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ASX RELEASE

Alliance Aviation Services Limited ("Alliance") (ASX: AQZ)

Increased half year profit and flight hours

1H 2025 Result Highlights

- Statutory profit before tax: \$41.3 million, up \$3.6 million or 9.5%.
- Total revenue from operations: \$333.0 million, up \$33.6 million or 11.3%.
- Flight hours increased to 58,362, up from 50,793 with 97% of those hours operated under long term contracts.
- Seventy-six (76) aircraft in revenue service as at 31st December 2024.
- Earnings before Interest, Tax, and Depreciation and Amortisation (EBITDA): \$101.2 million, up \$20.8 million or 25.9%
- Net debt at balance date of \$425.5 million representing 0.43 times book value of fleet and inventory.
- Board of Directors renewal.
- Alliance Airlines retains a positive outlook for FY2025 as we execute on our strategy of increasing aviation services activity to take advantage of our material opportunities in the current global aviation market.
- Guidance remains unchanged with a 2025 financial year consensus forecast of \$92.9 million PBT and \$202.1 million EBITDA.

Summary

Alliance is delighted to announce its results for the half year ended 31 December 2024 (HY25). During the period the Group experienced record flight hours, four (4) additions to the operational fleet and record financial results for the first half of a financial year.

Alliance reports a HY25 statutory profit before tax (PBT) of \$41.3 million, an increase of \$3.6 million or 9.5% (HY2024: \$37.7 million). Revenue from operations increased by 11.3% to \$333.0 million (FY2024: \$299.7 million) with significant growth in contracted wet lease revenue.

Alliance's Managing Director, Scott McMillan, said, "I am pleased to report that Alliance Airlines has delivered another solid performance for the first half of the financial year, despite the continued challenges posed by a rising cost environment together with increased industrial relations activity. In addition, three aircraft were damaged during the half year in incidents beyond the company's control.

"In this period, we have seen a notable increase in flight hours, reflecting our commitment to meeting the growing demand for reliable air services. Our fleet has been operating at higher capacity, ensuring we continue to provide consistent service to our clients and strengthen our market position. This increase in flying activity has been a key driver behind the growth of our wet lease revenue, which has shown a marked improvement compared to prior years.

“In a rising cost environment, we have remained focused on driving efficiencies and adapting to the changing economic landscape. Our ability to increase profits amid higher operating costs is a testament to the resilience of our business model and the hard work of our team. We are committed to managing our costs effectively while continuing to invest in our fleet and infrastructure to support future growth.

“As we look ahead, we remain optimistic about our ability to capitalise on new opportunities and deliver sustainable returns for our stakeholders. I would like to take this opportunity to thank our employees, customers, and partners for their continued support.

“In accordance with our previously stated strategy to increase our aviation services activity, we are confident that, given the global demand for aviation assets, we will be able to achieve significant monetisation of the company’s extensive inventory. Alliance Airlines will continue to thrive in the second half of the year, building on our strong foundation and adapting to the evolving aviation landscape.”

The Company operated record flight hours of 58,362 for the half year ended 31 December 2024.



Statutory Results Overview

Earnings Metric	HY2025	HY2024	Variance
Revenue and Income	\$338.9m	\$304.5m	11%
EBITDA	\$101.2m	\$80.4m	26%
Statutory PBT	\$41.3m	\$37.7m	10%
Aircraft in Service	76*	70*	6%

*Includes four E190's (three in HY2024) on dry lease. Dry lease revenue is included as Other Income in the financial statements.

Flight Hour Type	HY2025	2HFY24	1HFY24
Contract Charter	14,265	14,246	14,156
Ad-hoc Charter	595	688	666
Wet Lease	42,682	37,925	35,191
RPT	423	450	499
Other	397	443	281
Total	58,362	53,752	50,793

Contract charter activity remained pleasingly constant when compared to the comparable historic periods given the previously reported reduction in services planned due to BHP Nickel West entering care and maintenance. As a result of a reduction in fuel prices which was slightly offset by CPI increases, contract charter revenue fell by 1% from \$154.7 million in 1HY2024 to \$153.7 million in 1HY2025.

The most significant increase in the Group's activity was wet lease flight hours which grew by 4,757 hours when compared to the 2HFY24. As of 31 December 2024, Qantas has called all 30 wet lease aircraft options with the last aircraft to be delivered in February 2025. The increase in wet lease activity led to record wet lease revenues of \$160.1 million for the year which is 25% higher than 1HY2024.

Ad hoc charter activity has declined with aircraft capacity being allocated to wet lease and contract services. RPT flight hours continue to reduce in line with the previously outlined strategy.

During the year Alliance continued to focus on cost management to ensure that the impact of inflation and supply chain challenges did not erode margins.

Cash flow

Statutory operating cash flow for the financial year was (\$15.1) million which includes an outflow of \$42.3 million for E190 aircraft acquisitions (nominated to be used for parts or sales). Whilst these are classified as inventory, they are part of a build-up of spare parts which will facilitate lower maintenance costs in the future or increased part sales.

These items have been classified as inventory (rather than Property Plant and Equipment and as such normally accounted in investing cashflow as capital expenditure). Accordingly, the underlying operating cash flow was \$27.2 million.

Cash outflows for capital expenditure in HY2025 were \$103.5 million compared to \$42.4 million in HY2024 as the company continues to build its E190 fleet.

Cash outflows related to growth capital expenditure for the half year were \$69.5 million (HY2024: \$8.1million) which excludes aircraft held for sale and part out. The E190 programme continued into HY2025 with \$86.0 million expended on aircraft and asset acquisition costs compared to \$52.4 million in HY2024.

The Rockhampton maintenance facility, completed in FY2024, commenced its first E190 base maintenance check in December 2024 together with the part out of two E190 aircraft. The first completed major check is expected to be February 2025 with service maintenance output rising with each subsequent check. This facility is an important and strategic asset of the company. Controlling the maintenance of the fleet and not being reliant on the risk of an international provider is seen as critical.

Cash outflows on existing fleet capital expenditure were \$37.8 million (HY2024: \$37.6 million). Increased expenditure on base maintenance of \$19.5 million (HY2024: \$14.7 million) reflects the increase in activity and timing of maintenance visits. A total of \$12.0 million was expended on the Rolls-Royce engine care program compared to \$13.9 million in HY2024. This program ended on 31 December 2024 in alignment with our Fokker aircraft strategy.

The Company has determined to retain capital to fund business growth and accordingly will not pay a dividend this half.

Aircraft Settlements and Expected Use

The Group continued to take delivery of E190 aircraft throughout the year. The table below provides a summary as to aircraft settlements as of 31 December 2024:

Aercap Transaction	
Number contracted	30
Number settled	17
Remaining to be settled	13
Number in service	1
Number in part out/parted out	11
Number in EIS maintenance	4
Number yet to have EIS maintenance performed	2

Aircraft deliveries continue with seven settlements in 1H2025 and six deliveries in 2H2025.

The remaining seven aircraft will settle in FY2026

The table below provides a summary as to expected aircraft use as of 30 June 2025.

Fokker	Fokker	Embraer	Total
Total Operational Fleet	36	43	79
Part out/sale	2	7	9
Sale (airframes only)	0	6	6
Total	38	59	97

Funding and Commitments

Debt increased in the half year by \$108.0 million which consisted of drawdowns of \$111.7 million for the purpose of aircraft acquisitions and the final payment for the additional two hangars in Brisbane; and loan repayments of \$3.7 million. Gross debt was \$445.1 million at the end of the reporting period with net debt of \$425.5 million.

In August 2024, the Group renewed its current debt facilities with ANZ, whilst at the same time increasing its facilities with the ANZ by \$100 million. Pricoa also agreed to increase its facilities with the Group with \$50 million available for capital acquisitions. The facilities now in place mean that the Group has fully funded its current capital acquisition programme covering aircraft and hangar facilities.

Alliance continues to strengthen its Balance Sheet with Net Assets increasing to \$440.3 million, up 7% from 30 June 2024 (\$410.7 million). Supporting this strong position, all bank covenants are well within existing funding limits.

Outlook

- Continued flexibility in activity to meet demand as additional aircraft enter the operating fleet.
- Deployment of the final wet lease aircraft option to Qantas in 2HFY25.
- Deployment of one additional dry-lease aircraft in 2HFY25.
- The Rockhampton maintenance facility will increasingly realise financial, strategic and operational benefits for the Group.
- Investment in new technology to support significant growth.
- Focus on cost control and capability to ensure that the Group's profitability margins are maintained.
- Aviation services trading in the second half will be significant as the company looks to opportunistically capitalise on its asset position.

Board Changes

Retirement of Mr. Stephen Padgett, OAM

Mr. Stephen Padgett, OAM, previously expressed his intention at the Group's Annual General Meeting ("AGM") in October 2024 to retire from the Board of Alliance Aviation Services Limited ("AQZ"). Mr. Padgett has now confirmed that this is the appropriate time to step down from his roles as Director and Chairman of Alliance Aviation Services Pty Limited (AQZ).

Given Mr. Padgett's deep understanding of the business and his invaluable contributions over the years, it is proposed that Mr Padgett be retained as a Board Advisor.

Mr Padgett co-founded Alliance in 2002, with Alliance Managing Director Scott McMillan, Hugh Jones and Stephen Bond and has been the Chairman of Alliance since it was listed on the Australian Securities Exchange in 2011.

Mr McMillan said, "Steve has been pivotal to the success of Alliance. The Board would like to express our sincere thanks to Steve for his commitment and contribution to the success of Alliance over many years. Although Steve retires from the Board, we are delighted that he has agreed to continue to be involved in the business as a strategic adviser and share with us his significant aviation industry experience of over 50 years."

Mr Padgett said, "While I remain as passionate about Alliance as I did when I started the business, now is the right time for me to step aside from my role on the Board. Alliance is in excellent hands under the stewardship of James and Scott and an experienced Board and management team, and I would like to express my deep gratitude to all our employees and management for their hard work and commitment to the business."

Appointment of Mr. James Jackson as Chairman

Mr Jackson is an experienced company director and former investment banking executive with extensive experience in international capital markets, agribusiness, and general business. James has served on a number of ASX listed company boards over the past 20 years, including the role of Chairman of MSF Sugar Ltd, Deputy Chairman of Elders Limited and as a Non-executive Director of Namoi Cotton Limited. He has skills in strategic planning, capital markets, corporate governance and solid experience as a director in capital intensive businesses operating in regional and rural Australia.

Mr Jackson earned a Bachelor of Commerce from the University of Queensland, completed the Program for Management Development at Harvard Business School, and is a Fellow of the Australian Institute of Company Directors. He is currently Chairman of ARC Funds Limited and is a resident of New South Wales.

Mr Jackson was appointed to the Board of Alliance Aviation Services Limited on 8 July 2024.

Mr Jackson said, "I am excited and honoured by the opportunity to lead Alliance as Chairman following the strong foundation established by Steve. I look forward to working closely with my fellow Directors, management and employees of Alliance to help to continue to drive Alliance's growth and success."

Appointment of Mr. Bernie Campbell as Director

Mr Campbell has been invited to join the Board of Alliance Aviation Services Limited as a Non-Executive Director.

Mr Campbell brings deep experience in equipment finance and leasing (including aircraft). He is familiar with the company having been heavily involved in the initial financing of the Alliance fleet prior to Alliance Aviation Services Limited listing on the stock exchange. Currently, Mr. Campbell serves as Chairman of Angle Auto Finance Pty Ltd (Australia's largest independent car finance provider), Garrison Lending Operations Pty Ltd a specialist equipment financier) and non-executive Director of boutique retirement village operator Oaktree Holdings Pty Ltd.

Mr. Campbell also has significant experience with ASX-listed entities. He holds a Master of Applied Finance from Macquarie University and has completed the INSEAD Advanced Management Program.

- Ends -

This announcement has been authorised for release by Alliance Aviation Services Limited's Board of Directors.

About Alliance

Alliance is Australasia's leading provider of contract, charter and allied aviation and maintenance 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.

The company also has a growing aircraft, engine and spare parts trading business allied to the two aircraft types it operates.

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.

Alliance is unique in that it owns its whole fleet. Currently that fleet consists of 38 Fokker 70/100 aircraft, 43 Embraer E190 aircraft with firm purchase commitments stretching to mid-2026 for a further 13 E190 aircraft.

The company dry leases four E190 aircraft to a third party with those leases having just been extended for a further five years.

Alliance has world leading operational performance, a key attribute sought by its customers. Alliance has operational bases in Brisbane, Townsville, Cairns, Adelaide, Perth, Darwin, and Rockhampton.

Alliance is locally owned with the majority of the Company's shareholders located in Australia and New Zealand.

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