



**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
PERIOD ENDED 30 JUNE 2025**

**CHALLENGE AVIATION  
HOLDING LIMITED**

## Contents

### Page

|    |   |
|----|---|
| 1  | Directors' report   |
| 4  | Condensed Consolidated interim statement of financial position                                    |
| 6  | Condensed Consolidated interim statement of comprehensive income                                  |
| 7  | Condensed Consolidated interim statement of changes in equity                                     |
| 8  | Condensed Consolidated interim statement of cash flows  |
| 9  | Notes to the condensed consolidated interim financial statements                                  |
| 13 | Independent Auditor's Report on Review of the Condensed consolidated Interim Financial Statements |

## **Directors' report**

The directors present their report and the condensed consolidated interim financial statements for the period ended 30 June 2025.

### **Principal activity**

Challenge Aviation Holding Limited is registered in Malta as a limited liability company under the Companies Act, (Cap. 386) with registration number C 74987. The Company was incorporated in Malta on 28 March 2016. The Company's activity, which remains unchanged since last year, is the holding of investments in subsidiaries. The Group's primary activity is the leasing of aircraft, focusing on wide-body freighters and aircraft engines to global airlines and cargo operators.

### **Review of the business**

During the period ended 30 June 2025, Challenge Aviation Holding Limited continued to strengthening its position as a leading lessor of wide-body freighters and aircraft engines in the global aviation market. The Group's profit after tax amounted to USD 5,306,836 (30 June 2024: USD 4,065,869).

### *Fleet and Operations*

As at 30 June 2025, the Group's fleet comprised 9 cargo freighters, 1 passenger aircraft in the process of being converted and 8 spare aircraft engines. The fleet remains fully operational, reflecting strong demand from airline and cargo operators. The Group maintained rigorous maintenance and safety programs to ensure all aircraft and engines complied with international aviation standards.

### *Market Trends and Strategy*

The global air cargo market continued to show resilience, driven by e-commerce growth and supply chain expansion. Demand for wide-body freighters remained robust, with airlines holding more capacity. The Group strategically focused on acquiring and leasing mid-life freighters and high-demand engines, positioning itself to benefit from market trends and evolving airline requirements.

### *Financial and Operational Highlights*

- Revenue from aircraft and spare engine leasing increased by 20% compared to the prior period;
- During the period, the Company reported EBITDA of USD 14.2 million (30 June 2024: USD 16.4 million);
- Spare engine leasing contributed to 13% of total revenue, demonstrating a strong market demand for spare engine leasing;
- During the period ended 30 June 2025, investment in fleet expansion and modernisation amounted to USD 56 million (30 June 2024: USD 122 million), ensuring long-term competitiveness;
- No aircraft or engine disposals occurred during the year, maintaining fleet size and capability.

### *Outlook*

Looking ahead, the Group expects sustained demand for air cargo services and engine leasing. Strategic focus will remain on fleet optimisation, long-term lease agreements, and risk management, including monitoring credit exposures and market conditions. The Board remains confident in the Group's ability to deliver steady returns and enhance shareholder value while maintaining operational excellence.

## **Directors' report (continued)**

### **Risk assessment**

The Group is exposed to risks inherent to the aviation leasing industry and the broader financial environment. These risks can be summarised as follows:

(i) **Strategic risk**

Strategic risks include market demand fluctuations for cargo aircraft, lease rate volatility, and competition from other lessors. The Group mitigates these risks by maintaining a diversified portfolio of wide-body freighters, securing long-term lease contracts, and regularly reviewing market trends.

(ii) **Operational risk**

Operational risks include aircraft maintenance, technical failures, regulatory compliance, and lessee performance. The Group manages these risks through comprehensive maintenance programs, strict safety and compliance policies, and continuous monitoring of lessee creditworthiness.

(iii) **Financial risk**

The Group's activities potentially expose it to financial risks, namely market risk (including cash flow interest rate risk), credit risk, and liquidity risk.

(iv) **Residual value**

Aircraft and engine residual values may fluctuate due to market conditions. The Group mitigates this by:

- Diversifying the fleet across aircraft types, models, and age.
- Performing regular market valuations to inform asset management decisions.
- Leasing primarily to operators with established financial strength to reduce repossession risk.

The Board reviews risk management strategies regularly and ensures that internal controls are in place to minimise exposure to these risks while supporting sustainable growth.

### **Results and dividends**

The condensed consolidated statement of comprehensive income is set out on page 6. During 2025, the directors did not recommend a payment of a dividend.

## Directors' report (continued)

### Directors

The directors of the Company who held office during the year were:

Yossi Shoukroun  
Colin Gregory  
Didier Fernand P. Henet

Under the provisions of the Company's Memorandum and Articles of Association, the present directors continue in office.

The Company secretary during the year was Sarah Abela.



Colin Gregory  
Director



Yossi Shoukroun  
Director

### Registered office:

Level 5, Skyparks Business Centre,  
Malta International Airport,  
Luqa, LQA 4000,  
Malta

3 March 2026

**Challenge Aviation Holding Limited**  
**Condensed Consolidated interim financial statements for the period ended 30 June 2025**

**Condensed Consolidated interim statement of financial position**

|  |              | As at<br>30 June         | As at<br>31 December   |
|--|--------------|--------------------------|------------------------|
|  |              | 2025<br>USD<br>unaudited | 2024<br>USD<br>audited |
| <b>ASSETS</b>                            | <b>Notes</b> |                          |                        |
| <b>Non-current assets</b>                |              |                          |                        |
| Property, plant and equipment            | 3            | 312,944,725              | 270,403,819            |
| Other financial assets at amortised cost |              | 9,150,639                | 15,190,727             |
| Trade and other receivables              |              | 19,744,624               | 14,568,000             |
| <b>Total non-current assets</b>          |              | <b>341,839,988</b>       | <b>300,162,546</b>     |
| <b>Current assets</b>                    |              |                          |                        |
| Other financial assets at amortised cost |              | 7,207,800                | 78,354                 |
| Trade and other receivables              |              | 40,628,869               | 39,474,147             |
| Cash and cash equivalents                |              | 3,890,564                | 7,973,429              |
| <b>Total current assets</b>              |              | <b>51,727,233</b>        | <b>47,525,930</b>      |
| <b>Total assets</b>                      |              | <b>393,567,221</b>       | <b>347,688,476</b>     |

**Challenge Aviation Holding Limited**  
**Condensed Consolidated interim financial statements for the period ended 30 June 2025**

**Condensed Consolidated interim statement of financial position (continued)**

|                                      | As at<br>30 June   | As at<br>31 December |
|--------------------------------------|--------------------|----------------------|
|                                      | 2025               | 2024                 |
|                                      | USD                | USD                  |
|                                      | unaudited          | audited              |
| <b>EQUITY AND LIABILITIES</b>        |                    |                      |
| <b>Equity</b>                        |                    |                      |
| Share capital                        | 1,338              | 1,338                |
| Retained earnings                    | 116,232,179        | 110,925,343          |
| <b>Total equity</b>                  | <b>116,233,517</b> | <b>110,926,681</b>   |
| <b>Non-current liabilities</b>       |                    |                      |
| Borrowings                           | 194,511,241        | 139,524,079          |
| Deferred tax liability               | 6,155,828          | 7,218,729            |
| Trade and other payables             | 18,779,135         | 19,554,160           |
| <b>Total non-current liabilities</b> | <b>219,446,204</b> | <b>166,296,968</b>   |
| <b>Current liabilities</b>           |                    |                      |
| Borrowings                           | 11,039,497         | 14,471,066           |
| Trade and other payables             | 46,206,758         | 54,786,597           |
| Current tax liability                | 641,245            | 1,207,164            |
| <b>Total current liabilities</b>     | <b>57,887,500</b>  | <b>70,464,827</b>    |
| <b>Total liabilities</b>             | <b>277,333,704</b> | <b>236,761,795</b>   |
| <b>Total equity and liabilities</b>  | <b>393,567,221</b> | <b>347,688,476</b>   |

The accompanying notes on pages 9 to 12 form an integral part of these financial statements.

The rate of exchange between the US Dollar and the euro issued by the European Central Bank as at 30 June 2025 was €1: USD 1.172 (31 December 2024: €1: USD 1.039). These financial statements on pages 4 to 12 were approved and authorised for issue by the board of directors on 3 March 2026 and signed on its behalf by:

  
Colin Gregory  
Director

  
Yossi Shoukroun  
Director

**Challenge Aviation Holding Limited**  
**Condensed Consolidated interim financial statements for the period ended 30 June 2025**

---

**Condensed Consolidated interim statement of comprehensive income**

|                               | Period from 1 January to<br>30 June |                          |
|-------------------------------|-------------------------------------|--------------------------|
|                               | 2025<br>USD<br>unaudited            | 2024<br>USD<br>unaudited |
| Revenue                       | 20,531,007                          | 17,078,150               |
| Cost of sales                 | (14,458,573)                        | (9,782,045)              |
| <b>Gross profit</b>           | <b>6,072,434</b>                    | <b>7,296,105</b>         |
| Administrative expenses       | (1,775,061)                         | (802,074)                |
| Other (expense)/income - net  | (3,906,177)                         | 316,559                  |
| <b>Operating profit</b>       | <b>391,196</b>                      | <b>6,810,590</b>         |
| Net finance income/(expenses) | 4,044,163                           | (1,744,089)              |
| <b>Profit before tax</b>      | <b>4,435,359</b>                    | <b>5,066,501</b>         |
| Tax credit/(expense)          | 871,477                             | (1,000,632)              |
| <b>Profit for the period</b>  | <b>5,306,836</b>                    | <b>4,065,869</b>         |

The accompanying notes on pages 9 to 12 form an integral part of these financial statements.

**Challenge Aviation Holding Limited**  
**Condensed Consolidated interim financial statements for the period ended 30 June 2025**

---

**Condensed Consolidated interim statement of changes in equity**

|   | Share<br>capital<br>USD | Retained<br>earnings<br>USD | Total<br>USD       |
|---|-------------------------|-----------------------------|--------------------|
| <b>Balance as at 1 January 2024</b>           | 1,338                   | 99,701,686                  | 99,703,024         |
| <b>Comprehensive income</b>                   |                         |                             |                    |
| Profit for the period                         | -                       | 4,065,869                   | 4,065,869          |
| <b>Balance as at 30 June 2024 (unaudited)</b> | <b>1,338</b>            | <b>103,767,555</b>          | <b>103,768,893</b> |
| <b>Balance as at 1 January 2025</b>           | 1,338                   | 110,925,343                 | 110,926,681        |
| <b>Comprehensive income</b>                   |                         |                             |                    |
| Profit for the period                         | -                       | 5,306,836                   | 5,306,836          |
| <b>Balance as at 30 June 2025 (unaudited)</b> | <b>1,338</b>            | <b>116,232,179</b>          | <b>116,233,517</b> |

The accompanying notes on pages 9 to 12 form an integral part of these financial statements.

**Challenge Aviation Holding Limited**  
**Condensed Consolidated interim financial statements for the period ended 30 June 2025**

**Condensed Consolidated interim statement of cash flows**

|   | Period from 1 January to<br>30 June |                          |
|---|-------------------------------------|--------------------------|
|   | 2025<br>USD<br>unaudited            | 2024<br>USD<br>unaudited |
| <b>Cash flows from operating activities</b>                   |                                     |                          |
| Cash (used in)/generated from operations                      | (1,491,068)                         | 18,424,457               |
| Interest expense paid   | (1,684,167)                         | (1,744,089)              |
| Interest received   | 87,484                              | -                        |
| Tax paid  | (757,343)                           | (1,237,927)              |
| <b>Net cash (used in)/generated from operating activities</b> | <b>(3,845,094)</b>                  | <b>15,442,441</b>        |
| <b>Cash flows from financing activities</b>                   |                                     |                          |
| Proceeds from loans from group companies                      | 59,975,587                          | 21,008,371               |
| Proceeds from bank loans                                      | -                                   | 10,099,800               |
| Repayment of loans from group companies                       | (1,500,000)                         | -                        |
| Repayment of loans from related parties                       | (1,038,900)                         | -                        |
| Repayment of bank and third-party loans                       | (1,329,607)                         | (8,162,815)              |
| <b>Net cash generated from financing activities</b>           | <b>56,107,080</b>                   | <b>22,945,356</b>        |
| <b>Cash flows from investing activities</b>                   |                                     |                          |
| Payments to acquire property, plant and equipment             | (56,344,851)                        | (37,403,895)             |
| <b>Net cash used in investing activities</b>                  | <b>(56,344,851)</b>                 | <b>(37,403,895)</b>      |
| <b>Movement in cash and cash equivalents</b>                  | <b>(4,082,865)</b>                  | <b>983,902</b>           |
| <b>Cash and cash equivalents at beginning of period</b>       | <b>7,973,429</b>                    | <b>32,981,898</b>        |
| <b>Cash and cash equivalents at end of period</b>             | <b>3,890,564</b>                    | <b>33,965,800</b>        |

The accompanying notes on pages 9 to 12 form an integral part of these financial statements.

## Notes to the condensed consolidated interim financial statements

### 1. General information

Challenge Aviation Holding Limited (the “Company”) is a limited liability company domiciled and incorporated in Malta. The condensed consolidated interim financial statements of the Company as at 30 June 2025 and for the six-month period then ended comprise the Company and its subsidiaries (together referred to as the “Group”). The Group’s primary activity is the leasing of aircraft, focusing on wide-body freighters and aircraft engines to global airlines and cargo operators.

The consolidated financial statements of the Group as at and for the year ended 31 December 2024 are available upon request from the Company’s registered office at Level 5, Skyparks Business Centre, Malta International Airport, Luqa, LQA 4000, Malta.

These unaudited condensed consolidated interim financial statements were approved for issue by the Board of directors on 3 March 2026.

The condensed consolidated interim financial statements have been reviewed in accordance with the requirements of ISRE 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”.

### 2. Basis of preparation

The condensed consolidated interim financial statements as at and for the six-month period ended 30 June 2025 have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34, “Interim Financial Reporting”). The unaudited condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2024, which have been prepared in accordance with IFRSs as adopted by the EU.

#### **Financial position of the Group and the Group’s cash flow forecasting process:**

As at 30 June 2025, the Group registered a net current liability position of USD 6,160,267 (31 December 2024: USD 22,938,897). The Group envisages that a significant level of earnings will be generated throughout the forthcoming financial year by its subsidiaries, which will enable the Group to manage effectively its forecasted cash flows and liquidity needs. On this basis, these financial statements have been prepared on a going concern basis which assumes that the Group will continue in operational existence for the foreseeable future.

#### **Accounting policies**

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2024, as described in those annual financial statements.

#### *New and amended standards adopted by the Group*

A number of amended standards became applicable for the current reporting period. There is no impact on the adoption of these revisions on the Group’s accounting policies and on the Group’s financial results and financial position.

**Challenge Aviation Holding Limited**  
**Condensed Consolidated interim financial statements for the period ended 30 June 2025**

*Impact of standards issued but not yet applied by the Group*

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for the Group's accounting periods beginning after 1 January 2025.

The Group has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the Directors are of the opinion that there are no requirements which will have a material impact on the Group's financial statements in the period of initial application, other than what is described below.

IFRS 18 'Presentation and Disclosure in Financial Statements' (effective for annual periods beginning on or after 1 January 2027)

IFRS 18 (issued on 9 April 2024) was endorsed for use in the European Union on 16 February 2026 and is set to replace IAS 1 Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, particularly those related to the statement of financial performance. IFRS 18 will also require the disclosure of management-defined performance measures within the financial statements.

Management is currently assessing the implications of applying IFRS 18 on the Group and Company's financial statements.

The new standard will be applicable from its mandatory effective date of 1 January 2027, with retrospective application, meaning that comparative information will be restated to reflect the new presentation and disclosure requirements introduced.

**3. Property, plant and equipment**

|                                    | Aircraft<br>USD | Aircraft<br>engines<br>USD | Auxiliary<br>power units<br>USD | Total<br>USD |
|------------------------------------|-----------------|----------------------------|---------------------------------|--------------|
| <b>At 1 January 2024</b>           |                 |                            |                                 |              |
| Cost                               | 164,004,745     | 20,293,308                 | 420,000                         | 184,718,053  |
| Accumulated depreciation           | (10,054,525)    | (6,166,251)                | (72,263)                        | (16,293,039) |
| Net book amount                    | 153,950,220     | 14,127,057                 | 347,737                         | 168,425,014  |
| <b>Year ended 31 December 2024</b> |                 |                            |                                 |              |
| Opening net book amount            | 153,950,220     | 14,127,057                 | 347,737                         | 168,425,014  |
| Additions                          | 116,158,899     | 4,772,750                  | 1,410,000                       | 122,341,649  |
| Depreciation charge                | (17,278,090)    | (2,986,715)                | (98,039)                        | (20,362,844) |
| Closing net book amount            | 252,831,029     | 15,913,092                 | 1,659,698                       | 270,403,819  |
| <b>At 31 December 2024</b>         |                 |                            |                                 |              |
| Cost                               | 280,163,644     | 25,066,058                 | 1,830,000                       | 307,059,702  |
| Accumulated depreciation           | (27,332,615)    | (9,152,966)                | (170,302)                       | (36,655,883) |
| Net book amount                    | 252,831,029     | 15,913,092                 | 1,659,698                       | 270,403,819  |

**Challenge Aviation Holding Limited**  
**Condensed Consolidated interim financial statements for the period ended 30 June 2025**

|                                  | Aircraft<br>USD    | Aircraft<br>engines<br>USD | Auxiliary<br>power units<br>USD | Total<br>USD       |
|----------------------------------|--------------------|----------------------------|---------------------------------|--------------------|
| <b>Period ended 30 June 2025</b> |                    |                            |                                 |                    |
| Opening net book amount          | 252,831,029        | 15,913,092                 | 1,659,698                       | 270,403,819        |
| Additions                        | 41,072,263         | 14,822,588                 | 450,000                         | 56,344,851         |
| Depreciation charge              | (10,803,977)       | (2,837,937)                | (162,031)                       | (13,803,945)       |
| Closing net book amount          | <b>283,099,315</b> | <b>27,897,743</b>          | <b>1,947,667</b>                | <b>312,944,725</b> |
| <b>At 30 June 2025</b>           |                    |                            |                                 |                    |
| Cost                             | 321,235,907        | 39,888,646                 | 2,280,000                       | 363,404,553        |
| Accumulated depreciation         | (38,136,592)       | (11,990,903)               | (332,333)                       | (50,459,828)       |
| Net book amount                  | <b>283,099,315</b> | <b>27,897,743</b>          | <b>1,947,667</b>                | <b>312,944,725</b> |

Some of the Group's aircraft are secured as collateral for the Group's loan facilities.

During the six months ended 30 June 2025, the Group acquired assets, with a cost of USD 56 million (year ended 31 December 2024: USD 122 million).

#### 4. Related party disclosures

##### Relationships between parents and subsidiaries

The immediate and ultimate parent company of Challenge Aviation Holding Limited is Challenge Aviation Services Limited, a company registered in Malta, with its registered address at Level 5, Skyparks Business Centre, Malta International Airport, Luqa LQA 4000, Malta.

The ultimate beneficial owners of Challenge Aviation Services Limited are Offer Gilboa and Eshel Heffetz.

##### Related party transactions

Transactions entered into with group companies, with immediate and ultimate parent companies, with companies with common beneficial shareholders, as well as with the ultimate controlling parties are considered to be related party transactions.

Transactions with related parties during the period consisted of the following:

|  | Period from<br>1 January<br>to 30 June<br>2025<br>USD | Period from<br>1 January<br>to 30 June<br>2024<br>USD |
|--|---|---|
| <b>Ultimate parent</b>                                   |   |   |
| Management and consultancy fees, including handling fees | (1,224,466)   | (545,765)   |
| Recharge of expenses                                     | (47,880)  | (34,331)  |
| <b>Group companies</b>                                   |   |   |
| Revenue  | 13,903,026  | 10,959,160  |
| Finance income   | 70,856  | 69,821  |
| Recharge of expenses                                     | (240,089)   | (52,922)  |

**Challenge Aviation Holding Limited**  
**Condensed Consolidated interim financial statements for the period ended 30 June 2025**

|                        | Period from<br>1 January<br>to 30 June<br>2025<br>USD | Period<br>1 January<br>to 30 June<br>2024<br>USD |
|------------------------|---|--|
| <b>Related parties</b> |   |  |
| Revenue                | 6,627,981   | 6,118,990  |
| Recharge of expenses   | -   | (31,200)   |

**5. Events after the end of the interim reporting period**

Subsequent to period-end, the Group finalised its acquisition of a passenger aircraft from Challenge Airlines IL Ltd - a related party. This acquisition was part-financed by a loan from a third party of EUR 15.1 million. Furthermore, the Group also acquired three B777 aircraft at a final consideration of USD 46 million, out of which USD 4.6 million were prepaid as at period-end.

The Group acquired a new Euro-denominated loan from another third party of EUR 16.5 million to apply towards the working capital of the Group.

There were no other significant events since the reporting date, which would otherwise have required adjustments to or disclosure in the financial statements.



# Report on review of interim financial information

To the Board of Directors of Challenge Aviation Holding Limited

## Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Challenge Aviation Holding Limited and its subsidiaries (the “Group”) as at 30 June 2025 and the related condensed consolidated statement of comprehensive income for the six-month period then ended, and condensed consolidated statement of changes in equity and statement of cash flows for the six-month period then ended, and explanatory notes. The Directors are responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34, “Interim financial reporting”. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

## Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, ‘Review of interim financial information performed by the independent auditor of the entity’. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

- a) The maintenance and integrity of the Challenge Aviation Holding Limited website is the responsibility of the Directors of the Company; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the condensed consolidated interim financial information since this was initially presented on the website.
- b) Legislation in Malta governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim financial reporting".

## Other matter

This report, including the conclusion, has been prepared for and only for the Group and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



**Stephen Mamo**  
Principal

For and on behalf of

**PricewaterhouseCoopers**

78, Mill Street

Zone 5, Central Business District

Qormi

Malta

3 March 2026

- a) The maintenance and integrity of the Challenge Aviation Holding Limited website is the responsibility of the Directors of the Company; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the condensed consolidated interim financial information since this was initially presented on the website.
- b) Legislation in Malta governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.