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ASX RELEASE

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Alliance Aviation Services Limited (“Alliance”) (ASX: AQZ)

Earnings and Business Update

- Underlying Profit Before Tax to exceed FY23 guidance.
- Alliance renews its contract with Incitec Pivot Limited for a further five years.
- Alliance has entered a contract to acquire an additional four Embraer E190 airframes.
- Alliance has entered into a USD100 million debt facility with Pricoa.

Earnings Guidance

As predicted in Alliance’s 1H FY23 results presentation, flying activity has increased in the second half of FY23, as additional aircraft have been deployed into service under contracted wet lease arrangements.

Alliance is delighted to confirm that its unaudited underlying FY23 Net Profit Before Tax is now expected to be \$56.9m which exceeds the previously provided guidance of \$50 million to \$55 million.

No underlying adjustment has been made for operational and training expenses incurred in building capacity for FY24.

The Company will release its full FY23 results, post market close on 9 August 2023.

Incitec Pivot Contract Renewal

Alliance has executed a new five-year contract with Incitec Fertilisers Operations Pty Ltd a subsidiary of Incitec Pivot Limited (IPL) for the provision of eight weekly air services between Townsville and its mine and operations at Phosphate Hill in North-West Queensland.

When this renewed contract reaches expiry, Alliance will have supplied air services on a continuous basis to Phosphate Hill for 27 years.

Alliance’s Managing Director, Scott McMillan, commented, “Our first Fly in Fly Out (FIFO) contract executed in 2002 was for the provision of services between Townsville and Phosphate Hill. We have retained this contract through the various early ownership changes of the mine and most recently under the long-term ownership of IPL.

“The long tenure of this contract is attributable to our superior operational capability, which is focused on delivering safe, reliable and on time services. Longevity of customer relationships based upon the high standards we provide is the cornerstone of our success in the FIFO sector”.

E190 Airframe Acquisition and Fleet Update

Alliance took delivery of its first Embraer E190 in September 2020 and now has 33 E190s in Australia, all of which are owned. This significant fleet expansion has taken considerable investment to build the internal infrastructure and operating capability.

The business is now in a strong position to grow the E190 operational fleet and its profitability.

As announced in February 2023, Alliance entered into a contract to acquire 30 additional E190 jet aircraft from AerCap Ireland Limited (“**AerCap Deal**”). These aircraft are scheduled to commence delivery from September 2023 with final delivery in January 2026.

The rationale for this acquisition was twofold: to provide capacity for growth and to provide aircraft for disassembly to provide spare componentry and spare engines. This will support both the company’s operational fleet and provide inventory for the company’s Aviation Services business which continues to see increasing demand.

As is the case with the company’s Fokker spare parts holdings, Alliance will provide E190 spares to other operators in Australasia and around the world.

Separately, Alliance identified a capacity shortfall in the first quarter of 2024 due to an increase in demand, contractual commitments, the timing of the AerCap Deal deliveries and related fleet logistics.

To address this, Alliance has entered into a contract to acquire an additional four E190 airframes from Azorra Aircraft Holdings LLC (“**Azorra Deal**”). These airframes have a long maintenance life remaining and are “sister ships” to the aircraft being acquired under the AerCap Deal. These airframes will be delivered to Alliance in Costa Rica (without engines fitted) starting in August 2023.

Alliance will utilise spare engines from the disassembled aircraft mentioned above to bring the four additional aircraft into operation between November 2023 and March 2024.

Mr McMillan commented, “This deal is complementary to the AerCap Deal and ensures we have the capacity at the time we require it to deliver on the demand we are seeing in the market”.

At the date of this announcement, the Alliance fleet and fleet contractual commitments are:

Manufacturer	Type	Seating Capacity	Owned Fleet / Contracted to acquire
Fokker	F70	80	13
Fokker	F100	100	24
Embraer	E190	94-100	33*
Embraer	E190 (AerCap Deal)	100	30**
Embraer	E190 (Azorra Deal - Airframes only)	100	4***

* Includes up to 30 aircraft to be contracted to Qantas Airways Limited and three aircraft on dry lease to Airnorth.

** Contracted to acquire. Includes up to 11 aircraft that may be disassembled.

*** Contracted to acquire airframes only.

Debt Facility to Support Growth

During the second half of FY23, Alliance concluded on a private placement shelf facility for up to USD100 million from Pricoa. This facility allows for the issuance of USD or AUD notes over three years in maturities of up to 10 years. Pricoa is the private debt and direct lending investment division of PGIM, the global investment management business of Prudential Financial, Inc.

The facility is available to be drawn down to fund future aircraft settlements and working capital requirements.

- Ends -

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

About Alliance

Alliance is Australasia's leading provider of contract, charter and allied aviation and maintenance services currently employing more than 1,200 staff.

The Company provides essential services to mining, energy, and government sectors as well as wet lease services for other airlines. Alliance holds IATA's IOSA certification and Flight Safety Foundation "BARS Gold" status, the first such carrier in Australia to be so recognised.

Alliance currently owns 70 jet aircraft inclusive of three E190 aircraft that are leased out to a third party.

Alliance has world leading operational performance, a key attribute sought by its customers.

The Company has operational bases in Brisbane, Townsville, Cairns, Adelaide, Perth, Darwin, and Rockhampton.

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

For more information contact:

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