

FINAL TERMS

29 April 2026



SECURED BOND ISSUANCE PROGRAMME
OF A MAXIMUM OF **€30,000,000**

Challenge Group
Challenge Accepted



— SINCE 1976 —

FINAL TERMS DATED 29 APRIL 2026



€30,000,000 Bond Issuance Programme
of a nominal value of €100 per Bond
ISIN: MT0003031201
Series No: 1/2026
Tranche No: 1
€30,000,000 5.75% Secured Bonds 2032
Issued by
Challenge Aviation p.l.c.
(the “**Issuer**”)

with the joint and several guarantee of*
CHALLENGE AVIATION HOLDING LIMITED
a private limited liability company registered in Malta with company registration number C 74987

*Prospective investors are to refer to the Guarantee contained in Annex I of the Base Prospectus for a description of the scope, nature and terms of the Guarantee. Reference should also be made to the sections entitled “Risk Factors” contained in the Prospectus for a discussion of certain risk factors which should be considered by prospective investors in connection with the Bonds and the Guarantee provided by the Guarantor.

PART A – CONTRACTUAL TERMS

Capitalised terms used herein which are not defined shall have the definitions assigned to them in the Base Prospectus dated 16 April 2026 which was approved by the MFSA on the same date.

Definitions

The following terms will have the following meanings:

Intermediaries Offer	the offer of Bonds, pursuant to this Prospectus, by the Issuer to the Authorised Financial Intermediaries, for their own account and/or for the purposes of allocating the Bonds to their own clients; and
Placement Agreement/s	the agreement/s between the Issuer and Authorised Financial Intermediaries in respect of the amount of the Bond Issue reserved for subscription by Authorised Financial Intermediaries.

This document constitutes the Final Terms and has been prepared for the purpose of Article 8(4) of the Prospectus Regulation and must be read in conjunction with the Base Prospectus and any supplement thereto in order to obtain all the relevant information which is available on the Issuer’s website (<https://www.challenge-aviation-plc.com/>). Copies may be obtained free of charge from the registered office of the Issuer. The issue-specific summary, required in terms of Article 8(8) (and therefore Article 7) of the Prospectus Regulation, is being appended to these Final Terms.

1	Issuer	Challenge Aviation p.l.c.
2	Guarantor	Challenge Aviation Holding Limited
3	Series Number	1
4	Tranche Number	1
5	Specified Currency	Euro
6	Aggregate Nominal Amount: (i) Series (ii) Tranche	(i) Up to €30,000,000, which may be issued solely in Tranches forming part of this Series 1 or in combination with Tranche/s forming part of one or more separate Series. (ii) Up to €30,000,000
7	(i) Issue Price of Tranche (ii) Net Proceeds	(i) €100 (ii) A maximum of €29,400,000 which will emanate from the Bonds to be issued under these Final Terms.
8	Specified Denomination	€100
9	Number of Bonds offered for Subscription	A maximum of 300,000 Bonds having a nominal value of €100 each.
10	(i) Issue Date (ii) Interest Commencement Date	26-May-2026 26-May-2026
11	Maturity Date	26-May-2032
12	Redemption Value	At par
13	Register Cut-Off Date	15 days prior to the Interest Payment Date
14	Dates of the corporate authorisations for issuance of the Bonds	Resolution of the Board of Directors dated 16 April 2026.
Interest		
15	Rate of Interest	Five point seven-five per cent (5.75%) per annum payable annually in arrears.
16	Interest Payment Date/s	26 May of each year between and including each of the years 2027 and the year 2032, provided that if any such day is not a Business Day, such interest payment date will be carried over to the next following day that is a Business Day. The term 'Business Day' shall bear the meaning assigned thereto in section 1 of the Base Prospectus.
General Provisions		
17	Taxation	As per "Taxation", section 16.12 of the Base Prospectus.

PART B – OTHER INFORMATION

a. Admission to Trading and Listing

1	Admission to trading	Application has been made by the Issuer for the Bonds to be admitted to trading on the regulated market of the Malta Stock Exchange with effect from 26 May 2026.
2	Listing	The Official List of the MSE.
3	Previous Admission to Trading	Not applicable.
4	Estimate of total expenses related to admission to trading	Approximately €600,000. Such expenses shall be borne by the Issuer.

b. Interests of Natural and Legal Persons Involved in the Issue

Save for the possible subscription for the Bonds by Authorised Financial Intermediaries (which includes Calamatta Cuschieri Investment Services Limited), and any fees payable to Calamatta Cuschieri Investment Services Limited in connection with the Bond Issue as Sponsor, Manager & Registrar, so far as the Issuer is aware, no other person involved in the Bond Issue has an interest, conflicting or otherwise, material to the Bond Issue.

c. Third Party Information

Save for the following, these Final Terms do not contain any statement or report attributed to any person as an expert:

- the Financial Analysis Summary set out as Annex 3.

The financial analysis summary has been included in the form and context in which it appears with the authorisation of Calamatta Cuschieri Investment Services Limited of Ewropa Business Centre, Triq Dun Karm, Birkirkara, BKR 9034, Malta which has given and has not withdrawn its consent to the inclusion of such report herein. Calamatta Cuschieri Investment Services Limited does not have any material interest in the Company. The Company confirms that the financial analysis summary has been accurately reproduced in these Final Terms and that there are no facts of which the Company is aware that have been omitted and which would render the reproduced information inaccurate or misleading.

d. Reasons for the Offer and Use of Proceeds, Estimated Net Proceeds and Total Expenses

1	Reasons for the Offer/Use of Proceeds	As per “ <i>Use of Proceeds</i> ”, section 16.2 of the Base Prospectus. The proceeds from the issue of Bonds under these Final Terms shall be used by the Issuer to pay part of the Target Aircraft Loan used for the acquisition of the Target Aircraft in the amount of circa €29,400,000.
2	Estimated net proceeds	A maximum of €29,400,000
3	Estimated total expenses	Approximately €600,000, with approximately €375,000 being attributed to selling commission fees and approximately €225,000 to professional, MSE, regulatory and ancillary fees. There is no particular order of priority with respect to such expenses. These expenses shall be borne by the Issuer.
4	Conditions to which the offer is subject	The offer of the Bonds is conditional upon: (i) the Bonds being admitted to the Official List; (ii) the proceeds raised under this Tranche amounting to at least €12,750,000 and (iii) the Guarantee and the Collateral having been constituted in favour of the Trustee. In the event that any of these conditions is not satisfied, the subscription for the Bonds shall be deemed not to have been accepted by the Issuer, any application monies will be returned without interest by direct credit into the Applicant’s bank account, and the issue of Bonds shall be cancelled forthwith.

e. Yield

1	Indication of Yield	5.75 %
2	Method of Calculating Yield	Yield is calculated on the basis of the interest per annum, the Issue Price and the Redemption Value of the Bonds at Maturity Date.

f. Operational Information

1	ISIN Code	MT0003031201
2	Delivery	Delivery against payment
3	Names and addresses of paying agent (if any)	Not applicable.

g. Distribution and Allocation

1	Offer Period	29-Apr-2026 to 15-May-2026 (both days inclusive)
2	Plan of Distribution and Allotment	<p>The Bonds shall be made available for subscription to all categories of investors as follows:</p> <ol style="list-style-type: none"> a. the Issuer may enter into Placement Agreements with any of the Authorised Financial Intermediaries for the placement of an agreed portion of the nominal value of the Bonds (which portion will be reserved for such Authorised Financial Intermediaries under the Placement Agreements) to be subscribed by such Authorised Financial Intermediary either in its own name or in the name of its underlying clients in accordance with the respective Placement Agreement, as further detailed in section 3 below; b. the remaining balance of Bonds, if any, shall be made available for subscription by Authorised Financial Intermediaries through an Intermediaries' Offer, who may subscribe the same in their own name or in the name of their underlying clients in terms of the subscription agreements to be entered into with them, as further detailed in section 4 below. <p>Applications may be made through any of the Authorised Financial Intermediaries. It is expected that an allotment advice will be dispatched to Applicants within four Business Days of the announcement of the allocation policy. The registration advice and other documents and any monies returnable to Applicants may be retained pending clearance of the remittance and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the laws of Malta), and regulations made thereunder. Such monies shall not bear interest while retained as aforesaid. Dealings in the Bonds shall not commence prior to the Bonds being admitted to the Official List.</p>
3	Placement Agreement	<p>The Issuer may enter into a Placement Agreement with any one or more of the Authorised Financial Intermediaries for the placement of an agreed amount in nominal value of Bonds, which will be reserved for such Authorised Financial Intermediaries under the Placement Agreements.</p> <p>In terms of each Placement Agreement, if any, the Issuer will be conditionally bound to issue, and the relevant Authorised Financial Intermediary will be conditionally bound to subscribe, on a best efforts basis for the number of Bonds indicated therein, subject to the Bonds being admitted to listing on the Official List and subject to other terms and conditions as will be set out in the Placement Agreements.</p> <p>In terms of each of the said Placement Agreements (if any), the relevant Authorised Financial Intermediary will have the right to subscribe for Bonds for its own account (where applicable) or for the account of underlying customers, and shall in addition be entitled to either: (i) distribute to the underlying customers any portion of the Bonds subscribed for upon commencement of trading, or (ii) complete a data file representing the amount being allocated in terms of the respective Placement Agreement as provided by the Manager & Registrar by latest 15 May 2026, being the Placement Date.</p> <p>In any case, each underlying Application is subject to a minimum of €5,000 in Bonds and in multiples of €100 thereafter.</p> <p>Authorised Financial Intermediaries which enter into Placement Agreements with the Issuer, if any, will be required to effect payment to the Issuer for the Bonds subscribed to by not later than the Placement Date.</p>

4	Intermediaries' Offer	<p>The remaining balance of Bonds not covered by the Placement Agreements, if any, will be reserved by the Issuer for subscription by Authorised Financial Intermediaries pursuant to an Intermediaries' Offer. In this regard, the Issuer may enter into conditional subscription agreements with a number of Authorised Financial Intermediaries whereby it shall bind itself to allocate Bonds to the Authorised Financial Intermediaries in accordance with the terms of such subscription agreements, up to a maximum amount of Bonds remaining after those reserved for Authorised Financial Intermediaries under the Placement Agreements (if any).</p> <p>The subscription agreements shall be subject to the terms and conditions of the Prospectus and will be conditional on the Bonds being admitted to listing on the Official List of the Malta Stock Exchange, and other conditions set out in the relevant subscription agreement. Moreover, the subscription agreements shall become binding on each of the Issuer and the respective Authorised Financial Intermediary upon signing, provided that the Authorised Financial Intermediary would have paid the Registrar all subscription proceeds in cleared funds by latest 15 May 2026, this being the Intermediaries' Offer Date. The minimum which each Authorised Financial Intermediary may apply for in terms of the applicable sales agreement is €5,000 and in multiples of €100 thereafter and such minimum and multiples shall also apply to each underlying Applicant in the case of applications under nominee.</p> <p>Completed subscription agreements, together with evidence of payment, are to reach the Manager & Registrar by the Intermediaries' Offer Date. The Issuer acting through the Manager & Registrar shall communicate the amount allocated under each subscription agreement by latest 20 May 2026. Where the Authorised Financial Intermediary has been allocated a lesser number of Bonds than the amount being subscribed for, such unsatisfied amount shall be refunded by the Manager & Registrar to the Authorised Financial Intermediary to the account specified in the respective subscription agreement.</p> <p>In terms of the subscription agreements which may be entered into, Authorised Financial Intermediaries will have the right to subscribe for the Bonds either for their own account or for the account of underlying customers and shall, in addition, be entitled to distribute any portion of the Bonds subscribed for to their underlying clients upon commencement of trading or to complete a data file representing the amount being allocated in terms of the respective subscription agreement as provided by the Manager & Registrar by latest 15 May 2026.</p>
5	Reservation of Tranche, of part thereof, in favour of specific class of investors	N/A
6	Minimum amount of application	The minimum subscription amount shall be €5,000 per Application and in multiples of €100 thereafter applicable to each underlying Applicant applying for the Bonds through Authorised Financial Intermediaries in terms of the subscription agreements.

7	Allocation Policy	The Issuer may enter into conditional placement agreement/s with one or more Authorised Financial Intermediary/ies whereby an agreed portion of the nominal value of the Bonds will be made available for subscription to such Authorised Financial Intermediaries, for their own account or on behalf of their clients. The Issuer may additionally enter into subscription agreements with Authorised Financial Intermediaries for an aggregate amount equivalent to the remaining amount of the Bond Issue not covered by the Placement Agreements (if any), for subscription of Bonds by such Authorised Financial Intermediaries for their own account or on behalf of their clients.		
8	Results of the Offer	The results of the Offer shall be communicated by the Issuer through a company announcement on the Issuer's website.		
9	Expected timetable	1.	Offer Period	29-Apr-2026 to 15-May-2026
		2.	Placement Date	15-May-2026
		3.	Intermediaries' Offer Date	29-Apr-2026 to 15-May-2026
		4.	Announcement of basis of acceptance	20-May-2026
		5.	Commencement of interest	26-May-2026
		6.	Refund of unallocated monies	26-May-2026
		7.	Expected date of admission of the Bonds to listing	26-May-2026
		8.	Expected date of commencement of trading in the Bonds	27-May-2026

The Issuer reserves the right to shorten or extend the closing of the Offer Period, in which case, the remaining events set out above will be brought forward or moved backwards (as the case may be) in the same chronological order set out above. In the event that the timetable is revised as aforesaid, the Interest Payment Dates and the Redemption Date may change, in which case the revised dates will be communicated by the Issuer by company announcement and, or on its website, without the requirement to amend these Final Terms.

h. Security

1	Security in place (if any) given by the Company and/or either of the Security Providers and in place at the time of the respective Final Terms.	As per “ <i>Current Encumbrances</i> ”, section 6.5 of the Base Prospectus.
2	Security Interest to be given by the Company and/or the Guarantor and/or the Security Providers to secure the Bond Obligations in respect of a Tranche.	As per “ <i>Collateral</i> ”, section 11.2 of the Base Prospectus.
3	Security Provider	As per the definition in section 1 of the Base Prospectus
4	Other <i>Binding Nature of Trust Deed</i>	By acquiring Bonds, a Bondholder is considered to be bound by the terms of the Trust Deed as if he/she/it had been a party to it.
5	Constitution of Security Interest and Release of Bond Proceeds	<p>Following the issue, allotment and listing of the Bonds, all the net proceeds from the Bond Issue shall be released to the Security Trustee who will keep such net proceeds for and on behalf of the Bondholders until release in accordance with the Trust Deed and in accordance with the use of proceeds better explained in Part B(d)(1) above.</p> <p>The net Bond proceeds shall, as outlined in the Security Trust Deed, be released by the Security Trustee on condition that, prior to release, the Guarantee and Collateral has been constituted in full in favour of the Security Trustee.</p>

i. Ranking of the Bonds

1	Ranking	<p>Save as otherwise provided, the Bonds constitute the general, direct, unconditional and secured obligations of the Issuer and the Bond Obligations shall be:</p> <ul style="list-style-type: none">a. jointly and severally guaranteed by the Guarantor; andb. secured (by way of joint and several suretyship and limited solely to the Security Interest indicated in Part B (h) (2) by the Security Provider. <p>The Bonds shall, at all times, rank <i>pari passu</i>, without any priority or preference among themselves and save for such exceptions as may be provided by applicable law, without priority or preference to all present and future unsecured obligations of the Issuer and/or the Guarantor. This means that any secured or privileged debts of the Issuer and/or the Guarantor (which include the Current Encumbrances) shall rank at all times ahead of its obligations under the Programme, as a result of which the Bondholders may not be able to recover their investment in the Bonds in the case of insolvency or an equivalent situation, whether in full or in part.</p> <p>Therefore, in a situation of the insolvency of the Bond Group:</p> <ul style="list-style-type: none">a. Issuer: all unsecured creditors (including the Bondholders) will rank <i>pari passu</i> with respect to the remainder of the Issuer's assets;b. Guarantor: as a result of the Current Encumbrances, (i) the Aircraft owned by Ace Aviation IV Limited and the Aircraft owned by Ace Aviation XII Limited; and (ii) Ace Aviation III Limited, Ace Aviation V Limited and Ace Aviation VII Limited and all of their assets (including those Aircraft that are owned by these companies) will not form part of the Guarantor's assets and all other unsecured creditors (including the Bondholders) will rank <i>pari passu</i> with respect to the remainder of the Guarantor's assets;c. Security Provider: the Bondholders will be entitled to the enforcement of the Pledge on Aircraft, the Tripartite Agreement, the Aircraft Security Agreement, and the Pledge on Insurance in preference to any unsecured and secured creditors of the Security Provider (save for any prior ranking privileges or security which arise by operation of law). <p>Furthermore, third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer and/or the Guarantor and/or the Security Provider for so long as such security interests remain in effect.</p> <p>IN THE CASE THAT A FURTHER TRANCHE OF BONDS IS ISSUED UNDER THE PROGRAMME, SAID BONDS ISSUED UNDER THE SUBSEQUENT TRANCHE WILL RANK <i>PARI PASSU</i>, WITHOUT ANY PRIORITY OR PREFERENCE AMONG THEMSELVES AS WELL AS AMONG THE BONDS ISSUED UNDER THESE FINAL TERMS AND SAVE FOR SUCH EXCEPTIONS AS MAY BE PROVIDED BY APPLICABLE LAW. PLEASE SEE SECTION 16.5 OF THE PROSPECTUS.</p>
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j. Additional Information

1	Reservation of a Tranche, or part thereof, in favour of specific retail and/or non-retail investors or categories of either	Please refer to Part B (g)
2	Time period, including any possible amendments, during which the offer will be open	Between 08:30 hours (CET) on 29 April 2026 and 12:00 hours (CET) on 15 May 2026.
3	Arrangements for publication of final size of issue/offer	Not applicable.
4	Description of the application process	Please refer to Part B (g) The Bonds are available for subscription by the general public through any of the Authorised Financial Intermediaries from 08:30 hours (CET) on 29 April 2026 and 12:00 hours (CET) on 15 May 2026.
5	Details of the minimum/ maximum amount of application (whether in numbers of securities or aggregate amount to invest)	Please refer to Part B (g)
6	Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants	The Issuer may refuse or reduce subscriptions in any of the following events: a) in the event of over-subscription of the offer; and/or b) in the event that the allocation policy of the Issuer so determines. If an Application is not accepted or is accepted for a lesser amount than is applied for, the full amount or the excess amount (as applicable) will be returned by the Registrar without interest by direct credit to the respective Authorised Intermediary. The Issuer shall not be responsible for any loss or delay in transmission.
7	Method and time limits for paying up the securities and for delivery of the securities	Payment must be made in Euro in cleared funds, in full, to the respective Authorised Financial Intermediary in accordance with payment method accepted thereby
8	Full description of the manner and date in which results of the offer are to be made to public	The results of the offer shall be communicated by the Issuer through a company announcement on the portal provided by the MSE, and/or uploaded on the Company's website. The results of the offer and the announcement of the basis of acceptance is expected to take place on or before 20 May 2026.

9	Procedure for the exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised	Not applicable.
10	Indication of the expected price at which the securities will be offered or the method of determining the price and the process for its disclosure	Not applicable.
11	Amount of any expenses and taxes specifically charged to the subscriber	Not applicable.
12	Process for notification to applicants of the amount of Bonds allotted and indication whether dealing may begin before notification is made	Applicants shall be notified of the amount of Bonds allotted to them by their respective Authorised Financial Intermediary. Dealing may not commence before the Bonds are admitted to the Official List.
13	Rating	The Issuer has not sought, nor does it intend to seek the credit rating of an independent agency and there has been no assessment of the Bonds by any independent rating agency.

PART C – PURPOSE OF FINAL TERMS

These Final Terms comprise the Final Terms required for the offer for subscription, issue and admission to trading on the Official List of the Bonds described herein pursuant to the Programme of the Issuer dated 16 April 2026.

PART D – RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of Challenge Aviation p.l.c.

Duly represented by



Colin Gregory



Andrew Muscat

Signing in their own capacity as Directors of the Issuer and on behalf of Mr Didier Fernand P. Henet, as his duly appointed agents.

ANNEX 1 – ISSUE SPECIFIC SUMMARY

This Summary is prepared in accordance with the requirements of the Prospectus Regulation and the delegated acts issued thereunder. This Summary contains key information which investors require in order to understand the nature and the risks of the Issuer and the Bonds. Except where the context otherwise requires, capitalised words and expressions used in this Summary shall bear the meanings assigned to them in the Base Prospectus and the Final Terms, as the case may be.

A. Introduction and Warnings

Prospective Investors are hereby warned that (i) this summary should be read as an introduction to the Prospectus and the Final Terms; (ii) any decision to invest in the Bonds should be based on consideration of the Prospectus and the Final Terms as a whole by the investor; (iii) an investor investing in the Bonds could lose all or part of the invested capital; (iv) where a claim relating to the information contained in the Prospectus or the Final Terms is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the Prospectus or the Final Terms before the legal proceedings are initiated; and (v) civil liability attaches only to those persons who have tabled this summary including any translation thereof, but only where this summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus or the Final Terms, or where it does not provide, when read together with the other parts of the Prospectus or the Final Terms, key information in order to aid investors when considering whether to invest in the Bonds.

Details of the Issuer and the Bonds are as follows:

Legal Name of Company:	Challenge Aviation p.l.c.
Registered Address:	Level 5, Skyparks Business Centre, Malta International Airport, Luqa LQA 4000, Malta
Registration Number:	C 113656
Legal Entity Identifier:	984500ED6CAC6E85E570
Email Address:	investors@challenge-group.com
Telephone No:	+356 27137174
ISIN code:	MT0003031201

The Prospectus has been approved by the Malta Financial Services Authority as the competent authority under the Prospectus Regulation on the 16 April 2026. The Malta Financial Services Authority only approves the Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval shall not be considered as an endorsement of the Issuer.

Details of the Malta Financial Services Authority:

Address:	Malta Financial Services Authority, Triq I-Imdina, Zone 1, Central Business District, Birkirkara CBD 1010, Malta.
Tel:	+356 21441155
Website:	www.mfsa.mt

B. Key Information on the Issuer

Who is the Issuer of the Securities?

General

The Issuer's legal and commercial name is Challenge Aviation p.l.c., a public limited liability company incorporated in Malta and operating under Maltese law with LEI 984500ED6CAC6E85E570.

Principal Activities

The Issuer carries on the business of a finance company. The Issuer does not itself carry on any trading activities apart from the raising of capital and advancing thereof to members of the Bond Group as and when the demands of their business so require. Accordingly, the Issuer is economically dependent on the Bond Group.

The Guarantor holds investments in the Subsidiaries which own the Aircraft Portfolio and leases out Aircraft to the Operating Group.

Major Shareholders

The Issuer's majority shareholder is Challenge Aviation Services Limited which holds all of the issued share capital of the Issuer except for one (1) share, with the one (1) remaining share held by the Guarantor. Likewise all of the Guarantor's shares are held by Challenge Aviation Services Limited except for one (1) share, with the one (1) remaining share held by ABA MT Ltd (C114125).

Directors and Statutory Auditor

The members of the Board of Directors are Mr Didier Fernand P. Henet, Mr Colin Gregory and Dr Andrew Muscat

The auditors of the Guarantor as of the date of this Summary are PricewaterhouseCoopers Malta of 78, Mill Street, Zone 5, Central Business District, Qormi CBD 5090, Malta. The Accountancy Board registration number of PricewaterhouseCoopers Malta is AB/26/84/38.

What is the Key Financial Information Regarding the Issuer?

The Issuer was registered and incorporated on 30 October 2025 and as such has no financial information to report on.

What are the Key Risks that are Specific to the Issuer?

The most material risk factor specific to the Issuer, which may negatively impact the operations and financial position of the Issuer should the circumstances mentioned therein materialise, is as follows:

- i. *Dependence on the performance of the Bond Group and the Operating Group*

The Company and the Guarantor do not have any substantial assets of their own. The Company is a special purpose vehicle set up to act as a financing company solely for the needs of the Bond Group, and, as such, its assets are intended to consist primarily of loans issued to Bond Group Companies. As the holding company of the Bond Group, the Guarantor's only source of income is the receipt of dividends from the Subsidiaries and payments of principal and interest under loan advancements granted to the Subsidiaries from time to time. The Bond Group is dependent on the business prospects of the Operating Group and, consequently, the operating results of the Group have a direct effect on the financial position of the Company and the Guarantor.

Therefore, the risks intrinsic in the business and operations of the Bond Group Companies have a direct effect on the ability of the Company and the Guarantor to meet their respective obligations in connection with the payment of interest on the Bonds and repayment of principal when due. Accordingly, the risks of the Issuer are indirectly those of the Group, and, in turn, all risks relating to the Group are the risks relevant to the Guarantor.

C. Key Information on the Securities

What are the Main Features of the Securities?

Tranche Number	1
ISIN code	MT0003031201
Specified Currency	Euro
Aggregate Nominal Amount:	Up to €30,000,000
Issue Price of Tranche	€100 in respect of each Bond
Net Proceeds	A maximum of €29,400,000 which will emanate from the Bonds to be issued under these Final Terms.
Specified Denomination	€100 in respect of each Bond, subject to the minimum subscription amounts set out hereunder
Number of Bonds offered for Subscription	A maximum of 300,000 Bonds having a nominal value of €100 each.
Issue Date	26-May-2026
Interest Commencement Date	26-May-2026
Redemption Date	26-May-2032
Redemption Value	At par
Register Cut-Off Date	15 days prior to the Interest Payment Date
Rate of Interest	5.75% per annum payable annually in arrears.
Interest Payment Date/s	26 May of each year between and including each of the years 2027 and the year 2032, provided that if any such day is not a Business Day, such interest payment date will be carried over to the next following day that is a Business Day. The term 'Business Day' shall bear the meaning assigned thereto in the Base Prospectus.
Rights	The only rights attached to the Bonds are the right to: (a) the repayment of capital; (b) the payment of interest; (c) the right to attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions; (d) right to seek recourse from the Guarantor pursuant to the Guarantee, in case of failure by the Issuer to pay any sum payable by it to the Bondholders pursuant to the Terms and Conditions of the Bonds; and (e) the enjoyment of all such other rights attached to the Bonds emanating from the Base Prospectus and these Final Terms.

Status	The Bonds, as and when issued and allotted, shall constitute the general, direct, unconditional obligations of the Issuer. The Bonds will be guaranteed by the Guarantor and will be secured by the Security Provider and shall at all times rank <i>pari passu</i> without any priority or preference among themselves. However, whilst the Bond Obligations shall be secured by the Collateral, they may rank after causes of preference which may be constituted by operation of law.
Form	The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained by the CSD on behalf of the Issuer.
Transferability	The Bonds are freely transferable.

Where will the Securities be Traded?

Application has been made for the Bonds to be admitted to trading on the Official List of the MSE.

Is there a Guarantee attached to the Securities?

The Bonds shall be guaranteed in respect of both the principal amount and Interest due thereon by the Guarantor on a joint and several basis which shall become effective upon the admission to listing of the Bonds on the Official List. Pursuant to the Guarantee, the Bondholders shall be entitled to request the Guarantor to pay both the principal amount and Interest due under the Bonds if the Issuer fails to effect any payment due in respect of the Bonds.

The Guarantor

The Guarantor is Challenge Aviation Holding Limited (C74987), a private limited liability company registered under the laws of Malta in terms of the Act. The Guarantor was registered as a limited liability company in Malta on 28 March 2016. The Guarantor has LEI number 98450074E93E3E049470. The auditors of the Guarantor as of the date of this Summary are PricewaterhouseCoopers Malta of 78, Mill Street, Zone 5, Central Business District, Qormi CBD 5090, Malta. The Accountancy Board registration number of PricewaterhouseCoopers Malta is AB/26/84/38.

What is the Key Financial Information Regarding the Guarantor?

Key figures extracted from the Guarantor's financial statements are being represented below:

Statement of Comprehensive Income

USD 000	FY23A	FY24A	6M24A	6M25A
Profit before tax	19,614	13,225	5,067	4,435

Statement of Financial position

USD 000	Dec23A	Dec24A	Jun25A
Net financial debt	65,626	146,022	201,660

Cash Flow Statement

USD 000	FY23A	FY24A	Jun24A	Jun25A
Cash flows generated from / (used in) operating activities	26,594	41,654	15,442	(3,845)
Cash flows generated from / (used in) investing activities	(26,726)	(122,050)	(37,404)	(56,345)
Cash flows generated from / (used in) financing activities	(21,117)	55,388	22,945	56,107

What are the Key Risks that are Specific to the Guarantor?

The risks facing the Guarantor are substantially the same as those facing the Issuer in that the Guarantor does not have any substantial assets of its own and is therefore dependent on the receipt of dividends and/or loan repayments from subsidiaries. The Guarantor is reliant on the business operations, financial performance and position of the Group. The key risks pertinent to the Group may be summarised as follows:

- 1. Acquisition of Aircraft:** The Bond Group may face difficulties acquiring and financing aircraft on favourable terms, which could prevent it from meeting acquisition commitments, limit its ability to refinance existing debt, and materially adversely affect its financial condition.
- 2. Faults in Aircraft of a Particular Manufacturer:** The Bond Group's reliance on a single manufacturer (Boeing) exposes it to the risk that all its aircraft could be grounded simultaneously due to manufacturer-specific faults, potentially triggering compensation obligations and impairing future re-leasing prospects.
- 3. Operational Costs Increase with Age of Aircraft:** As the Bond Group's fleet ages, increasing maintenance, modification, and conversion costs could adversely affect its financial condition and results of operations.
- 4. Financial Stability of Aircraft and Engine Manufacturers:** The Bond Group's dependence on manufacturers' financial stability and ability to fulfil contractual obligations means that any manufacturer failure could impair aircraft acquisition, reduce competitiveness, and adversely affect portfolio value.
- 5. Risks Inherent in Investing in a Single Industry:** Concentration in the airline market exposes both the Bond Group and Operating Group to industry downturns that could adversely affect income when current leases expire.
- 6. Carbon Emissions and Environmental Regulations:** Tightening environmental regulations, carbon offset requirements, and the costly transition to sustainable aviation fuels pose compliance, financial, and competitive risks that could impact operations and cash flow.
- 7. Exposure to Political, Economic and Social Conditions:** Political instability, economic fluctuations, natural disasters, and other external events in jurisdictions where the Operating Group operates could impair third-party lessees' ability to meet their obligations.
- 8. Dependence on Operating Group and Continued Performance of Lease Obligations:** The Bond Group depends on Challenge Airlines' financial strength to perform its lease obligations, which may be affected by numerous external factors beyond the Bond Group's control.
- 9. Dependence on Certain Key Personnel:** The loss of key staff members could have a material adverse effect on the group's business, financial condition, and results of operations.

What are the Key Risks that are specific to the Securities?

- a) **Suitability:** An investment in the Bonds may not be suitable for all recipients of the Base Prospectus and prospective investors are urged to read and fully understand the Base Prospectus and the Final Terms, and to consult an independent investment advisor before making an investment decision, with a view to ascertaining that an investment in the Bonds is suitable for the investor's risk profile.
- b) **No prior market for the Bonds:** Prior to the Programme and admission of the Bonds to listing and trading, there has been no public market for the Series 1 Tranche 1 Bonds within or outside Malta. Due to the absence of any prior market for the Series 1 Tranche 1 Bonds, there can be no assurance that the price of the Series 1 Tranche 1 Bonds will correspond to the price at which the Series 1 Tranche 1 Bonds will trade in the market subsequent to the Bond Issue.
- c) **Ranking of the Bonds:** Any secured or privileged debts of the Issuer shall rank at all times ahead of the obligations of the Issuer under the Bonds, as a result of which the Bondholders may not be able to recover their investment in the Bonds in the case of insolvency or an equivalent situation, whether in full or in part. Furthermore, third-party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer, as the case may be, for so long as such security interests remain in effect.
- d) **Subsequent changes in interest rate and potential impact of inflation:** The Bonds are fixed rate debt securities and investment therein involves the risk that subsequent changes in market interest rates may adversely affect the market value of the Bonds. The price of fixed income securities tends to move in a way that is inversely proportional to changes in interest rates. Moreover, the coupon payable on the Bonds is a nominal interest rate. The real interest rate is computed by subtracting inflation from the nominal interest rate, the result of which indicates the real return on the Bond coupons. In a period of high inflation, an investor's real return on the Bonds will be lower than the Bonds' nominal interest rate and thus undermine an investor's expected return. Furthermore, an increase in inflation may result in a decrease in the traded price of the Bonds on the secondary market.
- e) **Orderly and liquid secondary market:** The existence of an orderly and liquid market for the Bonds depends on a number of factors including, but not limited to, the general economic conditions in the market in which the Bonds are traded. Such factors are dependent upon the individual decisions of investors and the general economic conditions of the market, over which the Issuer has no control. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that Bondholders will be able to sell the Bonds at or above the Bond Issue Price or at all.
- f) **Risks relating to the Guarantee:** In view of the fact that the Bonds are being guaranteed by the Guarantor on a joint and several basis, the Bondholders shall be entitled to request the Guarantor to pay both the interest due and the principal amount under said Bonds if the Issuer fails to meet any amount when due in terms of the Prospectus. The Guarantee also entitles the Bondholders to take action against the Guarantor without having to first take action against the Issuer, if the Issuer fails to pay any sum payable by it to Bondholders pursuant to the Terms and Conditions of the said Bonds. The strength of this undertaking on the part of the Guarantor and, therefore, the level of recoverability by the Bondholders from the Guarantor of any amounts due under any of the Bonds, is dependent upon and directly linked to the financial position and solvency of the Guarantor.

D. Key Information on the Offer of Securities to the Public and/or the Admission to Trading on a Regulated Market

Why is the Prospectus being Produced?

The aggregate proceeds raised from the Bond Issue, which net of estimated expenses amounting to €600,000 are expected to amount to approximately €29,400,000, with the amount of circa €29,400,000 to be used to pay part of the Target Aircraft Loan used for the acquisition of the Target Aircraft).

In the event that the Bond Issue is not subscribed as to at least €12,750,000, the subscription for the Bonds shall be deemed not to have been accepted by the Issuer, any application monies will be returned without interest by direct credit into the Applicant's bank account, and the issue of Bonds shall be cancelled forthwith.

The Bond Issue is not subject to any underwriting agreement on a firm commitment basis.

Interests of Natural and Legal Persons involved in the Offer

Save for the possible subscription for the Bonds by Authorised Financial Intermediaries (which includes Calamatta Cuschieri Investment Services Limited), and any fees payable to Calamatta Cuschieri Investment Services Limited in connection with the Bond Issue as Sponsor, Manager & Registrar, so far as the Issuer is aware, no other person involved in the Bond Issue has an interest, conflicting or otherwise, material to the Bond Issue.

Under which Conditions and Timetable can I Invest in this Security?

General Terms and Conditions

Offer Period:	29 April 2026 to 15 May 2026 (both days inclusive).
Plan of Distribution and Allotment:	The Bonds shall be available to all categories of investors through (a) Placement Agreements with Authorised Financial Intermediaries for an agreed portion of the nominal value, and (b) an Intermediaries' Offer for any remaining balance.
Placement Agreement:	The Issuer may enter into Placement Agreements with Authorised Financial Intermediaries on a best-efforts basis, conditional upon the Bonds being admitted to the Official List. Authorised Financial Intermediaries may subscribe for their own account or for underlying customers. Each underlying Application is subject to a minimum of €5,000 and multiples of €100 thereafter.
Intermediaries' Offer:	The remaining balance of Bonds not covered by Placement Agreements will be reserved for subscription by Authorised Financial Intermediaries pursuant to subscription agreements, conditional upon listing on the Official List. The minimum subscription is €5,000 in multiples of €100 thereafter, applicable to each underlying Applicant.
Reservation of Tranche:	N/A.
Minimum Application:	€5,000 per Application in multiples of €100 thereafter.

Expected Timetable:

Offer period	29-Apr-26 to 15-May-2026
Intermediaries' Offer Date	29-Apr-26 to 15-May-2026
Placement date	15-May-2026
Announcement of basis of acceptance	20-May-2026
Commencement of interest	26-May-2026
Refund of unallocated monies	26-May-2026
Expected date of admission of the Bonds to listing	26-May-2026
Expected date of commencement of trading in the Bonds	27-May-2026

The Issuer reserves the right to shorten or extend the Offer Period, in which case the remaining events and dates (including Interest Payment Dates and Redemption) will be adjusted accordingly and communicated by company announcement.

Admission to Trading on a Regulated Market and Plan for Distribution

Subject to admission to listing of the Bonds to the Official List of the MSE, the Bonds will be assigned ISIN: MT0003031201. The Bonds will be allotted by the Company in accordance with its allocation policy.

Expenses

The total expenses of the Bond Issue are estimated to be circa €600,000 and shall be borne by the Company. No expenses will be specifically charged by the Company to any Applicant who subscribes for Bonds.

ANNEX 2 – LIST OF AUTHORISED FINANCIAL INTERMEDIARIES

Name	Address	Telephone
APS Bank p.l.c.	APS Centre, Tower Street, Birkirkara BKR 4012	2560 3000
Calamatta Cuschieri Investment Services Ltd	Ewropa Business Centre, Triq Dun Karm, Birkirkara, BKR 9034	2568 8688
CiliaFormosa Financial Advisors Ltd	Triq id-Delu, Mosta MST 3355	2226 0200
Curmi & Partners Ltd	Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102	2134 7331
FINCO Treasury Management Limited	The Bastions, Office No 2, Emvin Cremona Street, Floriana FRN 1281	2122 0002
Jesmond Mizzi Financial Advisors Limited	67 Level 3, South Street, Valletta VLT 1105	2122 4410
MeDirect Bank (Malta) plc	The Centre, Tigné Point, Sliema TPO 0001	2557 4400
Michael Grech Financial Investment Services Ltd	The Brokerage, Level 0A, St Marta Street, Victoria, Gozo VCT 2551	2258 7000
M.Z. Investment Services Limited	63, St. Rita Street, Rabat RBT 1523	2145 3739
Rizzo, Farrugia & Co (Stockbrokers) Ltd	Airways House, Fourth Floor, High Street, Sliema SLM 1551	2258 3000
Timberland Invest Ltd	CF Business Centre, Gort Street, St Julian's STJ 9023	2090 8100

ANNEX 3 – FINANCIAL ANALYSIS SUMMARY



Calamatta Cuschieri

The Directors
Challenge Aviation p.l.c.
Challenge Group
Level 5, Skyparks Business Centre
Malta International Airport
Luqa LQA 4000
Malta

Re: Financial Analysis Summary

29 April 2026

Dear Board Members,

In accordance with your instructions, and in line with the requirements of the MFSA Listing Policies, we have compiled the Financial Analysis Summary (the “**Analysis**”) set out on the following pages and which is being forwarded to you together with this letter.

The purpose of the financial analysis is that of summarising key financial data appertaining to Challenge Aviation Holding Limited (the “**Guarantor**”). The data is derived from various sources or is based on our own computations as follows:

- a) Historical financial data for the two years ending 31 December 2023 and 2024 has been extracted from the audited consolidated financial statements of the Guarantor.
- b) The forecast data of the Guarantor for the financial years ending 31 December 2025, 2026 and 2027 has been provided by Management.
- c) Our commentary on the Guarantor’s results and financial position is based on the explanations provided by Management.
- d) The ratios quoted in the Analysis have been computed by us applying the definitions set out in Part 4 of the Analysis.
- e) The principal relevant market players listed in Part 3 of the document have been identified by Management. Relevant financial data in respect of competitors has been extracted from public sources such as the web sites of the companies concerned or financial statements filed with the Registrar of Companies.

The Analysis is meant to assist potential investors by summarising the more important financial data set out in the Prospectus. The Analysis does not contain all data that is relevant to potential investors and is meant to complement, and not replace, the contents of the full Prospectus. The Analysis does not constitute an endorsement by our firm of the proposed Bond Issue and should not be interpreted as a recommendation to invest in the Bonds. We shall not accept any liability for any loss or damage arising out of the use of the Analysis and no representation or warranty is provided in respect of the reliability of the information contained in the Prospectus. As with all bond issues, potential investors are encouraged to seek professional advice before investing in the bonds.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "P. Mangion".

Patrick Mangion
Head of Capital Markets

FINANCIAL ANALYSIS SUMMARY



Challenge Aviation p.l.c.

29 April 2026

Prepared by Calamatta Cuschieri
Investment Services Limited

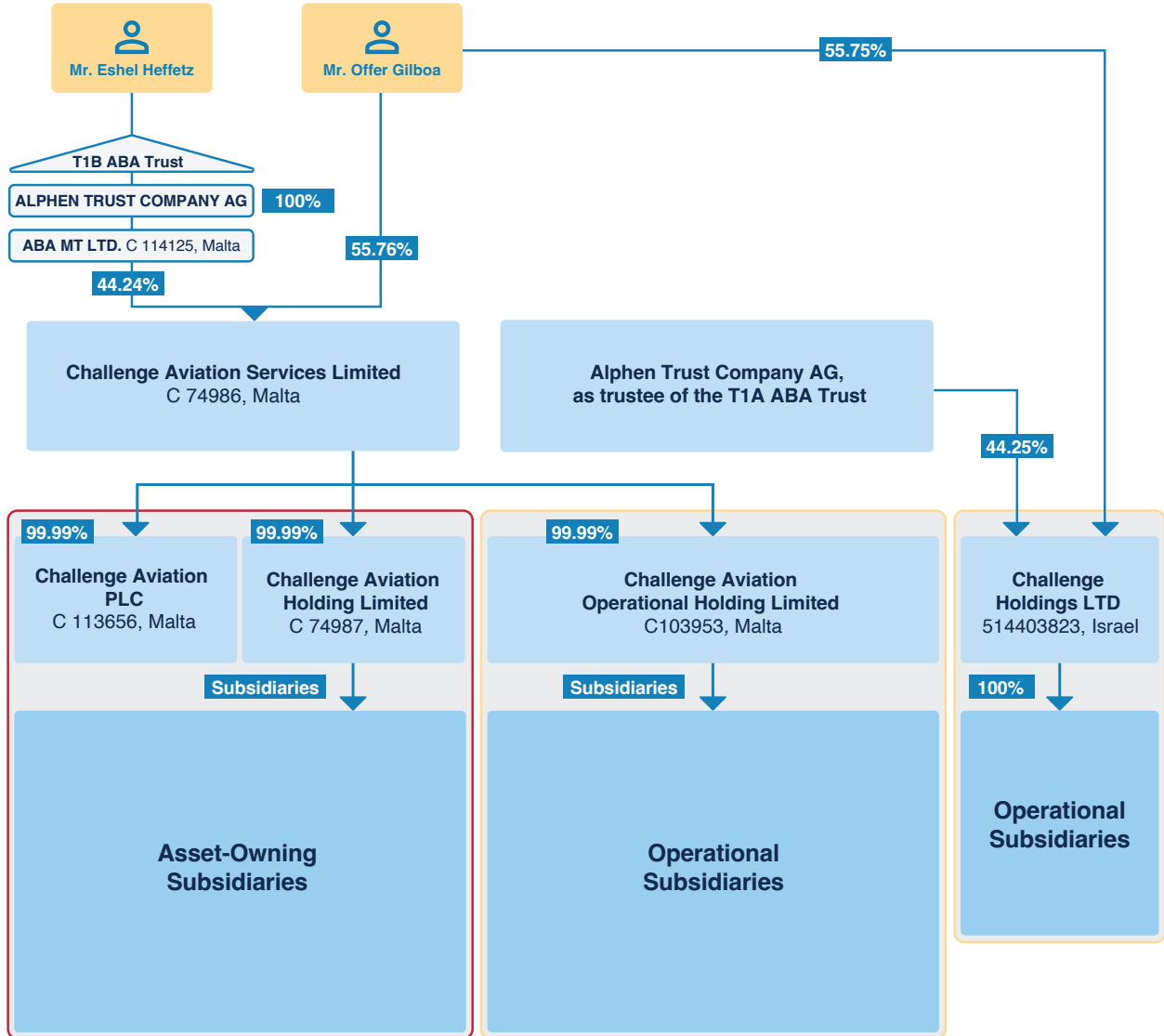
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PART 1 - INFORMATION ABOUT THE GROUP

1.1 The Group’s key activities and Group structure

The Group’s complete organisational chart is set out below:



The companies marked in red make up the Bond Group, whilst those companies marked in yellow make up the Operational Group.

Challenge Aviation p.l.c. (the “**Issuer**” or the “**Company**”) was incorporated on 30 October 2025 as a public limited liability company in Malta (C 113656). **Challenge Aviation Holding Limited** (C 74987) (the “**Guarantor**”), its subsidiaries, and the Issuer form the “**Bond Group**”.

The Bond Group forms part of the wider “**Challenge Group**” (or “**Group**”), a vertically integrated air-cargo and aviation services platform combining airlines, ground handling, logistics, maintenance and a dedicated aircraft-leasing capability under one unified structure. As at 2025, the Challenge Group employs over 1,030 people across Malta, Belgium and Israel, operating a fleet of wide-body freighters (B747, B767, B777).

Within the broader Challenge Group, two distinct but interdependent sub-groups exist:

1.1.1 The Bond Group (Leasing Arm)

The Bond Group comprises:

- **The Issuer – Challenge Aviation p.l.c.**
A Malta-based financing Special Purpose Vehicle (SPV) established as a finance company. Its principal objects include raising capital (bonds, debentures or other debt instruments) and on-lending proceeds within the Bond Group to fund aircraft acquisitions and conversions. The Issuer's performance is therefore intrinsically linked to that of the Guarantor and its subsidiaries.
- **The Guarantor – Challenge Aviation Holding Limited**
Incorporated on 28 March 2016, the Guarantor is the holding company of the Asset-Owning Subsidiaries.
- **The Asset-Owning Subsidiaries** (wholly owned by the Guarantor, save for one share held by Challenge Aviation Services Limited), which, together, own 14 aircraft and 8 spare engines, are:
 - Ace Aviation Limited (C 74988)
 - Ace Aviation II Limited (C 80124)
 - Ace Aviation III Limited (C 82377)
 - Ace Aviation IV Limited (C 86571)
 - Ace Aviation V Limited (C 95931)
 - Ace Aviation VI Limited (C 101563) – Security Provider
 - Ace Aviation VII Limited (C 98417)
 - Ace Aviation VIII Limited (C 98420)
 - Ace Aviation IX Limited (C 99822)
 - Ace Aviation X Limited (C 99820)
 - Ace Aviation XI Limited (C 99819) – Target Aircraft purchaser
 - Ace Aviation XII Limited (C 99823)
 - Ace Aviation XIV Limited (C 109237)
 - Ace Aviation XV Limited (C 109236)
 - Ace Aviation XVI Limited (C 111101)
 - Ace Aviation XVII Limited (C 111102)
 - Ace Aviation XVIII Limited (C 111103)
 - Ace Aircraft Engines & Aviation Equipment Limited (C 82375)

The Bond Group's primary function is to acquire, convert (where required), finance, and lease freighter aircraft. These assets generate stable, contractual lease income under medium- to long-term lease agreements. The Bond Group is also home to Ace Aviation VI Limited (Security Provider for the Bond Issue) and Ace Aviation XI Limited, the entity acquiring the Target Aircraft (B777-300ER).

1.1.2 The Operational Group (Air Cargo & Logistics Division)

The Operational Group comprises the Challenge Airlines entities and related operational subsidiaries:

- Challenge Holdings LTD (Israel);
- Challenge Airlines IL Ltd. (Israel) – freighter operator based in Tel Aviv;
- Challenge Handling Services S.A. (Belgium);
- Swissport Cargo Services Israel LTD (Israel);
- Challenge Aviation Operational Holding Limited (Malta);
- Challenge Airlines BE S.A. (Belgium) – primary European freighter operator based in Liège;
- Challenge Technic (MT) Limited (Malta);
- Challenge Technic GMBH (Germany);
- Challenge Technic ehf (Iceland);
- Challenge Technic LDA (Cape Verde); and
- Challenge Air Cargo Limited (Malta) – commercial cargo management.

The Operational Group is responsible for all aviation and logistics operations and acts as the Bond Group's principal lessee. It deploys the aircraft provided by the Bond Group across long-haul and regional cargo routes, handling general cargo, pharmaceuticals, perishables, oversized freight, and time-critical logistics.

1.1.3 Ownership Structure

The ultimate beneficial owners are Mr. Offer Gilboa and Mr. Eshel Heffetz, who hold their interests indirectly through Challenge Aviation Services Limited, the immediate parent company of both the Issuer (holding 299,999 of 300,000 shares) and the Guarantor.

The Issuer's authorised and issued share capital is USD 300,000 divided into 300,000 ordinary shares of USD 1 each, all fully paid-up. Challenge Aviation Services Limited holds all shares except for 1 ordinary share held by the Guarantor.

The Guarantor's authorised and issued share capital is \$1,338.48 divided into 9,999 ordinary A shares and 1 ordinary B share of USD 0.133848 each, all fully paid-up. Challenge Aviation Services Limited holds all shares except for 1 ordinary B share held by ABA MT Ltd (C 114125).

1.1.4 Review of the Business

The Bond Group, based exclusively in Malta, manages the acquisition and ownership of commercial aircraft. These assets are leased out under medium- to long-term agreements, generating stable, contractual monthly revenue.

1.2 Directors and Employees

Board of Directors – Issuer

The board of directors of the Issuer is composed of the following persons:

Name	Designation
Mr. Didier Fernand P. Henet	Non-Executive Independent Director
Mr. Colin Gregory	Non-Executive Independent Director
Dr. Andrew Muscat	Non-Executive Independent Director

The business address of all directors of the Issuer is the registered office of the Issuer.

The secretaries of the Company are TCV Management and Trust Services Limited (Company Registration No. C 17138); and Dr. Sarah Abela.

Board of Directors – Guarantor

The board of directors of the Guarantor consists of the following persons:

Name	Designation
Mr. Didier Fernand P. Henet	Director
Mr. Colin Gregory	Director
Mr. Yossi Shoukroun	Director

The business address of all the directors of the Guarantor is the registered office of the Issuer.

The secretary of the Guarantor is Dr. Sarah Abela.

Employees

The Challenge Group employs over 1,030 staff members across several countries, encompassing personnel across all operating divisions: airlines, ground handling, logistics, maintenance, and commercial operations. The Bond Group itself, being a non-trading holding and aircraft ownership structure, does not directly employ operational staff but relies on the wider Challenge Group's management and administrative resources.

1.3 Major Assets owned by the Bond Group

The Bond Group's major assets comprise its **Aircraft Portfolio** of 14 owned aircraft and 8 spare engines, with an overall valuation of approximately **USD 372.78m** (plus USD 17.6m in engines and aviation equipment).

Aircraft Portfolio

As at the date of this Analysis, the Bond Group's aircraft portfolio comprised the following:

Aircraft Type	MSN	Owning Subsidiary	Valuation (USDm)
Boeing 747-412F	26561	Ace Aviation Limited	26.7
Boeing 747-400F	33729	Ace Aviation VI Limited (Secured Aircraft)	39.8
Boeing 747-412F	24227	Ace Aviation II Limited	20.23
Boeing 747-400F	35169	Ace Aviation III Limited	52.92
Boeing 747-400F	26563	Ace Aviation IV Limited	18.99
Boeing 767-333F	25588	Ace Aviation VII Limited	22.28
Boeing 767-300F	30301	Ace Aviation VII Limited	26.95
Boeing 767-300F	28207	Ace Aviation V Limited	23.13
Boeing 767-300F	29435	Ace Aviation V Limited	24.78
Boeing 777-300ER	38284	Ace Aviation XI Limited (Target Aircraft)	45.7
Boeing 777-300ER	35162	Ace Aviation VIII Limited	17.5
Boeing 777-300ER	35159	Ace Aviation IX Limited	16.0
Boeing 777-300ER	35158	Ace Aviation X Limited	12.5
Boeing 747-EVF	35172	Ace Aviation XII Limited	25.3
Total Aircraft			372.78

In addition to the Aircraft Portfolio, the Bond Group owns 8 spare engines valued at USD 17.6m as at 31 December 2024, which are leased to related parties.

The values have been extracted from multiple sources including the year-end 2024 audited financial statements, independent valuations, or recent purchase prices.

Aircraft are leased out under medium- to long-term lease agreements, generating stable monthly rental income for the Bond Group.

1.4 Operational Developments

1.4.1 Target Aircraft Acquisition

The Bond Group acquired the Target Aircraft, a Boeing 777-300ER (MSN 38284), through Ace Aviation XI Limited.

The acquisition was the subject of a Sale and Purchase Agreement dated 17 December 2024. A deposit was paid upon signing, and on 19 March 2025, Ace Aviation XI Limited assigned its rights to TVPX Aircraft Solutions Inc. (as owner trustee) pending final payment and conversion. The balance was paid on 8 April 2025, funded by the Target Aircraft Loan granted by the Guarantor to Ace Aviation XI Limited.

The Target Aircraft is currently a passenger aircraft and requires conversion to a cargo-carrying aircraft (the “**Conversion**”). Once conversion is complete, the trustee relationship will be terminated and the Target Aircraft will be held directly by Ace Aviation XI Limited for onward leasing to the Operational Group.

The proceeds of the Bond Issue are earmarked to pay down part of the Target Aircraft Loan, reducing the Guarantor’s financing exposure.

1.4.2 Fleet Expansion and Investment

Between FY23 and FY24, the Bond Group undertook a significant fleet expansion programme, with property, plant and equipment (primarily aircraft and engines) increasing from USD 168.4m to USD 270.4m. This growth continued into the first half of FY25, with the aircraft and engine portfolio reaching USD 312.9m by June 2025.

Key acquisitions during 2023–2025 included:

- Four Boeing aircraft - one 767 aircraft was capitalised in 2023, two 747 aircraft were acquired in 2024, and one 747 aircraft was acquired in 2025
- Continued investment in Boeing 777-300ER aircraft purchases
- Purchase of engines, auxiliary power units and related aviation equipment

This fleet expansion aligns with the Bond Group’s long-term strategy to capitalise on strong demand for air cargo capacity and favourable aircraft leasing conditions driven by ongoing supply constraints in the aviation manufacturing sector.

1.5 Use of Proceeds

The net proceeds from the Bond Programme are expected to amount to an aggregate of €30m before issue costs and will be utilized to refinance the acquisition of a Boeing B777-300ER aircraft.

Security and Oversight

To ensure the proceeds are applied as described, the Issuer has appointed Finco Trust Services Ltd as the Security Trustee. The Trustee will collect the bond proceeds and release funds strictly in accordance with the Use of Proceeds.

The bond is secured by a comprehensive collateral package, including:

- the Pledge on Aircraft;
- the Tripartite Agreement;
- the Aircraft Security Agreement; and
- the Pledge on Insurance.

1.6 Likely major future business developments

The Bond Group's growth strategy centres on continued fleet expansion to meet anticipated demand for air cargo capacity. Industry forecasts indicate that projected demand for cargo aircraft is expected to exceed the supply of in-service units until at least 2034, creating favourable conditions for aircraft leasing rates and air freight yields.

The Bond Group continuously monitors macroeconomic conditions, fuel price volatility, geopolitical factors, aircraft production delays, regulatory developments, and currency/interest rate exposure. Based on current information, management does not anticipate any of these factors having a materially adverse impact on the Bond Group's overall financial position or prospects during the current financial year.

The Bond Group's principal income stream is derived from medium- to long-term contractual lease agreements. Given the financial stability of third-party customers and the contractual nature of lease arrangements, the Directors are confident that the anticipated revenue streams in the coming year and foreseeable future will be generated as contracted.

PART 2 - HISTORICAL PERFORMANCE AND FORECASTS

Established on 30 October 2025, the Issuer serves as a dedicated special purpose vehicle designed to facilitate the Bond Group's capital-raising activities, specifically through the issuance of the proposed bonds and the subsequent on-lending of proceeds. Given its recent incorporation, the Issuer has no independent historical financial track record; therefore, the consolidated financial statements of the Guarantor are presented to provide a comprehensive overview of the business.

The Issuer's most material Statement of Financial Position balances are forecast to consist of:

- Loans receivable representing the onward transmission of the use of proceeds of the Bond to the Bond Group companies
- Long-term dues representing the Bond Issue payable
- Share capital of USD 300,000

The Issuer will incur Bond interest at 5.75% and charge interest on loans receivable at a marginally higher rate to ensure sufficient coverage for its operating expenses.

The historical financial information for the financial year ended 31 December 2024 and its comparative period ending 31 December 2023 have been audited by PricewaterhouseCoopers (PwC). Please note that the prospective financial information included herein is forward-looking and based on assumptions deemed reasonable by Management. However, as these projections relate to future events, they are subject to inherent risks and uncertainties, and actual results may differ materially from those forecasted.

2.1 Guarantor's Statement of Comprehensive Income

Income Statement for the years ended 31 December	2023A (restated)	2024A	2025P	2026F	2027F
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	30,098	36,277	43,403	55,106	69,534
Cost of Sales (excluding Depreciation & Amortisation)	(293)	(232)	(1,607)	-	-
Gross Profit	29,805	36,045	41,796	55,106	69,534
Administrative expenses	(4,218)	(3,530)	(3,280)	(4,638)	(3,063)
Other operating income	9,959	4,648	-	-	-
EBITDA	35,546	37,163	38,516	50,468	66,470
Depreciation & Amortisation	(11,673)	(20,363)	(26,177)	(35,367)	(38,234)
EBIT	23,873	16,800	12,339	15,101	28,237
Other income / (expenses)	-	-	(3,906)	-	-
Finance income	580	584	199	117	53
Finance costs	(4,839)	(4,159)	(4,812)	(6,018)	(6,920)
Profit before Tax	19,614	13,225	3,820	9,199	21,370
Income tax	(651)	(2,001)	(1,337)	(3,270)	(7,429)
Profit after Tax	18,963	11,224	2,483	5,929	13,941

Ratio Analysis	2023A (restated)	2024A	2025P	2026F	2027F
Profitability					
Growth in Revenue (YoY Revenue Growth)	27.8%	20.5%	19.6%	27.0%	26.2%
Gross Profit Margin (Gross Profit / Revenue)	99.0%	99.4%	96.3%	100.0%	100.0%
EBITDA Margin (EBITDA / Revenue)	118.1%	102.4%	88.7%	91.6%	95.6%
Operating (EBIT) Margin (EBIT / Revenue)	79.3%	46.3%	28.4%	27.4%	40.6%
Net Margin (Profit for the year / Revenue)	63.0%	30.9%	5.7%	10.8%	20.0%
Return on Common Equity (Net Income / Average Equity)	21.0%	10.7%	2.2%	5.1%	11.0%
Return on Assets (Net Income / Average Assets)	6.9%	3.6%	0.6%	1.3%	2.8%

Revenue

The historical period from FY23A to FY24A reflects a phase of limited expansion for the Bond Group, characterised by strong revenue growth driven by increased aircraft leasing activity. Revenue across the period is almost entirely generated from the leasing of wide-body freighter aircraft and engines to related operators within the Challenge Group under fixed monthly lease arrangements, which provide stable and predictable income. The uplift in revenue between FY23A and FY24A, from USD 30.1m to USD 36.3m (20.5% growth), was primarily attributable to the growth of the aircraft fleet.

Looking forward, revenue for FY25P–FY27F remains predominantly underpinned by contracted aircraft leasing, which is expected to account for an average of c.90% of total revenue throughout the forecast period, complemented by engine leasing (on- and off-wing). Management anticipates revenue to increase at a CAGR (Compound Annual Growth Rate) of c.26.6% over the forecast period, mainly driven by additional aircraft deployments commencing in FY25P. Following the addition of two aircraft in FY25P, a further three units are projected to join the fleet across FY26F and FY27F. Two are scheduled for conversion, while the third is already in freighter configuration.

Cost of Sales and Gross Profit

Cost of sales remained limited throughout the period given the nature of the Bond Group's aircraft leasing SPV model. In FY23A and FY24A, cost of sales was largely driven by expenses related to Ace Aircraft Engines and Aviation Equipment Limited (AAE), which primarily comprised rental charges and storage costs. These costs had seen a decline in FY23A from previous historical levels due to the termination of the relevant rental arrangements.

From FY26F onward, cost of sales effectively falls away at the gross margin line, with the only aircraft-related burden being depreciation on aircraft and engines, which is presented below EBITDA. Consequently, gross profit margins are forecast to remain exceptionally high (96.3% in FY25P and reaching 100% in FY26F and FY27F), consistent with the capital-intensive yet low-operating-cost profile of the leasing model.

Administrative Expenses

Administrative expenses over the period were made up predominantly of legal, professional, management and consultancy fees. These expenditures mainly related to transaction activity, asset acquisitions and technical consultancy services. Administrative expenses decreased from USD 4.2m in FY23A to USD 3.5m in FY24A as transaction related activity normalised and related costs did not recur.

Looking ahead, management expects administrative expenses to increase in FY26F, driven by higher legal and professional fees associated with the acquisition of new aircraft between FY25P and FY27F; professional/legal fees are estimated at c.USD 420k per aircraft acquisition. Thereafter, administrative expenses are expected to stabilise from FY27F onwards as acquisition activity normalises.

Other Operating Income

Other operating income during the historical period was driven primarily by the release of accumulated maintenance reserves. Following a change in maintenance policy effective 1 January 2023, the Bond Group transitioned from collecting monthly maintenance reserves to managing maintenance through end of lease adjustments. As a result, maintenance reserves accumulated prior to the last maintenance event were released to the income statement in FY23A and FY24A. Thus, from FY25P onward, Management does not forecast any other operating income.

Depreciation

Depreciation relates to the depreciation on aircraft, engines and auxiliary power units. Depreciation trends over the period reflected both accounting policy changes and fleet expansion. The adoption of IFRS in January 2023 resulted in aircraft being carried under the cost model rather than the revaluation model used under GAPSME. In FY24A depreciation increased significantly reaching USD 20.4m due to the acquisition of additional aircraft and engines as well as capitalised conversion costs for the Boeing fleet. In line with the forecast asset acquisitions, depreciation is expected to increase commensurately as the asset base grows, reaching USD 38.2m in FY27F.

Finance Income and Costs

Finance costs historically reflected interest on bank loans, third-party loans, and related-party funding used for aircraft purchases and conversions, with movements between FY23A and FY24A driven by higher interest expenses from new facilities.

Across the forecast period (FY25P–FY27F), finance costs primarily comprise interest on existing bank loans, third-party loan obligations, related-party funding lines, and the interest associated with the proposed bond issuance. As a result of this bond, finance costs are expected to spike to approximately USD 6m in FY26F, before increasing moderately in FY27F in line with the Bond Group's expanded debt profile.

Finance income during the forecast period primarily arises from interest earned on balances held with financial institutions, interest receivable from loans to related parties, and returns on deposits with third parties. Overall, the widening net finance cost position reflects both the Bond Group's enlarged borrowing base – supporting its fleet expansion strategy – and the incremental interest obligations introduced through the proposed bond issuance.

EBITDA, Profitability and Profit after Tax

Despite strong revenue and EBITDA growth, profitability at the bottom line was affected by the persistent rise in depreciation. EBITDA increased from USD 35.5m in FY23A to USD 37.2m in FY24A, with margins consistently exceeding 80% due to the capital-intensive but operationally efficient nature of the aircraft leasing structure. However, profit for the year declined from USD 19m to USD 11.2m as the substantial increase in depreciation associated with the larger fleet outweighed the benefits of higher operating income. Overall, the period reflects a strengthening of the Bond Group's revenue base and operating capacity, supported by fleet expansion and a structurally high margin business model.

Over the forecast period, Management expects EBITDA to grow at a CAGR of c.31.4%, rising from USD 38.5m (FY25P) to USD 50.5m (FY26F) and USD 66.5m (FY27F). This trajectory is supported by incremental lease income from fleet expansion and new lease agreements, alongside a reduction in operating expenditures – principally lower legal and professional fees related to the acquisitions assumed to be fully invoiced by FY26F. While FY25P bottom line performance is compressed by elevated depreciation and non-recurring items, profitability improves in FY26F and accelerates in FY27F as revenue scales, operating leverage strengthens, and the depreciation burden normalises relative to the revenue base. Taxation across the forecast period reflects corporate income tax charges applicable to operating entities, prepared internally by Management in line with prevailing tax rates on operations.

2.2 Guarantor's Statement of Financial Position

Statement of Financial Position	2023A (restated)	2024A	2025P	2026F	2027F
	\$'000	\$'000	\$'000	\$'000	\$'000
Assets					
Non-current assets					
Property, plant and equipment	168,425	270,404	326,926	404,853	435,340
Other financial assets at amortised cost	11,958	15,191	15,191	6,514	6,514
Trade and other receivables	14,568	14,568	37,000	23,577	26,666
Total non-current assets	194,951	300,163	379,117	434,943	468,519
Current assets					
Other financial assets at amortised cost	4,029	78	78	78	78
Trade and other receivables	49,979	39,474	34,105	33,662	33,662
Cash and cash equivalents	32,982	7,973	13,712	19,842	20,643
Total current assets	86,990	47,526	47,894	53,582	54,383
Total assets	281,940	347,688	427,011	488,525	522,902
Equity					
Share capital	1	1	1	1	1
Retained earnings	99,702	110,925	113,408	119,337	133,278
Total equity	99,703	110,927	113,410	119,339	133,279
Liabilities					
Non-current liabilities					
Borrowings (non-current)	86,352	139,524	218,635	271,006	283,426
Deferred tax liability	5,657	7,219	7,219	7,219	7,219
Trade and other payables (non-current)	14,829	19,554	19,554	19,554	19,554
Total non-current liabilities	106,838	166,297	245,408	297,779	310,199
Current liabilities					
Borrowings (current)	12,256	14,471	12,865	14,146	18,004
Trade and other payables (current)	61,138	54,787	54,550	54,550	54,550
Current tax liability	2,005	1,207	570	2,503	6,662
Deferred consideration	-	-	208	208	208
Total current liabilities	75,399	70,465	68,193	71,407	79,424
Total liabilities	182,237	236,762	313,602	369,186	389,623
Total equity and liabilities	281,940	347,688	427,011	488,525	522,902

Ratio Analysis	2023A (restated)	2024A	2025P	2026F	2027F
Financial Strength					
Gearing 1 (Net Debt / Net Debt and Total Equity)	39.7%	56.8%	65.8%	69.0%	67.8%
Gearing 2 (Total Liabilities / Total Assets)	64.6%	68.1%	73.4%	75.6%	74.5%
Gearing 3 (Net Debt / Total Equity)	65.8%	131.6%	192.0%	222.3%	210.7%
Net Debt / EBITDA	1.8x	3.9x	5.7x	5.3x	4.2x
Current Ratio (Current Assets / Current Liabilities)	1.2x	0.7x	0.7x	0.8x	0.7x
Interest Coverage Ratio (EBITDA / Finance costs)	7.3x	8.9x	8.0x	8.4x	9.6x

Assets

The balance sheet is anchored by a large and expanding PPE base, reflecting the Bond Group's aircraft and engine portfolio and ongoing conversion programme. Total assets are projected to rise from USD 281.9m (FY23A) to USD 522.9m (FY27F), with PPE increasing from USD 168.4m to USD 435.3m over the same period – driven by additional aircraft (notably B747 and B777 units), engine purchases and capitalised conversion works. In FY24A alone, PPE additions of USD 122.3m were recorded, mainly for aircraft purchases and conversions; several of these aircraft are pledged as collateral against bank facilities, consistent with the Bond Group's secured financing model.

Non-current receivables rise in FY25P (USD 37.0m) before moderating (USD 23.6m in FY26F; USD 26.7m in FY27F). This profile is consistent with advances and pre-delivery payments related to aircraft acquisitions/conversions that are recognised outside current assets until delivery milestones are met. Current trade and other receivables trend lower to ~USD 33.7m by FY27F, which – together with rising cash balances (USD 7.97m FY24A to USD 20.64m FY27F) – keeps total current assets broadly stable around USD 48–54m through the forecast period.

Other financial assets at amortised cost (loans) decline in the projections from USD 15.2m (non-current, FY24A) to USD 6.5m (FY26F – FY27F), consistent with a deleveraging of intra-group exposures and a refocus of liquidity towards fleet capex and bond-funded acquisitions.

Equity

Equity is forecast to build progressively from USD 99.7m (FY23A) to USD 133.3m (FY27F), predominantly through retained earnings as profitability normalises post-investment.

Liabilities

Total liabilities expand significantly from USD 182.2m in FY23A to USD 389.6m in FY27F, driven by the funding requirements of the Bond Group's accelerated fleet expansion and conversion programme. This increase is primarily attributable to higher non-current borrowings, which rise from USD 86.4m (FY23A) to USD 283.4m (FY27F).

Trade and other payables remain elevated across the forecast period (current: c.USD 54.6m; non-current: c.USD 19.6m), reflecting the presence of refundable security deposits and balances tied to qualified maintenance events. These amounts are either applied against major overhaul works or returned at lease termination. Meanwhile, deferred tax liabilities remain stable at approximately USD 7.2m from FY25P to FY27F, primarily arising from temporary differences on PPE following the adoption of the IFRS cost model and revised depreciation methodology.

From a capital-structure perspective, the Bond Group's gearing metrics align with its investment-heavy phase: Gearing 2 peaks at 75.6% in FY26F, before easing marginally to 74.5% in FY27F. At the same time, operational scaling drives a steady deleveraging of earnings-based ratios, with Net Debt/EBITDA improving from 5.7x in FY25P to 4.2x in FY27F as incremental aircraft begin contributing to revenue. Liquidity remains tight but workable for a leasing platform, with the current ratio hovering around 0.7 – 0.8x, supported by predictable contracted lease inflows. Importantly, interest coverage is projected to strengthen to 9.6x by FY27F, reflecting the enhanced operating cash generation relative to finance costs as the fleet reaches a more mature utilisation profile.

2.3 Guarantor's Statement of Cash Flows

Cash Flow Statement	2023A (restated)	2024A	2025P	2026F	2027F
	\$'000	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
EBIT	23,873	16,800	12,339	15,101	28,237
Adjustments for:					
Depreciation and Amortisation	12,667	20,363	26,177	35,367	38,234
Changes in working capital	(4,459)	9,304	3,713	(39)	(39)
Tax paid	(1,228)	(1,238)	(2,001)	(1,337)	(3,270)
Finance costs	(4,259)	(3,575)	-	507	-
Finance income	-	-	53	53	53
Other adjustments	-	-	(3,906)	-	-
Net cash flows generated from operating activities	26,594	41,654	36,374	49,651	63,213
Cash flows from investing activities					
Amounts advanced to group companies	(3,779)	-	-	-	-
Repayment of amounts advanced to group companies	-	717	-	-	-
Payments to acquire property, plant and equipment	(22,947)	(122,342)	(100,556)	(99,871)	(71,810)
Amounts advanced to acquire property, plant and equipment	-	(425)	-	-	-
Net cash flows used in investing activities	(26,726)	(122,050)	(100,556)	(99,871)	(71,810)
Cash flows from financing activities					
Proceeds from bank loans	36,528	8,598	-	-	-
Repayments of bank loans	(3,992)	(10,830)	(10,135)	(10,816)	(11,543)
Movement in other financial liabilities	(53,652)	57,619	80,055	67,166	20,940
Net cash flows generated from/(used in) financing activities	(21,117)	55,388	69,920	56,350	9,397
Movement in cash and cash equivalents	(21,249)	(25,008)	5,738	6,130	801
Cash and cash equivalents at start of year	54,231	32,982	7,973	13,712	19,842
Cash and cash equivalents at end of year	32,982	7,973	13,712	19,842	20,643

Ratio Analysis	2023A (restated)	2024A	2025P	2026F	2027F
Cash Flow	\$'000	\$'000	\$'000	\$'000	\$'000
Free Cash Flow (Net cash from operations - Capex)	3,647	(81,113)	(64,182)	(50,219)	(8,596)

The Bond Group's cash flow profile over FY23A–FY27F reflects the dynamics of a capital-intensive fleet expansion cycle.

Operating Activities

Operating cash flows strengthened materially, rising from USD 26.6m in FY23A to USD 41.7m in FY24A and are forecast to grow to USD 63.2m in FY27F, as a result rising depreciation charges and expanding lease revenues as the fleet grows. The improvement also reflects the stabilisation of working capital movements, which become marginal from FY26F onward, underpinned by the transition to an end of lease maintenance model.

Investing Activities

In contrast, investing cash flows remain heavily negative, with outflows significantly rising from USD 26.7m in FY23A to USD 122.1m in FY24A, forecast to decline slightly to USD 100.6m in FY25P, thereafter continuing this downward trend to reach USD 71.8m in FY27F, reflecting the Bond Group's extensive capital programme to acquire and convert aircraft.

Financing Activities

On the financing side, cash inflows fluctuate in line with funding requirements, with FY23A showing a negative outflow of USD 21.1m due to the repayment of loans from group companies and third party loans, and FY24A presenting a net financing inflow of USD 55.4m driven by new bank facilities and intra-group funding movements. In FY26F, financing inflows are expected to again strengthen to USD 56.4m as the Guarantor receives the proceeds from the €30m proposed bond. Thereafter, net financing inflows are expected to decline substantially to USD 9.4m in FY27F as funding requirements lessen.

Cash Position and Free Cash Flow (FCF)

As a result of the strong operating inflows and continued access to external financing, the Bond Group's cash balances are projected to recover from the low point recorded in FY24A – a year characterised by exceptionally high CAPEX – to USD 19.8m by FY26F and USD 20.6m in FY27F. Free cash flow remains negative throughout the period, reflecting the scale and timing of the Bond Group's multi-year investment programme; following the USD 81.1m outflow in FY24A, FCF is expected to remain negative as substantial capital continues to be deployed into aircraft acquisitions and conversions. Despite this, the progressive strengthening of operational cash generation and the recovery in cash reserves indicate that the Bond Group is gradually transitioning out of its investment-heavy phase and moving toward a period increasingly supported by stable, recurring contracted lease income.

PART 3 - KEY MARKET AND COMPETITOR DATA

3.1 Global air cargo and freighter aircraft market

The global freighter aircraft market was estimated at around USD 6.2bn in 2024, with wide-body freighters representing approximately 61% of market value, reflecting their central role on long-haul and high volume trade lanes. Market growth is underpinned by structural drivers including continued expansion in cross border e-commerce, globalised supply chains and demand for time-critical logistics in sectors such as pharmaceuticals, perishables and high-value manufacturing. As such, industry analyses forecast that the value of the global freighter market shall grow at a CAGR of 4.5% (vs. volume for CAGR of 3.7%) to reach a market value of USD 7.9bn by 2030 and USD 9.5bn by 2034. The replacement of ageing fleets and continued production and conversion of efficient wide-body types expected to support further fleet expansion¹.

¹ GMI | Freighters Aircraft Market Size, Share & Trends | Forecast 2025-2034

Within this broader context, the global aircraft leasing market (covering passenger and cargo aircraft) was valued at approximately USD 197.9bn in 2025 and is forecast to more than double by 2035, growing at a CAGR of 7.95%². The wide-body segment is expected to grow at a CAGR of 14.2% between 2025-2034 due to the need for long-haul capacity and cargo uplift. Dedicated cargo aircraft leasing represents a specialised segment within this market, with lessors financing both new build freighters and passenger to freighter (P2F) aircraft and providing off balance sheet fleet solutions to airlines seeking capital-light growth³.

3.2 Wide-body freighter segment and conversion trends

According to Boeing's World Air Cargo Forecast (WACF) 2024–2043, dedicated freighters will continue to carry more than half of global air-cargo traffic, underscoring the central role of main-deck capacity in long-haul logistics. Building on this, Boeing's freighter fleet outlook segments aircraft into:

- Standard-body (<40 tonnes) – including the Boeing 727, 737, 757, MD-80, DC-9, and the Airbus A320 Series
- Medium wide-body (40–80 tonnes) – including the Boeing 767, DC-10, Airbus A300/A310, Airbus A330, and Ilyushin IL-76
- Large wide-body (>80 tonnes) – including the Boeing 747, 777, MD-11, Airbus A350, Antonov An-124, and the Ilyushin IL-96

Boeing further forecasts that future demand will increasingly favour factory-produced large wide-body models due to their efficiency and utilization advantages. Over the next 20 years, the global dedicated freighter fleet is projected to grow by roughly 66%, from 2,340 aircraft in 2023 to 3,900 by 2043, with total deliveries of 2,845 aircraft; about 45% of these deliveries will replace retiring units and the remainder will support fleet growth. Boeing further indicates that about two-thirds of total deliveries will be passenger-to-freighter (P2F) conversions, and nearly 70% of those conversions will be standard-body freighters, reflecting conversions' continuing role as a cost-effective source of incremental capacity⁴.

3.3 Geographic analysis of the aircraft leasing market²

The global aircraft leasing market shows a clear geographic distribution led by North America, which held the largest regional share at 41% in 2025, driven by its mature commercial aviation ecosystem, deep leasing infrastructure, and robust fleet-renewal programs among major U.S. carriers. In contrast, Asia-Pacific is positioned as the fastest growing region through 2035, supported by rapid expansion of airlines in India, China, Indonesia, and Vietnam, where operators increasingly adopt asset-light models and depend on leased narrow-body fleets to accommodate high growth domestic and regional markets. Europe remains highly relevant as a global financial and structuring hub for aircraft leasing – particularly Dublin – benefiting from favourable legal frameworks, tax efficient funding, and an active secondary market for midlife aircraft. Regional variation in lease type also reflects geographic patterns: dry leases dominate globally, favoured in North America and Europe where airlines possess the necessary operational infrastructure, while wet leasing grows fastest in developing regions such as Africa and Southeast Asia, where start-ups and regional operators require turnkey aircraft solutions due to limited access to certified crew and maintenance resources. Additionally, long-term leases (6–12 years) play a major role worldwide – especially for full service and low-cost carriers (LCCs) in North America and Europe – while short-term leases rise fastest across emerging markets as carriers pursue tactical flexibility amid demand seasonality and supply-chain disruptions. Overall, the geographic footprint of aircraft leasing reflects a dual-track profile: North America as the largest value pool, and Asia-Pacific as the structural growth engine, with Europe underpinning global financing and midlife aircraft trading.

² Precedence Research | Aircraft Leasing Market (2026)

³ GMI | Aircraft Leasing Market Share, Growth & Forecast 2025 - 2034

⁴ Boeing | World Air Cargo Forecast (WACF) 2024-2043

3.4 Geographic analysis of air cargo trends⁴

Geographically, the world's air cargo flows are dominated by a few powerful inter-regional corridors, with East Asia–North America representing the largest air cargo market globally. This lane is projected to more than double in volume by 2043, supported by East Asia's strong manufacturing base, North America's large consumer market, supply-chain diversification into Southeast Asia, and significant growth in cross-border e-commerce. The East Asia–Europe corridor is the second-largest, also forecast to grow at approximately 4% annually over the next 20 years, driven by expanding middle-class consumption in East Asia, increased European exports of high-value goods, and a rise in e-commerce flows across Eurasia. The Europe–North America market, although more volatile, maintains positive long-term growth, with over 40% of cargo still carried on freighters due to regulatory requirements, special-cargo needs, and scheduling mismatches that limit the full use of belly capacity. Meanwhile, Latin America–North America forms a resilient corridor supported by perishables exports, near-shoring trends, and high reliance on Miami, which handles ~65% of freighter capacity between the regions. At the regional level, domestic and intra-Asia flows – particularly in India and China – show some of the highest projected growth, fuelled by express networks, e-commerce penetration, and continued industrial expansion. Globally, freighters remain indispensable: ~54% of air cargo traffic has historically been transported on main-deck freighters, and freighter operators generated 90% of industry revenue in 2023, underscoring the structural importance of dedicated cargo aircraft across all major trade lanes. Boeing forecasts ~4% annual global cargo traffic growth (CTKs) through 2043, powered largely by Asia-centric economies and the expansion of express and e-commerce logistics networks.

3.5 Competitor analysis of global aircraft lessors^{2,4}

The competitive landscape in global aircraft leasing is led by a cluster of major lessors, each with distinct regional strengths and portfolio strategies. AerCap, the world's largest lessor by fleet value, has been expanding its dry-lease offerings to meet growing demand from Asian and European carriers, while also engaging heavily in long-term lease placements that support fleet modernization programs globally. BOC Aviation and SMBC Aviation Capital both exhibit strong competitive positioning in Asia-Pacific, expanding dry-lease portfolios to serve rapidly growing LCCs and national carriers, particularly in India and Southeast Asia, where demand for next-generation narrow-bodies is accelerating. CDB Aviation and Jackson Square Aviation maintain significant presence in long-term operating leases, with the latter showing notable portfolio activity in North America, supporting U.S. airlines undergoing fleet renewal. Air Lease Corporation and Aircastle also feature prominently in the North American market, benefiting from large, credit-strong carrier clients and active sale-and-leaseback pipelines. Across all competitors, narrow-body aircraft (A320neo, 737 MAX) remain the strategic backbone, reflecting global airline preference for fuel-efficient single-aisle fleets. Moreover, Precedence Research identifies cargo operators as the fastest-growing lessee segment, aligning with Boeing's forecast of rising freighter demand and the expansion of express networks – suggesting that lessors with conversion programs or dedicated freighter portfolios will enjoy expanding competitive advantage. Collectively, the global lessor landscape is characterised by scale players deepening their presence in APAC growth markets, maintaining North American fleet-renewal partnerships, and increasingly targeting cargo leasing opportunities as air-freight demand structurally rises.

3.6 Comparative Analysis

The purpose of the table below compares the Bond issued by the Issuer to other debt instruments. One must note that given the material differences in profiles and industries, the risks associated with the Bond Group's business and that of other issuers is therefore also different.

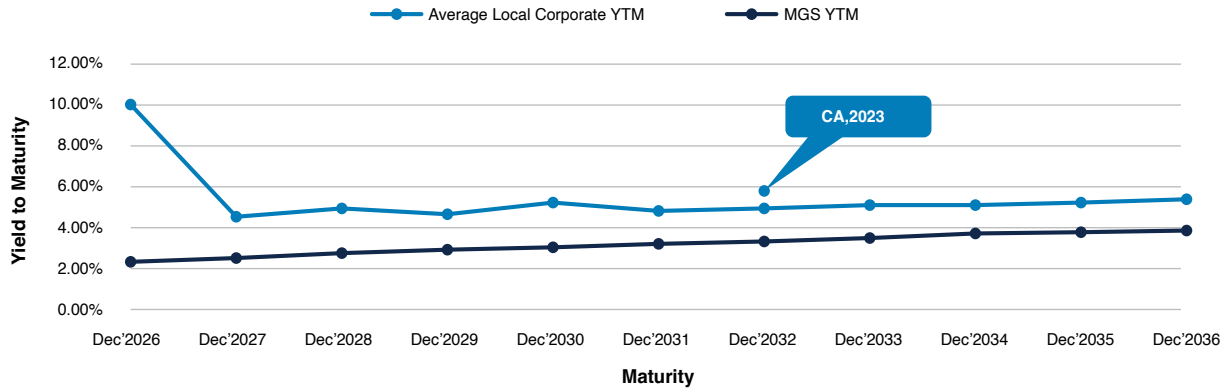
Security	Nominal Value ('000)	Yield to Maturity	Interest coverage (EBITDA)	Total Assets	Total Equity	Total Liabilities / Total Assets	Net Debt / Net Debt and Total Equity	Net Debt / EBITDA	Current Ratio	Return on Common Equity	Net Margin	Revenue Growth (YoY)
5.25% Bonnici Bros Properties plc Unsecured € 2033 S1 T1 (xd)	12,000	5.25%	2.1x	39.8	17.9	54.9%	43.3%	10.0x	0.4x	5.1%	61.4%	26.4%
5% Mariner Finance plc Unsecured € 2032	36,930	4.91%	3.2x	126.6	65.8	48.0%	43.6%	5.0x	0.9x	8.8%	28.6%	-1.0%
6% Pharmicare Finance plc Unsecured € 2033	17,000	5.64%	(1.2)x	46.4	11.4	75.4%	66.2%	11.6x	1.6x	-13.5%	-14.0%	41.3%
5.75% Phoenicia Finance Company plc Unsec 2028-2033	50,000	5.43%	2.2x	160.3	77.2	51.8%	46.2%	10.6x	0.7x	-0.5%	-1.7%	23.3%
5.85% AX Group plc Unsecured € 2033	40,000	5.60%	2.6x	513.1	248.8	51.5%	41.6%	8.5x	1.3x	2.1%	6.1%	67.1%
6% International Hotel Investments plc 2033	60,000	5.66%	1.7x	1,795.3	910.4	57.5%	42.2%	8.8x	0.8x	-0.1%	-0.4%	6.6%
5.75% Challenge Aviation p.l.c. Secured € 2032	30,000	5.75%	8.9x	347.7	110.9	68.1%	56.8%	3.9x	0.7x	10.7%	30.9%	20.5%
Average*		5.41%										

Source: Latest Available Audited Financial Statements

Last price as at 18/03/2026

* Average figures do not capture the financial analysis of the Guarantor

YIELD CURVE ANALYSIS



The above graph illustrates the average annual yield of all local issuers as well as the corresponding yield of MGSs (Y-axis) vs the maturity of both issuers and MGSs (X-axis), in their respective maturity bucket, to which the spread premiums can be noted.

The graph plots the entire MGS yield curve, thus taking into consideration the yield of comparable issuers. The graph illustrates on a stand-alone basis, the yield of comparable issuers having a maturity between 1-10 years respectively.

The prospective Challenge Aviation Secured 2032 bond issuance is expected to be issued with a coupon of 5.75%, meaning a spread of 240 basis points over the equivalent MGS, and therefore, at a premium of 29 basis points when compared to the average spread of the issuers identified in Section 3.6.

PART 4 - GLOSSARY AND DEFINITIONS

Income Statement	
Revenue	Total revenue generated from principal business activities during the financial year.
Cost of sales	Cost of Sales are expenses incurred in the production of revenue. Note that these are presented net of depreciation and amortisation.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. It reflects earnings purely from operations.
EBIT (Operating Profit)	EBIT is an abbreviation for earnings before interest and tax.
Depreciation and Amortisation	An accounting charge to compensate for the decrease in the monetary value of an asset over time and the eventual cost to replace the asset once fully depreciated.
Net Finance Costs	The interest accrued on debt obligations less any interest earned on cash bank balances and from intra-group companies on any loan advances.
Profit After Taxation	The profit made during the financial year net of any income taxes incurred.
Profitability Ratios	
Growth in Revenue (YoY)	This represents the growth in revenue when compared with previous financial year.
Gross Profit Margin	Gross profit as a percentage of total revenue.
EBITDA Margin	EBITDA as a percentage of total revenue.
Operating (EBIT) Margin	Operating margin is the EBIT as a percentage of total revenue.
Net Margin	Net income expressed as a percentage of total revenue.
Return on Common Equity	Return on common equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing the net income by the average common equity (average equity of two years financial performance).
Return on Assets	Return on assets (ROA) is computed by dividing net income by average total assets (average assets of two years financial performance).
Cash Flow Statement	
Cash Flow from Operating Activities (CFO)	Cash generated from the principal revenue producing activities less any interest incurred on debt.
Cash Flow from Investing Activities	Cash generated from the activities dealing with the acquisition and disposal of long-term assets and other investments.
Cash Flow from Financing Activities	Cash generated from the activities that result in change in share capital and borrowings.
Capex	Represents the capital expenditure incurred in a financial year.
Free Cash Flows (FCF)	The amount of cash remaining net of financial obligations. It is calculated by taking Cash Flow from Operating Activities less the Capex of the same financial year.

Balance Sheet	
Total Assets	Total Assets owned which can be further classified into Non-Current Assets and Current Assets.
Non-Current Assets	Assets, full value of which will not be realised within the forthcoming accounting year
Current Assets	Assets which are realisable within one year from the statement of financial position date.
Inventory	Inventory is the term for the goods available for sale and raw materials used to produce goods available for sale.
Cash and Cash Equivalents	Cash and cash equivalents are assets that are either cash or can be converted into cash immediately.
Total Equity	Total Equity is calculated as total assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.
Total Liabilities	Total Liabilities owed which can be further classified into Non-Current Liabilities and Current Liabilities.
Non-Current Liabilities	Obligations which are due after more than one financial year.
Current Liabilities	Obligations which are due within one financial year.
Total Debt	All interest-bearing debt obligations inclusive of long and short-term debt.
Net Debt	Total debt less any cash and cash equivalents.

Financial Strength Ratios	
Current Ratio	The Current ratio (also known as the Liquidity Ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares current assets to current liabilities.
Quick Ratio (Acid Test Ratio)	The quick ratio measures the ability to meet short-term obligations with its most liquid assets. It compares current assets (less inventory) to current liabilities.
Interest Coverage Ratio	The interest coverage ratio is calculated by dividing EBITDA of one period by finance costs of the same period.
Gearing Ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance total assets.
Gearing Ratio Level 1	Is calculated by dividing Net Debt by Net Debt and Total Equity.
Gearing Ratio Level 2	Is calculated by dividing Total Liabilities by Total Assets.
Gearing Ratio Level 3	Is calculated by dividing Net Debt by Total Equity.
Net Debt / EBITDA	The Net Debt / EBITDA ratio measures the ability to refinance debt by looking at the EBITDA.

Other Definitions	
Bond	€30,000,000 5.75% Secured Bonds 2032 (ISIN MT0003031201)
Yield to Maturity (YTM)	YTM is the rate of return expected on a bond which is held till maturity. It is essentially the internal rate of return on a bond and it equates the present value of bond future cash flows to its current market price.

Calamatta Cuschieri

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