
	Actual	Actual	
Cash	58.4	96.5	
Receivables	86.9	85.7	
Inventory	104.7	86.5	
<b>Total Current Assets</b>	<b>250.0</b>	<b>268.7</b>	<b>(7%)</b>
PP&E	800.5	901.9	
Intangibles	-	0.1	
Right of Use Assets	25.6	34.4	
<b>Total Non-Current Assets</b>	<b>826.1</b>	<b>936.4</b>	<b>(12%)</b>
Trade & Other Payables	92.9	83.3	
Borrowings	11.5	11.5	
Current Tax Liabilities	-	-	
Lease liabilities	4.6	4.5	
Provisions /Other	25.3	25.5	
<b>Total Current Liabilities</b>	<b>134.3</b>	<b>124.8</b>	<b>8%</b>
Borrowings	480.4	463.1	
Provisions /Other	5.5	3.8	
Lease Liabilities	32.9	34.4	
Deferred Tax Liability	65.1	110.4	
<b>Total Non-Current Liabilities</b>	<b>583.9</b>	<b>611.7</b>	<b>(5%)</b>
<b>Total Liabilities</b>	<b>718.2</b>	<b>736.5</b>	<b>(2%)</b>
<b>Net Assets</b>	<b>357.9</b>	<b>468.6</b>	<b>(24%)</b>

# CAPITAL EXPENDITURE

## Existing fleet capital expenditure

- Engine care program (Rolls-Royce) expired December 2024
- Operating cost capitalisation driven by additional Rockhampton base maintenance with one line fully operational
- Increase demand of parts utilised in maintenance due to increased activity and aging fleet

## Aircraft acquisitions

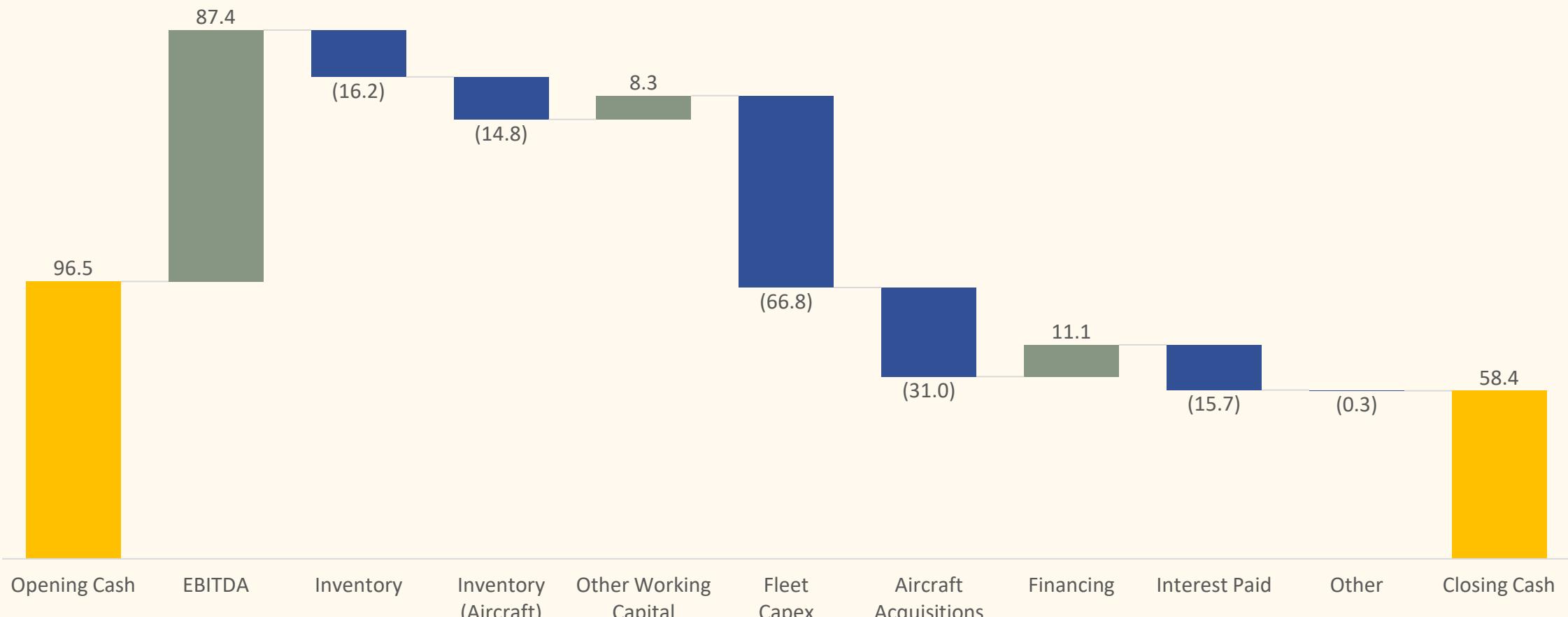
- Settling and EIS of AerCap aircraft entering the fleet
- Total aircraft acquisitions of \$31.0 million brings the fleet to 81 fully owned aircraft

	31 Dec 2025	31 Dec 2024
	Actual	Actual
<b>\$ millions</b>		
<b>Existing Fleet Capital Expenditure</b>		
<b>Cash outflows</b>		
Base maintenance providers	19.7	19.5
Engine care program	-	12.0
Other miscellaneous	(1.7)	3.8
Operating costs capitalised	6.1	2.5
<b>Total Cash Outflows</b>	<b>24.1</b>	<b>37.8</b>
<b>Inventory used for Capital Expenditure</b>		
Parts from inventory used in maintenance	42.7	21.9
<b>Total Existing Fleet Capital Expenditure</b>	<b>66.8</b>	<b>59.7</b>
<b>Aircraft Acquisitions</b>		
<b>Cash outflows</b>		
Costs associated with aircraft acquisitions	25.4	48.5
Brisbane hangar costs	-	19.6
Operating costs capitalised	3.2	1.4
<b>Total Cash Outflows</b>	<b>28.6</b>	<b>69.5</b>
<b>Inventory used for Capital Expenditure</b>		
Parts from inventory used	2.4	16.5
<b>Total Aircraft Acquisitions</b>	<b>31.0</b>	<b>86.0</b>
<b>Total Capital Expenditure</b>	<b>97.8</b>	<b>145.7</b>

# CASH FLOW BRIDGE

The cash position in the half has been impacted by outsized maintenance capex

1H26 Cashflow Bridge (\$m)



A photograph taken from an airplane window, showing the wing and a vast landscape below. The landscape features a large, winding river or coastal area with a dark, textured surface. The sky is filled with dramatic, colorful clouds at sunset, with shades of orange, yellow, and blue. The overall scene conveys a sense of travel and exploration.

# STRATEGY AND OUTLOOK

James Jackson, Chairman

# FY26 EARNINGS GUIDANCE

## FY26 Underlying Guidance

PBT      \$35-40 million

## Updated guidance reflecting:

- Cessation of aircraft trading activities resulting in the removal of the forecast \$18m PBT contribution from these activities
- Offset by the reduction in depreciation expense following the fleet impairment (~\$9-10m)
- Net debt subject to uncertainty relating to timing and execution of surplus asset sales
- Guidance provided on an underlying basis excluding impairment expense



Q & A





APPENDIX

# CASH FLOW STATEMENT

- Operating cash flows includes \$14.8 million for the purchase and associated costs of two aircraft classified as inventory
- Interest paid has increased \$3.8 million due to the additional debt
- Payments for PP&E included:
  - Embraer fleet expansion capex - \$25.4 million
  - Fokker and Embraer fleet maintenance capex - \$19.6 million
- \$23.0 million of debt was drawn down in the year to fund the acquisition of aircraft
- Contracted loan repayments of \$5.7 million were made
- Payment of final dividend for FY25 of 3.0 cents per share totalling \$4.8 million
- Aircraft acquisition capex inclusive of Embraer fleet expansion was \$31.0 million (includes operating costs capitalised and parts used from inventory)

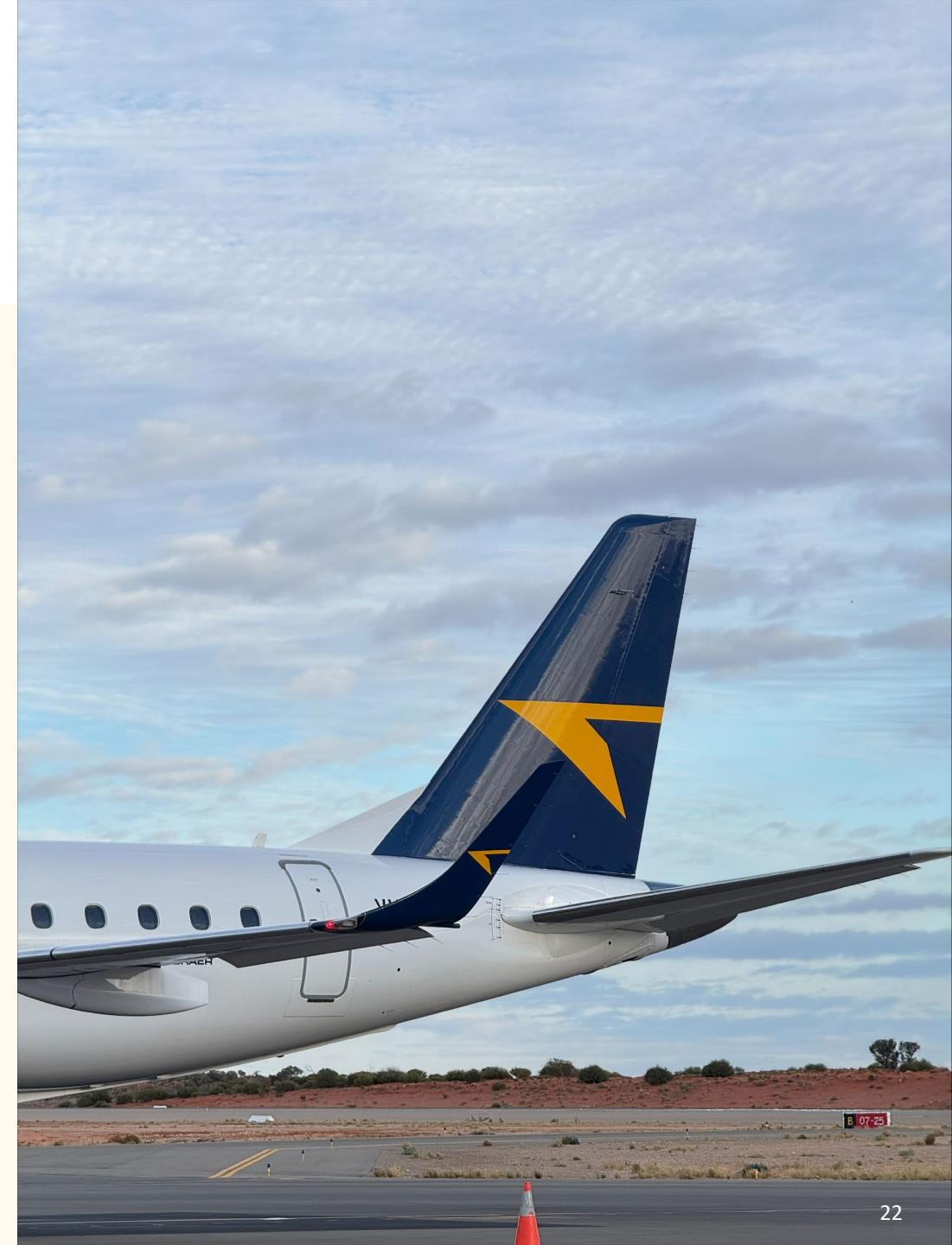
	31 Dec 2025	31 Dec 2024
	Actual	Actual
<b>\$ millions</b>		
Receipts from customers (Inclusive of GST)	396.9	393.8
Payments to suppliers (inclusive of GST)	(387.0)	(396.7)
Interest received	0.3	0.2
Interest paid	(16.0)	(12.2)
Income tax (paid)/refunded	-	(0.2)
<b>Net Cash Inflow (outflow) from Operating Activities</b>	<b>(5.8)</b>	<b>(15.1)</b>
Payments for property, plant and equipment	(43.4)	(103.4)
<b>Free Cash flow</b>	<b>(49.2)</b>	<b>(118.5)</b>
Proceeds from borrowings	23.0	111.7
Repayment of borrowings	(5.7)	(3.7)
Dividends paid	(4.8)	-
Principal elements of lease payments	(1.4)	(1.1)
<b>Net Cash Inflow (outflow) from Financing Activities</b>	<b>11.1</b>	<b>106.9</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(38.1)</b>	<b>(11.6)</b>
Cash and Cash Equivalents at beginning of the year	96.5	31.2
<b>Cash and Cash Equivalents at end of year</b>	<b>58.4</b>	<b>19.6</b>

# RECONCILIATION OF RESULTS

## 1H26 Income statement

\$ millions	31 Dec 2025	Underlying Adjustment <sup>1</sup>	31 Dec 2025
	Underlying		Statutory
<b>Revenue</b>			
Contract Revenue	152.6	-	152.6
Charter Revenue	7.1	-	7.1
Wet Lease Revenue	169.8	0.3	170.1
RPT Revenue	5.8	-	5.8
Aviation Services Revenue	18.7	-	18.7
Other Revenue	14.8	-	14.8
<b>Total Revenue</b>	<b>368.8</b>	<b>0.3</b>	<b>369.1</b>
Operating Expenses	(281.4)	(14.1)	(295.5)
Impairment Costs	-	(151.9)	(151.9)
<b>EBITDA</b>	<b>87.4</b>	<b>(165.7)</b>	<b>(78.3)</b>
Depreciation and amortisation	(55.3)	-	(55.3)
<b>EBIT</b>	<b>32.1</b>	<b>(165.7)</b>	<b>(133.6)</b>
Finance costs	(17.5)	-	(17.5)
<b>PBT</b>	<b>14.6</b>	<b>(165.7)</b>	<b>(151.1)</b>
Income tax expense	(2.7)	48.0	45.3
<b>NPAT</b>	<b>11.9</b>	<b>(117.7)</b>	<b>(105.8)</b>
<b>Basic EPS (cents)</b>	<b>7.40</b>		<b>(65.7)</b>

1) Underlying results excludes \$0.3m adjustment from prior year revenue, payroll tax adjustment of (\$1.2m), the impairment of Fokker aircraft (\$144.6m), impairment of Right of Use (ROU) assets (\$7.2m), impairment of intangibles of (\$0.1m), write-down of inventory (\$12.9m) and the associated tax impacts of the adjustments of \$48.0m



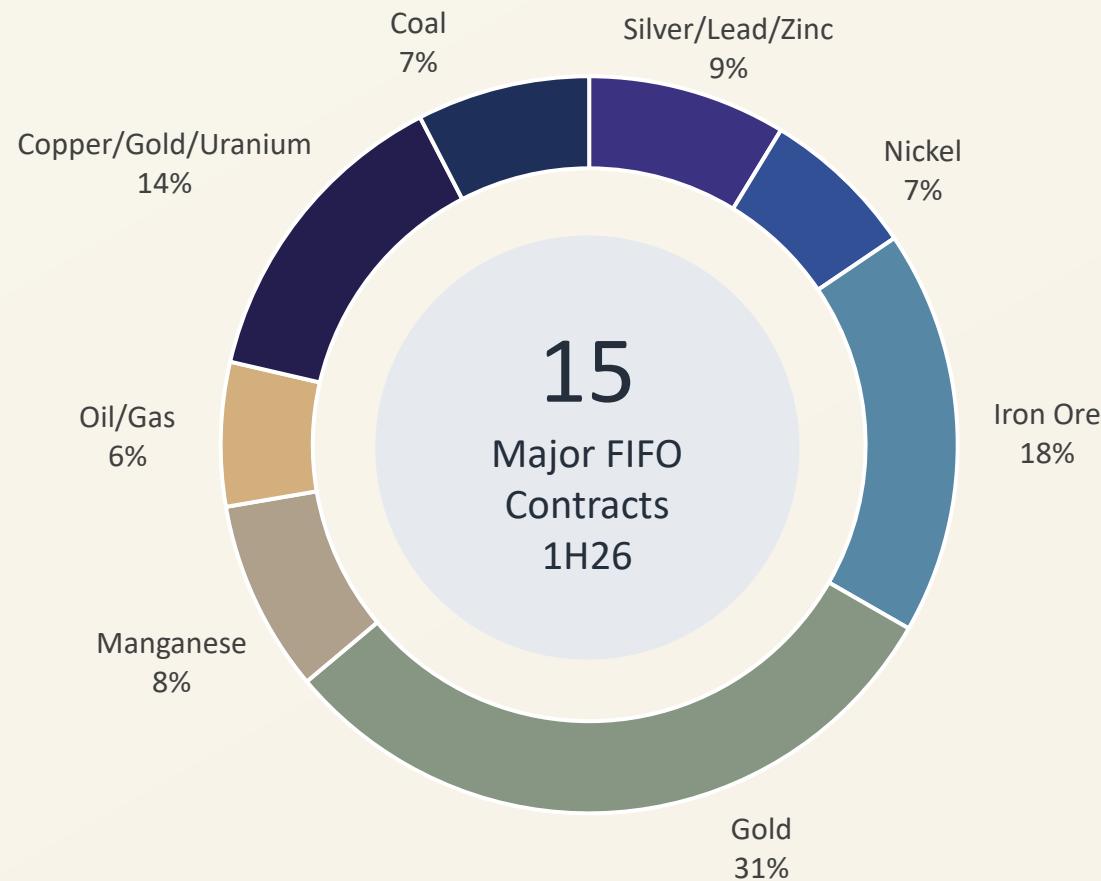
# OPERATIONAL METRICS



	31 Dec 2025 Actual	31 Dec 2024 Actual
Aircraft in Service - Fokker	36	38
Aircraft in Service - Embraer	45	41
<b>Aircraft in Service - Total</b>	<b>81</b>	<b>79</b>
Flight Hours - Contract	13,816	14,265
Flight Hours - Charter	505	595
Flight Hours - Wet Lease	43,940	42,682
Flight Hours - RPT	435	423
Flight Hours - (incl maitenance)	511	397
<b>Flight Hours - Total</b>	<b>59,207</b>	<b>58,362</b>
Staff numbers at end of the period (FTE)	1,429	1,430
<b>Contract Revenue as % of Total Revenue</b>	<b>43%</b>	<b>46%</b>
<b>Wet Lease Revenue as % of Total Revenue</b>	<b>47%</b>	<b>48%</b>

# COMMODITY EXPOSURE

Major commodity exposure as a percentage of the top 15 contracted FIFO client's revenue for the year ended 31 December 2025.





T H A N K   Y O U