Alliance Aviation Services Limited
ACN 153 361 525 | ABN 96 153 361 525

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www.allianceairlines.com.au

26th August 2026

ASX Market Announcement Office
Australian Stock Exchange
10 Bridge Street
SYDNEY NSW 2000

Via: ASX Online Companies

Dear Sir / Madam,

Announcement for release via the Market Announcement Platform

Please find attached an announcement titled "Appendix 4E and FY26 Annual Report" for release via the ASX Market Announcement Platform.

For further information regarding this announcement, please contact:

Nicola Clark
Company Secretary
P: + 61 439 076 555

By Order of the Board

Nicola Clark
Company Secretary

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ABN 96 153 361 525
ASX code: AQZ

Appendix 4E
Preliminary Final Report For Year Ended FY2026
(Previous reporting period year ended FY2025)

The following sets out the requirements of Appendix 4E with the stipulated information either provided here or cross-referenced to the FY26: Financial Report and associated documents as released to the Australian Stock Exchange and as published on the Company's website www.allianceairlines.com.au.

Results for announcement to the market

Revenue and profit after tax **Comparison to previous period**	***Increase / Decrease***	***Change %***		***To $'000***
Revenue from ordinary activities	Decrease	-9	to	693,117
Profit from ordinary activities after tax attributable to members	Decrease	-259	to	(90,875)
Profit for the period attributable to members	Decrease	-259	to	(90,875)

Dividends/distributions

There is no dividend declared for the year ending 30 June 2026.

Additional information

Net tangible asset backing

	FY2026	**FY2025**
Net tangible asset backing per ordinary share	2.32	2.70

Audit status
This report has been based on the consolidated financial statements for the year ended which have been subject to an audit review by PricewaterhouseCoopers. The audit report contains no qualifications.

Additional information and commentary
The statement of comprehensive income, balance sheet, statement of cash flows, statement of changes in equity and the accompanying notes to these statements is contained in the Financial Report for the year ended 30 June 2026 as released on the Australian Stock Exchange and published on the Company's website www.allianceairlines.com.au.

For more information contact:

Simon Vertullo
Interim Chief Financial Officer
Alliance Aviation Services Limited
+61 7 3212 1201

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Built on Safety

Built on safety
Led with purpose

Alliance Airlines

2026
Annual Report

Built on safety

For over three decades, safety hasn't just guided our operations. It's the discipline behind every decision we make.

Who we are

Alliance Airlines is Australia's leading air charter services operator, providing contract, charter and allied aviation services to both the resources industry and airlines, domestically and internationally. Alliance also provides specialised aviation services to airlines and clients including aircraft dry leasing, airport management, part sales, engine leasing and engineering services. In FY2026 our fleet of aircraft flew ~ 110,000 hours. Our business is built on delivering the highest standards of safety, reliability and operational performance for our clients.

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Chairman's Letter

"The outlook for the Group in FY2027 remains positive."

Dear Shareholders,

FY2026 was a challenging year for Alliance, and our financial performance fell short of our expectations.

However, it was also a defining year in which the Group confronted a number of operational and commercial challenges, took decisive action to address them, and reset the business for its next phase.

The Group entered the year expecting to build on the momentum achieved in FY2025, however changing operating conditions and lower-than-expected returns from parts of the business materially affected profitability.

Resetting the business

In response, the Board and management undertook a comprehensive review of the Group's operating model and fleet strategy, renewing its focus on its core FIFO operations and capital allocation framework to position Alliance to deliver sustainable shareholder value.

A key outcome was the successful renegotiation of Alliance's largest wet lease contract with Qantas. While wet lease flying remains an important part of our business, the revised arrangements improve commercial sustainability and provide greater flexibility to deploy aircraft where they generate stronger long-term returns.

The review also identified opportunities to reduce operating costs, strengthen procurement practices, improve maintenance efficiency and sharpen commercial discipline across the business. Together, these initiatives form the foundation of Alliance's organisational improvement program.

The most significant event during the year was the comprehensive review of the carrying value of the Group's Fokker fleet and associated assets. As a result, Alliance recorded a statutory impairment and inventory write-down totalling approximately $164.8 million. While this was a substantial non-cash adjustment, the Board believes it was necessary and appropriate to align the balance sheet with the revised fleet strategy and future operating assumptions. The review provides a more realistic foundation from which to assess future capital allocation decisions and shareholder value creation.

Renewed Focus on FIFO

Our FIFO operations remain the core of the business and the primary driver of future growth. Contract flying continued to demonstrate resilience throughout the year and the long-term outlook for the resources sector remains favourable.

The Board has therefore endorsed a renewed strategic focus on this business, including the progressive replacement of older Fokker 100 aircraft with Embraer E190 aircraft, optimisation of fleet deployment and disciplined reinvestment in opportunities that support sustainable returns.

Alliance's strongest competitive advantage remains its contracted FIFO business.

The resources sector continues to need reliable air transport, and Alliance operates one of the largest and most diversified FIFO networks in Australia.

Accordingly, we have renewed our strategic focus on FIFO operations as the primary driver of future growth and shareholder value creation.

Chairman's Letter continued

This renewed focus includes:

- Improving returns through contract renewals and repricing opportunities.
- Prioritising fleet allocation towards long-term contracted flying.
- Leveraging fleet renewal to improve customer outcomes and operating efficiency.
- Pursuing disciplined growth opportunities that meet return thresholds.

We believe the long-term outlook for the resources sector remains attractive and that Alliance is well positioned to benefit from future demand.

Governance and leadership update

The year was also a period of significant leadership and governance renewal. These changes reflect the Board's commitment to ensuring Alliance has the skills, experience and oversight required to execute its strategic reset and deliver sustainable long-term value for shareholders.

During the year, Co-Managing Director and founder Scott McMillan retired from Alliance after more than two decades. We thank Scott for his extraordinary contribution to Alliance and acknowledge the foundations that he helped create.

Non-Executive Director Simon Lange took on executive responsibilities to lead the organisational review, and the Group appointed Simon Vertullo in place as interim Chief Financial Officer.

Following completion of the review, successful renegotiation of Alliance's largest wet lease contract and the establishment of a clear pathway to improved profitability and cash generation, the Board announced a planned leadership transition. Stewart Tully has advised the Board of his intention to step down as CEO, after more than 11 years with Alliance, and aviation industry veteran Steven Greenway has been appointed to lead Alliance through its next phase of strategic execution.

On behalf of the Board, I thank Stewart for his significant contribution to Alliance and his commitment to supporting an orderly transition.

The road ahead

While much work remains ahead, the foundations for recovery have been established. Alliance enters FY2027 with improved commercial arrangements, a revised fleet strategy, a comprehensive operational turnaround program and a clearer strategic focus on its core FIFO operations.

Alliance's safety performance, operational capability, customer relationships and market position remain valuable strengths on which to build.

The Board remains focused on strengthening governance, forecasting accuracy, risk management and market disclosure processes. Enhancements have been implemented across financial forecasting, operating performance monitoring, management reporting and Board oversight processes. Rebuilding trust with shareholders remains a key priority.

On behalf of the Board, I would like to thank the Alliance team for their professionalism and resilience during a challenging period for the business, our customers and suppliers for their ongoing support, and our shareholders for their continued patience and commitment.

As I look ahead, I am confident the actions taken during FY2026 positions the Group to improve profitability, strengthen cash generation, reduce leverage and deliver improved shareholder returns over time.
The focus for FY2027 is execution.

James Jackson
Chairman

Chief Executive Officer's Report

Built on safety
From the top

"The safety of our passengers, employees and contractors remains the foundation on which the business is built."

Dear Shareholders,

FY2026 was a year of decisive action for Alliance. While our results fell short of expectations, we have, and continue to, review and challenge every aspect of the business including our operating model, fleet strategy, capital allocation framework and commercial arrangements.

We have reshaped key commercial arrangements, sharpened our strategic focus and began positioning Alliance to deliver long-term returns for shareholders.

Safety and Operational Performance

This year, as in every year, safety remained our highest priority.

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

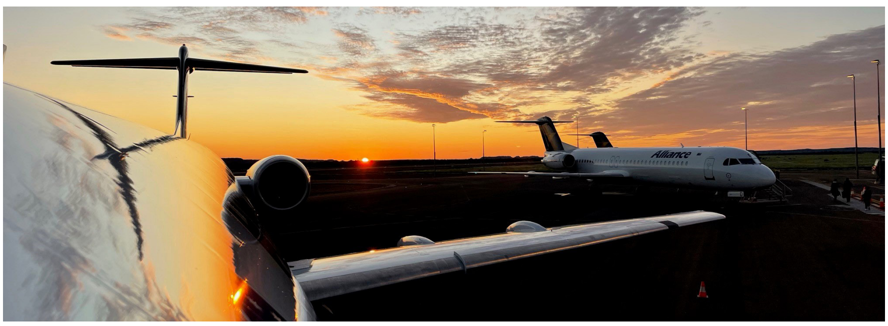
The safety of our passengers, employees and contractors remains the foundation on which the business is built. Safety is embedded in every aspect of our operations, from planning and maintenance to flight operations and customer service, and our commitment to operating in accordance with the highest safety standards remains unchanged.

Financial performance

Alliance reported an underlying profit before tax of $38.2 million for FY2026, at the upper end of the revised guidance range provided during the year.

On a statutory basis, the Group reported a loss before tax of $129.9 million following the recognition of non-cash impairment and asset write-down charges associated primarily with the Fokker fleet.

The performance of parts of the wet-lease portfolio was a significant factor in the decline in full year earnings. In the second half of the financial year, our operating costs began reducing and following year-end we successfully renegotiated our wet lease arrangement with Qantas, substantially improving its commercial terms, enhancing its long-term sustainability and increasing operational flexibility.



Chief Executive Officer's Report continued

Strategic Business Reset and Performance Improvement

During the year we initiated a broad reset and turnaround program focused on capital discipline, free cash flow generation and customer profitability. These actions are intended to improve cash generation, reduce debt and position Alliance for a more sustainable future.

The program is built around three priorities:

Improve capital allocation

- Align future investment decisions with clear return on capital thresholds.
- Optimise fleet deployment and asset utilisation.
- Review non-core assets and identify divestment opportunities.
- Long term fleet acquisition and maintenance strategies.

Improve free cash flow

- Reduce operating costs.
- Improve procurement practices and supplier management.
- Better align staffing and operational resources with forecast activity levels.
- Strengthen financial accountability across the business.

Improve commercial discipline

- Review the profitability of customer contracts.
- Strengthen governance around pricing and contract approvals.
- Improve management of concentration risk and customer portfolios.

While much work remains ahead, several initiatives including fleet planning, maintenance management, procurement discipline and asset optimisation contributed to improved cash management in H2.

Improved Fleet Management

Up until this year our strategy has been focused on fleet growth and expansion.

In FY2026, the focus shifted towards utilisation, return on invested capital and future fleet renewal.

During the year we revised our strategy and assumptions about the future role of the Fokker fleet and the pace of modernisation. This led to a non-cash impairment and write-down of $164.8 million and set a more realistic basis for future planning.

Our fleet renewal strategy is now focused on progressively replacing Fokker 100 aircraft with Embraer E190 aircraft by 2030. This transition is expected to improve fleet efficiency, reliability and customer experience while improving long-term fleet economics and reducing long-term operating complexity.

The revised Qantas arrangements enables options of redeployment of E190s to the FIFO fleet, increasing flexibility and reducing future capital requirements. This enables us to modernise the fleet while limiting additional capital expenditure.

Additionally, the Fleet renewal strategy is supported by the AerCap acquisition and the return of the Air North dry leased aircraft along with the continued use of the Fokker 70s due to their unique operating capabilities.

Strengthening the Balance Sheet

Improving cash generation and reducing debt are critical priorities for management.

During the year we commenced a review of surplus and non-core assets across the business, including aircraft, engines, inventory and property assets. The objective of this review is to improve liquidity, reduce leverage and strengthen financial flexibility.

We have also put in place a stronger capital allocation framework, so that future investment decisions are tested against shareholder returns.

Our People

Periods of transformation are often the most demanding for employees.

We have had to make difficult decisions during the year, including reducing our workforce as we aligned the business with future demand. These decisions have not been taken lightly. I recognise the uncertainty and impact those decisions have had on our people, and I thank everyone across Alliance for the professionalism, resilience and commitment they have continued to demonstrate.

Throughout this period, our focus on safety and delivering for our customers has never wavered. The success of Alliance has always been built on the capability and dedication of our people, and that remains true today.

Looking Ahead

During FY2026, Alliance took decisive steps to reshape the business. We reset key commercial arrangements, renewed our focus on our core FIFO operations and adopted a more disciplined approach to capital allocation and shareholder returns. The actions we took during the year were significant and, in our view, necessary to strengthen the business and position it for future success.

Alliance enters FY2027 with a clear strategic focus and a strong foundation for ongoing growth and sustainable shareholder returns.

As previously announced, I will step down as Managing Director following a period of substantial transformation for Alliance. I remain confident in the Group's future. The actions taken during FY2026 have established a stronger foundation for the next phase of Alliance's development, and I believe the business is well positioned to create long-term value for shareholders.

I would like to thank all Alliance employees, customers, suppliers, and shareholders for their support throughout a challenging yet important year. Your commitment and confidence in the Group have been instrumental in helping us navigate this period of change, and I look forward to seeing Alliance build on the strong foundation that has been established.

Stewart Tully
Chief Executive Officer's

The world's largest operator of Fokker and Embraer E190 aircraft

45	35
Embraer E190s deployed to service FIFO, dry and wet leasing contracts	Fokkers for FIFO operations, charter, and wet leasing for other airlines

We fly 35 Fokkers — 23 100-seat F100s and 12 80-seat F70s — for FIFO operations, charter, and wet leasing for other airlines.

We operate 45 E190s; a versatile jet for regional travel with seating capacity for up to 100 passengers and a maximum range of 4,100km with a full payload.

Directors' Report

Directors' Report

Your directors present their report on the consolidated entity (referred to hereafter as the "Group") consisting of Alliance Aviation Services Limited (the "Company" or "Alliance") and the entities it controlled at the end of, or during, the year ended 30 June 2026.

Directors

The following persons were Directors of Alliance for the entire financial year ended 30 June 2026 unless otherwise stated:

Name	Position	Appointed	To
James Jackson	Chairman, Non-executive Director	10-Jul-24	Ongoing
Mark Stanton	Independent Non-executive Director	10-Jul-24	Ongoing
Bernard Campbell	Independent Non-executive Director	12-Feb-25	Ongoing
Simon Lange	Independent Non-executive Director	15-Oct-25	15-Dec-25
	Executive Director	16-Dec-25	01-Jun-26
	Independent Non-executive Director	02-Jun-26	Ongoing
Jason Korman	Non-executive Director	03-Dec-25	Ongoing
Scott McMillan	Managing Director	26-Oct-11	19-Aug-25
	Joint Managing Director	20-Aug-25	07-Nov-25
Stewart Tully	Chief Executive Officer	01-Mar-24	19-Aug-25
	Joint Managing Director	20-Aug-25	07-Nov-25
	Managing Director	08-Nov-25	Ongoing
Andrew Evans	Chief Financial Officer & Company Secretary	01-Sep-24	07-Nov-25
Simon Vertullo	Chief Financial Officer (Interim)	07-Nov-25	Ongoing
Paul Doherty	Chief Operating Officer	01-Mar-24	Ongoing

Group Overview

The principal activities of the Group are the provision of contract, charter, and allied aviation services to both the resource industry and airlines both domestically and internationally. The Group also provides specialised aviation services to airlines and clients including aircraft dry leasing, airport management, part sales, engine leasing and engineering services.

Financial Review

Key Financial Metrics

The Group recorded a statutory net loss before tax of $129.9 million and a statutory net loss after tax of $90.9 million for the financial year ended 30 June 2026. This represents a decrease of statutory net profit before tax of $212.0 million when compared to the year ended 30 June 2025.

Statutory

EBITDA*	PBT	Operating Cash
$9.4m	($129.9m)	$17.7m
FY25: $207.3m	FY25: $82.1m	FY25: $105.6m

Underlying

EBITDA*	PBT	Operating Cash
$177.5m	$38.2m	$17.7m
FY25: $207.3m	FY25: $82.1m	FY25: $105.6m

* This is not a statutory number. EBITDA represents Profit before Tax (PBT) less Finance Costs and Depreciation.

Directors’ Report continued

Flight Hours

Contract	Charter	Wet Lease
27,328	1,362	79,560
FY25: 27,376	FY25: 1,214	FY25: 83,212

RPT	Ferry/Maintenance	Total
853	854	109,957
FY25: 856	FY25: 963	FY25: 113,621

Contract

Contract flight hours remained stable during the year. The Group reaffirmed its position as Australia’s pre-eminent carrier for FIFO and mining operations through sound reliability and industry leading on-time performance.

Wet lease

Wet lease flying hours slightly decreased during the year, as a result of a reduction in services provided for major wet leasing customers who have unlocked additional capacity from their own fleets. During the period, Qantas deployed the full allocation of 30 E190s.

Revenue from Continuing Operations

Contract	Charter	Wet Lease
$319.2m	$20.3m	$312.6m
FY25: $298.3m	FY25: $17.3m	FY25: $318.8m

RPT	Other	Total
$11.1m	$29.9m	$693.1m
FY25: $12.5m	FY25: $113.9m	FY25: $760.9m

Contract and wet lease revenue represent 90% (FY25: 81%) of total Revenue from Continuing Operations and 97.2% (FY25: 97.3%) of total flight hours.

- **Contract revenue** generated an increase of $20.9m million or 7.0% when compared to the prior comparative period ($298.3 million).

  Although this incorporated an increase on an underlying basis the overall increase was principally driven by higher fuel prices as a result of ongoing conflict in the Middle East. Through the pricing mechanisms applied to long term contracts, movements in fuel prices are passed through to the end client, reducing the risk of exposure to the Group significantly.

- **Wet lease revenue** reported a decrease of $6.2 million or 1.9% when compared to the prior comparative period ($318.8 million).

  This decrease was as a result of a reduction in flying activity in the second half of the financial year, predominately for the Fokker fleet.

- **Charter revenue** reported an increase of $3.0 million or 17.3% when compared to the prior comparative period ($17.3 million).

  Further growing of charter revenue is a focus area for future growth.

- **Other revenue** reported a decrease of $84.0m million or 73.6% when compared to the prior comparative period ($113.9 million).

  Other revenue includes aviation services which has declined due to the prior year containing significant transactions with Avian ($50.5 million) and Beautech ($52.1 million).

The Group has previously traded aircraft and parts and this has been included in Aircraft services revenue. As advised at the Group's AGM on 27 November 2025 any trading will only be with respect supporting the operational fleet.

The Group continued to provide ground handling and aerodrome management services.

Directors' Report continued

Summary of Operational Metrics

The metrics below represent key indicators the Group uses to monitor operational performance.

Non-flight Hour Metrics

Employees (FTE)

1,350

FY25: 1,452

On Time Performance

95%

FY25: 91%

Operating Fleet (Includes 5 on Dry Lease)

80

FY25: 79

Revenue per FTE

$527k

FY25: $530k

As at 30 June 2026, Alliance employed 1,350 full time equivalent staff which is an decrease of 102 or 7.0% from the previous financial year (FY25: 1,452).

The Group has an operational presence in Adelaide, Darwin, Brisbane, Townsville, Cairns, Perth, and Rockhampton.

Alliance continues to hold an enviable on-time performance record with an average of 95% for the year ended 30 June 2026 (FY25: 91%). On-time performance is a key focus for the Group and is one of the major factors that differentiates Alliance from its competitors.

As at 30 June 2026 the Group had 80 aircraft in service, including five on dry lease. This is a net increase of one when compared to the prior comparative period.

Safety

Safety remains central to the Group's operations and long-term success. Maintaining a safe, reliable and efficient operation is fundamental to achieving our strategic objectives, protecting our people, strengthening customer confidence and maximising the effective utilisation of our fleet and resources.

The Group is committed to providing the highest standards of safety and security for our passengers, clients and team members. Safety is integrated into everyday operations through established governance, assurance and risk management processes that support informed decision-making at all levels of the organisation. During FY2026, we continued to strengthen organisational capability through enhanced safety assurance activities, targeted training initiatives and the ongoing development of our safety systems and processes.

Our Safety Policy, developed in accordance with the International Civil Aviation Organization (ICAO) Safety Management System framework, establishes the principles that guide how safety is managed across the Group. It clearly outlines the responsibilities and accountabilities of employees, contractors and business partners, reinforces leadership commitment to safety, and provides a framework for consultation, communication and continuous organisational learning.

Our operational safety performance continues to reflect a mature and proactive approach. We maintain comprehensive safety reporting systems and conduct detailed occurrence investigations, trend analysis, and internal audits. This financial year, we successfully renewed several key accreditations that demonstrate external confidence in our safety management capability. We successfully renewed our IOGP (International Association of Oil & Gas Producers) and BARS (Basic Aviation Risk Standard) accreditations, both of which are critical to our operations in the resource sector. These rigorous assessments validate that our systems, practices, and operational controls meet the high safety expectations of resource clients and global standards for remote and high-risk environments.

Alliance maintains a robust governance framework to support effective oversight of safety performance. Safety Action Groups meet regularly across operational areas to review performance indicators, monitor risk controls and evaluate emerging issues. Strategic oversight is provided through the Executive Safety Action Group, which reviews significant occurrences, key safety risks and organisational priorities. Consistent with our Just Culture principles, investigations focus on understanding contributing factors and identifying opportunities to strengthen systems, processes and operational resilience.

As we move into the next financial year, Alliance Airlines will continue investing in the systems, technology and people that underpin safe and reliable operations. Key focus areas include advancing the use of safety intelligence and predictive analytics, strengthening human factors integration, and enhancing capability within safety-critical roles. We will also continue evolving our approach to emerging challenges, including psychosocial health, technological change and cyber-related threats, ensuring the organisation remains well positioned to support sustainable growth while maintaining the highest standards of operational safety.

Fleet

Current Fleet

Alliance operates an all-jet fleet comprising Fokker and Embraer aircraft. The fleet includes two Fokker aircraft types – the F100, configured with 100 seats, and the F70, configured with 80 seats. In addition, the fleet features the Embraer E190, which is available in three cabin configurations accommodating between 94 and 100 seats, including business class for wet lease services.

The total number of Alliance aircraft in service as at 30 June 2026 is shown below:

F70 12 FY25: 12	**F100** 23 FY25: 24
E190 45 FY25: 43	**Total Fleet*** 80 FY25: 79

* Includes five aircraft on dry lease as well as five Fokker 100 aircraft which are currently in storage as at 30 June 2026.

Directors' Report continued

Capital Expenditure

Capital expenditure for the year was $162.2 million (FY25: $271.3 million).

Total cash capital expenditure includes $20.6 million of capitalised labour costs recorded as payments to suppliers in the cash flow reconciliation below.

This growth in capital expenditure included the addition of two Embraer E190 aircraft to the operating fleet, bringing the total number of operational E190 aircraft to 45 as at the balance date.

This investment aligns with the Group's long-term strategic objectives and supports future operational requirements.

A reconciliation of this investment is included below.

	30 June 2026 $ million	30 June 2025 $ million
Reconciliation of Capital Expenditure		
Existing Fleet Maintenance		
Cash outflows		
Base Maintenance providers	56.3	41.0
Engine Care Program	0	8.5
Other miscellaneous	0.9	2.5
Operating costs capitalised (Capitalised Labour)	16.2	4.4
Total Cash outflows	**73.4**	56.4
Non-cash		
Parts from inventory used in maintenance	62.2	73.8
Total Existing Fleet Maintenance	**135.6**	130.2
Growth Capital Expenditure		
Cash outflows		
Costs associated with the addition of E190 Aircraft	21.5	115.0
Brisbane hangar purchases	0	20.1
Other miscellaneous	0.7	2.1
Operating costs capitalised (Capitalised Labour)	4.4	3.7
Total Cash outflows	**26.6**	140.9
Non-cash		
Parts from inventory used EIS support	0	0.2
Total Growth Capital Expenditure	**26.6**	141.1
Total Capital Expenditure	**162.2**	271.3
Total Capex Cash excluding capitalised Opex	**79.4**	189.2
Timing Difference	**(16.7)**	(13.5)
PPE spend as per Cash stat report	**62.7**	175.7

Directors' Report continued

Outlook and Dividend

Outlook

Alliance enters FY2027 with a clearer strategic focus, improved commercial arrangements, a revised fleet strategy and a comprehensive operational improvement program underway. Following the successful renegotiation of its largest wet lease arrangement and completion of the strategic fleet review, the Group is positioned to improve profitability, strengthen cash generation and execute its fleet renewal strategy with lower capital intensity.

The Group has provided FY2027 underlying profit before tax guidance of $55 million to $60 million. This guidance reflects the progressive implementation of revised commercial arrangements with Alliance's largest wet lease customer, together with the associated phased reduction in flying activity and alignment of the Group's operating cost base. It also reflects the expected benefits of the operational turnaround program, including initiatives focused on commercial discipline, cost control, capital allocation and free cash flow generation.

Management's priorities for FY2027 are to improve profitability and free cash flow generation, execute the operational turnaround program, progress fleet renewal activities, reduce leverage and strengthen the balance sheet. The Group will also progress identified asset sale opportunities and deliver a seamless leadership transition.

Alliance remains confident that the actions taken during FY2026 have established a stronger foundation for the business. FY2027 is expected to be a year of disciplined execution, with management focused on converting strategic and operational initiatives into improved earnings quality, stronger cash generation and sustainable long-term shareholder returns, while continuing to deliver safe and reliable aviation services for customers across Australia.

Dividend

The Directors have assessed the Group's position and in doing so have formed the view that capital is best retained within the business to complete the substantial turnaround program.

As a result, the Board has decided not to declare a final dividend for the year ending 30 June 2026. This will be revisited at the end of the first half of FY2027.

Other Relevant Facts

Risks

The key risks faced by the Group that have the potential to affect the financial prospects of the Group, as disclosed above, and how the Group manages these risks, include:

- **Ability to Meet Client Demand –** The Group recognises the risk that pilot recruitment and training challenges could impact its ability to meet growing client capacity demands. To mitigate this risk, the Group proactively recruits pilots in advance of operational requirements and leverages a network of flight simulators across Australia and internationally to ensure timely and effective training delivery.
- **International Supply Chain –** The Group faces potential risks associated with the timely and efficient sourcing of aircraft parts and the availability of third-party repair and overhaul services. To mitigate these risks, the Group employs long-term forecasting of parts and maintenance requirements, tenders and contracts for acquisitions of parts and inventory packages, and actively seeks to engage local or domestic suppliers where feasible.
- **Employee Relations –** The Group operates under a range of industrial instruments covering various employee groups across Australia. There is an inherent risk that industrial disputes could impact the Group's operational capability in one or more locations. To mitigate this risk, the Group maintains proactive engagement with employee representatives and work groups, fostering open communication and collaboration to achieve fair and equitable outcomes.
- **Regulatory changes –** The Group operates in a highly regulated environment. Any material change to regulations may have an impact on the business. The Group meets regularly with various regulators to ensure that any prospective changes are known, and appropriate actions taken. The Group is also a member of various industry bodies who engage with regulators on the industries behalf.
- **Climate change –** The Group recognises that climate change is a significant issue for the aviation industry and has engaged with external stakeholders to identify the climate related risks and opportunities, to put forward strategies to manage the risks and opportunities and to ensure compliance with future climate change regulation.
- **Risk Management –** Alliance has implemented a comprehensive risk management framework designed to ensure that both operational and corporate risks are systematically identified, assessed, and effectively managed. This framework supports informed decision-making and promotes organisational resilience across all areas of the business.

Environmental Regulation

The Group's operations are governed by a comprehensive framework of environmental legislation at the Commonwealth, State, Territory, and International levels. Alliance is committed to environmental sustainability and upholds high standards of environmental performance across its operations.

Oversight of environmental matters is a key focus of the Board, which delegates responsibility for monitoring regulatory compliance to the Executive Safety Action Group (ESAG). ESAG is tasked with ensuring adherence to applicable environmental regulations and reporting regularly to the Board of Directors.

The Directors are satisfied that the Group has robust systems and processes in place to effectively manage its environmental risks and performance. Furthermore, the Directors confirm that they are not aware of any breaches of environmental legislation or any material environmental incidents during the reporting period.

Under *AASB S2 Climate Related Disclosures* the Group is required to present a Sustainability Report at 30 June 2026. This can be found following the financial statements.

Significant Changes in the State of Affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Group during the reporting period that have not been disclosed in this Directors' Report or elsewhere in the Annual Report.

Corporate Governance Statement

The Corporate Governance statement for Alliance Aviation Services Limited is located at:

http://allianceairlines.com.au/investor-centre/corporate-governace

Information on Directors

The following information is current as at the date of this report.

Mr James Jackson (Chairman And Non-Executive Director)

Experience and expertise

Mr Jackson is a highly experienced company director and former investment banking executive with extensive experience in both capital markets, agribusiness, and general business.

Mr Jackson has served on several ASX listed and private company boards, holding roles as Chairman, Deputy Chairman and non-executive director over the past 22 years.

Other current listed company directorships

None.

Former listed directorships in the last three years

ARC Funds Limited.

Special responsibilities

Chair of the Board.

Interests in shares, options and rights

124,050 ordinary shares held.

Mr Mark Stanton (Non-Executive Director)

Experience and expertise

Mr Stanton is a Chartered Accountant with 30 years of executive management experience having been CEO of one of Australia's largest and most profitable private companies and CFO/Company Secretary of an ASX 200 publicly listed company.

Mr Stanton recently retired from a maximum eight-year tenure on the Board of the Queensland Rugby Union having been instrumental in a remarkable turnaround in the financial wellbeing of the organisation as well as the director in charge of the funding and construction of the new National Rugby Training Centre at Ballymore, Queensland.

Other current listed company directorships

None

Former listed directorships in the last three years

None.

Special responsibilities

Chair of Audit and Compliance Committee.

Member of the Nomination and Remuneration Committee.

Interests in shares, options and rights

235,833 ordinary shares held.

Mr Bernard Campbell (Non-Executive Director)

Experience and expertise

Mr Campbell brings deep experience in equipment finance and leasing (including aircraft).

Mr Campbell is familiar with the Company having been heavily involved in the initial financing of the fleet prior to Alliance Aviation Services Limited listing on the stock exchange.

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

Other current listed company directorships

None.

Former listed directorships in the last three years

None.

Special responsibilities

Chair of Nomination and Remuneration Committee.

Member of the Audit and Compliance Committee.

Interests in shares, options and rights

107,231 ordinary shares held.

Information on Directors continued

Mr Simon Lange
(Non-Executive Director)

Experience and expertise

Mr. Lange brings 30 years of senior management and regulatory experience in aviation and capital markets. He held several senior leadership roles at Airwork until 2021, including leading the company's international freighter airline. During his tenure, Airwork grew significantly, and on the completion of his career the company had expanded to a fleet of 33 Boeing freighters, 40 helicopters, a turbine engine overhaul facility, and offering both heavy and general aircraft maintenance services.

With deep expertise across contract aviation, fleet strategy, regulatory compliance, operational performance, and financial structuring, Mr. Lange has a proven track record of driving business growth and delivering strong shareholder returns.

Prior to his aviation career, he served as Asia Pacific Director at Credit Suisse First Boston.

Other current listed company directorships

None.

Former listed directorships in the last three years

None.

Special responsibilities

Member of the Audit and Compliance Committee and Nomination and Remuneration Committee.

Interests in shares, options and rights

79,925 ordinary shares held.

Mr Jason Korman
(Non-Independent Non-Executive Director)

Experience and expertise

Jason joined Alliance in December 2025 as a non-independent director of the Company. Jason is currently a partner at Viburnum (2020) and prior to joining Viburnum, Jason spent 10 years in the private equity industry, most recently at BGH Capital, the largest domestic private equity fund in Australia. Prior to BGH Capital, Jason was a Principal at Argand Partners, a New York based, Industrials focused private equity firm and before this he worked for CHAMP Private Equity (now known as CPE Capital) in Sydney.

During his time in the private equity industry, Jason was involved in a number of investments, exits and financings across the US, Australian, European and South East Asian markets in a wide range of industries including education, healthcare, technology, consumer products and general industrials. Jason is an experienced company director having held multiple private and public Board roles.

Jason began his career in the investment banking division of Credit Suisse in Melbourne where he worked on a variety of M&A and capital market transactions for clients in the oil and gas, metals and mining sectors.

Jason graduated from the University of Melbourne with a Bachelor of Commerce (Honors) .

Other current listed company directorships

GTN Limited.

Former listed directorships in the last three years

None.

Special responsibilities

Member of the Audit and Compliance Committee and Nomination and Remuneration Committee.

Interests in shares, options and rights

Nil ordinary shares held.

Company Secretary

Mrs Nicola Clark is the Company Secretary.

Meetings of directors

The number of meetings of the Company's Board of Directors and of each board committee held during the year ended 30 June 2026, and the number of meetings attended by each Director were:

	Full Meeting of Directors		Meetings of Committees			
			Audit & Compliance		Nomination & Remuneration	
Directors	Attended	Held	Attended	Held	Attended	Held
James Jackson	18	18	1	3	4	6
Mark Stanton	17	18	3	3	6	6
Bernard Campbell	16	18	3	3	6	6
Simon Lange	15	18	–	3	3	6
Jason Korman	9	18	2	3	2	6
Scott McMillan	5	18	–	3	–	6
Stewart Tully	17	18	–	3	–	6

Remuneration Report

Remuneration Report (Audited)

This report is prepared in accordance with section 300A of the Corporations Act 2001(Cth) (Corporations Act) and has been audited as required by section 308(3C) of the Corporations Act.

The directors present the Group's FY2026 remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year to the Key Management Personnel (KMP).

Key Management Personnel (KMP)

This Remuneration Report covers the remuneration of Non-Executive Directors, the Managing Director, CEO, and employees (KMP Executives) who have authority and accountability for planning, directing, and controlling the activities of the consolidated entity (collectively, KMP). The roles and individuals addressed in this report are set out below:

Name	Position	Appointed	To
James Jackson	Chairman, Non-executive Director	10-Jul-2024	Ongoing
Mark Stanton	Independent Non-executive Director	10-Jul-2024	Ongoing
Bernard Campbell	Independent Non-executive Director	12-Feb-2025	Ongoing
Simon Lange	Independent Non-executive Director	15-Oct-2025	15-Dec-2025
	Executive Director	16-Dec-2025	01-Jun-2026
	Independent Non-executive Director	02-Jun-2026	Ongoing
Jason Korman	Non-executive Director	03-Dec-2025	Ongoing
Scott McMillan	Managing Director	26-Oct-2011	19-Aug-25
	Joint Managing Director	20-Aug-2025	07-Nov-25
Stewart Tully	Chief Executive Officer	01-Mar-2024	19-Aug-25
	Joint Managing Director	20-Aug-2025	07-Nov-25
	Managing Director	08-Nov-2025	Ongoing
Andrew Evans	Chief Financial Officer & Company Secretary	01-Sep-2024	07-Nov-25
Simon Vertullo	Chief Financial Officer (Interim)	07-Nov-2025	Ongoing
Paul Doherty	Chief Operating Officer	01-Mar-2024	Ongoing

KMP service agreements

On appointment to the Board, all Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment. This letter of appointment summarises the Board's policies and terms and includes remuneration details relevant to the Director.

Remuneration and other terms of employment for the Managing Director, Executive Director and the other Key Management Personnel are formalised in employment agreements. These agreements provide for remuneration in the form of Total Fixed Annual Remuneration (TFAR) and any other applicable benefits. The service agreements are summarised below:

Position[1]	Name	Commence Date	Term of Employment Contract	Base Salary & Super	Termination Benefits	Notice Period
Managing Director	S McMillan	12-Apr-02	19-Aug-25	696,391	Nil	12 months
Executive Director	S Lange	16-Dec-25	01-Jun-26	–	Nil	7 days
Chief Executive Officer & Managing Director	S Tully	01-Mar-24	On-going	508,993	Nil	3 months
Chief Financial Officer	A Evans	02-Sep-24	07-Nov-25	502,242	Nil	3 months
Chief Financial Officer (Interim)	S Vertullo	07-Nov-25	On-going	–	Nil	1 month
Chief Operating Officer	P Doherty	01-Mar-24	On-going	418,522	Nil	3 months

1. S Lange and S Vertullo have been engaged on a fee-for-service basis, inline with generally accepted consulting rates. The terms of these engagements are based on a daily rate. At the conclusion of the engagement, there is no further amounts payable by the Group.

Remuneration Report continued

Cessation of employment

Under the service agreements for Key Management Personnel and other members of the executive management team, if a member ceases employment with the Group before performance against targets were assessed, they would generally not be entitled to receive any awards, unless otherwise determined by the Board.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is accountable for making recommendations to the Board on the Group's remuneration framework. The Nomination and Remuneration Committee reviews and determines the remuneration policy and structure annually to ensure it remains aligned to business needs, and meets the principles contained in the Nomination and Remuneration Committee charter.

In conducting its accountabilities, the Nomination and Remuneration Committee is authorised to obtain external professional advice as it determines necessary.

Non-Executive Directors' Remuneration Policy

Non-Executive Directors' remuneration

Fees and payments made to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Non-Executive Directors' fees and payments are reviewed annually by the Board.

An annual base fee has been set for the Chairman and other Non-Executive Directors. Additional fees are paid to Non-Executive Directors who chair a committee. The Chairman's remuneration is inclusive of committee fees.

The increase to Non-Executive Directors fees, which was effective from 1 July 2025 reflects the increase in the superannuation guarantee to 12% (FY25: 11.5%) and an increase of 2.4% (FY25: 0%) based on CPI.

Non-Executive Directors' fees are determined within an aggregate Directors' fee annual pool limit, which is periodically recommended for approval by shareholders. The approved maximum currently stands at $700,000 per annum.

This limit can only be changed by approval of shareholders at a general meeting.

The following table outlines the Non-Executive Director fee rates that were applicable during the financial year:

Directors Fees (inclusive of superannuation)	30 June 2026 $	30 June 2025 $
Base Fees		
Chair	214,231	208,276
Other Non-Executive Directors	120,887	117,527
Additional Fees		
Committee – chair	16,532	16,072

Superannuation contributions required under the Australian superannuation guarantee legislation will continue to be made and are inclusive to the Directors' overall fee entitlements.

Alliance does not pay benefits (other than statutory entitlements) on retirement of Directors.

Remuneration Report continued

Executive Remuneration Strategy and Framework

Framework

This remuneration framework ensures that the executive management team is able to work towards meeting key performance targets that are clear, easily understood and aligned with the Group's overall objectives. The framework also allows for the identification of performance outcomes which are a direct result of the actions of the individual executive management team member.

Purpose and Strategy	Business Drivers	Values	Market
The objective of the remuneration strategy is to drive the Group's purpose of providing safe, on-time and financially sustainable outcomes for all stakeholders.	The Group strives to create a remuneration framework that ensures a performance edge, guaranteeing a strong link between executive pay and the achievement of the Group's strategic performance outcomes and returns to shareholders. The remuneration framework is underpinned by the Group's commitment to creating long-term value for shareholders and other stakeholders.	The Group is committed to ensuring its remuneration framework is equitable and supports the objective of increasing professional representation at all levels of the Company. The Group regularly reviews the remuneration framework to ensure that it is fit-for-purpose and drives performance outcomes that deliver on the Group's business and strategic objectives.	The Group'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 Group in achieving its business and strategic objectives.

Executive Remuneration Framework and Alignment to Strategy

The Group's executive remuneration strategy is designed to achieve the Group's goals and strategic objectives. The table below shows how the executive remuneration framework aligns with the Group's strategic goals.

	Fixed Annual Remuneration	Short-Term Incentive Plan	Long-Term Incentive Plan
How does it link to strategy	Competitive remuneration to attract and retain executives with the right capability and experience to deliver against the strategic objectives.	Rewards executives for delivering financial returns and progressing the Group's strategy; annual metrics are aligned to Business Drivers.	Rewards executives for long-term performance. Encourages long-term value creation for shareholders and other stakeholders.
How is it determined	• Skills and experience • Role complexity • Responsibility • Benchmarked against industry standards.	Annual performance period • PBT results • Safety record • On-time performance	Annual performance period • PBT results • Safety record • On-time performance
How is it delivered	Base salary and superannuation	Cash and Performance Rights	Performance Rights

Remuneration mix

The executive remuneration and reward framework has a number of components:

- Base pay and benefits, including superannuation (referred to as "Total Fixed Annual Remuneration" or "TFAR").
- A target performance incentive plan that combines traditional short-term (cash) and long-term (equity) performance incentives (referred to as the "Performance Incentive Plan" or "PIP").

Total Fixed Annual Remuneration	**Target Incentive**	**Stretch Target Incentive**

The PIP also contains stretch targets which, if met, allow for additional remuneration to be provided to the employees covered under the plan.

Total Fixed Annual Remuneration (TFAR)

Executives receive their base pay, superannuation, and any other prescribed benefits as a total fixed annual remuneration (TFAR) package. Executives can elect to salary sacrifice certain items and may also receive non-monetary benefits.

The TFAR provides a base level of reward for each executive for completion of role and business specific accountabilities. The TFAR is set with reference to the role, qualifications, responsibilities, skill, and prior experience. The Group is committed to gender pay equity across employees, including executives.

The only guaranteed increase in the minority of executive management employment contracts is aligned to any movement in the consumer price index. TFAR is reviewed annually by the Nomination and Remuneration Committee.

Performance Incentive Plan

The Board is committed to a remuneration reward framework that is focused on creating sustainable shareholder value, which is supported by an equity ownership culture which is made available to Key Management Personnel and other members of the executive management team.

Performance Incentive Plan (PIP) structure and quantum

The Performance Incentive Plan combines the features of short-term incentive (STI), and long-term incentive (LTI) plans and ensures alignment with longer term business strategy. The vesting and exercise requirements of the equity-based incentives ensures Key Management Personnel and executive management team members' interests are aligned with the long-term interests of the Group and its shareholders. The PIP sets a target amount as a percentage of fixed remuneration (Target Opportunity) and an additional percentage for stretch performance (Stretch Target Opportunity). These targets are assessed against a scorecard of Key Performance Indicator (KPIs).

The target incentive for FY2026 is 30% of Total Fixed Annual Remuneration (TFAR). There is an opportunity to earn up to 50% of TFAR for exceptional performance (Stretch Target). In combination this represents a KMP's total target annual remuneration package (TTAR).

Total Fixed Annual Remuneration, 50%	**Target Incentive, 30%**	**Stretch Target Incentive, 20%**

This target amount is split 50/50 into cash bonuses and performance rights. Each performance right equals one ordinary share. The total number of Performance Rights is granted post shareholder approval and will vest subject to achievement of the required KPI's.

Total Fixed Annual Remuneration, 50%	**Target Incentive- Cash, 15%**	**Target Incentive -Equity, 15%**	**Stretch Target Incentive -Cash, 10%**	**Stretch Target Incentive -Equity, 10%**

The Board considers that this model achieves the goal of providing a transparent and simple remuneration framework.

Remuneration Report continued

How are performance targets established?

Annual performance targets are designed to ensure, at a minimum, the achievement of the Group's forecast with stretch targets designed to encourage financial growth through client acquisition, process innovation and more efficient utilisation of the Group's resources.

Grant date and allocation methodology

Performance Incentive Plan rights are allocated on an annual basis. Performance rights for each 12-month performance period (i.e., financial year) may require shareholder approval to be sought.

The allocation methodology is as follows:

- The value of the equity portion of the performance incentive is calculated.
- The number of performance rights to be granted is calculated by dividing the maximum possible equity incentive award dollar value (i.e. include stretch targets) by a 5-day average VWAP from around the time of the grant date; and
- The total number of performance rights is granted post shareholder approval and will vest subject to achievement of the required KPIs.

Performance period

The performance period for FY2026 is 1 July 2025 to 30 June 2026.

Performance criteria

Performance is assessed against a scorecard of internal key performance indicators as determined by the Board. These KPIs are weighted with a majority of financial metrics (40% or more) together with a small number of operational metrics. For FY2026 the KMP PIP targets are as shown in the table below.

Safety	On-time Performance	Financial Sustainability
Preserve the Group's safety record by: • Maintain IOSA accreditation • Maintain BARS Gold • No serious incidents during year • No insurance claims greater than the insurance deductible	On time performance in excess of: • 95% for QQ Charter flights and • 92% for wet lease and RPT operation.	Meet or exceed a profit before tax (PBT) for the financial year of: • $78.5m

Performance rights vesting conditions

Once the performance criteria have been met and the financial statements are released with an unqualified audit opinion, vesting is based purely on service i.e. for performance rights to vest the participant must remain continuously employed by the Group at each vesting date.

Any performance rights which do not vest due to the holder not meeting the KPI targets will lapse.

Performance rights vesting schedule

The vesting schedule is:

- Tranche 1 – 50% of the rights vest on the later of 15 August 2027 or the date on which the Group's FY2027 financial statements
  - with unqualified audit opinion are released to the Australian Stock Exchange (ASX), and
- Tranche 2 – 50% of the rights vest on the later of 15 August 2028 or the date on which the Group's FY2028 financial statements
  - with unqualified audit opinion are released to the ASX.

Remuneration Report continued

Exercise of rights and exercise price

The rights will be deemed exercised on the date of provision of the vesting and confirmation notice or, if the individual is not permitted to trade securities under the Group's securities trading policy on such date, the first subsequent day that the individual is permitted to trade such securities. There is nil value on exercised rights.

Expiry date of rights

The rights will expire 36 months after the grant date.

Cash Incentives

Once performance has been assessed, the cash incentive payments are made post the release of the Group's audited and unqualified FY2026 financial statements to the ASX.

Board discretion

The Board has discretion to adjust remuneration outcomes up or down to prevent any inappropriate reward outcomes, including reducing (down to zero, if appropriate) any deferred Performance Incentive (PI) award.

Assessment of Performance

Performance, against the performance targets, is assessed by the Board. The Managing Director's and the Executive Directors' performances are assessed against the individual KPIs by the Nomination and Remuneration Committee which then makes recommendations to the Board. The performance of other Key Management Personnel against their individual KPIs is assessed by the Managing Director, who confers with the Nomination and Remuneration Committee and then the Board regarding this assessment.

The Board believes the method of assessment is rigorous and provides a balanced evaluation of the Managing Director's, Executive Directors' and other KMPs' performances.

The qualification of performance incentives is generally considered by the Nomination and Remuneration Committee and the Board after the financial accounts for that performance period (financial year) have been audited. Post this review the Board approves the payment of any cash bonuses and confirms the quantum of performance rights that have become qualified rights.

Key Management Personnel and Executive Management Team PIP Outcomes

To support the Group's strategic direction for the financial year, the Board established performance targets for each member of the Key Management Personnel and the executive management team. These targets were aligned with the Group's financial, safety, and strategic objectives.

- **Financial targets** included the achievement of the forecast profit before tax (PBT) for FY2026.
- **Non-financial targets** encompassed safety metrics and on-time performance benchmarks.

For FY2026, the safety performance target and on-time performance target was achieved. As a result, the Board determined that the criteria for the Performance Incentive Plan (PIP) was partially satisfied for the year, as confirmed at the Board meeting held on 17 June 2026.

The table below outlines the PIP outcomes for Key Management Personnel:

Position	Name	TFAR*	PIP Target as per KPI	KPI Outcome	Stretch KPI Outcome	Total PI Awarded	Cash Bonus Awarded 50% of Total	Performance Rights Awarded 50% of Total
Managing Director	S Tully	508,993	254,497	10%	5%	76,349	38,175	15,209
Chief Financial Officer	S Vertullo**	–	–	0%	0%	–	–	–
Chief Operating Officer	P Doherty	418,522	209,261	10%	5%	62,778	31,389	12,506

* The TFAR used to determine the PIP reward is calculated at the commencement of the financial year and is not recalculated for salary or position changes after this date.

** S Vertullo was not a participant in the PIP program.

Remuneration Report continued

Statutory Remuneration Table

The following tables show details of the statutory remuneration received by the Directors and the Key Management Personnel of the Group for the current and previous financial year.

	Fixed Remuneration				Variable Remuneration				
Current Period	**Short-term Employee Benefits**		**Post Employ’t Benefits**	**Long-term Employee Benefits**	**Short-term Employee Benefits**	**Post Employ’t Benefits**	**Share Based Payments [1,2]**	**Total**	**Perform Related %**
Amounts shown as $	Cash, Salary & Fees	Annual Leave	Super-annuation	Long Service Leave	Cash Bonus	Term’n Benefits	Perform Rights per PIP		
Non – Executive Directors									
J Jackson	239,278	–	22,953	–	–	–	–	262,231	–
M Stanton	137,419	–	–	–	–	–	–	137,419	–
B Campbell	128,256	–	15,391	–	–	–	–	143,647	–
J Korman	69,641	–	8,357	–	–	–	–	77,998	–
Sub Total	**574,594**	**–**	**46,701**	**–**	**–**	**–**	**–**	**621,295**	**–**
Executive Directors & Other KMP									
S McMillan	586,702	(164,739)	30,000	(138,731)	50,093	–	66,910	430,235	15.6%
S Lange[1]	535,896	–	–	–	–	–	–	535,896	
S Tully	613,579	61,080	31,190	56,383	32,690	–	46,127	841,049	5.5%
A Evans	220,225	(19,300)	24,601	(2,740)	–	–	–	222,786	–
S Vertullo	393,250	–	–	–	–	–	–	393,250	–
P Doherty	398,418	(9,474)	29,922	5,314	26,879	–	37,975	489,034	7.8%
Sub Total	**2,748,070**	**(132,433)**	**115,713**	**(79,774)**	**109,662**	**–**	**151,012**	**2,912,249**	**5.2%**
Total KMP Compensation	**3,322,664**	**(132,433)**	**162,414**	**(79,774)**	**109,662**	**–**	**151,012**	**3,533,544**	**4.3%**

1. Rights to deferred shares granted under the executive STI scheme are expensed over the performance period, which includes the year the bonus relates to and the subsequent vesting of rights.
2. Equity-settled share based payments per Corporations Regulation 2M.3.03(1)Item11. These may include negative amounts for options and rights forfeited during the year.
3. S Lange commenced as a Non-Executive Director, transitioning to an Executive Director for the period 15 December 2025 to 2 June 2026.

Remuneration Report continued

	Fixed Remuneration				Variable Remuneration				
Prior Period	**Short-term Employee Benefits**		**Post Employ't Benefits**	**Long-term Employee Benefits**	**Short-term Employee Benefits**	**Post Employ't Benefits**	**Share Based Payments [9,10]**	**Total**	**Perform Related %**
Amounts shown as $	Cash, Salary & Fees	Annual Leave	Super-annuation	Long Service Leave	Cash Bonus	Term'n Benefits	Perform Rights per PIP		
Non – Executive Directors									
S Padgett[1]	115,190	–	13,247	–	–	–	–	128,437	–
J Jackson[2]	135,034	–	15,529	–	–	–	–	150,563	–
M Stanton[3]	126,113	–	–	–	–	–	–	126,113	–
B Campbell[4]	40,845	–	4,697	–	–	–	–	45,542	–
D Crombie[5]	31,257	–	3,594	–	–	–	–	34,851	–
P Housden[6]	34,852	–	–	–	–	–	–	34,852	–
Sub Total	**483,291**	**–**	**37,067**	**–**	**–**	**–**	**–**	**520,358**	**–**
Executive Directors & Other KMP									
S McMillan	657,150	34,789	30,000	23,018	94,626	–	30,343	869,926	3.5%
S Tully	478,094	21,266	30,000	(36)	52,265	–	18,687	600,276	3.1%
M Devine[7]	68,803	646	13,923	(50,882)	52,264	–	28,702	113,456	25.3%
A Evans[8]	394,990	19,300	23,131	1,845	–	–	–	439,266	–
P Doherty	387,813	7,322	30,000	(7,292)	43,244	–	15,462	476,549	3.2%
Sub Total	**1,986,850**	**83,323**	**127,054**	**(33,347)**	**242,399**	**–**	**93,194**	**2,499,473**	**3.7%**
Total KMP Compensation	**2,470,141**	**83,323**	**164,121**	**(33,347)**	**242,399**	**–**	**93,194**	**3,019,831**	**3.1%**

1. S Padgett resigned as Chair and non-executive Director effective 12 February 2025.
2. J Jackson was appointed as a non-executive director on 10 July 2024 and assumed the role of Chair effective 12 February 2025.
3. M Stanton was appointed as a non-executive director on 10 July 2024.
4. B Campbell was appointed as a non-executive director on 12 February 2025.
5. D Crombie resigned from his non-executive director role effective 3 October 2024.
6. P Housden resigned from his non-executive director role effective 3 October 2024.
7. M Devine resigned as Chief Financial Officer effective 6 September 2024.
8. A Evans was appointed as Chief Financial Officer effective from 1 September 2024.
9. Rights to deferred shares granted under the executive STI scheme are expensed over the performance period, which includes the year the bonus relates to and the subsequent vesting of rights.
10. Equity-settled share based payments per Corporations Regulation 2M.3.03(1)Item11. These may include negative amounts for options and rights forfeited during the year.

Remuneration Report continued

Other Key Management Personnel Disclosures

Movement in Key Management Personnel shareholdings

The number of ordinary shares held by Directors and Key Management Personnel (and their related parties) of the Group during the financial year are as follows:

	Balance at Start of Period	Exercise of Rights	Other Additions	Disposals	Balance at End of Period
Directors					
J Jackson	17,000	–	107,050	–	124,050
M Stanton	175,833	–	60,000	–	235,833
B Campbell	38,000	–	69,231	–	107,231
S Lange			139,925	(60,000)	79,925
J Korman			–	–	–
S McMillan	4,022,425	47,585	12,000	–	4,082,010
S Tully	87,122	8,507	–	–	95,629
Other Key Management Personnel					
A Evans	23,598	–	–	–	23,598
S Vertullo	-	-	-	-	-
P Doherty	46,000	7,039	–	–	53,039

Remuneration Report continued

Rights to Ordinary Shares – Remuneration

For each grant of rights to ordinary shares, the percentage of the grant that vested in the financial year, and the percentage that was forfeited because the KMP did not meet the service and performance criteria are set out below. The minimum value of the rights yet to vest is nil, as the rights will be forfeited if the service condition is not met. The maximum value of the rights yet to vest is determined as the amount of the grant date fair value that is yet to be expensed to the income statement.

PIP Year / KMP Name	Granted			Vested		Status		Vesting				
								Vesting Date		Fair Value		Yet to Vest
	Number	Grant date	Share Price	Vested %	Number	Qualified %	Forfeited %	Tranche 1	Tranche 2	Tranche 1	Tranche 2	Est. Value $
FY2024												
S McMillan	46,047	28-Nov-23	2.90	50	27,628	60	40	15-Aug-25	15-Aug-26	2.81	2.76	–
S Tully	28,358	28-Nov-23	2.90	50	8,508	60	40	15-Aug-25	15-Aug-26	2.81	2.76	23,899
P Doherty	23,463	28-Nov-23	2.90	50	7,039	60	40	15-Aug-25	15-Aug-26	2.81	2.76	19,773
FY2025												
S McMillan	57,138	31-Oct-24	2.70	–	–	–	100	15-Aug-26	15-Aug-27	2.61	2.56	–
S Tully	41,763	31-Oct-24	2.70	–	–	–	100	15-Aug-26	15-Aug-27	2.61	2.56	–
P Doherty	34,340	31-Oct-24	2.70	–	–	–	100	15-Aug-26	15-Aug-27	2.61	2.56	–
FY2025 – Discretionary												
S McMillan	19,957	31-Oct-24	2.70	100	19,957	100	–	15-Aug-26	15-Aug-27	2.56	2.51	–
S Tully	14,587	31-Oct-24	2.70	–	–	100	–	15-Aug-26	15-Aug-27	2.56	2.51	36,613
P Doherty	11,994	31-Oct-24	2.70	–	–	100	–	15-Aug-26	15-Aug-27	2.56	2.51	30,105
FY2026												
S McMillan	–	27-Nov-25	1.36	–	–	–	–	15-Aug-27	25-Aug-28	–	–	–
S Tully	50,697	27-Nov-25	1.36	–	–	30	70	15-Aug-27	25-Aug-28	1.30	1.28	19,624
P Doherty	41,685	27-Nov-25	1.36	–	–	30	70	15-Aug-27	25-Aug-28	1.30	1.28	16,137

Remuneration Report continued

Movements in Key Management Personnel Performance Rights Holdings

The number of performance rights held by Directors and other Key Management Personnel of the Group during the financial year are shown below:

	Balance at Start of Period	Granted as Remuneration	Exercised and Vested	Forfeited	Balance at End of Period
Directors					
S McMillan	27,629	19,957	(47,586)	–	–
S Tully	17,015	65,284	(8,508)	35,488	109,280
Other Key Management Personnel					
A Evans	–	–	–	–	–
P Doherty	14,078	53,679	(7,039)	29,179	89,897

Loans to Directors and Key Management Personnel

There have been no loans to Directors or Key Management Personnel during the financial year.

Transactions with Related Parties

Where transactions are entered into with KMP, these are approved by the Board. Board members who have an interest in the matter either directly or via a related party do not participate in the Board approval process. No new arrangements have been entered into during FY2026.

	30 June 2026 $'000	30 June 2025 $'000
Lease of Sydney Office	–	(31)
Total Cash Inflows/(Outflows)	–	(31)

There are no amounts owed to or by any related parties as at 30 June 2026.

Shares Under Option

There were no ordinary shares of Alliance Aviation Services Limited under option at the date of the report.

Directors' Report continued

Insurance and Indemnity of Officers

During the financial year, Alliance and its controlled entities paid premiums to insure the Directors and Company Secretary of the Group's companies.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Non-audit Services

The Group may decide to employ the audit firm on assignments additional to their statutory audit duties where the audit firms expertise and experience with the Group are important.

Details of the amounts paid or payable to the audit firm, PricewaterhouseCoopers, for audit and non audit services provided during the year are set out in Note J5 to the financial statements.

The Board of Directors has considered the position and, in accordance with advice received from the Audit and Risk Committee, is satisfied that the provision of the non audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non audit services have been reviewed by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 28.

Rounding of Amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with the Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of the Directors.

James Jackson
Chairman

Brisbane
26 August 2026

Auditor’s Independence Declaration

Auditor’s Independence Declaration

As lead auditor of Alliance Aviation Services Limited's financial report and specified sustainability disclosures within the sustainability report for the year ended 30 June 2026, I declare that, to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit of the financial report or the review of the specified sustainability disclosures; and

b) no contraventions of any applicable code of professional conduct in relation to the audit of the financial report or the review of the specified sustainability disclosures.

J. P. Raabe

Josh Raabe
Partner
PricewaterhouseCoopers

Brisbane
26 August 2026

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Financial Statements

Financial Statements

Financial Statements And Notes To The Consolidated Financial Statements

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These financial statements are consolidated financial statements for the Group consisting of Alliance Aviation Services Limited and its subsidiaries. The financial statements are presented in the Australian currency.

Alliance Aviation Services Limited is a company limited by shares, incorporated, and domiciled in Australia. Its registered office and principal place of business is:

Alliance Aviation Services Limited
81 Pandanus Avenue
Brisbane Airport QLD 4008

The financial statements were authorised for issue by the Directors on 26 August 2026. The Directors have the power to amend and reissue the financial statements.

All press releases, financial statements, corporate governance statements and additional information are available on our website: www.allianceairlines.com.au

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2026

	Note	30 June 2026 $'000	30 June 2025 $'000
Revenue and Income			
Revenue from continuing operations	A1	**693,117**	760,872
Net foreign exchange (losses)/gains		**3,520**	(3,837)
Other Income	A2	**15,363**	12,626
Total Revenue and Income		**712,000**	769,661
Expenses			
Direct flight costs		**(142,861)**	(128,484)
Parts and inventory costs		**(109,298)**	(139,096)
Labour and staff related costs	A3	**(267,590)**	(267,879)
Repairs and maintenance costs		**(2,577)**	(2,424)
Accommodation and utility costs		**(3,953)**	(2,782)
IT and communication costs		**(8,964)**	(7,785)
Impairment Costs	D2, D3, D4	**(151,872)**	-
Other administrative costs		**(15,529)**	(13,890)
Finance costs		**(37,291)**	(33,193)
Depreciation & amortisation	D2, D3, D4	**(101,956)**	(92,047)
Total Expenses		**(841,891)**	(687,580)
Profit/(Loss) before income tax for the period		**(129,891)**	82,081
Income tax (expense)/benefit	E1	**39,016**	(24,758)
Profit/(Loss) for the period		**(90,875)**	57,323
Other Comprehensive Income/(Loss)			
Items that may be classified to profit or loss		**-**	-
Other Comprehensive Income/(Loss) for the period net of tax		**-**	-
Total Comprehensive Income/(Loss) for the period		**(90,875)**	57,323
Total Comprehensive Income/(Loss) for the period is attributable to:			
Owners of Alliance Aviation Services Limited		**(90,875)**	57,323

Earnings per Share for Profit/(Loss) from Continuing Operations Attributable to the Ordinary Equity Holders of the Company		**Cents**	Cents
Basic Earnings per Share (cents)	G3	**(56.43)**	35.64
Diluted Earnings per Share (cents)	G3	**(56.43)**	35.53

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

As at 30 June 2026

	Note	30 June 2026 $'000	30 June 2025 $'000
Assets			
Current Assets			
Cash and cash equivalents	B1	**29,187**	96,489
Receivables	J1	**106,426**	85,660
Inventories	D1	**123,902**	86,546
Assets Classified as Held for Sale	D5	**47,132**	-
Total Current Assets		**306,647**	268,695
Non-Current Assets			
Property, plant and equipment	D2	**785,638**	901,879
Intangibles	D3	**–**	109
Deferred tax asset	E2	**–**	-
Right of use assets	D4	**12,146**	34,429
Total Non-Current Assets		**797,784**	936,417
Total Assets		**1,104,431**	1,205,112
Liabilities			
Current Liabilities			
Trade and other payables	J2	**101,923**	83,337
Borrowings	B2	**8,589**	11,452
Current tax liabilities		**–**	-
Lease liabilities	D4	**3,397**	4,540
Provisions	J3	**25,290**	25,535
Liabilities Directly Associated with Assets Held for Sale	D5	**16,522**	-
Total Current Liabilities		**155,721**	124,864
Non-Current Liabilities			
Borrowings	B2	**480,356**	463,082
Provisions	J3	**5,730**	3,810
Deferred tax liability	E2	**71,407**	110,418
Lease liabilities	D4	**18,115**	34,397
Total Non-Current Liabilities		**575,608**	611,707
Total Liabilities		**731,329**	736,571
Net Assets		**373,102**	468,541
Equity			
Contributed equity	G1	**289,101**	288,801
Reserves	G2	**(110,271)**	(110,238)
Retained earnings		**194,272**	289,978
Total Equity		**373,102**	468,541

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2026

30 June 2026	Note	Contributed Equity $'000	Reserves $'000	Retained Earnings $'000	Total Equity $'000
Balance as at beginning of period		**288,801**	**(110,238)**	**289,978**	**468,541**
Profit for the period		–	–	(90,875)	(90,875)
Other comprehensive income		–	–	–	–
Total Comprehensive Income for the Period		–	–	(90,875)	(90,875)
Transactions with owners in their capacity as owners:					
Declared Dividends		–	–	(4,831)	(4,831)
Share-based payment reserve		–	(193)	–	(193)
Employee share plan issue		300	–	–	300
Foreign currency translation reserve		–	160	–	160
Balance as at end of period		**289,101**	**(110,271)**	**194,272**	**373,102**

30 June 2025	Notes	Contributed Equity $'000	Reserves $'000	Retained Earnings $'000	Total Equity $'000
Balance as at beginning of period		288,206	(110,121)	232,655	410,740
Profit for the period		–	–	57,323	57,323
Other comprehensive income		–	–	–	–
Total Comprehensive Income for the Period		–	–	57,323	57,323
Transactions with owners in their capacity as owners:					
Share-based payment reserve		47	109	–	156
Share placement issue	G1	–	–	–	–
Employee share plan issue		548	–	–	548
Foreign currency translation reserve		-	(226)	–	(226)
Balance as at end of period		288,801	(110,238)	289,978	468,541

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2026

	Note	30 June 2026 $'000	30 June 2025 $'000
Cashflow from Operating Activities			
Receipts from customers (Inclusive of GST)		**777,404**	843,832
Payments to Suppliers (Inclusive of GST)		**(727,877)**	(707,886)
Interest received		**983**	415
Interest paid		**(32,805)**	(30,560)
Income tax (paid)/refunded		**–**	(157)
Net Cash Inflow (Outflow) from Operating Activities		**17,705**	105,644
Cash Flows from Investing Activities			
Payments for property, plant and equipment		**(62,692)**	(175,680)
Payments for aircraft deposits		**(28,762)**	-
Proceeds from sale of property, plant and equipment		**–**	14
Net Cash Inflow (Outflow) from Investing Activities		**(91,454)**	(175,666)
Cash Flows from Financing Activities			
Proceeds from borrowings		**23,000**	171,905
Repayment of borrowings		**(8,589)**	(34,452)
Principal elements of lease payments		**(3,133)**	(2,172)
Dividends Paid		**(4,831)**	-
Net Cash Inflow (Outflow) from Financing Activities		**6,447**	135,281
Net Increase (Decrease) in Cash and Cash Equivalents		**(67,302)**	65,259
Cash and Cash equivalents at beginning of the year		**96,489**	31,230
Effects of exchange rate on cash and cash equivalents		**–**	-
Cash and Cash Equivalents at end of year	B1	**29,187**	96,489

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the year ended 30 June 2026

A. Financial Overview

A1 – Revenue From Continuing Operations

The Group recognises revenue at a point in time once control of the goods or services passes to the customer. Revenue is derived from contract air charter services, ad hoc air charter services, wet lease services, regular public transport (RPT) services and several allied aviation services including engine and part sales, aircraft, engine and parts leasing, aerodrome management services and other engineering services.

In the following table revenue has been disaggregated by type of revenue.

	30 June 2026 $'000	30 June 2025 $'000
Contract Revenue	**319,226**	298,265
Charter Revenue	**20,258**	17,318
Wet Lease Revenue	**312,591**	318,838
RPT Revenue	**11,148**	12,505
Aviation Services Revenue	**21,586**	110,023
Other Revenue	**8,308**	3,923
Total Revenue from Continuing Operations	**693,117**	760,872

The following customers generate in excess of 10% of the Revenue.

	30 June 2026 % Revenue	30 June 2025 % Revenue
Customer A	**38.2%**	33.0%
Customer B	**10.7%**	<10%
Total % Revenue	**48.9%**	33.0%

Included within wet lease revenue is $33 million (FY25: $31.5 million) representing lease payments for aircraft accounted for as operating leases under AASB16 – Leases. The remainder of wet lease revenue relates to the provision of services to the relevant customers accounted for under AASB 15 – Revenue from contracts with Customers. The table below shows the minimum contracted lease receipts over the contract terms.

Future Minimum Contracted Lease Income	30 June 2026 $'000	30 June 2025 $'000
0-1 Year	**33,022**	33,022
1-2 Years	**32,380**	33,022
2-3 Years	**25,272**	32,380
3-4 Years	**15,135**	25,272
4-5 Years	**8,632**	15,135
Over 5 Years	**1,514**	10,146

Accounting Policy

The Group derives revenue from the delivery of services at points in time as detailed below:

(i) Contract services

The Group's primary charter business is the transportation by air of workers and contractors to and from remote project sites of major mining and energy companies. Contract air charter services are subject to contracts with companies. Revenue is derived and recognised in accordance with an agreed flight schedule, based on completed flights.

Notes to the Financial Statements continued

A. Financial Overview (Continued)

A1 – Revenue From Continuing Operations (Continued)

Accounting Policy (Continued)

(i) Contract services (Continued)

Revenue is generally calculated on a price paid on a 'per round trip' basis with the contracts including cost pass-through mechanisms for movements in foreign currency exchange rates, fuel prices and consumer price index changes. These cost pass-through mechanisms are invoiced on a monthly or quarterly basis.

(ii) Ad-hoc charter services

Alliance also utilises its fleet to provide ad-hoc charter services to a range of corporate, government, tourism, educational and sporting customers predominantly through surplus capacity. Revenue is derived in accordance with an agreed flight schedule based on completed flights.

(iii) Wet lease services

The Group also utilises its fleet for wet lease contracts. The wet lease of an aircraft is an arrangement whereby the Group provides an aircraft, crew, maintenance, and insurance to a third-party airline operator. Revenue from wet lease contracts consists of both operating lease revenues for aircraft accounted for under AASB 16 – Leases and revenues for services to the relevant customers accounted for under AASB 15 – Revenue. It is derived in accordance with an agreed flight schedule based on completed block hours per flight.

(iv) Regular Public Transport (RPT)

Alliance provides an RPT service to one port in Queensland and a number of blended RPT services (where the contract charter client allows seats to be sold to the general public) to resource sector sites across Australia. RPT refers to services where passengers pay for tickets on scheduled flights. Revenue is derived on a per passenger basis in accordance with an agreed flight schedule based on completed flights.

(v) Aviation services

Alliance historically has held a large inventory consisting of engines, major components, and other aircraft parts and revenue has been generated by Alliance through the sale of these items to third parties. The Group announced during FY2026 that it would no longer be trading parts and inventory except with respect to supporting the operational fleet. Alliance also provides limited engineering services to other aircraft operators. These services include the provision of labour and parts and are invoiced based on typical market conditions of cost-plus margin.

Alliance also manages a number of aerodromes and provides airport and ground handling services to contract clients. These services are invoiced as a fee for service and are generally invoiced on a monthly or per turn basis.

The significant judgements made by management in accounting for aviation services revenue are disclosed in Note K5.

Revenue is measured at the fair value of the consideration received or receivable.

A2 – Other Income

	30 June 2026 $'000	30 June 2025 $'000
Interest Income	**1,067**	420
Other Income	**14,296**	12,206
	15,363	12,626

Accounting Policy

Interest Income is recognised on a time proportioned basis using the effective interest method.

Other Income includes aircraft and engine lease revenue recognised on either a fixed monthly payment, per day lease rate or a per cycle lease rate. In some cases, all rates are applicable. Other Income also includes the gain or loss on the sale of Property, Plant & Equipment.

A. Financial Overview (Continued)

A3 – Material Profit Or Loss Items

The Group has identified a number of items which are not disclosed elsewhere in the report that are material due to the significance of their value and/or amount. These are listed separately here to provide a better understanding of the financial performance of the Group.

	30 June 2026 $'000	30 June 2025 $'000
Direct flight costs	**(142,861)**	(128,484)
Parts and inventory costs	**(109,298)**	(139,096)
Finance Costs	**(37,291)**	(33,193)
Labour and staff related costs		
Salaries and Wages	**(218,685)**	(213,788)
Superannuation	**(23,961)**	(22,343)
Contractors	**(5,785)**	(5,804)
Travel and Accommodation	**(10,925)**	(12,542)
Workcover and Payroll Tax	**(15,962)**	(12,384)
Other Employee Costs	**(13,972)**	(10,691)
Costs capitalised as part of heavy maintenance activities	**21,699**	9,673
Total Labour and staff related costs	**(267,590)**	(267,879)
Short-term or low value lease payments where no Right of Use Asset is recognised		
Minimum lease payments	**(576)**	(424)
Minimum sublease receipts	**231**	-

B. Cash Management

B1 – Cash And Cash Equivalents

	30 June 2026 $'000	30 June 2025 $'000
Cash and cash equivalents	**29,187**	96,489
Total cash and cash equivalents	**29,187**	96,489

Accounting Policy

For the purpose of presentation in the Consolidated Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of changes in value.

Notes to the Financial Statements continued

B. Cash Management (Continued)

B2 – Borrowings

Facilities

The type of borrowing facilities available and utilised as at 30 June 2026 is shown below:

	Financier Limit*				
Funding Mechanism	**ANZ**	**Pricoa $'000**	**NAIF $'000**	**Available at Bal Date $'000**	**Utilisation $'000**
AUD Mechanisms	**AUD**	**AUD**	**AUD**	**AUD**	**AUD**
Term loan facility I	9,340	–	–	–	9,340
Term loan facility II	77,450	–	–	–	77,450
Term loan facility III	12,500	–	–	–	12,500
Term loan facility IV	46,405	–	–	–	46,405
Northern Australia Infrastructure Facility (NAIF)	–	–	21,000	–	21,000
Senior secured guaranteed notes		322,250	–	–	322,250
Sub-total AUD Borrowings	145,695	322,250	21,000	–	488,945
Working capital multi option (Facility I)	3,760	–	–	3,705	55
Bank guarantee facility	1,000	–	–	141	859
Total AUD Mechanisms	150,455	322,250	21,000	3,845	489,859

* The available facility limit is reduced by mandatory repayments made on the respective facility.

These borrowings are all secured.

In June 2026, the Group renegotiated the expiry dates of the existing term loan facilities with Australia and New Zealand Banking Group Limited.

The ANZ debt facilities provide the following:

- Facility I – a $15 million amortising loan with quarterly repayments and an expiry in September 2027. Any voluntary repayments may be redrawn to $15 million. (Since this date only mandatory payments have been made).
- Facility II – a $87.3 million amortising loan with quarterly repayments and an expiry in September 2027. Any voluntary repayments cannot be redrawn. (Since this date only mandatory payments have been made).
- Facility III – a $12.5 million non-amortising loan with an expiry in September 2027. Any voluntary repayments cannot be redrawn.
- Facility IV – a $50 million no redraw facility with an expiry in September 2027.
- A $4 million working capital multi option (Facility I), this facility is subject to annual review each December. The bank can withdraw the facility with 60 days written notice.

B. Cash Management (Continued)

B2 – Borrowings (Continued)

Facilities (Continued)

The Pricoa facilities allow the Group to drawn down up to USD 225 million and provides the option to have the drawdown issued and repayable in either AUD or USD based on the prevailing exchange rate. To date the Group has elected to process all drawdowns in AUD therefore minimising ongoing exchange variation risks. In FY2026 further drawdowns totalling AUD 23 million were made, and the parties have agreed repayments will be transacted in AUD. The total drawdowns have been recorded on the Consolidated Balance Sheet at AUD 322.3 million.

The senior secured guaranteed notes are due progressively over the next 7.2 years with 8% due in May 2028, 6% due in January 2029, 13% due in March 2030, 16% due in May 2031, 16% due in August 2031, 12% due in July 2032, 13% due in August 2032, 8% due in September 2032, 8% due in September 2033.

The Group secured a facility agreement with the Northern Australian Infrastructure Facility to assist in funding the construction of a three-bay maintenance hangar in Rockhampton. This is a non-amortising loan for the first 10 years and post year 10 the facility will decrease with approximately 50% remaining at year 15 (April 2037). The Rockhampton hangar will provide support for the expanding fleet and ensure access to maintenance facilities into the future.

The term loans, working capital multi option facility and the senior secured guaranteed notes are subject to certain quarterly financial covenants and restrictions. The Group renegotiated its financial covenants with respect to the Loan to valuation ratio and leverage ratio with the financial covenants effective from 30 June 2026 as follows:

- Debt Service Cover Ratio
- Leverage Ratio
- Loan to Valuation Ratio
- Minimum Cash at Bank Balance

At 30 June 2026, the Group was in compliance with the agreed financial covenants and restrictions of these facilities. The Group sees no impediments to complying with the covenants within the next twelve months.

Accounting Policy

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income Statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date

Notes to the Financial Statements continued

B. Cash Management (Continued)

B2 – Borrowings (Continued)

Facilities (Continued)

Assets Pledged As Security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	30 June 2026 $'000	30 June 2025 $'000
Current		
Floating charge		
Cash and Cash equivalents	**29,187**	96,489
Receivables	**106,426**	85,660
Inventories	**123,902**	86,546
Assets Classified as Held for Sale	**47,132**	-
Total current assets pledged as security	**306,647**	268,695
Non-Current		
First Mortgage	**737,352**	842,131
Aircraft	**737,352**	842,131
Floating charge		
Plant and Equipment	**48,285**	59,748
Intangibles	**–**	109
Total non-current assets pledged as security	**785,638**	901,988
Total Assets pledged as security	**1,092,285**	1,170,683

This section sets out an analysis of net cash/(debt) and the movements in net cash/(debt) for each of the periods presented.

	30 June 2026 $'000	30 June 2025 $'000
Cash and Cash equivalents	**29,187**	96,489
Borrowings – repayable within one year	**(8,589)**	(11,452)
Borrowings – repayable after one year	**(480,356)**	(463,082)
Net Cash/(Debt)	**(459,758)**	(378,045)
Cash and cash equivalents	**29,187**	96,489
Gross debt – variable interest rates	**(145,695)**	(154,284)
Gross debt – fixed interest rates	**(343,250)**	(320,250)
Net Cash/(Debt)	**(459,758)**	(378,045)

B. Cash Management (Continued)

B3 – Net Cash Debt

30 June 2026	**Opening Balance $'000**	**Drawdowns $'000**	**Repayments $'000**	**Closing Balance $'000**
Term loan facilities	**154,284**	**–**	**(8,589)**	**145,695**
Senior secured guaranteed notes	**148,000**	**23,000**	**–**	**171,000**
USD Shelf facility	**151,250**	**–**	**–**	**151,250**
Northern Australia Infrastructure Facility (NAIF)	**21,000**	**–**	**–**	**21,000**
Total AUD value	**474,534**	**23,000**	**(8,589)**	**488,945**

30 June 2025	Opening Balance $'000	Drawdowns $'000	Repayments $'000	Closing Balance $'000
Term loan facilities	64,831	98,905	(9,452)	154,284
Senior secured guaranteed notes	100,000	73,000	(25,000)	148,000
USD Shelf facility	151,250	–	–	151,250
Northern Australia Infrastructure Facility (NAIF)	21,000	–	–	21,000
Total AUD value	337,081	171,905	(34,452)	474,534

B4 – Reconciliation Of Profit After Income Tax To Net Cash Inflow From Operating Activities

	30 June 2026 $'000	30 June 2025 $'000
Profit for period (after tax)	**(90,875)**	57,323
Depreciation and amortisation	**101,956**	92,047
Costs incurred as part of heavy maintenance program	**(21,699)**	(9,673)
Net (gain)/loss on foreign exchange differences	**(3,520)**	3,837
Impairment & Inventory Write-Down	**164,784**	–
PPE Deposits reclassified from Operating Cashflow	**28,762**	–
Change in operating assets and liabilities		
(Increase)/Decrease in trade debtors	**4,853**	1,610
(Increase)/Decrease in inventory	**(37,356)**	57,024
(Increase)/Decrease in transfers relating to PPE	**(84,830)**	(89,475)
(Increase)/Decrease in prepayments and other assets	**(25,619)**	(8,935)
Increase/(Decrease) in trade creditors	**16,056**	(16,225)
Increase/(Decrease) in other operating liabilities	**2,530**	(11,176)
Increase/(Decrease) in provision for income taxes payable	**–**	–
Increase/(Decrease) in deferred tax	**(39,011)**	24,758
Increase/(Decrease) in other provisions	**1,674**	4,529
Net cash inflow (outflow) from operating activities	**17,705**	105,644

Notes to the Financial Statements continued

C. Capital Management

The Group's objectives, when managing capital, is to safeguard the ability to continue as a going concern, so that the Group can provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

C1 – Dividends

Dividends Declared But Not Recorded

A final dividend has not been declared for year ended 30 June 2026.

	30 June 2026 $'000	30 June 2025 $'000
In respect of financial year ended 30 June 2025, a fully franked final dividend of 3.0 cents was declared, and paid on 3 November 2025. No interim or final dividends have been declared in respect of financial year ended 30 June 2026.	–	4,831

Accounting Policy

Provision is made for any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

C2 – Franking Credits

	30 June 2026 $'000	30 June 2025 $'000
Franking credits available for subsequent reporting based on tax rate of 30% (FY2025: 30%)	3,896	5,966
	3,896	5,966

Accounting Policy

The above amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits and debits that will arise from the settlement of liabilities or receivables for income tax and dividends after the end of the year.

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits of subsidiaries were paid as dividends.

D. Inventory, Property, Plant & Equipment, Intangibles And Leases

D1 – Inventory

	30 June 2026 $'000	30 June 2025 $'000
Aircraft, aircraft spares and spare engines		
Fokker	**29,573**	26,136
Embraer	**75,447**	42,063
Total aircraft, aircraft spares and spare engines	**105,021**	68,199
Consumables	**18,882**	18,347
Total Inventory	**123,902**	86,546

Write Down Of Inventory

During the half year ended 31 December 2025, the Group recognised a $12.9 million write down of Fokker inventories to net realisable value in accordance with AASB 102. The write down has been recorded in Inventories on the Consolidated Balance Sheet and in the Parts and Inventory Costs within the Consolidated Statement of Profit or Loss and Other Comprehensive Income. This adjustment reflects the ageing profile of the aircraft, the condition of, and market for, related inventory, and the Group's future fleet strategy, which makes certain inventory surplus to requirements.

Amounts Recognised In Profit Or Loss

Inventory recognised as an expense during the year ended 30 June 2026 amounted to $36.6 million (FY25: $87.6 million) and is included in parts and inventory costs. Included in inventory costs is $21 million for the purchase of two additional aircraft to be used for parts in 30 June 2026.

Accounting Policy

Inventory is measured at the lower of cost and net realisable value. Cost comprises all costs of purchase and other costs incurred in bringing the inventory to their present location and condition. Inventory consists of spare aircraft and engine parts, spare engines, components, and whole aircraft where the intent of acquisition was to hold as inventory for sale or breakdown for spare parts.

Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The Group's maintenance program relies on access to spare parts (rotables) which are interchangeable with parts currently utilised on an aircraft. These rotables are parts that are removed from aircraft and transferred from property, plant, and equipment into inventory at the lower of cost or net realisable value (core value).

Rotables taken out of inventory and fitted to an aircraft are transferred to property plant and equipment at the carrying value at the time of transfer.

Note K5 discloses the critical estimates and judgements in relation to inventory value.

Notes to the Financial Statements continued

D. Inventory, Property, Plant & Equipment, Intangibles And Leases (Continued)

D2 – Property, Plant And Equipment

30 June 2026	Aircraft Assets* $'000	Property, Plant and Equipment $'000	Total $'000
Balance at beginning of the period			
Cost	**1,359,186**	**87,351**	**1,446,537**
Accumulated depreciation	**(517,649)**	**(27,009)**	**(544,658)**
Net book value at the beginning of the period	**841,537**	**60,342**	**901,879**
Opening net book value	**841,537**	**60,342**	**901,879**
Additions	**230,847**	**702**	**231,550**
Impairments	**(144,573)**	**–**	**(144,573)**
Transfers – Inventory and other	**(69,368)**	**–**	**(69,368)**
Transfers – Assets held for Sale	**(26,473)**	**(6,172)**	**(32,645)**
Disposals at Cost	**–**	**(2,417)**	**(2,417)**
Disposals – accumulated depreciation	**–**	**778**	**778**
Depreciation charge	**(94,636)**	**(4,929)**	**(99,566)**
Closing net book value at the end of the period	**737,334**	**48,304**	**785,638**

* Included within Aircraft assets are aircraft which are leased under operating lease arrangements to other airlines with a net book value of $375.5 million (FY25: $303.4 million).

30 June 2025	Aircraft Assets* $'000	Property, Plant and Equipment $'000	Total $'000
Balance at beginning of the period			
Cost	1,111,570	65,975	1,177,545
Accumulated depreciation	(433,408)	(24,691)	(458,099)
Net book value at the beginning of the period	678,162	41,284	719,446
Opening net book value	678,162	41,284	719,446
Additions	269,565	23,625	293,190
Transfers – Inventory and other	(54,009)	–	(54,009)
Transfers – Fokker rotable items from Inventory	32,060	–	32,060
Disposals at Cost	–	(2,249)	(2,249)
Disposals – accumulated depreciation	–	2,154	2,154
Depreciation charge	(84,241)	(4,472)	(88,713)
Closing net book value at the end of the period	841,537	60,342	901,879

* Included within Aircraft assets are aircraft which are leased under operating lease arrangements to other airlines with a net book value of $303.4 million (FY24: $243.6 million).

D. Inventory, Property, Plant & Equipment, Intangibles And Leases (Continued)

D2 – Property, Plant & Equipment (Continued)

Additions And Transfers

Additions to property, plant and equipment for year ended 30 June 2026 includes two E190 aircraft that were added to the Groups air operators' certificate, one E190 undergoing entry into service, and all aircraft heavy maintenance and the addition of any major and significant components. Transfers relate to the removal of rotable parts from the aircraft which are transferred to inventory. Two E190 aircraft have been transferred to Assets held for sale, refer to Note D5.

Disposals

During the period, the Group disposed of one Fokker 100 aircraft, which was sold on commercial terms to a third party Fokker operator overseas. Additionally, one Fokker 100, and one Fokker 70 were removed from operations to be reduced to parts to support ongoing fleet maintenance.

Impairment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units — CGU). The Directors have determined that the Group has one CGU, being aircraft charter and aviation services.

Indicators of impairment were identified for the CGU at 31 December 2025, reflecting increasing operating and maintenance costs, changing customer requirements, a decision to progressively retire and replace the Fokker aircraft fleet and the market capitalisation being below the net assets of the Group.

Accordingly, an impairment test was completed as at 31 December 2025.

At 31 December 2025, the Group recognised an impairment loss of $127.9 million against the Fokker aircraft fleet and a further $16.7 million against Fokker engines and $7.2 million relating to Right of Use (ROU) assets (Refer to Note D4).

The Group assessed the recoverable amount of the CGU at 31 December 2025 under a value in use methodology and allocated the impairment proportionately to assets of the CGU. The allocation of the impairment was limited to the fair value less cost to dispose (FVLCD) of assets within the CGU. The FVLCD had been determined by reference to an independent external valuation for Aircraft and recent market transactions and internal valuations for other Property, Plant and Equipment (PPE).

For the impairment testing, the Group recognised three asset groupings: Aircraft, other Property, Plant & Equipment including hangars, and ROU assets. A foreign exchange rate of AUD:USD 0.6673 was assumed for impairment testing.

Aircraft

At 31 December 2025, a specialised aviation valuer was engaged to provide an independent valuation of the aircraft fleet, drawing on their extensive knowledge of the secondary market in Fokker and Embraer aircraft. The fair value measurement was performed in accordance with AASB 13 Fair Value Measurement, which requires the use of observable market inputs where available. An active secondary market exists for Fokker and Embraer aircraft. In addition to the market price, current exchange rates and significant unobservable inputs are used in determining the aircrafts valuation, which include the proximity of the aircraft to the airframe and engines next significant maintenance event, and current airframe and component flight hours and flight cycles.

The cost-of-disposal estimates of 4% were informed by recent aircraft transactions undertaken by the Group. This valuation led to the impairment of the Fokker aircraft by $127.9 million while the Embraer aircraft valuation exceeded their carrying value by $67 million resulting in no impairment of the Embraer aircraft.

Previously included in the PPE of the Group was various Fokker engines with a carrying value of $16.9 million and which required assessment and further expenditure for realisation. For the reasons associated with the impairment of the Fokker aircraft it was no longer considered that these engines would be required by the Group while there is limited demand in the secondary market for the engines. Accordingly, these engines were fully impaired.

Notes to the Financial Statements continued

D. Inventory, Property, Plant & Equipment, Intangibles And Leases (Continued)

D2 – Property, Plant & Equipment (Continued)

Property, Plant And Equipment

Based on the recent modern construction of the Rockhampton hangar in 2023, and the completion of the valuation at 30 June 2026, it was deemed that there was no impairment of this asset.

In relation to other PPE, it was considered that these assets had been depreciated below fair value and had a considerable remaining economic life. Fair value was considered to be in excess of the carrying value based on the above factors, as well as market feedback and the fact that the property related PPE could be realised with the Brisbane and Rockhampton hangars and ROU assets of the Group.

At 30 June 2026, indicators of impairment continued to be present, being the Group's market capitalisation remaining below the carrying amount of its net assets and a reduction in contracted aircraft services under the Group's major wet lease arrangements with key customers. Accordingly, the Group tested the CGU for impairment.

The Group assessed the recoverable amount of the CGU using the fair value less costs of disposal (FVLCD) methodology applying the income approach based on a discounted cashflow model. The cashflow model is based on projections for a five year detailed forecast period, followed by a terminal growth rate.

The FVLCD methodology is considered the most appropriate methodology on which to determine the recoverable amount of the CGU at 30 June 2026 as it factors in forecasted changes to the operating model that a market participant would reasonably expect to occur.

These include forecasted impacts on the group's workforce and operating model following an expected contract renegotiation with a major customer.

The key assumptions in determining the recoverable amount are:

- Flight hours and contract renewals
- Realisation of cost benefits from aligning the Group's workforce and operating model
- Post-tax discount rate of 9.69%
- Terminal growth rate of 2.38%

The fair value measurement is categorised as Level 3 in the fair value hierarchy under AASB 13 Fair Value Measurement, reflecting the use of significant unobservable inputs.

The recoverable amount determined on this basis supports the carrying amount of the CGU including Aircraft, Property, Plant and Equipment and ROU and accordingly no additional impairment was recognised when the impairment test was performed at 30 June 2026. The group has assessed that this does not indicate a reversal of impairment loss recognised during the year.

The recoverable amount is sensitive to changes in the key assumptions. A reasonably possible change in the discount rate, the forecast growth in contract revenue, or the level of cost efficiencies realised could cause the carrying amount of the CGU to exceed its recoverable amount. Notwithstanding this, recognition of any potential impairment loss that may arise in a future period would be limited to an amount such that the carrying amount of the individual assets within the CGU is not reduced below their respective fair value less costs of disposal.

D. Inventory, Property, Plant & Equipment, Intangibles And Leases (Continued)

D2 – Property, Plant & Equipment (Continued)

Accounting Policy

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using both straight line and unit of usage method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as shown in the table below:

Asset Category	Depreciation calculation method	Time-based terms
Aircraft assets		
5-18 years Aircraft assets (subject to time-based depreciation)	Calendar based	5 – 18 years
3-12 years Aircraft assets (subject to usage-based depreciation)	Remaining flight cycles/hours	–
Property, plant & equipment		
Leasehold improvements	Calendar based	4 – 30 years
Ground service equipment	Calendar based	10 years
Plant and equipment	Calendar based	5 – 10 years
Vehicles	Calendar based	5 – 8 years
Furniture, fittings, equipment, computer hardware & software	Calendar based	3 – 5 years
Manuals & aircraft certificates	Calendar based	5 years
Calibrated tooling	Calendar based	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The Group also reviews annually whether the triggers indicating a risk of impairment exist.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals of all non-current assets is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds on disposal and is included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income Statement of the Group in the reporting period of disposal.

Refer to Note K6 – Impairment of Assets for the accounting policy relating to impairment of assets.

D3 – Intangible Assets

	30 June 2026 $'000	30 June 2025 $'000
Opening net book amount	**109**	163
Amortisation charge	**(27)**	(54)
Impairment	**(81)**	–
Closing net book value	**–**	109

Intangible assets were impaired by the Group at 31 December 2025, as such, there is no carrying value for intangible assets.

Notes to the Financial Statements continued

D. Inventory, Property, Plant & Equipment, Intangibles And Leases (Continued)

D4 – Leases

This note provides information for leases where the Group is a lessee.

Amounts Recognised In The Consolidated Balance Sheet

The Consolidated Balance Sheet shows the following amounts relating to leases:

	30 June 2026 $'000	30 June 2025 $'000
Right of Use Assets		
Property, Plant and Equipment	**12,146**	34,429
Total right of use assets	**12,146**	34,429
Lease Liabilities		
Current	**3,397**	4,540
Non-Current	**18,115**	34,397
Total Lease Liabilities	**21,512**	38,937

Additions

There were no additions to right of use assets during the year.

Impairment

In relation to right of use assets that are not intrinsically linked to Property, these assets have been impaired resulting in an impairment of $7.2 million being recognised at 31 December 2025.

Property agents were engaged to provide marketing support for the realisable value of hangars at Brisbane Airport, which was delivered to Management in January 2026. The Group has considered their market feedback on value and the intrinsic link between any sale of the hangars and the associated ROU assets (i.e. land leases) held which would be assigned with any sale of the hangars. In addition, the Group consider recent transaction prices paid for the acquisition of hangars on an arm's length basis. On this basis it has been deemed that these assets were not impaired as at 31 December 2025. Right of use assets were assessed for impairment again at 30 June 2026 and no additional impairment was required to be recognised.

Transfers

The Group has undertaken strategic review of current property holdings and identified surplus property holdings in Brisbane Airport, accordingly these have been moved to Asset held for sale, along with the right of use assets and liabilities associated with these leases. The carrying value of these right of use assets is $14.5 million, and lease liabilities totalling $16.5 million.

Amounts Recognised In The Consolidated Statement Of Profit & Loss And Other Comprehensive Income

The consolidated statement of profit or loss and other comprehensive income includes the following amounts relating to leases:

	30 June 2026 $'000	30 June 2025 $'000
Depreciation charge for right of use assets		
Property, Plant and Equipment	**2,363**	3,280
Total right of use assets	**2,363**	3,280
Other costs relating to Leases		
Interest expense (included in finance costs)	**1,745**	1,586
Total Lease Liabilities	**1,745**	1,586

Total cash outflow for leases for the year ended 30 June 2026 was $3.1 million.

D. Inventory, Property, Plant & Equipment, Intangibles And Leases (Continued)

D4 – Leases (Continued)

The Group's Leasing Activities

The Group leases various offices, warehouses, and equipment. Rental contracts are typically made for fixed periods of six months to twenty years but may have extension options as described below.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Accounting Policy

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date.
- amounts expected to be payable by the Group under residual value guarantees.
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security, and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by Alliance Aviation Services Limited, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g., term, country, currency, and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate takes effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability.
- any lease payments made at or before the commencement date less any lease incentives received.
- any initial direct costs.
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment, some ground service equipment and airport apron licences.

Notes to the Financial Statements continued

D. Inventory, Property, Plant & Equipment, Intangibles And Leases (Continued)

D4 – Leases (Continued)

Extension And Termination Options

Extension and termination options are included in a number of property leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

D5 – Non-Current Assets Held For Sale

This note provides information regarding assets that have been classified as held for sale.

During the year, the Group performed various assessments over the assets held by the Group. These assessments determined that the Group has assets in excess of those required to perform the ordinary operations of the business. As such, a decision to sell surplus assets was made during the year, and these assets have now been classified as Non-Current Assets Held for Sale. This is comprised of two key asset groups, being Brisbane Hangars and Aircraft. The Group have actively marketed these assets for sale during the year, it is anticipated that any sale process will be completed within FY2027.

Additions

The Group has recognised two key asset groups as being held for sale, as follows:

	30 June 2026 $'000	30 June 2025 $'000
Assets Held for Sale		
Brisbane Hangars (including Right of Use Assets)	**20,659**	–
Aircraft	**26,473**	–
Total Assets Held for Sale	**47,132**	–
Liabilities Relating to Assets Held for Sale		
Brisbane Hangars (including Lease Liabilities)	**16,522**	–
Aircraft	**–**	–
Total Liabilities Held for Sale	**16,522**	–

Items recognised as assets held for sale have been recognised at the lower of carrying amount or fair value less cost of disposal.

Accounting Policy

Non-current assets held for sale are comprised of disposal grounds of assets and liabilities where it is considered to be highly probably to recover their value primarily through sale rather than through continued use and the asset is available for immediate sale in its present condition, which is expected to conclude within the following 12 months.

E. Income Tax Expense And Deferred Tax

This note provides an analysis of the Group's income tax expense, shows what amounts are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Group's tax position.

E1 – Income Tax Expense

	30 June 2026 $'000	30 June 2025 $'000
A. Income Tax Expense		
Current Tax		
Adjustment for current tax of prior periods	**–**	–
Total current tax expense	**–**	–
Deferred Income Tax		
Decrease/(increase) in deferred tax assets	**(35,696)**	(2,768)
(Decrease)/increase in deferred tax liabilities	**(3,320)**	27,527
Adjustments for deferred tax of prior periods	**–**	–
Total deferred tax expense/(benefit)	**(39,016)**	24,758
Income tax on profit from continuing operations	**(39,016)**	24,758
Effective tax rate	**30.0%**	30.2%
B. Numerical Reconciliation of Income Tax (Benefit)/Expense to Prima Facie Tax Payable		
Profit/(Loss) before income tax expense	**(129,888)**	82,080
Tax at Australian Corporate Tax rate of 30% (2025: 30%)	**(38,967)**	24,624
Tax effect of amounts not deductible/(taxable) in calculating taxable income		
Sundry	**(49)**	134
Total Income tax expense	**(39,016)**	24,758
C. Amounts recognised directly in equity		
Aggregate deferred tax arising in the period and directly credited to equity	**–**	–

Notes to the Financial Statements continued

E. Income Tax Expense And Deferred Tax (Continued)

E2 – Deferred Tax Assets And Liabilities

	30 June 2026 $'000	30 June 2025 $'000
Deferred Tax Assets		
The balance comprises temporary differences attributable to:		
Tax losses	**50,338**	16,875
Employee benefits	**9,306**	8,804
Property, plant and equipment	**5,257**	3,185
	64,901	28,864
Other		
Unrealised foreign exchange movements	**1,888**	1,888
Accruals	**203**	115
Other	**301**	789
	2,392	2,792
Total Deferred tax assets	**67,293**	31,656
Set-off to deferred tax liabilities pursuant to set-off provisions	**(67,293)**	(31,656)
Net Deferred Tax Assets	**–**	–

	30 June 2026 $'000	30 June 2025 $'000
Deferred Tax Liabilities		
The balance comprises temporary differences attributable to:		
Property, plant and equipment	**138,119**	141,543
Other	**(77)**	–
Unrealised foreign exchange movements	**658**	531
Total Deferred tax liabilities	**138,700**	142,074
Set-off to deferred tax assets pursuant to set-off provisions	**(67,293)**	(31,656)
Net Deferred Tax Liabilities	**71,407**	110,418

Accounting Policy

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Directors periodically evaluate the position taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting or taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the near future.

E. Income Tax Expense And Deferred Tax (Continued)

E2 – Deferred Tax Assets And Liabilities (Continued)

Accounting Policy (Continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Alliance Aviation Services Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

30 June 2026	Tax Losses $'000	Employee Benefits $'000	Property, Plant and Equipment $'000	Other $'000	Total $'000
Deferred Tax Asset Movements					
Balance at beginning of prior year	**15,734**	**7,445**	**2,905**	**2,804**	**28,888**
Charged/(credited) to Profit or Loss	1,141	1,359	280	(12)	2,768
Balance at the beginning of this period	**16,875**	**8,804**	**3,185**	**2,792**	**31,656**
Charged/(credited) to Profit or Loss	33,463	502	2,072	(400)	35,637
Balance at end of the period	**50,338**	**9,306**	**5,257**	**2,392**	**67,293**

30 June 2026	Property, Plant and Equipment $'000	Other $'000	Total $'000
Deferred Tax Liability Movements			
Balance at beginning of prior year	**114,016**	**531**	**114,547**
Charged/(credited) to Profit or Loss	27,527	–	27,527
Balance at the beginning of this period	**141,543**	**531**	**142,074**
Charged/(credited) to Profit or Loss	(3,424)	50	(3,374)
Balance at the end of the period	**138,119**	**581**	**138,700**

Notes to the Financial Statements continued

F. Financial Instruments

F1 – Financial Risk Management

The Group's activities expose it to a variety of financial risks including foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange rate risk and aging analysis for credit risk. The use of financial instruments is governed by the Group's policies approved by the Board of Directors and are not entered into for speculative purposes. The Group holds the following financial instruments:

	30 June 2026 $'000	30 June 2025 $'000
Financial Assets		
Cash and Cash Equivalents	**29,187**	96,489
Trade and other receivables*	**70,906**	70,993
Total Financial Assets	**100,093**	167,482
Financial Liabilities		
Trade and other payables	**101,923**	83,337
Borrowings	**488,945**	474,534
Lease liabilities	**21,512**	38,937
Total Financial Liabilities	**612,380**	596,808
Net Financial Assets/(Liabilities)	**(512,287)**	(429,326)

* Excludes prepayments and other assets.

Foreign Exchange Risk

The Group has transactional currency risks arising from receivables and payables in currencies other than the Group's functional currency. The currencies giving rise to this risk are primarily US dollar, Singapore dollar and the Euro. Where possible, the risk is managed by forecasting and structuring of receipt and payment timings, including invoicing clients in US dollars, Singapore dollar and the Euro where possible.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars and a sensitivity impact of a 5% rate movement is shown in the tables below.

	30 June 2026					30 June 2025				
Trade and other receivables	**USD $'000**	**EUR $'000**	**GBP $'000**	**NZD $'000**	**SGD $'000**	USD $'000	EUR $'000	GBP $'000	NZD $'000	SGD $'000
Total	**8,127**	**–**	**–**	**–**	**–**	14,281	–	–	–	–

Sensitivity: As at 30 June 2026, if the Australian dollar had strengthened or weakened against other currencies by 5% and all other variables held constant, post-tax profit for the year would have been higher/lower by $281k (FY25: +/- $714k).

	30 June 2026					30 June 2025				
Trade and other payables	**USD $'000**	**EUR $'000**	**GBP $'000**	**NZD $'000**	**SGD $'000**	USD $'000	EUR $'000	GBP $'000	NZD $'000	SGD $'000
Total	**(7,521)**	**(1,110)**	**13**	**–**	**(3,313)**	(10,124)	(3,132)	(769)	(6)	(3,864)

Sensitivity: As at 30 June 2026, if the Australian dollar had strengthened or weakened against other currencies by 5% and all other variables held constant, post-tax profit for the year would have been higher/lower by $442k (FY25: +/- $895k).

F. Financial Instruments (Continued)

F1 – Financial Risk Management (Continued)

Interest Rate Risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk.

The Group's variable rate borrowings outstanding as at 30 June 2026 and a sensitivity analysis of movement of 25 basis points is shown in the tables below.

	30 June 2026		30 June 2025	
	Weighted Ave. Interest Rate %	**Balance $'000**	Weighted Ave. Interest Rate %	Balance $'000
Bank Loans	**6.3**	**145,695**	5.6	154,284
Net Exposure to cashflow interest rate risk	**–**	**145,695**	–	154,284
Sensitivity +/- impact of 0.25% change: $'000	**–**	**364**	–	386

Credit Risk

Credit risk arises from cash and cash equivalents, held to maturity investments, favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables. All available cash is held in financial institutions with a credit rating of A- or higher.

Risk Management

Credit risk is managed on a Group basis by assessing the credit quality of counterparties by considering their financial position, past experience, credit rating and other factors. Counterparty information sourced from credit rating agencies is also utilised to support the management of credit risk. The Group's major customers are principally focused on the resources industry, albeit over a range of commodities.

Impairment Of Trade Receivables

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The expected loss rate and loss allowance has been assessed as $0 as at 30 June 2026 (FY25: $355k).

The probability of default by any trading debtor of the Group is considered very unlikely. Accordingly, credit losses are considered minimal by the Group. This is because there is no history of default, revenue is generated primarily through major mining clients, domestic airlines, and other large corporations hence the recoverability of the remaining contracted receivables can be determined with a high degree of certainty on a forward-looking basis.

Refer to Note J1 for more information on the trade receivables policy of the Group.

The Group records trade receivables and loans in the following classifications:

- Neither past due nor impaired trade receivables and loans are those that are within their relevant contractual payment terms and thus have no expected credit loss due to the reasons above.
- Past due but not impaired trade receivables and loans are those that have fallen outside of their contractual settlement terms. However there remains an expectation of full recovery, with no change in credit risk based on the financial position of the client or counterparty and as such there is no expected credit loss. This is $0 as at 30 June 2026 (FY25: $355k).

Notes to the Financial Statements continued

F. Financial Instruments (Continued)

F1 – Financial Risk Management (Continued)

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. At the end of the reporting period the Group held no deposits at call (FY25: nil). Due to the dynamic nature of the underlying businesses, the Directors maintain flexibility in funding by maintaining availability under committed credit lines.

Risk Management

Management monitors rolling forecasts of the Group's liquidity reserve comprising the undrawn borrowing facilities below and cash and cash equivalents (Note B1) on the basis of expected cash flows. In addition, the Group's liquidity management policy involves managing credit risk relating to financial assets, comparing the maturity profile of financial liabilities with the realisation profile of financial assets, monitoring balance sheet liquidity ratios against internal requirements and maintaining debt financing plans.

Maturities Of Financial Liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all non derivative financial liabilities.

The amounts disclosed in the tables are the contractual undiscounted cash flows since the fair values are not materially different to their carrying amounts and amortisations payments (fixed repayments of principal) are scheduled quarterly until the expiration of the facilities. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. The amounts below also include estimated interest payments where applicable.

The Group has long-term arrangements in place for the four hangars located at Brisbane airport. Two of these leases all have terms expiring in the second quarter of FY2041 with the remaining leases expiring in the fourth quarter of FY2042. Two of these leases have been classified as a part of the Non-current asset held for sale, refer to Note D5.

Liquidity Risk

	30 June 2026						
Carrying Contractual Maturities of Financial Liabilities	**Less than 6 months $'000**	**6-12 months $'000**	**Between 1 & 2 years $'000**	**Between 2 & 5 years $'000**	**Over 5 Years $'000**	**Total Contractual Cash Flows $'000**	**Carrying Amount (Assets) /Liabilities $'000**
Trade payables	**59,521**	**–**	**–**	**–**	**–**	**59,521**	**59,521**
Borrowings	**2,863**	**5,726**	**162,106**	**92,000**	**226,250**	**488,945**	**488,945**
Lease Liabilities	**2,534**	**2,206**	**4,154**	**10,944**	**32,013**	**51,851**	**21,512**
Total Non-Derivatives	**64,918**	**7,932**	**166,259**	**102,944**	**258,263**	**600,316**	**569,978**

	30 June 2025						
Carrying Contractual Maturities of Financial Liabilities	Less than 6 months $'000	6-12 months $'000	Between 1 & 2 years $'000	Between 2 & 5 years $'000	Over 5 Years $'000	Total Contractual Cash Flows $'000	Carrying Amount (Assets) /Liabilities $'000
Trade payables	43,465	–	–	–	–	43,465	43,465
Borrowings	17,680	16,605	78,018	224,919	262,112	599,334	474,534
Lease Liabilities	2,305	2,327	4,474	11,172	33,750	54,028	38,937
Total Non-Derivatives	63,450	18,932	82,492	236,091	295,862	696,827	556,936

F. Financial Instruments (Continued)

F1 – Financial Risk Management (Continued)

Price Risk

The Group is not exposed to any specific material commodity price risk.

F2 – Fair Value Measurement Of Financial Instruments

Judgements and estimates are made in determining the fair values of assets and liabilities that are recognised and measured at fair value in the financial statements.

Disclosed Fair Values

Receivables

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value. For the majority of non-current receivables, the fair values are not materially different to their carrying amounts since the interest on those receivables is close to current market rates.

Trade And Other Payables

Due to the short-term nature of the trade and other payables, their carrying amount is assumed to be the same as their fair value.

Borrowings

The Directors consider that for all borrowings, the fair values are the same as their carrying amounts, since the interest payable on these borrowings is either close to the market rates or the borrowings are of a short-term nature.

G. Equity

G1 – Contributed Equity

	30 June 2026		30 June 2025	
	No. Shares	**$'000**	No. Shares	$'000
Share Capital				
Ordinary shares – fully paid	**161,060,848**	**289,101**	160,950,999	288,801
Total Contributed Equity	**161,060,848**	**289,101**	160,950,999	288,801
Movement in Ordinary Share Capital Issued and Fully Paid				
Balance at beginning of period	**160,950,999**	**288,801**	160,734,697	288,206
Dividend reinvestment plan issues	**–**	**–**	–	–
Performance incentive shares granted and exercised	**–**	**–**	17,015	47
Employee share plan issues	**109,849**	**300**	199,287	548
Balance at end of period	**161,060,848**	**289,101**	160,950,999	288,801

Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Dividend Reinvestment Plan

The Company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash.

Accounting Policy

Debt and equity instruments are classified as either liabilities or equity in accordance with the substance of the contractual arrangement. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Notes to the Financial Statements continued

G. Equity (Continued)

G2 – Reserves

The following table shows a breakdown of the balance sheet line item 'Reserves' and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided below the table.

	30 June 2026 $'000	30 June 2025 $'000
Reserves		
Reorganisation reserve	**(111,082)**	(111,082)
Share based payment reserve	**678**	871
Foreign currency translation reserve	**133**	(27)
	(110,271)	(110,238)
Movements		
Reorganisation Reserve		
Balance at beginning of period	**(111,082)**	(111,082)
Balance at end of period	**(111,082)**	(111,082)
Share based payment reserve		
Balance at beginning of period	**871**	762
Vested	**(300)**	–
Granted	**107**	109
Balance at end of period	**678**	871
Foreign currency translation reserve		
Balance at beginning of period	**(27)**	200
Current year movement	**160**	(227)
Balance at end of period	**133**	(27)

Nature And Purpose Of Other Reserves

Reorganisation Reserve

This reserve is used to record the difference between the recognised equity of the parent entity and the net assets of the acquired controlled entities.

Share Based Payment Reserve

The Company has established a share-based payment reserve which records the estimated amount of ordinary share capital to be issued as consideration for future transactions. The reserve records the grant date fair value of performance rights issued to employees under the Long-Term Incentive Plan and associated movements.

Foreign Currency Translation Reserve

Exchange differences arising on translation of the foreign controlled entity are accumulated in a separate reserve within equity.

Notes to the Financial Statements continued

G. Equity (Continued)

G3 – Earnings Per Share

	30 June 2026	30 June 2025
Basic Earnings per Share		
Total basic earnings per share attributable to the ordinary equity holders of the company. (Cents)	**(56.43)**	35.64
Diluted Earnings per Share		
Total diluted earnings per share attributable to the ordinary equity holders of the company. (Cents)	**(56.43)**	35.53
Reconciliation of Earnings used in Calculating Earnings per Share		
Basic Earnings per Share		
Profit/Loss attributable to the ordinary equity holders of the company used in calculating basic earnings per share. ($'000)	**(90,875)**	57,323
Diluted Earnings per Share		
Profit/Loss attributable to the ordinary equity holders of the company used in calculating diluted earnings per share. ($'000)	**(90,875)**	57,323
Weighted Average Number of Shares used as the Denominator		
Weighted average number of ordinary shares used as the denominator in calculating the basic earnings per share	**161,032,716**	160,858,866
Weighted average number of ordinary shares used as the denominator in calculating the diluted earnings per share	**161,032,716**	161,356,138

Information Concerning The Classification Of Securities

Performance Rights

Performance rights granted to employees under the Alliance Aviation Services Limited LTI plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The rights have not been included in the determination of basic earnings per share (Refer Note H2).

Accounting Policy

Basic Earnings Per Share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted Earnings Per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account.

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

In a loss making position earnings per share is not diluted.

Notes to the Financial Statements continued

H. Key Management Personnel

H1 – Key Management Personnel Disclosures

Key Management Personnel Compensation

	30 June 2026 $	30 June 2025 $
Short-term employee benefits	**3,299,892**	2,795,863
Post-employment benefits	**162,414**	164,121
Long-term benefits	**(79,774)**	(33,347)
Share Based Payments	**151,012**	93,194
Total	**3,533,544**	3,019,831

Detailed remuneration disclosures are provided in the Remuneration Report contained in the Directors Report.

H2 – Share Based Payments

Performance Incentive Plan

Alliance is committed to a reward framework that is focussed on creating shareholder value, which is supported by an equity ownership culture. The Group's Performance Incentive Plan (PIP) supports this goal by assisting with the attraction, motivation, and retention of employees (including Executive Directors).

The PIP consists of two key remuneration elements namely the payment of cash incentives and the granting of performance rights. Under the plan, participants are granted rights which only vest if certain performance standards are met. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

The number of performance rights granted is calculated by dividing the dollar value of the participant's long-term incentive by the ASX volume weighted average price of the shares in the period prior to the date of offer of the performance rights. Unless otherwise determined by the Board in its discretion, performance rights are issued for nil consideration.

The amount of performance rights that will vest depends upon the achievement of certain performance standards being met over the course of the performance period (the financial year). These performance metrics include achieving financial, operational and safety targets. Once the rights have become performance qualified, the only remaining vesting condition that must be met is one of continuous employment.

In the event of cessation of employment unvested rights are forfeited unless otherwise determined by the Board, in which case any service condition will be deemed to have been fulfilled as at the testing date and subject to performance testing along with other participants. It is noted that the Board has discretion to allow "Good Leavers" to retain their participation in the PIP plan beyond the date of cessation of employment when deemed appropriate to the circumstances.

Performance rights will automatically vest on a day nominated by the Board after they determine the vesting conditions have all been satisfied (Vesting Determination Date).

The performance rights will automatically exercise on the Vesting Determination Date unless that date occurs outside a trading window permitted under the Company's Policy for dealing in Securities, in which case the performance rights will exercise upon the first day of the next trading window. Upon exercise of the performance rights, the Company must issue or procure the transfer of one share for each performance right or alternatively may in its discretion elect to pay the cash equivalent value to the participant.

H. Key Management Personnel (Continued)

H2 – Share Based Payments (Continued)

Performance Incentive Plan (Continued)

Rights are granted under the plan for no consideration and carry no dividend or voting rights. When exercised, each right is converted into one ordinary share.

Performance rights will lapse on the first to occur of:

- the expiry dates.
- the vesting conditions not being satisfied by the Vesting Determination Date.
- unless the Board otherwise determines, by the cessation of the employment of the employee to whom the offer of performance rights was made. The Board determination will depend upon the reason for employment ceasing (resignation, dismissal for cause, death, or illness).

The details of the performance rights granted are shown below:

Performance Rights Granted	30 June 2026	30 June 2025
Executive Directors^	85,241	57,138
Other Key Management Personnel	53,679	76,103
Senior Management	339,482	269,946
Total	**478,402**	403,187

^ The grant of the maximum amount of performance rights available to the Managing Director/Executive Director were approved by the shareholders at the Annual General Meeting held on 27 November 2025 and on 3rd October 2024 for FY2025.

The movements of performance rights issued during the year are as follows:

Movement in rights	30 June 2026	30 June 2025
Rights at start of period	**127**	300
Granted during the year	478	403
Vested and exercised	(109)	(17)
Forfeited/Cancelled	(302)	(559)
Rights at end of period	**194**	127

The performance rights granted as the equity portion of the employee incentive plan are assessed against a scorecard of key performance indicators set by the Nomination and Remuneration Committee. This assessment occurs once the financial statements for the performance period FY2026 have been audited and signed off by the Board.

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

Expenses arising from Share based payment transactions	30 June 2026 $	30 June 2025 $
Performance Rights – LTI Incentive	289,159	181,997
Rights at end of period	**289,159**	181,997

Notes to the Financial Statements continued

H. Key Management Personnel (Continued)

H2 – Share Based Payments (Continued)

Accounting Policy

Share based compensation benefits may be provided to employees via the Alliance Aviation Services Limited Performance Incentive Plan (PIP).

The fair value of rights granted under the PIP are recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the rights granted, which includes any market performance conditions and the impact of any non vesting conditions but excludes the impact of any service and non market performance vesting conditions.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

I. Related Party Transactions

I1 – Parent Entities

The parent entity within the Group is Alliance Aviation Services Limited.

I2 – Key Management Personnel

Disclosures relating to the compensation of KMP are included in Note H and in the Remuneration Report included in the Directors' Report.

I3 – Subsidiaries

The ownership interests in subsidiaries are set out in Note J7. Transactions between entities within the Group during the reporting period consisted of loans advanced and repaid, operating expenses paid, inventory items purchased and sold and maintenance labour costs.

I4 – Transactions With Related Parties

Where transactions are entered into with KMP, these are approved by the Board. Board members who have an interest in the matter either directly or via a related party do not participate in the Board approval process. No new arrangements have been entered into during FY2026.

	30 June 2026 $'000	30 June 2025 $'000
Lease of Sydney Office	**–**	(31)
Total Cash inflows/(outflows)	**–**	(31)

Notes to the Financial Statements continued

J. Other Items

J1 – Trade And Other Receivables

	30 June 2026 $'000	30 June 2025 $'000
Current Assets		
Trade receivables	**66,797**	71,650
Other receivables	**4,109**	(656)
Prepayments and other assets	**35,520**	14,666
Total Receivables	**106,426**	85,660

	30 June 2026						
Carrying Contractual Maturities of Financial Assets	**Less than 6 months $'000**	**6-12 months $'000**	**Between 1 & 2 years $'000**	**Between 2 & 5 years $'000**	**Over 5 Years $'000**	**Total Contractual Cash Flows $'000**	**Carrying Amount (Assets) /Liabilities $'000**
Trade receivables	66,797	–	–	–	–	66,797	66,797
Total	66,797	–	–	–	–	66,797	66,797

	30 June 2025						
Carrying Contractual Maturities of Financial Assets	Less than 6 months $'000	6-12 months $'000	Between 1 & 2 years $'000	Between 2 & 5 years $'000	Over 5 Years $'000	Total Contractual Cash Flows $'000	Carrying Amount (Assets) /Liabilities $'000
Trade receivables	72,003		–	–	–	72,003	72,003
Total	72,003	–	–	–	–	72,003	72,003

Past Due But Not Impaired

As at 30 June 2026, trade receivables of $25,867k (FY25: $10,874k) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default and as a result no adjustment has been made relating to AASB9.

Past Due And Impaired

As at 30 June 2026, trade receivables of $0k (FY25: $353k) were past due and impaired.

No further adjustment has been recorded (FY25:$2k). Refer to Note F1 for further details.

Other Receivables

These are generally sundry debtors, deposits and accrued revenue held which arise during the normal course of business.

Accounting Policy

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30-45 days and therefore are all classified as current.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Notes to the Financial Statements continued

J. Other Items (Continued)

J1 – Trade And Other Receivables (Continued)

Accounting Policy (Continued)

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 June 2026 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due. The Group does not hold any collateral in relation to these receivables.

On that basis, the Group has concluded that no loss allowance needs to be recognised for the year ended 30 June 2026.

J2 – Trade And Other Payables

	30 June 2026 $'000	30 June 2025 $'000
Trade and Other payables		
Trade Payables	**59,521**	43,465
Other Payables	**42,402**	39,872
Total Trade and Other Payables	**101,923**	83,337

Accounting Policy

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are initially recognised at their fair value and subsequently measured at amortised cost using the effective interest method.

In accordance with AASB 15 Revenue from Contracts with Customers the Group records a contract liability for funds received from clients in advance of their travel date. The contract liability is valued based on the relevant contract or ticket terms. A review has confirmed that at balance date it is probable that all amounts held will be recognised as revenue in FY2027 and therefore no adjustment has been made for the time value of money.

Revenue is released from the contract liability account to the Consolidated Statement of Profit or Loss and Other Comprehensive Income in the month in which the travel takes place. The Contract Liability was $1.2 million in FY2026 (FY25: $1.2 million).

J3 – Provisions

	30 June 2026 $'000	30 June 2025 $'000
Employee Provisions		
Employee benefits – Annual leave	**20,945**	20,357
Employee benefits – Long service leave	**4,345**	5,178
Total Current Provisions	**25,290**	25,535
Employee benefits – Long service leave	**5,730**	3,810
Total Non-current provisions	**5,730**	3,810
Total Provisions	**31,020**	29,345

J. Other Items (Continued)

J3 – Provisions (Continued)

Amounts Not Expected To Be Settled Within The Next 12 Months

The leave obligations cover the Group's liabilities for long service leave and annual leave which are classified as either short-term or long-term benefits.

The current provision for employee benefits includes accrued annual leave and long service leave. For long service leave it covers all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro rata payments in certain circumstances.

Long service leave that is not expected to be settled wholly within 12 months after the end of the period, is measured at the present value of expected future payments to be made. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The entire amount of the annual leave provision is presented as current, since the Group does not have a right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

Accounting Policy

Provisions are recognised when:

- the Group has a present legal or constructive obligation as a result of past events.
- it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the Directors' best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

J4 – Contingencies And Commitments

Contingent Liabilities

The Group has on issue two bank guarantees relating to existing leases totalling $0.86 million (FY25: $0.86 million).

Capital Commitments

The Group entered into a sale and purchase agreement for an additional 30 Embraer E190 jet aircraft from AerCap Ireland Limited in February 2023.

The final purchase price for each aircraft will be adjusted for the maintenance status of the airframe and the two fitted engines in the week preceding each delivery. A total of four aircraft have been settled in FY2026 with an additional six aircraft to be purchased one at a time with the last settlement falling in the first half of FY2027. It is anticipated that the remaining payments for six aircraft will be between $20 – $25 million US dollars.

Notes to the Financial Statements continued

J. Other Items (Continued)

J5 – Remuneration Of Auditors

During the year, the following fees were paid or payable for services provided by PricewaterhouseCoopers (PwC) as the auditor of the parent entity, Alliance Aviation Services Limited, by PwC's related network firms and by non related audit firms:

	30 June 2026 $	30 June 2025 $
PricewaterhouseCoopers		
Audit and other Assurance Services		
Audit and review of financial statements	**522,500**	424,030
Audit and review of sustainability report	**100,000**	-
Total remuneration for Audit and Other Assurance Services	**622,500**	424,030
Taxation and Non-Assurances Services		
Taxation Services	**49,873**	53,000
Other Non-Assurance services	**71,324**	5,774
Total Remuneration for Taxation and Non-Assurance Services	**121,197**	58,774
Total Auditor's Remuneration	**743,697**	482,804

The Board policy on "non-audit services provided by the independent external auditor" allows for further process and control relating to the engagement the external auditor for non-audit services and delegates appropriate levels of authority to the Chief Executive Officer and other Management. The Group employs PwC on assignments additional to their statutory audit duties where PwC's expertise and experience with the Group are important. PwC will not be used where it could affect their independence.

J6 – Parent Entity Financial Information

The individual financial statements for the parent entity, Alliance Aviation Services Limited, show the following aggregate amounts for the reporting period ended 30 June 2026.

	30 June 2026 $'000	30 June 2025 $'000
Balance Sheet		
Current Assets	**742**	20
Non-Current Assets	**546,210**	526,187
Total Assets	**546,952**	526,207
Current Liabilities	**–**	43
Non-Current Liabilities	**436,860**	415,861
Total Liabilities	**436,860**	415,904
Net Assets	**110,092**	110,303
Equity		
Issued Capital	**287,024**	287,024
Reserves	**(111,256)**	(111,256)
Share based payments	**332**	-
Retained Earnings	**(66,008)**	(65,465)
Total Equity	**110,092**	110,303
Profit/(Loss) for the Year	**4,618**	239

J. Other Items (Continued)

J6 – Parent Entity Financial Information (Continued)

Investments In Subsidiaries, Associates And Joint Venture Entities

Investments in subsidiaries are accounted for at cost in the financial statements of Alliance Aviation Services Limited.

Tax Consolidation Legislation

Alliance Aviation Services Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Alliance Aviation Services Limited, and the controlled entities in the tax consolidated Group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated Group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Alliance Aviation Services Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated Group.

The entities have also entered into a tax funding agreement under which the wholly owned entities fully compensate Alliance Aviation Services Limited for any current tax payable assumed and are compensated by Alliance Aviation Services Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Alliance Aviation Services Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement is due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

Notes to the Financial Statements continued

J. Other Items (Continued)

J7 – Subsidiaries

Significant Investments In Subsidiaries

The consolidated financial statements incorporate the assets, liabilities, and results of the following principal subsidiaries in accordance with the accounting policy described in Note K2. The proportion of ownership interest is equal to the proportion of voting power held.

Name of Entity	Country of Incorporation	Class of Shares	30 June 2026	30 June 2025
Alliance Airlines Pty Limited*	Australia	Ordinary	100%	100%
Aircraft Leasing No.1 Pty Limited*	Australia	Ordinary	100%	100%
Aircraft Leasing No.2 Pty Limited*	Australia	Ordinary	100%	100%
Aircraft Leasing No.3 Pty Limited*	Australia	Ordinary	100%	100%
Jet Engine Leasing Pty Limited*	Australia	Ordinary	100%	100%
Bravo Airlines Pty Limited*	Australia	Ordinary	100%	100%
Unity Aviation Maintenance Pty Ltd*	Australia	Ordinary	100%	100%
Alliance Aviation Slovakia s.r.o.	Slovakia	Ordinary	N/A	100%
Rockhampton Aviation Maintenance Pty Limited*	Australia	Ordinary	100%	100%

* Parties to a Deed of Cross Guarantee (Amended and Restated), dated 2 June 2023 with Alliance Aviation Services Limited which provides that all parties to the deed will guarantee to each creditor payment in full of any debt of each company participating in the deed on winding up of that company. These companies are relieved from the requirement to prepare financial statements. There are no material differences between the closed group and the consolidated group which includes Alliance Aviation Slovakia s.r.o. as this entity is not part of the Deed of Cross Guarantee.

J8 – Events Occurring After The Reporting Period

The Group considers the following events that have arisen since the end of the financial year which have significantly or may significantly affect the operations and results of the Group:

- Wet lease – on 5 August 2026 it was announced that Alliance had reached an agreement with Qantas to materially revise the terms of the existing wet lease incorporating a price increase, annual price escalation mechanism and a staged reduction of aircraft from 30 to 23 over the course of FY2027 which incorporates a reduction in flying hours.
- Cost out – as a consequence of the revised wet lease arrangement it was also announced that Alliance will right size its business to better align its workforce and operating model with operational requirements.
- CEO appointment – on 18 August 2026 it was announced that CEO, Stewart Tully, had advised of his resignation and that Steven Greenway will commence as the CEO on 1 October 2026 with Mr Tully remaining with the business until 29 October 2026 as part of a transition.
- Capital raise – at the time of the signing of this Annual Report, the Group has an underwritten capital raise agreement is in place for $40 million.

K. Basis Of Preparation

K1 – Compliance

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. Alliance Aviation Services Limited is a for profit entity for the purpose of preparing the financial statements.

Compliance With IFRS

The consolidated financial statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical Cost Convention

These financial statements have been prepared under the historical cost convention.

K2 – Going Concern

The financial report has been prepared on a going concern basis, which assumes the Group will be able to meet its obligations as and when they fall due in the ordinary course of business.

The Directors have prepared and considered the forecast cashflow for the business for a period of 12 months from the date of signing the financial statements and are of the view that the Group will continue as a going concern based on:

- Undertaking of an underwritten capital raising for $40 million (subject to conditions) which was announced on 26 August 2026 and which the Directors expect to complete.
- Signing on 5 August 2026 of an updated wet lease agreement with QANTAS Airways Limited ("QANTAS") (ASX:QAN) with materially revised terms inclusive of a price increase and better allowing for price escalation.
- Continuing implementation of the Group's turnaround plan, including the rightsizing of its workforce (commenced on 17 August 2026) and operating model incorporating the effect of the updated wet lease agreement with Qantas.
- The sale of assets currently classified as held for sale, including Embraer E190 aircraft and two Brisbane hangars, expected to complete by 31 December 2026.
- The continued ongoing support of the Group's bankers demonstrated by the bankers' recent agreement to the amendment of its debt facilities, resulting in an extension of facility maturity dates and providing additional liquidity headroom over the forecast period for the 12 months following the signing of this report.

As at 30 June 2026, the Group's financial position and performance included:

- A consolidated loss before tax of $129.9 million for the year ended 30 June 2026 (30 June 2025: profit of $82.1 million) including an impairment and write-down of assets totaling $164.8 million (refer to Notes D1 and D2)
- Net current assets of $150.9 million
- Net asset position of $373.1 million
- Cash and cash equivalents of $29.2 million
- Net cash inflow from operating activities of $17.7 million for the year ended 30 June 2026
- Debt of $488.8 million

It is necessary for sufficient cash to be generated from either the successful completion of the capital raise announced or the successful sale of assets within the expected timeframe before 31 December 2026 to meet future financial covenants.

As a result, a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and therefore on its ability to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that may be necessary should the Group be unable to continue as a going concern.

Notes to the Financial Statements continued

K. Basis of Preparation (Continued)

K3 – Principles Of Consolidation

Subsidiaries

The Consolidated Financial Statements include the financial statements of the parent entity, Alliance Aviation Services Limited ("Company" or "Alliance") and its subsidiaries (together referred to as the "Group"). Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

Intercompany transactions, balances, and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

K. Basis of Preparation (Continued)

K4 – Segment Reporting

The operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Alliance Aviation Services Limited Board of Directors.

The Board of Directors have determined the operating segment based on the reports reviewed and considers the business has one segment, being the provision of aircraft charter services and aviation services Cash-Generating Unit (CGU) for the reporting period ended 30 June 2026.

All operations are integral to and blended with each other and the Directors do not assess the financial performance of any one part of the business but rather individual projects that the broader business undertakes.

The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. The amounts provided to the Board of Directors with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

K5 – Foreign Currency Translation

Functional And Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which it operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Alliance Aviation Services Limited's functional and presentation currency.

Transactions And Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

All other foreign exchange gains and losses are presented in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on a net basis within other income or other expenses.

K6 – Critical Estimates, Judgements And Errors

The preparation of financial statements requires the use of accounting estimates which, by definition will seldom equal the actual results. The Directors also need to exercise judgement in applying the Group's accounting policies.

This note provides an overview of the areas that involve a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements. In addition, this note also explains where there have been actual adjustments this year as a result of any changes to policy and changes to previous estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

K. Basis of Preparation (Continued)

K6 – Critical Estimates, Judgements And Errors (Continued)

Carrying Value Of Aircraft

Aircraft Useful Life And Depreciation

The aircraft useful life is based on estimates and assumptions which are derived from a combination of manufacturer guidelines, aircraft remaining cycles and future maintenance requirements.

There are four principal groups of components of each aircraft which assist with the determination of the useful lives and depreciation rates:

(i) The airframe.

(ii) Major components including the engines, landing gears and other significant value items which by their nature also have a maintenance constraint which affects the useful life.

(iii) Other significant components are also tracked individually which may also have a maintenance constraint; and

(iv) Other assets of each aircraft which are normally 'pooled' for which an effective life of five years is generally applied.

As aircraft represent a significant portion of the assets of the Group, their useful life assumptions and estimates will impact the depreciation expense and the written down value of the aircrafts.

The useful life assumptions are reviewed on an annual basis, given consideration to variables, including historical and forecast usage rates, technological advancements, and changes in legal and economic conditions.

The Group performs heavy maintenance checks on a number of existing fleet units each financial year. These checks result in an increase in the useful life of the asset.

The Directors assess the most appropriate depreciation method for each of the individual assets identified in component groups (i), (ii) and (iii). The balance of other assets in components group (iv) has been pooled. Refer to note D2 for details of current depreciation method and rates used. Refer to K6 for Impairment of assets.

Capitalisation Of Overhead Relating To Heavy Maintenance

The Group performs heavy maintenance checks on a number of existing fleet units each financial year.

The Group capitalises labour and part costs for these checks to the aircraft asset. This capitalisation is based on invoices and other information received from external suppliers and timesheets completed by the engineering staff.

In addition to the parts and labour costs incurred, the Group capitalises an amount of overhead (overhead burden) to the aircraft asset. The overhead burden rate per labour hour is calculated at the start of each financial year by reviewing the pool of overhead costs that can be directly attributed to maintenance checks. This pool of costs includes maintenance planners, technical records staff, freight costs and procurement time amongst others. Once this pool of costs has been calculated, it is then spread out over the number of labour hours incurred in that financial year. This calculated rate is then capitalised at the finalisation of the maintenance event.

Transfers Of Property, Plant And Equipment To/From Inventory

There are a number of parts that are removed from an aircraft which can be re-used either in their removed condition or re-used post repair or refurbishment. These parts are typically referred to as rotables. In some cases, parts are removed in a serviceable condition for inspection only.

The rotables removed as unserviceable are transferred from property, plant, and equipment into inventory at the lower of cost or net realisable value (core value). Core value is a pre-determined benchmark that is representative of a marketable value of the part in its unserviceable condition. The benchmark values have been set historically and are adjusted as and when market conditions dictate.

Notes to the Financial Statements continued

K. Basis of Preparation (Continued)

K6 – Critical Estimates, Judgements And Errors (Continued)

Transfers Of Property, Plant And Equipment To/From Inventory (Continued)

Management assessment of these market conditions includes:

- Manufacturers service bulletins.
- Remaining useful life/cycles.
- Estimated repair and replacement costs.
- Availability of similar rotables in stock; and
- Availability of similar rotables on the open market.

Rotables that are removed for inspection purpose only are transferred at its carrying value until such time as the inspection is completed when any adjustments (if required) are made to the carrying value.

Aviation Services Revenue

On 24 June 2025 the Group entered into a binding sale agreement with Beautech Power Systems for the sale of 12 engines totalling USD40.2 million. In the period ending 30 June 2025, 10 of the 12 engines were delivered and the revenue for those 10 engines has been included within Aviation services revenue and the cost of the engines sold is included in Parts and inventory cost. On the same date the Group entered into a binding Purchase Agreement to purchase engines to be delivered in the period October 2025 through to April 2026. The remaining sales of this transaction were transacted during FY2026.

As announced on 27 June 2025 the Group entered into a binding agreement for the sale of the majority of its Embraer E190-E1 inventory to Avian Inventory Management. Revenue of USD32.5 million has been included within Aviation Services Revenue during FY2025 with the cost of the inventory sold included in Parts and inventory cost. On the same date the Group entered into a Service Level Agreement with Avian to ensure reliable access to Embraer parts for a 4-year period. Finally, on the same date the group entered into an agreement with Avian to lease warehouse space. As these agreements were negotiated and executed concurrently, they have been assessed in combination.

The critical judgements made in recognising revenue included assessing the standalone prices of the multiple components in the arrangements, that the performance obligations of the Group were satisfied before the year end and concluding that neither contract contained a significant financing component.

During the financial year ended 30 June 2026, the Group signalled its intentions to discontinue aircraft trading as a part of aviation services revenue, except where necessary to support the operational fleet.

Note D1 discloses the accounting policy in relation to the Group's accounting treatment of Inventory.

K7 – Impairment Of Assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units – CGU). The Directors have determined that the Group has one CGU, being the aircraft charter & aviation services CGU.

Non-financial assets that incurred impairment in the past are reviewed for possible reversal of the impairment at the end of each reporting period.

Refer to Impairment Note D2 which includes the key judgements and estimates.

K8 – Goods And Services Tax (GST)

Revenues, expenses, and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Consolidated Balance Sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

K. Basis of Preparation (Continued)

K9 – Rounding Of Amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

K10 – Non Current Assets Held For Sale

The Group recognises an asset to be classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. In performing this test, all of the following conditions must be met:

- Availability for immediate sale: The asset must be ready to be sold in its present condition.
- Sale must be highly probable:
  - Management must be committed to the plan.
  - An active plan to locate a buyer must have been initiated.
  - Actively marketed at a price that is reasonable in relation to its current fair value.
  - The sale must be expected to have a 12-month completion.

Each asset/disposal group classified as held for sale will be measured at the lower of either carrying amount or fair value less costs of disposal.

L. Changes In Accounting Policies

L1 – New Accounting Standards And Interpretations Adopted By The Group

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2026 reporting periods and have not been early adopted by the Group. AASB 18 will be adopted by The Group in the year ended 30 June 2027, as it replaces AASB 101. The Group's assessment of the impact of these new accounting standards and interpretations is that they are likely to be immaterial to the Group in future reporting periods and on near future transactions.

Consolidated Entity Disclosure Statement as at 30 June 2026

Name of Entity	Type of Entity	Trustee, Partner, Participant in JV	% Share Capital	Place of Incorporation	Australian Resident or foreign resident	Foreign Jurisdiction(s) of Foreign Residents
Alliance Aviation Services Limited	Body Corp	–	100%	Australia	Australian	N/A
Alliance Airlines Pty Limited	Body Corp	–	100%	Australia	Australian	N/A
Aircraft Leasing No.1 Pty Limited	Body Corp	–	100%	Australia	Australian	N/A
Aircraft Leasing No.2 Pty Limited	Body Corp	–	100%	Australia	Australian	N/A
Aircraft Leasing No.3 Pty Limited	Body Corp	–	100%	Australia	Australian	N/A
Jet Engine Leasing Pty Limited	Body Corp	–	100%	Australia	Australian	N/A
Bravo Airlines Pty Limited	Body Corp	–	100%	Australia	Australian	N/A
Unity Aviation Maintenance Pty Ltd	Body Corp	–	100%	Australia	Australian	N/A
Rockhampton Aviation Maintenance Pty Limited	Body Corp	–	100%	Australia	Australian	N/A

Basis of preparation

This consolidated entity disclosure statement (CEDS) has been prepared in accordance with the Corporations Act 2001 and includes information for each entity that was part of the consolidated entity as at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements.

Directors' Declaration

Directors Declaration

In the Directors' opinion:

(a) The financial statements and notes set out on pages 31 to 73 are in accordance with the *Corporations Act 2001*, including:

  i complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

  ii giving a true and fair view of the consolidated entity's financial position as at 30 June 2026 and of its performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable,

(c) that the consolidated entity disclosure statement on page 73 is true and correct, and

(d) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in Note J7 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note J7.

Note K1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.

James Jackson
Chairman

Date: 26 August 2026
Brisbane

Independent Auditor’s Report

Independent auditor’s report

To the members of Alliance Aviation Services Limited

Report on the audit of the financial report

Our opinion

In our opinion, the accompanying financial report of Alliance Aviation Services Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group’s financial position as at 30 June 2026 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the consolidated balance sheet as at 30 June 2026;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the notes to the financial statements, including material accounting policy information and other explanatory information;
- the consolidated entity disclosure statement as at 30 June 2026; and
- the directors’ declaration.

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Independent Auditor's Report continued

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to audits of the financial report of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note K2 in the financial report, which describes the directors' assessment of the ability of the Group to continue as a going concern. The events or conditions as stated in Note K2 indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Audit Scope

Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.

In establishing the overall approach to the group audit, we determined the type of work that needed to be performed by us, as the group auditor.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

In addition to the matters described in the *Material uncertainty related to going concern* sections, we have determined the matter described below to be the key audit matters to be communicated in our report.

Key audit matter	*How our audit addressed the key audit matter*
Recoverable amount of the Aircraft Charter and Aviation Services CGU Refer to Note D1,D2, D4 and K6 At 31 December 2025, management identified impairment indicators for the Aircraft Charter and Aviation Services Cash Generating Unit (CGU). The Group estimated the recoverable amount of the CGU at 31 December 2025 using value in use methodology and allocated the impairment proportionately to assets of the CGU. The allocation of the impairment was limited to the fair value less cost to dispose of assets within the CGU. The FVLCD had been determined by reference to an independent external valuation for Aircraft and recent market transactions and internal valuations for other Property, Plant and Equipment (PPE). This resulted in the recognition of a $127.9 million impairment of the Fokker aircraft fleet, a $16.7 million impairment of Fokker engines, and a $7.2 million impairment of right-of-use assets.	We have performed the following procedures amongst others: • Developed an understanding of the relevant controls associated with the identification of impairment indicators and the preparation of the discounted FVLCD cash flow model used to assess the recoverable amount of the Group's CGU. • Tested on a sample basis the mathematical accuracy of key data included in the impairment and impairment model calculations. • Assessed whether the CGU included assets, liabilities and cash flows directly attributable to the CGU. • Evaluated management's methodologies and their basis for the significant assumptions applied in the FVLCD model. • Compared the significant assumptions used in the model to historical results where relevant and assessed the Group's historical ability to forecast future cash

Independent Auditor's Report continued

pwc

Key audit matter	How our audit addressed the key audit matter

At 30 June 2026, indicators of impairment existed for the Aircraft Charter and Aviation Services Cash Generating Unit (CGU).
 	
The recoverable amount of the CGU was estimated using the fair value less costs of disposal (FVLCD) methodology based on a discounted cashflow model.
 	
The key assumptions on which management have based their cash flow projections include flight hours, contract renewals, realisation of restructuring benefits, long term inflation rate and a post tax discount rate.
 	
This was a key audit matter due to the significance of Property, Plant and equipment – aircraft assets on the consolidated balance sheet and the judgements and assumptions outlined above in determining the recoverable amount of the CGU.
	flows by comparing prior year budgets to reported actual results.
	
	• Compared the forecast cash flows to the most up to date budgets and business plans formally approved by the Board (including restructuring plan and benefits).
	
	• With the assistance of PwC valuation experts:
	  ○ Assessed whether the FVLCD model used to estimate the recoverable amount of the CGU is consistent with the requirements of Australian Accounting Standards.
	  ○ Assessed the appropriateness of the discount rate and long-term growth rate
	  ○ Assessed the competency of the external aircraft valuer and evaluated the appropriateness of the valuation methodology applied to determine the fair value less cost to dispose of individual aircraft.
	  ○ Reperformed, on a sample basis, the calculation of individual aircraft asset valuations.
	
	• Evaluated the adequacy of the disclosures in Notes D1, D2, D4 and K6, including the methodology applied, the key assumptions used, and the basis for the conclusion that no additional impairment is required at 30 June 2026, in light of the requirements of Australian Accounting standards.

Events Occurring After The Reporting Period
Refer to Note J8
 	
Subsequent to 30 June 2026, the following significant post balance date events occurred.
 	
• On 5 August 2026;
  ○ Alliance reached an agreement with Qantas to materially revise the terms of the existing wet lease agreement incorporating a price increase, annual price escalation mechanism and a staged reduction of aircraft from 30 to 23 over the course of FY2027 which incorporates a reduction in flying hours; and
  ○ Announced plans to right size its business to better align its workforce and operating model with operational requirement
	We have performed the following procedures, amongst others:
	
	• Obtained and read the revised Qantas contract and assessed the key commercial terms, including contracted flight hours, pricing, and duration, to understand the financial impact on the Group's forecast revenue and cash flows.
	
	• Considered the effect of the revised Qantas contract on management's cash flow forecast, going concern assessment, and the FVLCD model used in the impairment assessment.
	
	• Obtained an understanding of the restructuring benefits associated with the workforce right-sizing programme, including assessing the quantum and timing of expected cost savings.

Key audit matter	How our audit addressed the key audit matter
• On 18 August 2026, the transition of CEO effective 1 October 2026. • On 26 August 2026, the Group announced a $40 million underwritten capital raise. The assessment of these events was considered a key audit matter, given the impact on the future operational and financial performance of the Group and given that the events are pervasive across several key areas of the financial statements, including the going concern assessment, the recoverable amount of the CGU, and debt classification.	• Evaluated the impact of the restructuring activities included in management's cash flow forecast, going concern assessment, and the FVLCD model used in the impairment assessment. • Obtained and read the underwriting agreement in support of the capital raise. • Assessed the impact of the capital raise on the Group's cashflow forecast and going concern assessment. • Evaluated the adequacy of the disclosures in the financial statements in relation to post balance date events in light of the requirements of Australian Accounting standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2026, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report. We have issued a separate opinion on the remuneration report. We have also issued a separate review conclusion on specified Sustainability Disclosures within the Sustainability Report, in accordance with the scope of Australian Standard on Sustainability Assurance *ASSA 5010 Timeline for Audits and Reviews of Information in Sustainability Reports* under the *Corporations Act* 2001.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*, including giving a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://auasb.gov.au/media/bwvjcgre/ar1_2024.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in the directors report for the year ended 30 June 2026.

In our opinion, the remuneration report of Alliance Aviation Services Limited for the year ended 30 June 2026 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers

J. P. Raabe

Josh Raabe
Partner

Brisbane
26 August 2026

Shareholder Information

The shareholder information set out below was applicable as at 30 June 2026 unless stated otherwise.

Distribution Of Equity Securities

Analysis of the number of equity security holders by size of holding and the total percentage of securities in that class held by the holders in each category:

Ordinary Shares Holding by size	Shares on Issue No. of holders	% of shares	Rights on Issue No. of holders	% of rights
1 – 1,000	1,592	44.7	–	–
1,001 – 5,000	995	27.9	2	–
5,001 – 10,000	370	10.4	5	8
10,001- 100,000	524	14.7	6	92
100,000 and over	83	2.3	–	–
Total	3,564	100.0	13	100

Equity Security Holders

The names of the twenty largest holders of quoted equity securities are listed below:

	Ordinary Shares	
Equity Holder	Number Held	% Issued Shares
QANTAS AIRWAYS LIMITED	31,705,969	19.69
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	17,538,458	10.89
BOND STREET CUSTODIANS LIMITED	15,200,000	9.44
KIOWA TWO THOUSAND CORPORATE TRUSTEE COMPANY LIMITED	11,596,562	7.20
CITICORP NOMINEES PTY LIMITED	10,726,199	6.66
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	8,410,498	5.22
BNP PARIBAS NOMINEES PTY LTD	7,477,947	4.64
MR HUGH JONES & MRS PIXIE JONES & MR RAYMOND CLARKE	6,262,997	3.89
AIRLINE INVESTMENTS AUSTRALIA PTY LIMITED	4,554,342	2.83
BOND STREET CUSTODIANS LIMITED	3,583,842	2.23
NGE CAPITAL LIMITED	2,000,000	1.24
BOND STREET CUSTODIANS LIMITED	1,850,000	1.15
BOND STREET CUSTODIANS LIMITED	1,000,010	0.62
BUTTONWOOD NOMINEES PTY LTD	899,791	0.56
NGE CAPITAL LIMITED	840,673	0.52
TELUNAPA PTY LTD	596,274	0.37
WARBONT NOMINEES PTY LTD	590,739	0.37
BNP PARIBAS NOMS PTY LTD	585,260	0.36
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	566,573	0.35
BOND STREET CUSTODIANS LIMITED	540,000	0.34
Sub Total	**126,526,134**	**78.57**
Balance of register	34,534,714	21.43
Total	**161,060,848**	**100.00**

Shareholder Information continued

Substantial Holders

Substantial holders (including associate holdings) in the Company, based on the most recent substantial holder notices lodged with the Company and ASX, are set out below:

	Ordinary Shares	
Substantial Equity Holder	Number Held	% Issued Shares
QANTAS AIRWAYS LIMITED	31,705,969	19.69
Remco Properties Pty Ltd	20,083,852	12.47
Virburnum Funds Pty Ltd	16,519,230	10.26
KIOWA Two Thousand Corporate Trustee Company Limited	17,859,559	11.09
Perennial Value Management	8,392,793	5.21
Total	**94,561,403**	**58.72**

Voting Rights

Fully Paid Ordinary Shares

The voting rights attached to each ordinary share are on a show of hands and every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Performance Rights

The performance rights do not have any voting rights. The fully paid ordinary shares to be allotted on the exercise of the performance rights will have the voting rights noted above for fully paid ordinary shares.

Sustainability Report

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Overview

Overview

This Sustainability Report contains a complete set of climate-related financial disclosures for the consolidated entity (referred to hereafter as the "Group") consisting of Alliance Aviation Services Limited (the "Company" or "Alliance") and the entities it controlled at the end of, or during, the year ended 30 June 2026. The disclosures in this report have been prepared in accordance with AASB S2 Climate-related Disclosures as is mandatory under the Australian Sustainability Reporting Standard (ASRS) issued by the Australian Accounting Standards Board (AASB).

This Report has been prepared alongside the Group's Consolidated Financial Statements and has been disclosed for the same consolidated reporting entity and reporting period. The Sustainability Report comprises climate-related information of the parent company and all its subsidiaries and is approved for release by the Board of Directors (the Board).

AASB S2 provides transition relief for the first reporting period. The Group is applying transition relief to not yet report Scope 3 emissions or comparative information in the current period (FY2026).

Background

Issued in September 2024, AASB S2 sets out mandatory climate-related disclosures, structured around four core content areas: governance, strategy, risk management, metrics and targets. Based on its assessment of the applicable reporting thresholds, Alliance Aviation Services Group has determined that it is a Group 1 reporting entity for mandatory sustainability reporting in Australia under AASB S2. This requires the first set of climate-related disclosures for the financial year ending 30 June 2026 and each subsequent financial year following this.

The Group has been a National Greenhouse and Energy Reporting (NGER) reporter since 2010. This scheme requires the Group to report on direct greenhouse gas emissions (Scope 1) and purchased electricity emissions (Scope 2) for each financial year. While this scheme is separate to the requirements for AASB S2, all emissions calculations in this sustainability report follow the same methodologies outlined in NGER and are ones that the Group has strong experience in collecting and providing. This use of a different methodology to the standard is made through the Group's early adoption of the *AASB S2025-1 Amendments to Greenhouse Gas Emissions Disclosures.*

Reporting boundary

In the current reporting period, there were no changes to the Group's structure that would affect reporting under AASB S2.

The Group's reporting entity and the extent of sustainability-related information considered and included in the Group's consolidated sustainability report, are summarised below:

- 100% of the consolidated Group's entities and their operations are included for sustainability and emissions reporting.
- Leased Assets (as Lessee): the Group leases various hangars, offices, warehouse and other facilities and includes 100% of the sustainability information related to these assets in sustainability and emissions reporting.
- Leased Assets (as Lessor): the Group does not include any of the emissions from wet-lease or dry-lease aircraft assets in its emissions reporting due the operational control approach used but does assess risks and opportunities for sustainability reporting for these assets.

For emissions reporting, the same operational boundaries apply, and the Group has adopted the operational control approach used in NEGR emissions reporting. Under this approach, the Group has tested different areas of its operations and business to determine for certain customer contracts which corporation has the greatest power to influence operating, health and safety, and environmental policies.

Overview continued

Business model and value chain

The Group is Australia's leading air charter services operator providing contract, charter and allied aviation services to both the resources sector and other airlines, domestically and internationally. Alliance also provides specialised aviation services to airlines and clients including aircraft dry leasing, airport management, parts sales, engine leasing and engineering services.

The Group's business model centres on providing contract charter, wet-lease, and allied aviation services primarily to the Australian mining and resources sector, as well as to domestic airlines. The Group owns and operates a fleet of 80 aircraft — comprising 12 Fokker F70s, 23 Fokker F100s, and 45 Embraer E190s — across operational bases in Brisbane, Cairns, Townsville, Darwin, Adelaide, Perth, and Rockhampton.

Specific current and anticipated effects of the climate-related risks identified on the Group's business model and value chain, and where those effects are concentrated are included in the strategy section of this report.

Along with its own operations, the below details the Group's upstream and downstream value chain relationships:

Upstream

The Group's upstream relationships centre on suppliers that enable safe, reliable and efficient operations. Key partners include aircraft manufacturers and lessors, aviation fuel suppliers, maintenance, repair and overhaul (MRO) providers, spare parts distributors, engine manufacturers, airports, air navigation service providers, ground handling companies and technology vendors.

The airline also relies on catering, cleaning, insurance and professional services, as well as recruitment and training organisations to support its workforce. Strong relationships with regulators, including the Australian Civil Aviation Safety Authority, ensure compliance with operational standards. These upstream partnerships are essential for maintaining fleet availability, operational resilience, safety and service reliability.

Downstream

The Group services a large variety of downstream customers in different industries using a variety of contractual agreements. Approximately half of the Group's customer-base relates to two large Australian airline wet lease contracts in which Alliance provides aircraft, crew, maintenance and insurance (ACMI). These contracts make up a significant portion of the Group's revenue, and a large amount of the Group's asset, staff and business areas are employed in servicing these contracts. The aircraft provided for these operations are used to transport the general public on ticketed routes and the Group acknowledges its need to understand the climate-related needs of these indirect customers which may effect demand for the Group's services.

The Group is also Australia's largest fly-in fly-out (FIFO) service provider and engages with a range of mining and resources-based customers for which Alliance maintains long- and short-term contracts. The Group understands that these customers are a strong focus for Australian and International sustainability and climate regulation and places an emphasis on understanding the implications so that these relationships can continue strongly into the future.

Beyond FIFO and wet lease operations, the Group engages in dry-lease contracts to various Australian airlines in which Alliance only provides the aircraft. These customers are predominantly other airlines that operate in the same industry as Alliance.

Another core customer base for the Group is ad-hoc charters which operate in a variety of private and government sectors with differing needs.

Lastly, the Group engages with Australian and International customers in the sale of aircraft and aircraft parts.

Governance

The Board of Directors of Alliance Aviation Services Limited holds primary responsibility for oversight of climate-related risks and opportunities. The Board maintains ultimate oversight of the Groups' strategy, corporate governance, risk management and business plans and is responsible for ensuring climate-related risks and opportunities are embedded in these business processes.

While the Board holds ultimate responsibility for climate-related considerations, delegation to the Audit and Compliance Committee (AC), Executive Safety Action Group (ESAG), Executive Leadership Team (ELT), and the Nomination and Remuneration Committee (RC), ensures climate-related risks and opportunities are considered at all levels of the Groups' activities.

This line of delegation and Board oversight has been adopted by the Group in the current reporting period with a formal Board charter currently being prepared and expected to be finalised in the first half of FY2027.

The Groups' Climate Governance Structure

The Group's climate governance structure follows a line of delegation that begins with the Board of Directors and flows down through various committees and management levels throughout the business. This structure is represented in the below diagram and further details on each stakeholder in this structure can be found in the following sections.

Board Oversight

The Group's Board holds responsibility for overseeing climate-related risks and opportunities that could reasonably be expected to affect the Group's strategy, operations, and financial performance. Drawing on broad expertise across a range of industries and subject areas, the Board will consider climate-related risks and opportunities as part of major transactions and strategic decisions. During the reporting period the Board did not formally make any such decisions with respect to climate-related risks and opportunities, but this will continue to be considered in future periods.

The Managing Director (MD) attends monthly ESAG and other regular executive leadership meetings and passes climate-related updates from these meetings to the Board. At the annual emissions review, management presents the Board with the Groups' annual Scope 1 and 2 greenhouse gas emissions together with year-on-year comparisons and a summary of any material changes in methodology or data quality. This process has been in place since the Group first became subject to NGER reporting obligations and provides an established foundation for broader climate disclosure.

Committees in Place to Support Board Oversight

Audit and Compliance Committee

The Audit and Compliance Committee is responsible for assisting the Board in overseeing the Group's reporting and assurance obligations and in turn the Group's sustainability report. This involves ensuring the Group is meeting its obligations under AASB S2 by monitoring climate risk management, scenario analysis, emission calculation methodologies and results, climate strategy, the preparation of the sustainability report, and shifts in climate and sustainability legislation.

At meetings the Audit and Compliance Committee has been updated on the Group's progress in developing the annual sustainability report for FY2026.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee assists and advises the Board on the use of key performance indicators (KPIs) for the executive team, management, and other staff on an annual basis. Currently, there are no climate-related KPIs implemented into the Group's remuneration figures.

Governance continued

Managements' Role in Governance

Executive Safety Action Group

The Executive Safety Action Group (ESAG), made up of the executive team and senior managers, holds primary responsibility for assessing climate-related matters and assists the Board in all climate related matters, including climate risk and opportunity identification and management, climate strategy, and progress towards climate targets and milestones. ESAG discusses climate and other operational safety matters, and assists the Board by assessing the Group's overall climate performance and the effect of climate on the Group's broader strategy and operations, including the changes to climate and sustainability legislation.

While the ESAG does not directly oversee the preparation of the Group's Sustainability Report, it provides input and consults on various matters included in the report. In FY2026 the committee was updated on the progress and the content of the sustainability report.

Other Management Roles

The Board delegates the everyday oversight for execution of the Group's climate strategy and initiatives executed by the ESAG to the Executive Leadership Team (ELT), who are therefore responsible for the oversight of identifying, assessing, monitoring, and managing climate-related risks and opportunities. The ELT is represented by the CEO, CFO, and COO in the climate structure diagram but encompasses a larger group of managers across the business including heads of engineering, operations, human resources and more. This group differs from the ESAG as it includes a broader range of stakeholders from outside operations although there is some who are represented in both such as the COO and CEO. The ELT is responsible for oversight of climate-related matters while both the ELT and ESAG are responsible for execution and implementation as delegated by the Board.

Various senior managers are responsible for the identification and management of climate-related risks and opportunities across different areas of the Group's operations and business. Managers are required to lodge all climate risks with the Safety team and ensure they are discussed and addressed at ESAG meetings.

The ELT uses established risk management controls and procedures to support oversight of climate-related risks and opportunities, which are integrated into the Group's existing environment risk management framework.

Overall, it is an expectation that the Group's managers and executives are implementing the climate strategy set by the Board and instilling an awareness of climate risk into the wider operations of the Group.

Climate-related Skills and Experience

Following the introduction of AASB S2, the board reviewed the skills and competencies required to oversee climate-related risks and opportunities undertook training to ensure they were up to date with the requirements of AASB S2. The Board's current composition includes directors with relevant expertise in capital-intensive operations, equipment finance, and complex regulatory environments – areas directly relevant to the physical and transitional climate risks facing the aviation sector.

Information on all Board members can be found the Director's Report in the Group's Annual report for FY2026.

Climate Training and Development

In FY2026, both the Board and Management have attended training sessions delivered by external experts on climate strategy and climate-related risk management. To support the Board's oversight capability in this first year of mandatory reporting, the Board and senior management have engaged external advisers to provide input on climate scenario analysis, emissions measurement, and disclosure requirements under AASB S2. In the second year of sustainability reporting (FY2027) the Board will continue to evaluate whether additional climate-specific expertise is required as reporting obligations mature and as the Group's climate risk and opportunity profile evolves.

Governance of Climate Strategy and Target Setting

The Board holds ultimate responsibility for the Group's overarching Climate Strategy. This includes the management of climate-related risks and opportunities, the inclusion of climate matters into the Group's broader strategy, and the continuing oversight of risk management processes. The Board delegates the day-to-day implementation of climate strategy and target setting and monitoring to the ELT.

As of the end of FY2026, the Group has not set any targets related to climate-related risks and opportunities.

Remuneration

Climate-specific performance metrics are not currently included in executive or Board remuneration frameworks. The Board has considered this matter and has determined that, given the Group does not yet have established climate-related targets, it is premature to introduce climate-linked remuneration arrangements at this stage. The Board will review this position as reporting and target-setting practices mature.

Strategy

Strategy

In the aviation sector, the changing climate and subsequent regulatory shifts pose a challenge for those operating in the industry and has implications for the market, stakeholders, emerging technologies and customer requirements. These changes create risks for the Group that can test the resilience of its business model while also giving the opportunity to reinforce our position in the market as we look to adapt and explore areas of innovation.

Time Horizons

When conducting scenario analysis and assessing climate related risks and opportunities, the Group considers the importance of establishing relevant time horizons. These timeframes align with the Groups strategic planning, financial forecasting and budgeting time horizons, as well as the anticipated progression of climate and regulatory change. As seen in the diagram below, the horizons cover the short, medium and long-term.

Short-term	Medium-term	Long-term
1 Year	2–5 Years	5+ Years

These timelines were selected to align predominantly with financial forecasting already conducted by the business. The 1-year short term horizon was selected based on the Group's twelve-month budgeting cycle, while the medium term of 2–5 years is aligned with the lengths of some FIFO and leasing contracts and in turn how far management looks into the future when making business decisions. The long term of beyond 5 years was selected as this represents a future that encompasses long term climate predictions, beyond the Group's regular financial and business period.

Warming Scenarios

To thoroughly consider the implications of climate change, the Group has adopted climate scenario analysis into its strategic and financial planning. The analysis is used to test the Groups' resilience and response to different climate-related risks and opportunities. The two selected global warming scenarios are:

- Scenario 1: Low warming — an optimistic scenario with a strong sustainability focus where warming is limited to 1.5°c by 2100 and is aligned to the strictest goals of the Paris Agreement (SSP1-1.9)
- Scenario 2: Medium to high warming — representing a 'middle of the road' warming scenario in between high and low emissions where reliance on fossil fuels decreases slowly. This scenario anticipates a warming level of 2.7°c by 2100 (SSP2-4.5)

These two warming scenarios are used to test the Group's strategy for mitigating climate-risk and taking advantage of climate opportunity across the short, medium and long-term and identify ways to reduce our emissions output.

Strategy continued

Climate-related Risks and Opportunities Impacting the Group

After an assessment conducted by the Group involving the Executive Safety Action Group and members of the managerial team across the Groups' operations, the following material risks and opportunities reasonably expected to affect the Group's prospects were identified:

Risks:

R1 – Increase in severity and frequency of extreme weather events (Physical Risk)
R2 – Climate change impacting atmospheric turbulence (Physical Risk)
R3 – Exposure to changing climate-related regulations (Transition Risk)
R4 – Changes to customer base due to divestment from fossil fuels (Transition Risk)

After a broader process of identifying potential climate related risks, these four risks were identified for disclosure based on their likelihood of impacting the Group's financial and strategic prospects over the short, medium, and long-term high and low warming scenarios. Other risks were not disclosed due to their insignificant or non-separable impacts on the business and have been recorded so they may be re-assessed in future periods.

Opportunities:

Although the Group is advancing in its assessment of many climate-related initiatives, it has not identified any opportunities associated with climate that are reasonably expected to impact the Groups' prospects. The current stage of these initiatives indicates they are immaterial, and therefore no material climate-related opportunities have been disclosed.

Financial effects of climate-related risk and opportunities

The Group has adopted a qualitative approach to the disclosure of anticipated financial effects of climate-related risks. Due to high level of uncertainty and possible variability of inputs the level of measurement uncertainty is considered too high to disclose quantitative financial effects.

The Group has not provided quantitative information about all the anticipated financial effects of its climate-related risks and opportunities. This is because:

- The Group's climate-related risks are expected to materialise primarily over the medium to long-term rather than the short-term, and the financial effects are not yet sufficiently certain to quantify reliably.
- This is the Group's first sustainability report under AASB S2, and the data, systems, and methodologies required to produce reliable quantitative estimates of climate-related financial effects are still being developed.
- Providing precise financial metrics for the effects of future climate outcomes carries a high degree of estimation uncertainty that the Group considers would not provide decision-useful information to stakeholders at this stage.

Additionally, in the current reporting period the Group did not experience any financial impacts relating to the identified climate related risks and opportunities.

Where applicable, the Group relies on the following bases for the exemption from quantitative reporting of anticipated financial effects:

Measurement uncertainty is too high to provide decision-useful quantitative information

The financial effects of the Group's climate-related risks depend on the trajectory of global warming, the pace and form of regulatory change in Australia and Internationally, and the timing and severity of physical climate events — all of which carry a high degree of estimation uncertainty. Providing precise financial metrics under these conditions would imply a level of accuracy that does not reflect the range of possible outcomes and would not provide decision-useful information to stakeholders. This is particularly the case for:

- **R1 (extreme weather) and R2 (atmospheric turbulence):** The financial impact of individual weather events is inherently unpredictable in timing, location, and severity. While the Group experienced operational disruption from Cyclone Alfred in early 2025, the financial effects of future events cannot be reliably estimated.
- **R3 (regulatory change):** The Australian regulatory landscape for aviation emissions is still evolving. The form, timing, and cost implications of future carbon pricing, offset obligations, or fuel mandates applicable to the Group's operations remain uncertain.
- **R4 (customer base changes):** The pace of fossil fuel divestment and its effect on demand for fly-in fly-out aviation services depends on long-term energy transition pathways that are not yet sufficiently defined to quantify.

Strategy continued

Skills, capabilities, and resources are being developed

This is the Group's first sustainability report under AASB S2. The data collection processes, internal methodologies, and analytical capabilities required to produce reliable quantitative estimates of climate-related financial effects are still being established. The Group intends to develop this capability progressively and expects to enhance the quantitative detail of its climate-related financial disclosures in future reporting periods as its processes mature and regulatory requirements become clearer.

Implication for financials

Notwithstanding the absence of quantitative information, the Group has disclosed qualitative information about the nature and expected direction of financial effects for each identified risk in its climate-related risks and opportunities disclosure (refer to AASB S2.10). The financial statement line items most likely to be affected, should these risks materialise, include:

- **Revenue** — potential reduction from flight cancellations due to extreme weather (R1) or long-term decline in fossil fuel sector demand (R4)
- **Operating expenses** — potential increases from aircraft repositioning, maintenance costs related to turbulence damage (R2), and future regulatory compliance costs (R3)
- **Property, plant and equipment** — potential impairment or accelerated depreciation if regulatory changes affect fleet viability (R3)
- **Provisions** — potential recognition of liabilities if carbon pricing or offset obligations become applicable to the Group (R3)

The Group has assessed whether any climate-related risks or opportunities present a significant risk of material adjustment to the carrying amounts of assets and liabilities within the next annual reporting period (the year ending 30 June 2027).

Based on this assessment, the Group does not anticipate a significant risk of material adjustment to the carrying amounts of its assets or liabilities arising from climate-related factors within the next 12 months. This conclusion reflects the following considerations:

- **Property, plant and equipment (fleet assets):** The Group's fleet of 80 aircraft (12 Fokker F70s, 23 Fokker F100s, and 45 Embraer E190s) remains operationally viable and is not subject to near-term regulatory restrictions that would require accelerated depreciation or impairment. The current year impairment of the Fokker fleet is not attributable to climate change.
- **Physical risks:** While extreme weather events may cause short-term operational disruption, the Group does not expect a single event of sufficient magnitude to materially affect asset carrying values within the next reporting period.
- **Regulatory risks:** The Group is not currently subject to carbon pricing mechanisms that would require recognition of material liabilities in the next 12 months.
- **Customer concentration risk:** The Group's exposure to fossil fuel sector customers (R4) is assessed as a long-term risk and is not expected to result in material contract losses or revenue adjustments within the next reporting period.

In the current reporting period (FY2026) the Group has not developed a climate transition plan and as such has not committed any capital or changes in strategy towards this. This position will be reassessed in future periods.

Specific details of these financial effects can be found in the following section under each risk.

Strategy continued

Climate-related Risks

R1 – Increase in severity and frequency of extreme weather events (Physical Risk)

Time Horizon

Short to medium-term

Risk Description

As an operator in the Australian and Oceanian aviation sector the Group is occasionally exposed to the effects of extreme weather, primarily cyclones, flooding and extreme heat, across our network of operations. These events have the potential to ground aircraft, increase strain on network planning and operational resources, close runways and airports, cause damage to the Group's operational bases and facilities, and potentially put staff in danger.

The effects of violent storms were felt by the Group when Cyclone Alfred landed in Queensland and New South Wales in 2025. This event demonstrated how the Group's operations and financial performance can be impacted by extreme weather. Across Queensland and New South Wales, contract and wet-lease customers cancelled flights, aircraft had to be repositioned to avoid potential damage, and corporate and operational staff were disrupted.

Extreme weather events also have the potential to impact the Group's customers which in turn has an effect on Alliance. During extreme weather events wet lease and FIFO clients generally cancel certain routes for safety purposes which can have a minor impact on the Group's revenue. Meanwhile, extreme weather can also increase customer demand such as in the event of flooding where closed remote roads increase the need for regional flying.

With many of the Group's employees working primarily outdoors across Australia, increasing severity and frequency of extreme heat events has the potential to impact the health and safety of staff.

If this risk is to continue into the future at an increasing severity and frequency, the Group's operations may be increasingly vulnerable, and financial effects may be greater.

Mitigation or Adaptation Efforts

The Group has several procedures in place to minimise the effect of an extreme weather scenario that has the potential to disrupt its operations. These efforts revolve around the protection of the Group's assets from damage, minimisation of the effect on the network, and the ensured safety of all staff.

Early and precise monitoring of potential weather events and clear lines of communication and action up and down the Group's operations allow for quick and effective decision making and response. This may involve the repositioning of fleet assets or the clearing of non-essential staff from bases around Australia.

The Group has pre-established procedures in place to protect staff and operations from the effects of extreme heat (including work stoppages) beyond a certain temperature and maximising the use of airconditioned facilities where possible.

Aside from the immediate mitigation of these events, the Group regularly assesses the frequency and severity of extreme weather and how the Group has responded to past events. This allows for the continued improvement of mitigation strategies and prepares the Group for future events.

Financial Effects

Warming Scenario 1 (Low Warming):

Short-term

No Material Effects. The Group does not expect extreme weather events with the strength to cause material financial harm to be a yearly occurrence.

Medium-term

In a low warming scenario, the Group may expect a significant extreme weather event capable of causing material disruption to occur infrequently. Cyclone Alfred (March 2025) provides a recent benchmark: the event resulted in an approximate cost to the Group of $1.6-2 million AUD, including lost revenue from cancelled contract and wet-lease flights, costs associated with repositioning fleet assets to protect against damage, and disruption to corporate and operational staff across Queensland bases. Over the medium-term under SSP1-1.9, the Group expects events of similar magnitude and financial impact to remain episodic rather than recurring annually. However, each event may place short-term strain on cash flows, increase insurance premiums at renewal, and require unplanned maintenance expenditure on facilities and ground infrastructure.

Strategy continued

Long-term

Under a low warming scenario over the long-term, the Group expects extreme weather events capable of causing material disruption to remain episodic, though their baseline intensity may increase modestly relative to the medium-term. Events comparable to Cyclone Alfred may occur infrequently, with individual event costs potentially exceeding the $1.6–2 million AUD benchmark as asset values and operational complexity grow over time. Cumulative financial effects may include a gradual upward trend in insurance premiums for northern and eastern Australian bases, periodic unplanned maintenance expenditure on ageing facilities and ground infrastructure, and occasional strain on cash flows during event recovery periods. However, under this scenario the Group does not expect the frequency or severity of events to fundamentally alter its operating model or financial position.

Warming Scenario 2 (Higher Warming):

Short-term

No Material Effects. The Group does not expect extreme weather events with the strength to cause material financial harm to be a yearly occurrence.

Medium-term

Under a higher warming scenario, the Group expects the frequency and intensity of extreme weather events to increase over the medium-term, with the potential for material disruption to occur more than once within a five-year period. Using Cyclone Alfred (March 2025) as a reference — which cost the Group approximately $1.6-2 million AUD — the financial effects of repeated events of this scale could compound. In addition to the direct costs of flight cancellations, fleet repositioning, and operational disruption experienced during Cyclone Alfred, the Group may face:

- Rising insurance premiums as underwriters reprice physical climate risk across northern and eastern Australian operations.
- Increased maintenance and repair costs for facilities and ground equipment exposed to more frequent storm and flood damage.
- Increased costs arising from maintenance delays during work stoppages as a result of dangerous extreme heat.
- Higher network planning costs as operations control resources are more regularly diverted to weather response.
- Potential contractual impacts.

Long-term

Under a higher warming scenario over the long-term, the Group expects a material escalation in both the frequency and intensity of extreme weather events, with disruptive events potentially occurring multiple times within a five-year period and individual events exceeding the severity of Cyclone Alfred. The compounding effect of more frequent events may result in structurally higher insurance premiums — with the possibility of reduced insurability for certain northern Australian bases — as well as increased capital expenditure requirements to harden facilities and ground infrastructure against repeated storm and flood damage. The Group may also face growing network planning costs as operations control resources are more regularly diverted to weather response, higher fleet repositioning costs, and an increased risk of contractual impacts where repeated service disruptions affect customer confidence. Over this time horizon, the cumulative financial burden of these effects could place sustained pressure on operating margins and may require strategic reassessment of the Group's geographic exposure and base locations.

Effect on business model and value chain

The effects of extreme weather on the Group's business model have been demonstrated during previous reporting periods such as Cyclone Alfred in FY2025. The Group's FIFO charter operations are particularly exposed given the remote locations of mine sites serviced across Queensland, Western Australia, the Northern Territory, and South Australia. When extreme weather events occur, the effects concentrate on:

- **Flight operations and network planning:** Cancellation or rescheduling of contract and wet-lease flights, requiring redeployment of operations control resources.
- **Fleet assets:** Repositioning of aircraft to protect against potential damage at exposed bases, particularly in northern Australia (Brisbane, Cairns, Townsville, Darwin, Rockhampton) where cyclone risk is highest.
- **Facilities and ground infrastructure:** Potential disruption to the Group's operational bases and the remote airstrips operated by mining customers, which are often unpaved and vulnerable to flooding.

Effects on strategy and decision-making, resource allocation, investment and funding

In the current period, no changes have been made to strategy, decision-making, resource allocation, investment or funding in direct response to extreme-weather risk. However, existing strategy is in place to address these risks when they occur including plans for fleet position and preparing crew and operational staff.

Strategy continued

R2 – Climate change impacting atmospheric turbulence (Physical Risk)

Time Horizon

Short-term

Risk Description

Turbulence is a constant challenge in the Aviation industry with almost all flights the Group operates each day experiencing some form of turbulence. While light to moderate turbulence is common, more severe turbulence has the potential to impact the safety of passengers and crew as well as the airframe itself; all of which has an impact on the Group's broader operations.

One type of turbulence which has the highest potential to cause an impact, as it is invisible on a weather radar, is Clear Air Turbulence (CAT). CAT occurs at cruising altitude where jet streams in the atmosphere meet slow moving air masses resulting in wind sheer and, in turn, turbulence. As this form of turbulence cannot be seen on the pilot radar systems, it is more likely to cause damage to airframes or endanger passenger safety possibly causing harm.

Increasing atmospheric temperatures and instability due to climate change increases the frequency, intensity and geographic distribution of atmospheric turbulence particularly CAT.

Increased CAT is a current and ongoing operational consideration. While turbulence is encountered on most flights, more severe events can result in airframe inspections, potential passenger or crew injury, and associated insurance and liability costs. These effects are distributed across the Group's entire route network but are most relevant on longer sectors and at cruising altitude.

Mitigation or Adaptation Efforts

Despite increasing turbulence being a threat to the Group's operations, it is something the Group is well experienced in and have many pre-existing mitigation procedures in place to reduce the frequency and severity of these incidents. Operational mitigation efforts already in place include:

- Seat belt policy requires crew & passengers to be seated when illuminated helping to reduce the effects of known turbulence.
- Flight deck has weather and traffic monitoring systems.
- All flight crews are required to notify Air Traffic Control (ATC) of encountered turbulence to notify following traffic, helping to identify CAT not necessarily identifiable on radar.
- Wind and temperature monitoring on Primary Flight Display (PFD).
- Turbulence penetration speeds to mitigate structural damage to the airframe.
- Flight level changes where required due to turbulence.
- High level weather charts outline turbulent areas.
- Weather planning and mapping conducted as a part of flight planning identifies forecast turbulence allowing aircraft to avoid these areas.

In addition to these measures, the Group conducts regular required maintenance checks to ensure any airframes affected by turbulence have not sustained any minor or structural damage.

Financial Effects

Warming Scenario 1 (Low Warming):

Short-term

The Group expects a marginal increase in unscheduled maintenance costs from more frequent moderate turbulence encounters, particularly clear air turbulence (CAT) on longer sectors at cruising altitude. In the short-term, the financial effect is expected to remain immaterial, as existing mitigation procedures — including weather planning, pilot reporting networks, and turbulence penetration speed protocols — effectively reduce encounter severity. Minor incremental costs may arise from additional post-turbulence airframe inspections and marginally higher fuel consumption from flight level changes.

Medium-term

The Group anticipates a gradual, modest increase in turbulence-related operating costs over the medium-term. This may include a small uplift in maintenance expenditure as cumulative airframe fatigue from more frequent encounters becomes a factor in maintenance planning. Insurance premiums for passenger liability may see incremental increases as the broader industry experiences more turbulence-related incidents, though the Group's established safety protocols are expected to partially offset insurer risk assessments. These costs are not expected to be individually material but may contribute to a gradual increase in the overall cost base.

Strategy continued

Long-term

Over the long-term, the Group expects turbulence-related costs to stabilise at a moderately higher level than today. Advances in turbulence detection technology — including real-time CAT prediction systems currently being trialled across the industry — are expected to improve avoidance capability and partially offset the increase in atmospheric turbulence. Any residual increase in maintenance, insurance, or fuel costs is expected to be manageable within the Group's normal operating cost structure.

Warming Scenario 2 (Higher Warming):

Short-term

The Group expects a minor increase in operating costs from more frequent unscheduled maintenance following turbulence encounters, including post-event airframe inspections and component repair. Insurance costs may begin to rise as underwriters reassess turbulence-related risk across the sector, with flow-on effects to passenger liability and hull premiums. Increased legal and compensation costs are possible should turbulence-related injuries become more frequent, noting airline liability is limited under the Montreal Convention. More frequent route deviations and flight level changes may also result in marginally higher fuel costs. These effects are expected to remain individually minor but may collectively represent a noticeable increase in operating expenditure.

Medium-term

Turbulence-related costs are expected to increase more noticeably over the medium-term. Maintenance costs may rise as more frequent and intense turbulence accelerates airframe wear, potentially bringing forward heavy maintenance events and increasing structural inspection frequency. Insurance premiums are expected to increase as industry-wide claims experience worsens, and the Group may face higher excess levels or more restrictive policy terms. Legal and compensation costs could grow alongside more common passenger injuries. There may also be a modest negative effect on aircraft residual values if the market factors increased turbulence exposure into asset valuations, particularly for older airframes. Existing mitigations are expected to remain effective but may require enhancement, including investment in improved forecasting tools and updated crew training.

Long-term

Over the long-term, the Group expects turbulence-related costs to settle at a materially higher level than today, though the rate of increase is expected to moderate as the industry adapts. Technological advances — including next-generation onboard sensing and real-time data sharing between aircraft — are expected to reduce the severity of unexpected encounters. The Group may need to factor turbulence resilience into future fleet planning, with newer aircraft types offering improved structural tolerance and advanced fly-by-wire mitigation systems. While the overall cost impact will be higher than under a low warming scenario, the Group's proactive safety management and operational planning position it to absorb these costs without fundamental change to its business model.

Effect on business model and value chain

Increased clear air turbulence (CAT) is a current and ongoing operational consideration. While turbulence is encountered on most flights, more severe events can result in airframe inspections, potential passenger or crew injury, and associated insurance and liability costs. These effects are distributed across the Group's entire route network but have a higher potential effect on less regular longer sectors and at cruising altitude.

Effects on strategy and decision-making, resource allocation, investment and funding

In the current period no changes to strategy and decision-making beyond existing measures to address turbulence have been made. Similarly, no changes to resource allocation, investment or funding for maintenance or operational areas that are separately identifiable have been made.

Strategy continued

R3 – Exposure to changing climate-related regulations (Transition Risk)

Time Horizon

Medium-term

Risk Description

The sector the Group operates in and the customers the Group services are highly exposed to the evolving regulations and policies put in place to achieve Australian and international climate change mitigation targets.

The Group is currently subject to emissions monitoring and reporting obligations under the NGER scheme, which requires corporations exceeding specified thresholds to report annually Scope 1 and 2 greenhouse gas emissions, energy production, and energy consumption. Additionally, the introduction of mandatory climate-related financial disclosures under AASB S2 has increased the Group's reporting and compliance obligations, requiring dedicated resources to assess, measure, and disclose climate-related risks, opportunities, and emissions across the Group's operations.

While the Group is not currently captured in the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), there is a risk that the scope and stringency of this and other regulatory frameworks may expand over the medium-term. CORSIA's mandatory second phase commencing in 2027 may evolve in ways that affect a broader range of operators, including those with smaller international operations.

Similarly, the Australian Government's reformed Safeguard Mechanism applies a 4.9% annual decline rate to emissions baselines for covered facilities, and the 2026–27 review of the Mechanism's policy settings may result in changes to thresholds or coverage that could bring additional sectors or operators including customers or suppliers of the Group.

More broadly, the Australian Government's Aviation White Paper (August 2024) signals a policy trajectory toward greater regulation of aviation emissions, including potential sustainable aviation fuel (SAF) blending mandates and low-carbon fuel standards, with SAF certification arrangements expected from mid-2028. Any future mandates requiring the use of SAF would increase the Group's fuel costs, given the significant price premium of SAF over conventional jet fuel and the current absence of domestic SAF production at scale in Australia.

The Group's customers in the mining and resources sector are also subject to increasing climate-related regulation, including the Safeguard Mechanism. Increased compliance costs for these customers may flow through to the Group in the form of pricing pressure on FIFO charter contracts or reduced operational activity at customer sites.

Mitigation or Adaptation Efforts

The Group's ongoing investment in fleet modernisation, including the introduction of Embraer E190 aircraft, and gradual phase-out of Fokker aircraft, contributes to improved fuel efficiency, which positions the Group to manage potential future emissions intensity requirements.

The Group actively monitors the evolving regulatory landscape through its ESAG and Audit Committee, who are responsible for tracking compliance with Commonwealth, state, territory, and international environmental legislation. This includes monitoring developments in emissions reporting requirements under the NGER scheme, mandatory climate disclosure obligations under AASB S2, and any proposed changes to the Safeguard Mechanism or aviation-specific emissions policies.

By maintaining awareness of regulatory developments and investing in operational efficiency, the Group aims to be prepared for a range of regulatory outcomes and to minimise the financial impact of any future changes to climate-related policy settings.

Strategy continued

Financial Effects

Warming Scenario 1 (Low Warming):

Short-term

No material effects — current regulatory obligations (NGER, AASB S2) are manageable within existing compliance resources. None of the Group's facilities in FY2026 produced Scope 1 emission over the Safeguard Mechanism threshold of 100,000 tCO_2-e.

Medium-term

Potential for moderate increases in compliance costs if regulatory scope expands (e.g., lowered Safeguard Mechanism thresholds, introduction of SAF mandates). Indirect cost pressure from customers subject to tightening emissions baselines.

Expanding Assurance requirements for AASB S2 has the potential to require more staff resources resulting in an increase in operating costs.

Long-term

The Group views the long-term effects to follow that of the medium-term but is unable to meaningfully identify their scope or direction into the long-term due to high levels of uncertainty in this area.

Warming Scenario 2 (Higher Warming):

Short-term

No material effects — current regulatory obligations (NGER, AASB S2) are manageable within existing compliance resources.

Medium-term

Potential for small increases in compliance costs if regulatory scope expands at a lower rate (e.g., lowered Safeguard Mechanism thresholds, introduction of SAF mandates). Indirect cost pressure from customers subject to tightening emissions baselines at a lower rate.

Expanding assurance requirements for AASB S2 has the potential to require more staff resources resulting in an increase in operating costs.

Long-term

The Group views the long-term effects to follow that of the medium-term but is unable to meaningfully identify their scope or direction into the long-term due to high levels of uncertainty in this Area.

Effect on business model and value chain

Over the medium-term, the Group anticipates increasing exposure to climate-related regulation affecting both its own operations and those of its customers. These effects are concentrated in the Group's direct operations (fuel costs, compliance costs) and extend into the value chain through the regulatory exposure of the Group's mining and resources customers.

Effects on strategy and decision-making, resource allocation, investment and funding

In the current period, as a result of the introduction of AASB S2, the Group has made changes to consider climate-related risks and opportunities in its strategy and decision-making. Major changes include setting responsibilities for the ESAG and ELT as well as including climate considerations into the Boards decision making and formalising climate risks and opportunities into the Group's risk register.

The Group has invested in staff and external consultants to address the increased reporting requirements but has not made any separately identifiable resource allocations.

Strategy continued

R4 – Changes to customer base due to divestment from fossil fuels (Transition Risk)

Time Horizon

Long-term

Risk Description

A large portion of the Group's customer base operates in the mining and metallurgical sectors, including the extraction and processing of coal and other fossil fuels. In the climate futures assessed as part of our scenario analysis, it is possible there will be a decreasing reliance on fossil fuels in favour of green energy solutions in the long-term. There is potential for this to reduce demand from fly-in fly-out contract customers that the Group currently provides service to.

Similarly, but to a lesser extent, the Group may expect a reduction in demand from consumers of regularly scheduled flights for which the Group provides wet-lease and dry-lease aircraft and crew to other Airlines. In the long-term, consumers may be more conscious of their personal environmental 'footprint' and may seek other forms of transport.

Mitigation or Adaptation Efforts

The Group's primary mitigation against the long-term risk of customer divestment from fossil fuels lies in the diversified nature of its revenue base. Wet-lease and dry-lease operations account for approximately 50% of the Group's revenue and service a broad range of airline customers and routes that are not directly tied to the fossil fuel sector. This provides a degree of insulation from a decline in FIFO mining charter demand.

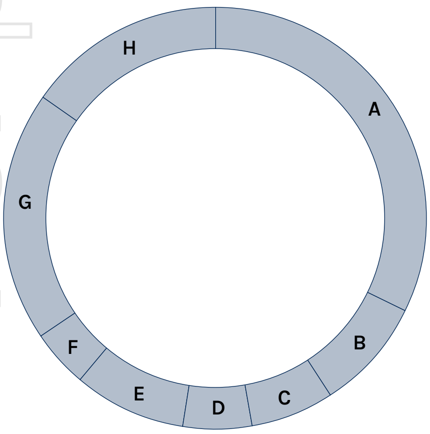
Within the FIFO charter segment, the Group's contracts are generally structured as long-term, multi-year agreements, which provides revenue visibility and limits the Group's exposure to sudden shifts in customer demand. However, the Group acknowledges that contract renewals over the long-term may be affected if fossil fuel extraction activity declines materially across the Australian mining sector.

The Group is also expanding its charter flying operation, which broadens the range of customers and sectors the Group services beyond its traditional FIFO mining base.

The Group is monitoring the availability and applicability of Sustainable Aviation Fuels (SAF) and how implementing these would work in our business. Customer demand for SAFs will be monitored over the short, medium, and long-term to determine if such a solution could respond to customer demand.

While the Group faces some exposure to a reduction in demand for fossil fuel related FIFO contracts, the majority of the Group's current FIFO contracts are for customers in different mining sectors such as the extraction of rare earths, iron ore, lithium, and precious and base metals. Given the significant use of rare earths and other minerals in both sustainable and emerging technologies and a potential upturn in demand for these resources, the Group can expect these other FIFO contracts to mitigate a possible downturn in Fossil Fuel FIFO contracts.

This commodity split and the significance portion of non-fossil fuel FIFO customers is displayed in the below chart.



A	Gold	30%
B	Manganese	8%
C	Oil/Gas	6%
D	Coal	5%
E	Silver/Lead/Zinc	8%
F	Nickel	4%
G	Iron Ore	18%
H	Copper/Gold/Uranium	14%

In addition to the Group's low exposure to fossil fuel FIFO operations, the Group believes that the mining sector is entrenched in the Australian economy and job market and if a downturn in fossil fuel mining is occurs, it is expected that an increased emphasis will be placed elsewhere on critical energy transition materials. The Group intends to closely monitor trends in the mining, resources, and energy sectors into the future and continue to provide leading FIFO services and support these industries.

Strategy continued

Financial Effects

Warming Scenario 1 (Low Warming):

Short-term

No Material Effects

Medium-term

No Material Effects

Long-term

Under a low warming scenario, the Group anticipates an accelerated transition away from fossil fuels driven by stronger and earlier policy action. This may result in a material reduction in demand for FIFO charter services from coal and fossil fuel extraction customers over the long-term. The Group's wet-lease and dry-lease operations (approximately 50% of revenue) and expansion of charter flying provide partial mitigation, but a sustained decline in FIFO contract renewals would place downward pressure on revenue to a slight degree due to the Group's minimal exposure to fossil fuel customers. A decrease in revenue is also likely to be offset by increased revenue from critical energy transition mineral customers.

Warming Scenario 2 (Higher Warming):

Short-term

No Material Effects

Medium-term

No Material Effects

Long-term

Under a high warming scenario, the rate of fossil fuel divestment is expected to be slower, with continued demand for coal and other fossil fuels over a longer period. However, the Group recognises that delayed climate action may lead to more abrupt regulatory intervention in the long-term, which could result in a similarly accelerated divestment from fossil fuels — potentially with less lead time for the Group and its customers to adapt. The financial effect may therefore converge with Scenario 1 over the long-term, albeit with a different trajectory.

Effect on business model and value chain

Over the long-term (5+ years), the Group's business model faces potential demand shifts as the energy transition progresses. A portion of the Group's FIFO contract revenue is derived from customers in the fossil fuel extraction and processing sectors, including coal and gas operations. Under a low-warming scenario (SSP1-1.9), accelerated divestment from fossil fuels could reduce demand for FIFO services to these sites. Within the business, effects are most likely to be concentrated in the following locations and business areas:

- **Western Australia and Queensland**, where the Group services coal, gas, and other fossil fuel/natural resource mining operations.
- **Wet-lease and dry-lease services**, where a long-term reduction in consumer air travel demand driven by environmental consciousness could reduce demand from airline customers, though this effect is considered less material.

Conversely, the Group notes that the energy transition may also sustain or shift FIFO demand towards critical minerals mining (e.g., lithium, rare earths) required for renewable energy technologies, though this has not yet been identified as a material climate-related opportunity.

Effects on strategy and decision-making, resource allocation, investment and funding

In the current period no changes to strategy, decision-making, resource allocation, investments, or funding that are directly attributable to changes in FIFO customers and commodity exposure have been made.

Strategy continued

Concentration of Effects

The effects of climate-related risks on the Group's business model and value chain are concentrated in the following areas, with extreme weather events, bases of operations and states with mining customers pictured:

Value Chain Areas	Area of concentration	Relevant risks	Nature of exposure
Own Operations/ Downstream Customers	Northern Australian operational bases (Brisbane, Cairns, Townsville, Darwin, Rockhampton)	R1 (extreme weather)	Cyclone and flooding exposure affecting fleet, facilities, and staff
Own Operations/ Downstream Customers	Remote mine-site airstrips (QLD, WA, NT, SA)	R1 (extreme weather)	Customer infrastructure vulnerable to extreme weather, disrupting FIFO routes
Own Operations	Fleet assets (80 owned aircraft)	R1, R2 (extreme weather, turbulence)	Physical damage, increased maintenance and insurance costs
Downstream Customers	Fossil fuel-linked FIFO contracts	R4 (customer base transition)	Long-term demand reduction as energy transition progresses
Own Operations	Direct operations (fuel, compliance)	R3 (regulatory change)	Increasing regulatory costs across the Group's operations

Key judgements and measurement uncertainty

Significant areas of uncertainty

Given that this is the first year the Group has developed a sustainability report and given the inherent unpredictability of future key climate outcomes, significant areas of uncertainty exist in the scenario analysis conducted. These are outlined below.

Physical climate impacts

The severity and frequency of extreme weather events and their impact on the Group's operations remain difficult to predict. To address this, the Group quantified the effects of comparable past events — including Cyclone Alfred and other smaller disruptions — and projected these across future timeframes under the selected climate scenarios (SSP1-1.9 and SSP2-4.5). This approach assumes a trajectory of increasing frequency and severity, which introduces uncertainty: extreme weather is unlikely to escalate in a linear fashion, and the historical dataset available to the Group is limited to a small number of occurrences.

Policy and regulatory change

The pace, scope, and stringency of future climate-related policies and regulations are largely beyond the Group's ability to predict. Key factors include evolving emissions reporting requirements, legislation affecting the airline, tourism, and mining sectors, and the potential introduction or escalation of carbon pricing mechanisms. Each of these has the potential to influence market dynamics and demand for air travel. While the assessment assumes that policy impacts will be more pronounced under SSP2-4.5, there is significant uncertainty around the magnitude and timing of any such changes, and consequently around the quantitative financial effects estimated in the analysis.

Technology and market transition

The Group's long-term resilience is partly dependent on the development and commercial viability of lower-emission aviation technologies, including sustainable aviation fuels. The pace at which these alternatives achieve cost parity and operational readiness remains uncertain and could materially affect the Group's transition pathway and cost base.

Stakeholder and market expectations

The Group acknowledges uncertainty in its ability to anticipate shifts in climate-related expectations from investors, customers, and other stakeholders. The assessment assumes directional alignment with the selected climate scenarios, but the speed and nature of these shifts could differ materially from the modelled pathways.

Scenario Analysis

Scenario analysis conducted

In FY2026 the Group has conducted climate-related scenario analysis to test how our business strategy and operations may be affected by varying climate futures. The Group's analysis has been based on two possible scenarios set out by the Intergovernmental Panel on Climate Change (IPCC) in their Sixth Assessment Report (AP6); SSP1-1.9 (Scenario 1) and SSP2-4.5 (Scenario 2). In line with AASB S2, the Group has applied the proportionality mechanism for first year relief to undertake a qualitative approach to scenario analysis.

Selecting these two climate futures allows the Group to look forward at two differing worlds. In Scenario 1 (SSP1-1.9), a pathway where rapid decarbonisation through a strong shift to renewable energy sources brought about by robust and immediate policy change takes place. In this world the Groups exposure to physical risks of climate change is reduced while the impact of transition risk and possible transition opportunities are amplified. In contrast, Scenario 2 (SSP2-2.45) depicts a world where decarbonisation efforts have progressed at a slower rate and global warming continues while decreasing over a longer timeframe. This scenario predicts continuing dependence on fossil fuels with some transition to renewable energy sources with policy change advancing at a slower rate. The Group will likely face lowered impacts from transition risk and opportunity but be impacted more significantly by physical risks as the climate has been altered considerably from current levels.

Combined, the physical and transitional uncertainties are important in the scenario analysis process presented in this disclosure. They emphasise the need to understand what we don't know as a Group, highlight the ambiguity of the climate futures ahead, and stress a cautious approach to climate strategy and risk management.

Implications of Climate Resilience Assessment for Strategy and Business Model

Based on the climate-related scenario analysis conducted by the Group using two warming scenarios – Scenario 1 (SSP1-1.9, 1.5°C by 2100) and Scenario 2 (SSP2-4.5, 2.7°C by 2100) – the following assessment of climate resilience and its implications for the Group's strategy and business model has been made.

Overall resilience assessment

The Group's assessment indicates that its strategy and business model remain resilient to climate-related risks over the short-term. The Group's operational flexibility, established weather response procedures, and access to pre-established debt facilities and strong cash flows provide capacity to absorb and mitigate the near-term financial effects of climate change.

Over the medium and long-term, the Group's resilience is more dependent on the climate pathway that materialises. The two scenarios analysed present different risk profiles, and the Group's strategic response would need to vary accordingly.

Implications under Scenario 1 (SSP1-1.9, 1.5°C)

Under a low-warming scenario aligned with the Paris Agreement, transition risks are the primary concern for the Group. Accelerated climate policy action — including potential carbon pricing mechanisms, emissions reporting obligations, and regulatory constraints on fossil fuel industries — could affect the Group in two key ways:

i. **Regulatory cost exposure (R3):** Strengthened climate-related regulations in Australia and Internationally could increase compliance costs and operational requirements for the aviation sector over the medium-term.

Strategy continued

ii. **Customer base concentration (R4):** A significant portion of the Group's revenue is derived from fly-in fly-out (FIFO) contract services to the resources sector, including coal and fossil fuel extraction. Under a rapid transition scenario, declining demand for fossil fuels could reduce a small portion of FIFO contract volumes over the long-term. This decrease however is likely to be offset by an increase in customers in the critical energy transition material sector.

Physical risks under this scenario are expected to be lower in severity relative to Scenario 2, though extreme weather events (R1) and increased atmospheric turbulence (R2) remain relevant in the short to medium-term.

Implications under Scenario 2 (SSP2-4.5, 2.7°C)

Under a medium-to-high warming scenario, physical risks become more prominent, particularly over the medium and long-term:

- **Extreme weather events (R1):** The increasing severity and frequency of cyclones, flooding, and other extreme weather events across the Group's network – particularly in Queensland and northern Australia – could lead to more frequent operational disruptions, aircraft repositioning, runway closures, and potential damage to facilities and bases. The Group's experience with Cyclone Alfred in 2025 demonstrated the operational and financial impact of such events. Under this scenario, the Group may need to enhance its weather resilience infrastructure, review the geographic distribution of its bases, and strengthen contingency planning.
- **Atmospheric turbulence (R2):** Increased clear air turbulence (CAT) under higher warming could raise insurance costs, increase airframe maintenance requirements, and elevate safety risks for passengers and crew.

Transition risks under this scenario are expected to be less acute, as the pace of regulatory change and fossil fuel divestment would be slower. However, the Group's customer base in the resources sector may still face gradual shifts over the long-term.

Strategic response

Given the range of outcomes across the two scenarios, the Group recognises that its strategy may need to adapt depending on the climate pathway that unfolds. Key areas where strategic response may be required include:

- Fleet modernisation and use of sustainable fuels (SAFs).
- Exploration of new FIFO customers as demand for commodities or renewable FIFO sites change into the future.
- Aircraft base locations and modernisation of the Group's facilities.

As this is the Group's first sustainability report, the climate resilience assessment represents an initial baseline. The Group intends to refine this assessment in future reporting periods as data quality improves and scenario analysis methodologies mature.

Risk Management

The Group's approach to climate-related risk and opportunities management follows the same procedures, protocol and methodologies as is set out in the Company Safety Manual (CSM). The Management of climate-related risk and opportunities and the process of identifying, assessing, monitoring, and managing these risks and opportunities forms part of the Group's wider Strategy and approach to Risk Management.

Risk Management Process

The Group's process for identifying, assessing, monitoring and managing climate risk and opportunity reflects the same processes followed for the management of strategic and operational risk as outlined in the CSM. The CSM emphasises defining the risk and what the Group is trying to achieve by addressing the risk and continued consultation with multiple business areas. Risk management is an ongoing process for the Group where after identification, risks and opportunities are logged and then continuously monitored and re-evaluated to allow for careful consideration throughout business, operational, strategic and industry shifts. By incorporating scenario analysis across various time frames, the Group is able to build upon this established framework to address climate-related risk and opportunity.

Identifying Climate-related Risks and Opportunities

Identification of climate-related risks occurs at ESAG and at various managerial levels on an ongoing basis. Risk identification is conducted as a core part of the Group's day-to-day business and flows from audit, ESAG meetings, risk scenario workshops, management of change projects and flight and trend data analysis. These differing areas of identification allows the Group to assess a wide range of risks from across our value chain and in the short, medium and long-term.

Using this approach to identifying climate-related risks, the Group is able to define risks as either transitional or physical.

An important part of the identification phase is to identify all stakeholders for any given climate related risk. This allows the Group to establish immediate lines of consultation for the ongoing management of all risks and creates protocol for when and how to communicate with relevant stakeholders.

Assessing Climate-related Risks and Opportunities

Assessment of climate-related risks falls under the Groups pre-established risk assessment area of 'understanding.' In this step, risks are broken down into their individual consequences. The effects of each consequence are then evaluated across the short-, medium-, and long-term time horizons for each climate future under a scenario analysis process. Scenarios and timeframes utilised in these assessments can be found in the strategy section. Risks are also assessed for their severity and likelihood through climate-scenario analysis spanning the short medium and long-term. From this, risks are mapped against our existing risk Matrix which provides a risk value and index score allowing the Group to determine the materially of each risk.

The methods used by the Group to assess individual risks and consequences are largely qualitative and rely on input from the identified stakeholders.

In assessing risks, the Group places an emphasis on understanding the current controls in place and identifying whether, if any, new controls need to be created for the management of the predicted consequences. For climate-related risks, the need for new controls is increased due to the evolving climate and changing legislation. For all appropriate controls, a control effectiveness rating is assigned based upon an existing matrix which rates controls as effective, partially effective or not effective.

Risk Management continued

Prioritising Climate-related Risks and Opportunities

After assigning a risk score and value based on our risk matrix, the Group is able to identify which risks are most likely to transpire and to what level of consequence.

Risks deemed to be high or extreme, suggesting a catastrophic and likely to near certain probability are prioritised first and are immediately progressed to the 'decide and act' phase of the Group's risk management plan. Similarly lower-level risks are prioritised with less urgency and if the risk is deemed to be of no material value the risk may not need to progress to the next stage. This risk assessment is paired with an analysis of the risk timeframe with more immediate consequences being prioritised over those with a significantly delayed effect.

From this prioritisation, a risk management plan may be developed to reduce the residual risk level and ensure the correct resources are provided to complete the plan. Any activity deemed to create an 'extreme' risk will be immediately cancelled.

Monitoring and Reporting

The Group's approach to monitoring climate-related risk puts an emphasis on creating a continuous, fluid and iterative process which combines with the risk management activity of 'consult.' Risk reviews occur at a frequency dependent on the assigned value from the risk matrix resulting in different review periods as seen in the table below:

Final Risk Level	Risk Review Frequency
Extreme	Not tolerable
High	Before next activity
Medium	12 months
Low	24 Months
Negligible	36 months

For each risk identified in the strategy section of this report, the following review periods have been established (see strategy section for definition of each risk).

Risk	Final Risk Level	Review Frequency
R1	Medium	12 Months
R2	Medium	12 Months
R3	Minor (Low)	24 Months
R4	Minor (Low)	24 Months

While R3 and R4 are deemed a minor risk and reviews will occur less often at 24-month intervals, assessments and monitoring of policy changes, assurance and reporting requirements relating to the climate, changes to customer base and contract reviews happen on a more regular basis than the review of the actual risk itself.

Metrics and Targets

This section outlines the Metrics and Targets framework, which is intended to provide investors and other stakeholders with clear, measurable, and comparable information regarding the assessment and management of climate-related risks and opportunities. The primary objective is to strengthen accountability for climate-related performance by enabling transparent reporting of emissions. It also supports informed decision-making by illustrating the extent to which climate-related factors may influence enterprise value across the short, medium, and long-term. Furthermore, this section aims to ensure that disclosures remain aligned with internationally recognised reporting frameworks, thereby improving consistency, transparency, and comparability across organisations and industries.

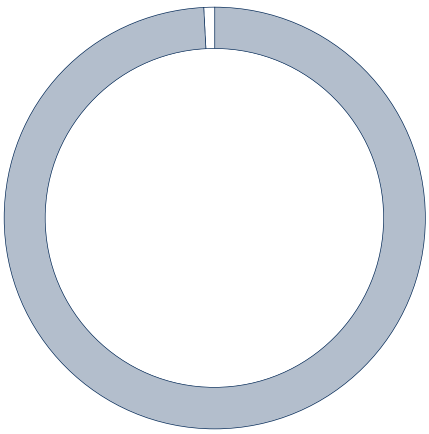
Greenhouse Gas Emissions Results FY2026

The below table outlines the consolidated Group's emissions results for Scope 1 and 2 for FY2026:

Metric	Unit	FY2026
Scope 1 Emissions	tCO_2-e	223,682
Scope 2 Emissions	tCO_2-e	1,190

Note: Alliance operates several facilities for NGER reporting purposes. Emissions in total may exceed specific facility emissions limits, but no single facility exceeds its own facility limit.

In addition to these total figures, the below chart depicts the emissions categories that make up total Scope 1 and 2 emissions for FY2026:



Jet fuel 99.4%

Other emissions 0.6%

Scope 1 and 2 Greenhouse Gas Emissions Methodology and Approach

The Group is and has been required to report on Scope 1 and 2 GHG emissions fund the National Greenhouse and Energy Reporting Act (NGER). As such, the Group has early adopted AASB S2025-1 and apply jurisdictional relief and use the same approach used to calculate emissions for AASB S2 reporting as it will for NGER.

Given the Group's prior commitments to accurate NGER reporting, the collection of data required for the calculation of Scope 1 and 2 emissions is an established process. The Group uses the operational control consolidation approach for calculating its emissions meaning the Group will report direct emissions for any business activity or individual facility which it has operational control over.

Determining operational control forms an important part of the Group's emissions calculation due to the Group's large ACMI (aircraft, crew, maintenance and insurance) contracts and the significant fuel consumption of aircraft involved in these contracts. After extensive external and internal reviews, it was determined that the lessee in the Groups ACMI contracts have ultimate operational control and therefore emissions from these operations do not form part of the Group's Scope 1 emissions.

The below table outlines the Group's different emissions sources and information on how the sources are collected and compiled as well as the methodology and data quality:

Metrics and Targets continued

Scope	Emission Category	Activity	Data Source	Emission Factors (EF) Source	Methodology, Data Quality and Uncertainty
Scope 1	Stationary combustion	Aircraft fuel used on aircraft under operational control	Invoices and aircraft flight logs	EFs sourced from NGER	Methodology aligned to NGER, KG's of fuel consumed multiplied by relevant emission factor. High data quality and low uncertainty with fuel invoices reconciled to flight log data and collected in enterprise system.
Scope 1	Transport combustion	Fuel used by owned or leased ground vehicles	Invoices	EFs sourced from NGER	High Data quality and low uncertainty from invoices with none missing.
Scope 1	Fugitive emissions	Forklift Gas	Invoices	EFs sourced from NGER	High Data quality and low uncertainty from invoices with none missing.
Scope 2	Purchased Electricity	Electricity Consumption	Invoices	EFs sourced from NGER	Location based method. High Data quality with a small amount of missing data points where averages are used as substitute.

Scope 3 Greenhouse Gas Emissions

As it is not yet required for AASB S2 reporting in the current period, the Group has chosen not to disclose Scope 3 emissions in FY2026 by applying the relief under AASB S2. The Group is currently identifying and building the processes needed for mandatory disclosure of Scope 3 emissions in the second year of reporting (FY2027).

Metrics and Targets continued

Climate-related Targets

For the current reporting period, the Group has not set any climate-related targets nor is there any established targets from previous reporting periods. This position will be reassessed in future periods and if targets are deemed necessary, they will be implemented as required.

Climate-related Business Metrics

Assets and Business Activities Vulnerable to Climate-Related Transition Risks

The Group's business activities are exposed to climate-related transition risks across both of its primary revenue streams.

Approximately 50% of the Group's revenue is derived from fly-in fly-out (FIFO) contract services to the resources sector, including less than 10% of this from the extraction and processing of coal and other fossil fuels. These contract revenues are vulnerable to transition risk in the long-term, as a decreasing reliance on fossil fuels in favour of renewable energy solutions may reduce demand from FIFO customers (refer to Risk R4). In the short to medium-term, the Group does not expect material effects on this revenue stream.

The remaining approximately 50% of revenue is generated through wet-lease and dry-lease arrangements with other airlines. This revenue stream is exposed to transition risk through evolving climate-related regulations (refer to Risk R3), including potential carbon pricing mechanisms, sustainable aviation fuel (SAF) mandates, and emissions trading schemes that may increase operating costs across the aviation sector. Changes in consumer sentiment towards air travel may also affect demand in the long-term.

The Group's fleet of 80 aircraft (12 Fokker 70s, 23 Fokker 100s, and 45 Embraer E190s) represents the most significant asset base exposed to transition risk. As regulatory requirements evolve, the carrying value of older, less fuel-efficient aircraft types may be affected by accelerated obsolescence or increased operating costs.

Capital Expenditure, Financing, Investment and Internal Carbon Price

In the reporting period (FY2026) no direct capital expenditure, financing or investment was deployed towards climate related risks and opportunities. Similarly, no internal carbon price was applied for decision making in relation to climate-related risks and opportunities.

Assets and Business Activities Vulnerable to Climate-related Physical Risks

The Group's operations are vulnerable to climate-related physical risks, primarily through the increase in severity and frequency of extreme weather events (refer to Risk R1) and the impact of climate change on atmospheric turbulence (refer to Risk R2).

The Group's operational bases in Brisbane, Cairns, Townsville, Adelaide, Perth, Darwin and Rockhampton are exposed to acute physical risks including cyclones and flooding. The effects of Cyclone Alfred on Queensland and New South Wales in 2025 demonstrated how these events can ground aircraft, disrupt network planning, and affect both contract and wet-lease operations across the Group's network.

The Group's entire fleet is exposed to increasing atmospheric turbulence, particularly clear air turbulence (CAT), which has the potential to cause airframe damage, endanger passenger and crew safety, and increase insurance and maintenance costs.

Basis of Preparation

This disclosure takes a qualitative approach. Given the inherent uncertainty of climate futures and climate policy, and this being the first year the Group has produced a sustainability report, precise quantification of the amount and percentage of assets and business activities exposed to climate-related risks was not considered to provide reliable or decision-useful information without undue cost or effort. The Group has instead focused on describing the nature and direction of exposure across its business activities and asset base. The Group intends to develop its quantification approach in future reporting periods as data quality and methodologies mature.

Directors' Declaration – Sustainability Report

The directors of Alliance Aviation Services Limited declare that, in their opinion, Alliance Aviation Services Limited has taken reasonable steps to ensure that the substantive provisions of the Alliance Aviation Services Limited's sustainability report for the financial year ended 30 June 2026 set out on pages 84 to 107 are in accordance with the *Corporations Act 2001* (Cth) (the "Act") including section 296C of the Act (compliance with applicable sustainability standards such as the Australian Sustainability Reporting Standard AASB S2 Climate-related Disclosures) and section 296D of the Act (climate statement disclosures).

This declaration is made on 26 August 2026 in accordance with a resolution of the board of directors of Alliance Aviation Services Limited, and is signed for and on behalf of the board of directors by:

James Jackson
Chairman

Date: 26 August 2026
Brisbane

Independent Auditor's Review Report on specified Sustainability Disclosures

To the Members of Alliance Aviation Services Limited

Review Conclusion

We have conducted a review of the following specified Sustainability Disclosures in the Annual Report of Alliance Aviation Services Limited (the Company) and its controlled entities (together, the Group) for the year ended 30 June 2026 as required by Australian Standard on Sustainability Assurance ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* issued by the Auditing and Assurance Standards Board (AUASB):

Specified Sustainability Disclosures	**Reporting requirement of Australian Sustainability Reporting Standard AASB S2 *Climate-related Disclosures* (AASB S2) (including related general disclosures required by Appendix D)**	**Location in Annual Report**
Governance	Paragraph 6	Governance disclosure presented in the *'Governance'* section on pages 86 to 87 of the report.
Strategy (risks and opportunities)	Subparagraphs 9(a), 10(a) and 10(b)	The Risk Descriptions and categorisation of each of the following climate-related risks and opportunities: • R1 - Increase in severity and frequency of extreme weather events (Physical Risk) - (page 92) • R2 - Climate change impacting atmospheric turbulence (Physical Risk) - (page 94) • R3 - Exposure to changing climate-related regulations (Transition Risk) - (page 96) • R4 - Changes to customer base due to divestment from fossil fuels (Transition Risk) - (page 98)

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Scope 1 and 2 emissions	Subparagraphs 29(a)(i)(1) to (2) and 29(a)(ii) to (v)	The following emissions disclosures in the table of the *'Greenhouse Gas Emissions Results FY26'* sub-section on page 105 of the report: • Scope 1 greenhouse gas emissions – 223,682 tCO2-e • Scope 2 greenhouse gas emissions – 1,190 tCO2-e The additional information presented in the *'Scope 1 and 2 Greenhouse Gas Emissions Methodology and Approach'* sub-section on page 105 of the report.

The requirements of AASB S2 identified in the table above form the criteria relevant to the specified Sustainability Disclosures and apply under Division 1 of Part 2M.3 of the *Corporations Act 2001* (the Act).

We have not become aware of any matter in the course of our review that makes us believe that the Sustainability Disclosures specified in the table above do not comply with Division 1 of Part 2M.3 of the *Corporations Act 2001*.

Basis for Conclusion

Our review has been conducted in accordance with Australian Standard on Sustainability Assurance ASSA 5000 *General Requirements for Sustainability Assurance Engagements* (ASSA 5000) issued by the AUASB. Our review includes obtaining limited assurance about whether the specified Sustainability Disclosures are free from material misstatement.

In applying the relevant criteria, we note that subsection 296C(1) of the Act includes a requirement to comply with AASB S2.

Our conclusion is based on the procedures we have performed and the evidence we have obtained in accordance with ASSA 5000. The procedures in a review vary in nature and timing from, and are less in extent than for, an audit. Consequently, the level of assurance obtained in a review is substantially lower than the assurance that would have been obtained had an audit been performed. See the 'Summary of the Work Performed' section of our report below.

Our responsibilities under ASSA 5000 are further described in the Auditor's Responsibilities section of this report.

We are independent of the Company in accordance with the applicable ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (November 2018 incorporating all amendments to June 2024) (the Code), together with the ethical requirements in the Act, that are relevant to our review of the specified Sustainability Disclosures and public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our firm applies Australian Standard on Quality Management ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report for the year ended 30 June 2026, but does not include the specified Sustainability Disclosures and our auditor's report thereon.

Our conclusion on the specified Sustainability Disclosures does not cover the other information and we do not express any form of assurance conclusion thereon. We have issued a separate opinion on the Annual Financial Statements, including the Remuneration Report included in the 2026 Annual Report.

In connection with our review of the specified Sustainability Disclosures, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the specified Sustainability Disclosures, or our knowledge obtained when conducting the review, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report continued

Responsibilities for the specified Sustainability Disclosures

The directors of the Company are responsible for:

- The preparation of the specified Sustainability Disclosures in accordance with the Act; and
- Designing, implementing and maintaining such internal control necessary to enable the preparation of the specified Sustainability Disclosures, in accordance with the Act that are free from material misstatement, whether due to fraud or error.

Inherent Limitations in preparing the specified Sustainability Disclosures

Sustainability information may be subject to more inherent limitations than financial information, given both its nature and the methods used for determining, calculating, and estimating such information. Different acceptable methods have varying precision and can affect the comparability of sustainability information across entities and over time.

In addition, greenhouse gas emissions quantification is subject to inherent uncertainty, which arises because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

The specified Sustainability Disclosures in relation to Strategy (risks and opportunities) have been prepared using assumptions about future events, and management's actions, that may not occur.

Auditor's Responsibilities

Our objectives are to plan and perform the review to obtain limited assurance about whether the specified Sustainability Disclosures are free from material misstatement, whether due to fraud or error, and to issue a review report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the specified Sustainability Disclosures.

As part of a review in accordance with ASSA 5000, we exercise professional judgement and maintain professional scepticism throughout the engagement. We also:

- Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify and assess the risks of material misstatements, whether due to fraud or error, at the disclosure level but not for the purpose of providing a conclusion on the effectiveness of the entity's internal control.

- Design and perform procedures responsive to assessed risks of material misstatement at the disclosure level. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the Work Performed

A review is a limited assurance engagement and involves performing procedures to obtain evidence about the specified Sustainability Disclosures. The nature, timing and extent of procedures selected depend on professional judgement, including the assessed risks of material misstatement at the disclosure level, whether due to fraud or error. In conducting our review, we:

- Inspected the specified Sustainability Disclosures and assessed the completeness and accuracy of these disclosures against the relevant disclosure requirements of AASB S2 and with reference to the knowledge and evidence obtained during the assurance engagement;
- Performed enquiries of management regarding the methodologies, processes and controls for capturing, collating, calculating and reporting the specified Sustainability Disclosures and assessed their alignment with AASB S2 and applicable method and measurement approaches;
- Inspected and assessed, on a sample basis training material and minutes of meetings regarding the monitoring, management and oversight of climate-related matters, and other underlying evidence supporting the climate-related financial disclosures on governance;
- Performed enquiries of management regarding the approach taken by the Group to:
    - Identify climate-related risks and opportunities;
    - Identify material information for disclosure with regards to the Strategy (risks and opportunities) disclosures;
- Performed enquiries of management and examined underlying evidence to assess the completeness and accuracy of the establishment of the organisational boundary, and sources of emissions, in the context of the specified Sustainability Disclosures.
- Performed enquiries of management regarding the assumptions, conversion factors and greenhouse gas emission factors applied within the calculations of the Scope 1 and 2 emissions;

Independent Auditor’s Report continued

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- Applied analytical procedures to evaluate the Scope 1 and 2 emissions and the underlying activity data; and
- Performed testing over the calculations of the Scope 1 and 2 emissions, including testing the activity data utilised within the calculations to third-party records, and other relevant underlying information, on a sample basis.

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J.P. Raabe

Josh Raabe
Partner

Brisbane
26 August 2026

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	IATA Code	QQ
Directors	J Jackson	Non-Executive Chairman
	S McMillan	Managing Director
	M Stanton	Independent Non-Executive Director
	B Campbell	Independent Non-Executive Director
	S Lange	Independent Non-Executive Director Appointed 15 October 2025
	J Korman	Independent Non-Executive Director Appointed 3 December 2025
Secretary	N Clark	
Senior Management	Chief Executive Officer	S Tully
	Chief Financial Officer	S Vertullo Appointed effective 7 Nov 2025 A Evans Resigned effective 7 Nov 2025
	Chief Operating Officer	P Doherty
Share Register	MUFG Corporate Markets IR Pty Ltd Liberty Place Level 41, 161 Castlereagh Street Sydney NSW 2000	
Auditor	PricewaterhouseCoopers 480 Queen Street Brisbane QLD 4000	
Solicitors	Norton White 66 Hunter Street Sydney NSW 2000 Herbert Smith Freehills 80 Collins Street Melbourne VIC 3000	
Financiers	Australia and New Zealand Banking Group Limited 111 Eagle Street Brisbane QLD 4000 Pricoa Private Capital 126 Phillip Street Sydney NSW 2000 Northern Australia Infrastructure Facility Level 2, 111 Grafton Street Cairns QLD 4870 Fiduciary Services Australia and New Zealand Banking Group Limited	
Stock Exchange	Australian Securities Exchange Exchange Centre 20 Bridge Street Sydney NSW 2000 ASX Code : AQZ	

An electronic copy of this Annual Report is available at www.allianceairlines.com.au

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