

26th April 2024

ASX Release

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

Update on 2023 Aircraft Acquisition Programme and Alliance Secures Funding Commitment

Update on 2023 Aircraft Acquisition Programme

As part of the 2023 Aircraft Acquisition Programme (announced on 27 February 2023), Alliance agreed to acquire 30 Embraer E190 jet aircraft between 2023 and 2026 from AerCap Ireland Limited (“AerCap”) under a sale and purchase agreement.

AerCap is an industry leader across all areas of aviation leasing and the largest owner of commercial aircraft in the world.

The aircraft were to be purchased one at a time over a three-year period in accordance with the timetable set out in the AerCap sale and purchase agreement. However, there is currently a delay in the delivery of each aircraft. As a result, to date, 7 aircraft have been settled and delivered to Alliance.

As set out in the half year report for the six months ended 31 December 2023, Alliance made the conservative estimates that:

- a) the remaining purchase of the 30 aircraft under the 2023 Aircraft Acquisition Programme would cost between \$280 million and \$336 million; and
- b) the purchase of the 17 aircraft expected to settle during 1 January 2024 to 31 December 2024 would cost between \$182 million and \$204 million.

However, given the anticipated delays to the delivery of the aircraft (and therefore the payment of each aircraft), and the conservative nature of Alliance’s estimates of the remaining commitments, Alliance now believes only 12 aircraft are expected to settle during 1 January 2024 to 31 December 2024 at an estimated cost of between \$128 million and \$144 million.

AerCap Facility

Alliance has entered into a standby vendor financing commitment letter with AerCap in respect of the acquisition of the remaining aircraft from AerCap pursuant to the 2023 Aircraft Acquisition Programme. Under this facility, subject to finalising and entering into the relevant legal documentation and satisfaction of customary conditions, Alliance may choose to defer payment for an aircraft by obtaining a loan from AerCap equal to 65% of the net purchase price of the aircraft, with each deferred payment being repayable in equal monthly instalments over a 36-month period.

ANZ Facility renewed and upsized

ANZ has financed Alliance since May 2011. Alliance listed on the ASX later that year.

Alliance advises that ANZ, following final credit approval, has agreed to:

- a) extend Alliance's existing \$67 million term loan facility (which was due to expire on 12 January 2025) by a further three years; and
- b) upsize the facility by a further \$50 million facility to fund Alliance's capital expenditure program.

"Fleet ownership is fundamental to the Alliance business model. It underpins our operational performance with Alliance having ultimate control of our fleet units, thus providing flexibility particularly around maintenance." said Managing Director Scott McMillan. "The 2023 Aircraft Acquisition Programme is a significant growth initiative we are currently successfully implementing. Securing funding against this initiative, highlights our strong financial status particularly our long dated contracted revenue streams from a predominately investment grade customer base."

- 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 1,300 staff. The Company provides essential services to mining, energy, and government sectors as well as wet lease services for other airlines.

Alliance holds IATA's IOSA certification, the only Australian contract and charter operator to do so and Flight Safety Foundation "BARS Gold" status, the first such carrier in Australia to achieve gold status.

Alliance is unique in that it owns its whole fleet. Currently that fleet consists of 37 Fokker 70/100 aircraft, 43 Embraer E190 aircraft with firm purchase commitments stretching to mid-2026 for a further 24 E190 aircraft. Three of those delivered aircraft have been parted out.

The company dry leases three E190 aircraft to a third party with those leases recently extended for a further five years.

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

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

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