

19 February 2026

ASX Release

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

Challenging first half; Turnaround underway

1H26 Results Overview

- Core FIFO business remains resilient, with Group performance impacted by commercially unviable arrangement with major wet-lease customer
- Statutory NPAT of (\$105.8m) reflects \$164.8m impairment of Fokker fleet and write-down of inventory
- Turnaround underway focused on capital allocation, free cash flow generation including sale of assets and expense management; Aircraft trading activity ceased
- NTA of \$2.22 per share as at 31 December 2025 a discount to independent fleet valuation
- Revised FY26 PBT guidance of \$35-40m

Alliance’s Managing Director, Stewart Tully, said, “Despite increased revenues and record flight hours in the first half, Alliance’s performance was challenged by margin pressure from a commercially unviable arrangement with one of our major wet-leasing customers that we are currently negotiating.

“As a result of our subdued financial performance, we recently announced a \$164.8m impairment and write-down of the value of our Fokker fleet and inventory, resulting in a significant statutory loss for the half.

“The Board and management are aligned on the imperative to improve performance and strengthen the financial position of the Group. Our immediate priority is the disciplined execution of the operational turnaround plan to improve capital allocation, profitability and cash flow generation, and strengthen the balance sheet.

“This includes an organisation-wide review of our cost base and expense management to align with the current operating context.

“Our core contract FIFO operation remains resilient, underpinned by our strong safety and operational performance and benefiting from a positive outlook for the resources sector. We remain committed to maintaining the high standard of service, safety and reliability expected by our customers.”

Group revenue reflected varied demand across core services, with a minor reduction in Contracted FIFO and Charter revenue more than offset by growth in wet-lease revenues.

Profitability was impacted by margin pressure from a major wet-lease customer arrangement which is currently in the process of being negotiated, higher than expected maintenance costs and costs associated with the AVIAN program implementation.

The statutory result was materially impacted by an approximately \$157.6m impairment of the carrying value of Fokker F70 and F100 aircraft, Fokker engines, spare parts and inventory announced on 12 February 2026, and a subsequent \$7.2m impairment in relation to right of use assets. The impairments and write-down are non-cash accounting adjustments and do not impact the Company's cash position or operations.

The impairment followed a change to reporting on fair value from value in use for assets including aircraft, hangars and other property plant & equipment, resulting from the Company's subdued performance.

Cash flow

Statutory operating cash flow for the half year was (\$5.8m), a 61.6% improvement on the prior corresponding period. Statutory net cash flow was (\$38.1m) significantly down on the prior year.

Cash flow was impacted by payments to suppliers including two aircraft purchased for inventory and initial payments for an additional six E190 aircraft, as well as interest costs which increased by \$3.8m due to higher debt levels.

Net debt and funding commitments

Net Debt was \$433.4m, including \$23.0m of newly drawn debt offset by mandatory payments of \$5.7m.

Alliance continues to be compliant with all banking covenants.

Operation turnaround program

Alliance has commenced an operational turnaround plan focused on improving capital allocation, strengthening free cash flow, including selling assets, and enhancing sales and customer management.

To improve capital allocation, Alliance is focused on optimising the fleet, improving utilisation and divesting non-core or underperforming assets. A revised fleet plan is underway, and the Company has identified surplus aircraft and non-core assets that have been listed for sale.

To improve free cash flow, Alliance is implementing disciplined maintenance capital expenditure, tighter cost control and stronger financial accountability. This includes changes to maintenance planning, a more structured approach to engine procurement, a review of heavy maintenance programs and an organisation-wide staffing review to align with operational requirements.

To improve sales and customer management, Alliance is focused on improving contract quality and reinforcing revenue discipline. Customer contracts are being reviewed to ensure they meet required return thresholds.

At the same time, Alliance is evaluating targeted growth opportunities aligned to the revised fleet strategy and its return on capital objectives, positioning the business for a more disciplined growth path.

FY26 outlook and guidance

Reflecting ongoing margin pressure from wet-lease arrangements and the impact of the cessation of Aircraft Trading activity, Alliance provides updated FY26 guidance for profit before tax of \$35-40m.

- 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 1,500 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.

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