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

FY26 Earnings Guidance

Alliance advises that it expects its financial results for the year ending 30 June 2026 to be materially lower than analyst consensus estimates.

The Company provides the following earnings guidance for the 2026 financial year:

EBITDA	\$190 million - \$210 million
EBIT	\$77 million - \$85 million
PBT	\$46 million - \$50 million

The difference between consensus estimates and the earnings guidance above is a result of a combination of factors, including:

- Increased purchase price of aircraft and engines operating shorter sectors which, coupled with higher than budgeted capitalised base maintenance costs, have resulted in an increase of FY26 depreciation charges of \$15 million (on an annualised basis).
- Repairs and maintenance, compliance and logistics costs have exceeded budget expectations by \$1 million per month, resulting in an annualised cost increase of \$12 million, reflecting price inflation across our supply chain and inefficiencies.
- Unresolved material (\$4.2 million) contract dispute with a major customer.
- Implementation of the AVIAN inventory management agreement commenced earlier than expected. While this has contributed to improving on-time performance, an additional cost of \$3.5 million was incurred in the first quarter.

Financial Position

- The business continues to trade profitably and operating cashflow remains strong.
- The Company remains in compliance with its banking covenants.
- The current net debt position is \$436 million. The current forecast net debt position as at the end of FY26 is \$392 million.
- The balance sheet remains strong with net tangible assets (NTA) of \$466 million which equates to an NTA of \$2.89 per share.

Management Response

The Company is implementing a number of remedial actions with immediate effect:

1. The Company has commissioned external advisors to undertake a full review of the current basis of depreciation being expensed.
2. A cost reduction program targeting purchasing and logistics processes to drive savings in repairs and maintenance.
3. A review of wet lease contracts and business model is underway.
4. The Finance team is being augmented to enhance capacity and capabilities.
5. The Company is proceeding with the sale of non-core assets to further strengthen the balance sheet and has commissioned an external advisor to evaluate the Company's entire property portfolio.

Outlook

The Company has a robust operating platform and is managing these impacts on the business as a priority. Services for our customers are unaffected and continue at the highest standards of safety and on-time performance.

Further to this, the Company continues to work with its corporate advisors, Barrenjoey Partners on a range of issues including but not limited to:

- Business unit performance evaluation
- Capital allocation
- Debt structure and funding costs
- Investor relations and market positioning.

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

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