Annual Report

FOR THE YEAR ENDED 31 DECEMBER 2024

airBaltic

Contents

General Information on the Group's Parent Company

Name of the Parent company	Air Baltic Corporation	
Legal status of the Parent company	Joint stock company	
Registration number, place and date	40003245752 Riga, 8 February 1995	
Main activities	Passenger and cargo aviation transportation	
Registered office	Riga International airport, Tehnikas Street 3, Marupe municipality, Latvia, LV-1053	
Shareholders	Republic of Latvia	97.97%
	Aircraft Leasing 1 SIA	2.03%
	Other	0.000084%
Executive Board Members	Martin Alexander Gauss	Chairman of the Board
	Vitolds Jakovļevs	Member of the Board
	Pauls Juris Cālītis	Member of the Board
Supervisory Board Members	Andrejs Martinovs	Chairman of the Supervisory Board as of February 11, 2025
	Lars Mydland	Vice-Chairman of the Supervisory Board as of February 11, 2025
	Lars Thuesen	Member of the Supervisory Board
	Klāvs Vasks	Chairman of the Supervisory Board until 11 February 2025
	Kaspars Ozoliņš	Vice-Chairman of the Supervisory Board until 11 February 2025
	Andris Liepiņš	Member of the Supervisory Board until 11 February 2025
Financial year	1 January 2024 – 31 December 2024	
Auditors	Certified auditor company: PricewaterhouseCoopers SIA Certified auditor license No. 5 Marijas Street 2A Riga, LV-1050, Latvia	Certified auditor in charge: Ilandra Lejiņa Certificate No. 168

Glossary

AVIATION TERMINOLOGY

ACMI	Aircraft leasing arrangement between two airlines, whereby one airline (the lessor) provides an aircraft, crew, maintenance, and insurance (ACMI) to another airline (the lessee)
ACMI-in	Aircraft provided for operations of Air Baltic Corporation
ACMI-out	ACMI operations conducted for other airlines
AOG	Aircraft on Ground – a situation where an aircraft cannot fly for technical or operational reasons
IATA	International Air Transport Association
ICAO	International Civil Aviation Organization
ASK	Available seat-kilometre represents one seat offered flown for one kilometre
RPK	Revenue passenger-kilometre represents one paying passenger transported for one kilometre
CASK	Represents the operating expenses (without ACMI-out related costs and claims compensations) divided by available seat kilometres
CASK normalized	Represents operating expenses (without ACMI-out related costs, claims compensations and impact from accelerated depreciation) divided by available seat kilometres
RASK	Represents the revenue without ACMI-out lease revenue divided by available seat kilometres
Yield	Average traffic revenue earned per unit of output; calculated passenger and charter revenue per revenue passenger kilometre flown
Utilization (block hours per aircraft per day)	Average block hours per fleet aircraft per day. Calculated as total block hours flown divided by weighted average of aircraft and number of days in period, excluding operations performed by ACMI-in
Utilization of operating aircraft	Average block hours per operating aircraft (without aircraft on ground) per day. Calculated as total block hours flown divided by weighted average of operating aircraft and number of days in period, excluding operations performed by ACMI-in
Estimated revenue from bookings	Estimated revenue from bookings placed during the period, recorded when booked. Revenue is recognized only when the flight has flown and can slightly differ, as certain reservation types can be annulled until then.
RNP AR	Required Navigation Performance with Authorization Required
SDG	Sustainable Development Goals
LV CAA	Latvian Civil Aviation Agency
SAF	Sustainable Aviation Fuel
EASA	European Union Aviation Safety Agency
CSRD	Corporate Sustainability Reporting Directive
ESRS	European Sustainability Reporting Standards
DMA	Double Materiality Assessment
ETS	Emissions Trading Scheme
CORSIA	Carbon Offsetting and Reduction Scheme for International Aviation
ESG	Environmental, social, and governance matters

ALTERNATIVE PERFORMANCE MEASURES (APM) THAT ARE NOT DEFINED IN IFRS

Adjusted EBIT	Profit / (loss) for the period adjusted for corporate income tax, finance cost, finance income and provision for legal disputes
Adjusted EBITDA	Profit / (loss) for the period adjusted for corporate income tax, finance cost, finance income, provision for legal disputes, foreign currency exchange gain / (loss), net, amortisation and depreciation
Adjusted EBITDAR	Profit / (loss) for the period adjusted for corporate income tax, finance cost, finance income, provision for legal disputes, foreign currency exchange gain / (loss), net, amortisation and depreciation, aircraft and similar lease and claims compensation
Adjusted EBITDAR margin	Measures adjusted EBITDAR as a proportion of total operating revenue for the period
Management Profit / (loss)	Profit / (loss) for the period adjusted for accelerated depreciation of engines, interest / commission on repaid bonds, revaluation of liabilities in USD, provision for legal disputes, provision of bad debt and net impairment losses on right-of-use assets
Management EBIT	Adjusted EBIT adjusted for accelerated depreciation of engines, revaluation of liabilities in USD, provision of bad debt and net impairment losses on right-of-use assets
Management EBITDA	Adjusted EBITDA adjusted for provision of bad debt and net impairment losses on right-of-use assets
Management EBITDAR	Adjusted EBITDAR adjusted for provision of bad debt and net impairment losses on right-of-use assets
Operating profit / (loss)	Profit / (loss) for the period adjusted for finance income / (expenses) and corporate income tax
Net debt	Non-current borrowings and non-current lease liabilities, current borrowings and current lease liabilities, less cash and restricted cash
Capital expenditure	Recognized additions in the period to property, plant, and equipment (PPE), intangible assets (licences, software and other) and right of use assets

About the Report

Air Baltic Corporation AS, registration number 40003245752, is a joint stock company registered in Latvia, and its transferable securities in the form of bonds are traded on a regulated market (Euronext Dublin). Airline has operating bases in Riga, Latvia; Tallinn, Estonia; Vilnius, Lithuania; Tampere, Finland and Gran Canaria, Spain.

The Annual Report 2024, which includes the Air Baltic Corporation AS Group Consolidated Annual Report, the Air Baltic Corporation AS Annual Report and the Air Baltic Corporation AS Group Sustainability Statement covers the period from January 1 to December 31 2024.

The Annual Report discloses information about Air Baltic Corporation AS (hereinafter – airBaltic, airline, the Company) along with its subsidiaries: Air Baltic Training SIA, Baltijas Kravu Centrs SIA, and Aviation Crew Resources AS in liquidation (altogether hereinafter – the Group).

The separate financial statements and the consolidated financial statements (hereinafter together – the financial statements) have been prepared in accordance with the International Financial Reporting Standards as issued by IASB as adopted for use in the European Union (IFRS Accounting Standards).

The Sustainability Statement is prepared in accordance with the Sustainability Disclosure Law of Latvia, which transposes the Corporate Sustainability Reporting Directive (CSRD), and the European Sustainability Reporting Standards (ESRS).The Sustainability Statement Environmental Information section includes EU Taxonomy Disclosures pursuant to Article 8 of Regulation 2020/852 (EU Taxonomy Regulation).All questions or suggestions regarding the Sustainability Statement should be sent via e-mail to sustainability@airbaltic.lv.

The report is made public 12th of March, 2025. The previous report was made public on 5th of March, 2024.

Foreword

Photo by Gatis Gierts

2024 was a year of both growth and external challenges for airBaltic. Record-breaking passenger numbers and revenue reflected unprecedented demand, with scheduled flights busier than ever. By carrying 8.3 million passengers and operating over 73 000 flights, airBaltic further strengthened its position as the leading airline in the Baltics and beyond, setting new benchmarks in our history. This success reflects our commitment to seamless connectivity, exceptional service, and a sustainable, innovative approach to aviation.

Despite our strong operational performance, industry-wide challenges – such as supply chain constraints, global engine maintenance issues, and the macroeconomic downturn in the Baltics – left an impact. However, these are temporary setbacks that do not affect our long-term trajectory. We remain committed to our growth strategy, expanding our fleet and network while positioning airBaltic for a potential IPO.

Fleet modernization remains at the core of our strategy. In 2024, we welcomed three new Airbus A220-300 aircraft, bringing our fleet to 49, and exercised options for 10 more. This is part of our long-term vision to operate 100 A220-300s by 2030. Our investment in this aircraft type aligns with the EU Taxonomy Regulation, with 47% of our turnover and 40% of capital expenditures taxonomy-aligned.

Expanding connectivity remained equally important. In 2024, airBaltic established new codeshare agreements with SWISS, Air Canada, and Bulgaria Air while deepening existing collaborations with Lufthansa and British Airways. These partnerships broaden connectivity for our customers, enabling seamless travel to even more destinations worldwide.

Beyond network growth, sustainability remains central to our operations. In 2024, we celebrated the first anniversary of our expanded use of sustainable aviation fuel (SAF), reinforcing our commitment to industry-wide decarbonization. Our young and fuel-efficient fleet – Europe's third youngest, as recognized by ch-aviation – continues to reduce environmental impact, keeping us at the forefront of efficient aviation in Europe.

None of this progress would be possible without a strong, dedicated team. In 2024, airBaltic reached the count of more than 2 700 dedicated professionals. Milestones in training and development also defined the year, with the 100th graduate from the Pilot Academy, the launch of the airBaltic Technical Academy, and another successful season of the Leadership Academy, ALFA. These initiatives demonstrate a continued investment in the next generation of aviation talent.

Looking ahead to 2025, airBaltic is committed to strengthening its network, advancing sustainability, and enhancing the customer experience. With a clear strategy, we are prepared to adapt to industry challenges and capitalize on new opportunities, driving meaningful progress and long-term success.

Martin Gauss,
Chairman Of The Executive Board, Chief Executive Officer

Management report

11 March 2025

Air Baltic Corporation AS Group key figures

Consolidated financial figures (EUR thousand)	2024	2023	Changes
Revenue and other income	747 572	667 982	12%
Passenger revenue	571 998	539 158	6%
Ticket revenue	527 025	496 599	6%
Ancillary revenue	44 973	42 559	6%
ACMI lease revenue	146 871	100 701	46%
Adjusted EBITDAR	184 152	158 938	25 214
Adjusted EBITDAR margin (%)	24.6%	23.8%	0.8pp
Management EBITDAR *	184 152	159 940	24 212
Management EBITDAR margin (%) *	24.6%	23.9%	0.7pp
Operating profit	6 148	80 338	(74 190)
Adjusted EBIT	(26 237)	88 929	(115 166)
Management EBIT *	46 470	73 456	(26 986)
(Loss) / profit for the year	(118 159)	33 652	(151 811)
Management (loss) / profit for the period *	(42 077)	10 106	(52 183)
Total assets	1 415 781	1 324 707	7%
Non-current assets	1 279 700	1 212 618	6%
Total equity	(165 342)	(48 307)	(117 035)
Gross debt	1 311 682	1 150 534	14%
Eurobond	380 551	205 301	85%
Borrowings	19 981	60 484	(67%)
Lease liabilities	911 150	884 749	3%
Net debt	1 264 733	1 121 476	13%
Cash and cash equivalents, including restricted cash	46 949	29 058	62%

* For Management ratios and Net debt reconciliation see the Management Report section Alternative performance measures and items affecting comparability

Air Baltic Corporation AS (hereinafter – airBaltic, airline, the Company or the Parent company) along with its subsidiaries – Air Baltic Training SIA, Baltijas Kravu Centrs SIA and Aviation Crew Resources AS (altogether hereinafter – the Group), on the consolidated basis earned record revenue in 2024 of EUR 748 million, which is a 12% increase compared to 2023, and 46% above the 2019 level. The achieved revenue was slightly below the original guidance range of EUR 750 to EUR 800m which was set at the beginning of 2024, however management considers this to be a solid achievement considering the difficult macroeconomic conditions in airBaltic's core markets – Latvia, Estonia and Finland where the demand for travel and yields were negatively affected by stagnating economies and rising interest rates. As a result, the passenger revenue grew only by 6% year-on-year, however, a key contributor to the overall revenue growth was ACMI lease business segment, generating EUR 146.9 million in revenue while growing over 46% in comparison to the previous year thus reaching an all-time high for the Group. Considering the growing significance of the wet-lease business, from 2024 the Company has also introduced wet-lease as a separate segment in the Segment reporting in its Financial statements (see Note 4).

Despite the top-line growth along with growing EBITDAR margin and record adjusted EBITDAR levels, the Group has posted a net loss of EUR 118.2 million, driven by several factors:

– as in 2022 and 2023, a significant shortage of spare aircraft engines persisted throughout 2024 which prevented airBaltic from flying at full capacity and forced the airline to wet-lease capacity from other operators to support its operations during the peak summer months. Furthermore, the commercial support from the engine producer Pratt & Whitney has been significantly lower than in 2023;

- EUR 40.4 million of additional non-operating expenditure related to accelerated depreciation of engine parts driven by P&W engines undergoing full interval shop visits ahead of schedule partially caused by the powdered metal issue;
- EUR 32 million foreign exchange losses from EUR depreciation vs. USD and revaluation of the USD liabilities.

In addition to the operational challenges and capacity limitations related to Pratt & Whitney engine shortage, the airline was also impacted by macroeconomic downturn in its key markets in the second half of the year, resulting on downward pressure on yields.

Despite the difficult circumstances, the airline was able to grow its revenues for both its own network and its ACMI operations where 17 aircraft flew for other European carriers throughout the Summer season.

Taxes

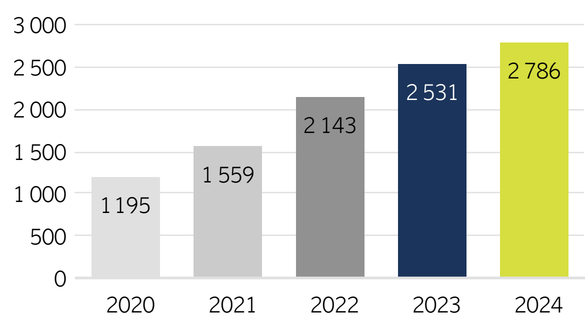
In 2024, the Group and its employees contributed over EUR 51.4 million in taxes to the Republic of Latvia. This amount included:

- EUR 32.4 million in social security contributions (employer and employee),
- EUR 18.8 million in employee personal income tax,
- EUR 0.2 million in other taxes.

Personnel

At the end of 2024, the Group employed more than 2.7 thousand people, which is a 10% growth over the previous year. The increase in headcount was mainly driven by increased aircraft capacity throughout 2024 and aircraft delivery plans for the following years, which due to significant lead times for hiring and training crew and technical personnel affects the number of personnel in 2024.

GROUP EMPLOYEE HEADCOUNT (YEAR END)



Currently the average age of employees is 33.7; average length of employment in the Group – 5.4 years. Proportion between male and female is 54/46.

In 2024 the primary driver behind the increase in personnel costs is a combination of increase of personnel number, including full year costs of 2023 employees hired and 2024 new hires, and compensation review. In total numbers highest impact comes from the major employee groups compensation review – pilots, cabin crew and mechanics and technicians. The remuneration increases have been driven by labour market trends - both local (Latvian, Baltics) and European market, and salary reviews were aiming to retain existing workforce and ensure attraction of new talent to join airBaltic, especially the pilots.

In 2024 the Group has launched internal Technical Academy, this strategic initiative is designed to support future growth by investing in aviation-specific skills and providing on-the-job training for the next generation of highly competent aircraft certified technicians. At the launch in August 2024, the academy welcomed its first 57 students.

Since 2021, the Group has been in negotiations with three trade unions to update the Collective Agreement (originally in force since 2009) to better align with evolving employee and business needs. In January 2023, an agreement was reached with two trade unions to enhance the existing Collective Agreement for a one-year period. This amendment remained in effect throughout 2023 and was successfully extended for 2024. The Group has now agreed with two trade unions to further prolong it until 31 January 2026, ensuring stability and continuity for employees. Negotiations for a new Collective Agreement remain ongoing.

The airline has been named as a Top Employer in Transport and Logistics industry in Latvia yearly since 2012 and Top 6 employer in the country.

Air Baltic Corporation AS

Key events and milestones in 2024

- In May airBaltic successfully completed its largest bond issue to date in the amount of EUR 340 million at 14.50% coupon for the period of 5.25 years and subsequently repaid the principal and interest of the outstanding bond of EUR 200 million and the principal and interest of secured state loan of EUR 36.1 million,
- In August, the airline signed a contract amendment with Airbus, converting 10 purchase rights into firm orders and adjusting the delivery schedule to accelerate fleet growth. As a result, in addition to the 50 aircraft in its fleet at the time of this report, the airline now has 40 firm orders and 10 purchase rights,
- In August 2024 the airline signed the agreement for acquisition of the training simulator. The list price of the simulator is EUR 15 million and it has since been delivered and integrated in operations in January 2025,
- On September 13, airBaltic signed an agreement with Lufthansa Group on the extension of the wet lease partnership for a further three years starting in the summer of 2025. Under the agreement, airBaltic is set to operate scheduled flights on behalf of Lufthansa Group and deploy up to 21 aircraft for this purpose,
- On September 23 airBaltic and Pratt & Whitney signed a long-term Comprehensive maintenance services agreement for the airline's geared turbofan (GTF) engine fleet. This agreement, structured on a power-by-the-hour mode (FMP), links airBaltic's maintenance costs to the utilization of the airline's engines,
- In October of 2024, the airline issued an additional EUR 40 million of its 14.50% senior secured notes, due 2029, originally issued in May 2024, bringing the total issue size to EUR 380 million. The additionally issued bonds were sold to the investors at 112.5% of the nominal price,
- In 2024, the airline received a total of 3 Airbus A220-300 aircraft as per the delivery schedule,
- AirBaltic operated a record 143 routes including 85 from Riga, 23 from Tallinn, 19 from Vilnius, 8 from Tampere, and 6 from Gran Canaria,
- Three new significant codeshare agreements were signed with SWISS, Air Canada and Bulgaria Air.

Network and strategy

In 2024 airBaltic continued to develop its route network, by expanding its scheduled flights across all bases and launching of 26 new routes. The airline focused on enhancing strategic regional connectivity, particularly to the Balkans and popular leisure destinations. Key new routes from Riga to the Balkans—including Pristina, Skopje, Sofia, Tirana, and Ljubljana—reinforced airBaltic's presence in emerging markets with rising demand for direct travel. These additions position airBaltic as a crucial link between Northern and Eastern Europe and the Balkans, supporting both business and VFR (visiting friends and relatives) travel.

Simultaneously, airBaltic expanded its network to high-demand leisure destinations. New routes from Riga included Alicante, Rhodes, Hurghada, Sharm el-Sheikh, and Madeira. Tallinn gained connections to Palma de Mallorca, Burgas, and Malta, while Tampere also saw the introduction of flights to Palma de Mallorca. Further strengthening regional connectivity, airBaltic launched new routes from Vilnius to Lisbon, Düsseldorf, Oslo Torp, and Krakow, along with a Palanga–Amsterdam connection. Additionally, a new Riga–Rzeszów route was introduced. The winter 2024 season saw the addition of key ski destinations, with Kittilä accessible from Tallinn and Innsbruck from Riga. Another milestone was the introduction of the innovative "Pop-up Flights" concept, featuring routes such as Riga–Ostrava and Riga–Liepāja. Through this ambitious expansion, airBaltic continues to solidify its role as a leading airline connecting Northern and Eastern Europe with key business, leisure, and regional hubs.

Air Baltic Corporation AS (continued)
Network and strategy (continued)

In 2025, the total number of routes operated will be slightly reduced due to ongoing engine issues and limited fleet capacity. The impact is primarily on newly announced routes, such as Riga to Mykonos (JMK), Tallinn to Hamburg (HAM), and Vilnius to Valencia (VLC), which will not be launched, along with the discontinuation of existing routes like Riga to Aberdeen (ABZ), Yerevan (EVN), Gothenburg (GOT), and Skopje (SKP), among others.

Number of routes operated	**2023 actual**	**2024 actual**	**2025 planned**
Riga	76	85	77
Tallinn	19	23	25
Vilnius	15	19	20
Tampere	10	8	3
Gran Canaria	6	6	6
Other*	-	2	1

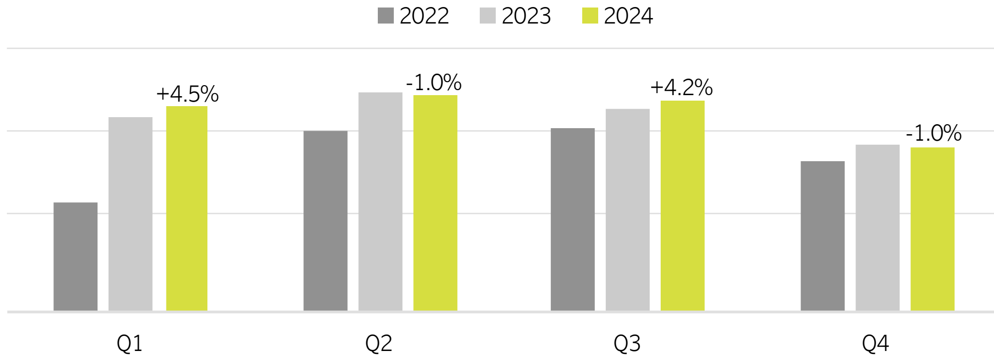
* Palanga – Amsterdam, Copenhagen – Oslo Torp

Despite these constraints, airBaltic remains committed to strategic network growth, most notably by adding an additional daily flight to Amsterdam (AMS) from all three Baltic bases. Frequencies will also increase on key routes, including Riga to Stockholm (ARN), Tampere (TMP), Istanbul (IST), Oslo (OSL), Porto (OPO), and Tallinn (TLL), as well as Tallinn to Brussels (BRU), Munich (MUC), and Vilnius (VNO). Additionally, several new routes will be launched, such as Tallinn to Barcelona (BCN) and Keflavik (KEF), and Vilnius to Prague (PRG) and Tirana (TIA). This approach balances network expansion with operational sustainability, ensuring long-term growth and connectivity despite industry-wide capacity limitations.

Air Baltic Corporation AS (continued)
Network and strategy (continued)

Estimated revenue from bookings (see Glossary) placed during the year 2024 outperformed 2023 in first (+4.5%) and third quarter (+4.2%). In cumulative terms the booked revenue growth during 2024 reached 1.7% above 2023 and 27.7% above 2022.

ESTIMATED REVENUE FROM BOOKINGS, EUR



Market development

In 2024 the Baltic markets were negatively affected by overall macroeconomic environment. In terms of passenger numbers, Tallinn airport and the Lithuanian Airports have exceeded the pre-pandemic levels – Tallinn recorded 3,491,677 passengers (approximately 7% above its 2019 levels) and Lithuanian Airports reached a record 6.6 million passengers (surpassing the 2019 record of 6.5 million) – while Riga, although registering a 7% increase over 2023 with 7,117,028 passengers, remains slightly below its pre-pandemic performance (7,798,394 in 2019). Overall, airBaltic's total passenger numbers in 2024 grew to 5.13 million passengers, a 13% increase from 2023, which surpassed pre-pandemic levels. However, the increase in passenger numbers came during a time of economic downturn, with the GDP of Latvia contracting during the 2 peak travel quarters of the year and Estonian GDP stagnating after protracted recession, creating downward pressure on yields and intensifying competition with low-cost carriers. This impact has been reflected on both Ticket yield (down 5% y-o-y) and Comparable ancillary yield (down 4% y-o-y) for the airline in 2024.

Despite these challenges, with effective pricing adjustments airBaltic was able to increase its overall passenger numbers and market share in its key airports, solidifying its position ahead of 2025, when both Latvian and Estonian economies are projected to start recovering according to the forecasts of respective central banks[1][2].

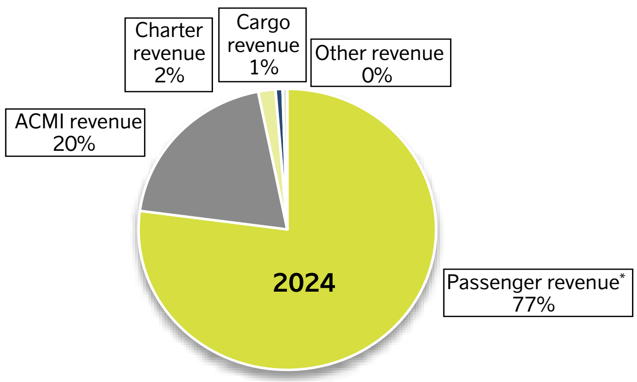
The increase in passenger count was mainly driven by the following factors in 2024:

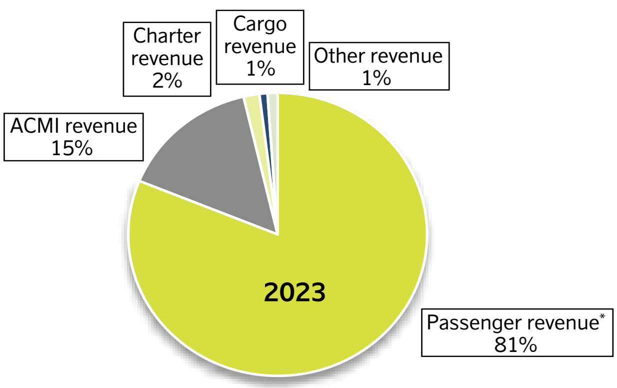
– Continuing surge in Leisure & VFR Travel: expanded offerings of leisure and holiday routes have driven substantial growth. New routes and enhanced services, such as the introduction of key destinations like Alicante and Ljubljana, have significantly boosted passenger demand,
– Robust Recovery in Business Travel: business travel has shown further recovery, enabling airBaltic to expand its presence on regional and trunk routes, for example, a record number of passengers was carried in 2024 on such business-heavy routes as Riga – Munich, Vilnius – Tallinn and Tallinn – Brussels,
– Enhanced Hub Connectivity in Riga: a strategic focus on the Riga hub has resulted in increased connectivity, with new destinations in South-Eastern Europe (such as Ljubljana, Sofia, Tirana, Pristina, and Skopje) and rising transfer flows from Estonia and Lithuania further solidifying its role as a key transit point,
– Strong Performance at Tallinn and Vilnius Bases: significant y-o-y growth was achieved at these bases driven by the introduction of new routes and strong growth on existing routes. This solidified airBaltic's market position as #1 carrier in Tallinn and #2 largest carrier in Vilnius,
– Expanding Operations Beyond the Baltics: maintaining the Tampere base and continuing the seasonal base in Gran Canaria have helped diversify revenue streams, particularly boosting Q1 performance.

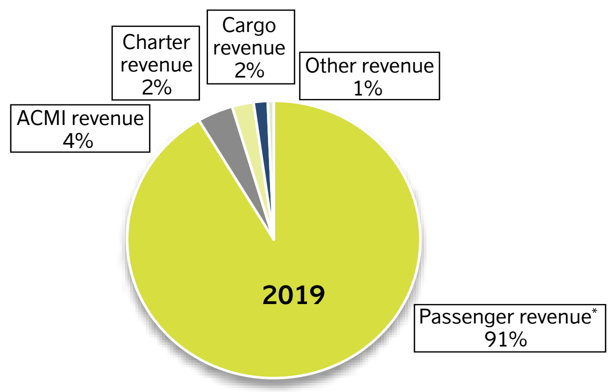
1 www.bank.lv/en/operational-areas/task-monetary-policy/forecasts
2 www.eestipank.ee/en/press/economic-forecast-exports-will-bring-growth-estonian-economy-13122024

Air Baltic Corporation AS (continued)
Market development (continued)

In 2022, the airline began executing a strategic shift by selling a significant portion of its capacity through ACMI contracts with reputable EU flag carriers. This trend continued into 2024, with AirBaltic successfully deploying 17 aircraft in Summer 2024, and up to 7 units operating under ACMI contracts for the Lufthansa Group during the Winter 2024/25 period. The average number of aircraft dedicated to the ACMI-out business line grew from 9.8 to 11.8 and is projected to increase further in 2025. In 2024, ACMI-out revenues represented 20% of the Group's total revenue. Notably, ACMI lease revenues contribute significantly higher EBITDAR margins compared to passenger revenue, thereby enhancing the overall EBITDAR margins for the Group.

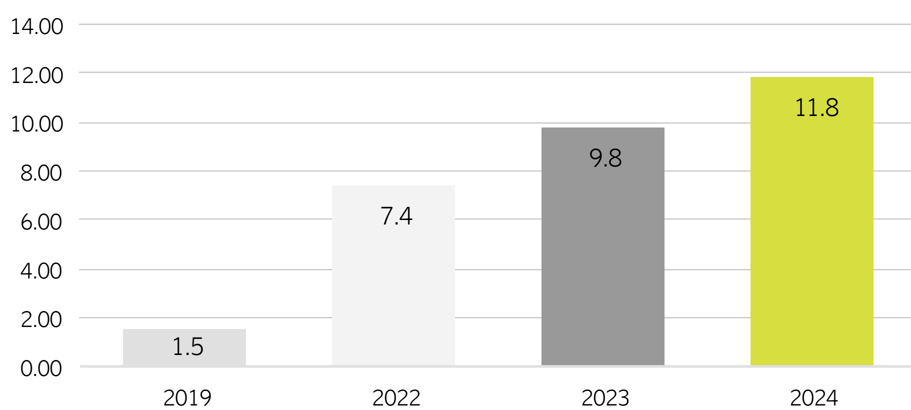






* Passenger revenue includes ticket, ancillary and other traffic revenue

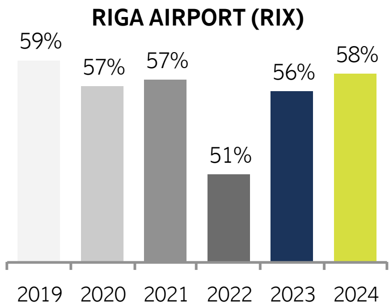
AVERAGE ACMI-OUT FLEET

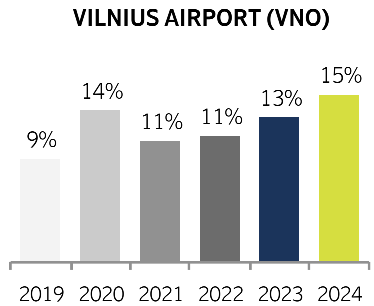


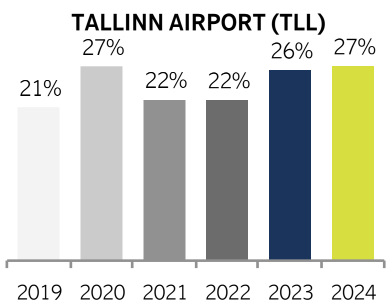
Air Baltic Corporation AS (continued)

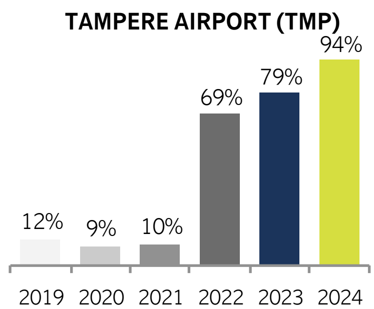
Market development (continued)

Despite the Eastern destinations remaining closed and continuous shortage of its own capacity due to spare engine supply issues, the airline was able to increase its market share in Riga by 2 percentage points to a total of 58% as well as growing market shares in Tallinn, Vilnius and Tampere. In Tallinn and Vilnius, except for 2020 which was an abnormal year due to pandemic, the airline achieved its highest ever market shares.



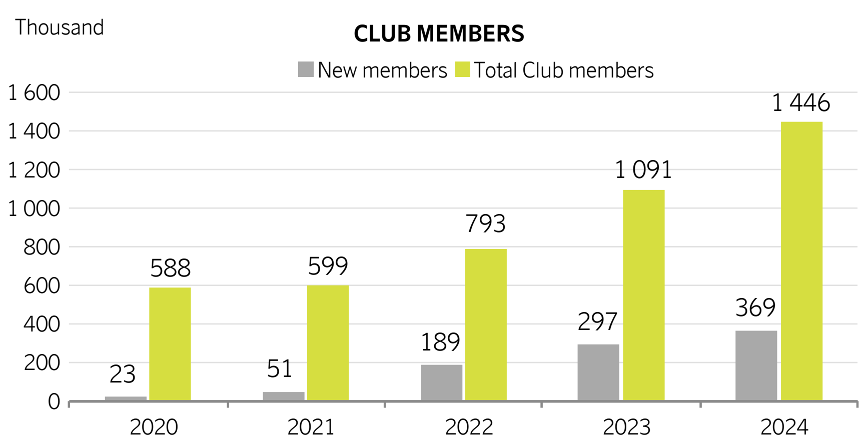






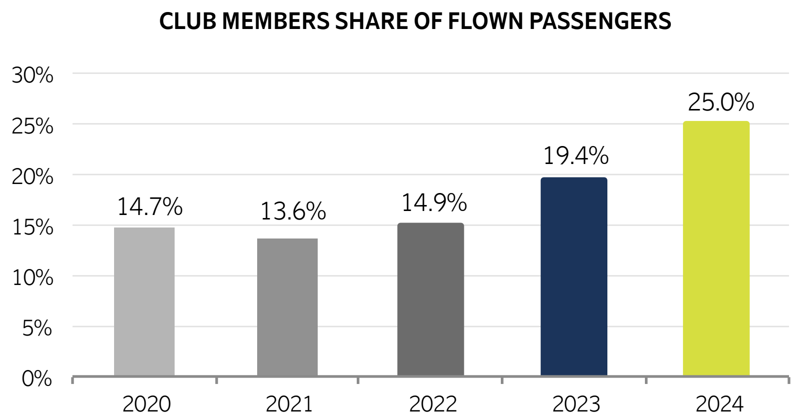
Loyalty Program

To nurture long-term relationships with customers, airBaltic continually enhances its loyalty program, airBaltic Club. This program enables clients to earn points while traveling, which can be exchanged for various compelling rewards. Focusing exclusively on the travel industry, airBaltic Club attracts travel-related partners, including hotels, car rentals, and insurance providers. The total number of Club members in 2024 reached 1.4 million, a remarkable 33% increase from 2023. In total 369 thousand new members have joined airBaltic Club in 2024.

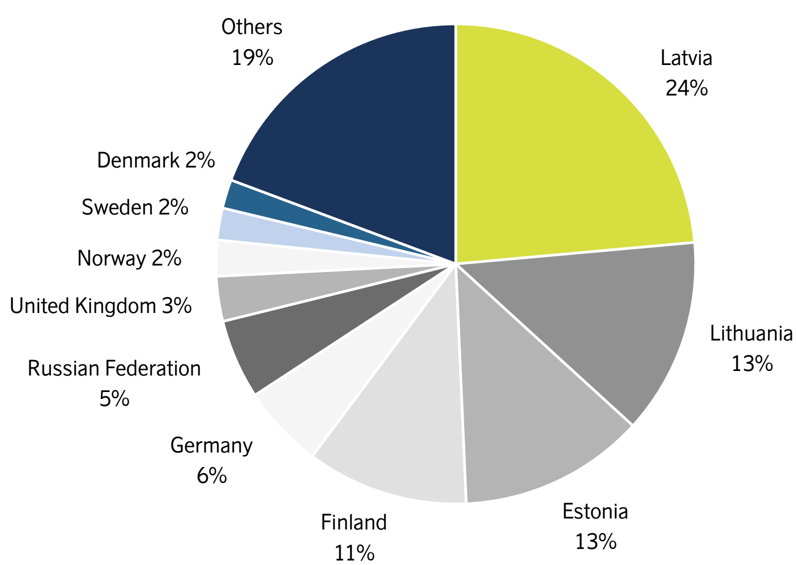


Air Baltic Corporation AS (continued)
Market development (continued)

In 2024 the average penetration (program members' flown flights from all airBaltic flights) of the program has reached 25.0% (vs. 19.4% in 2023) and is the highest in the program's history.



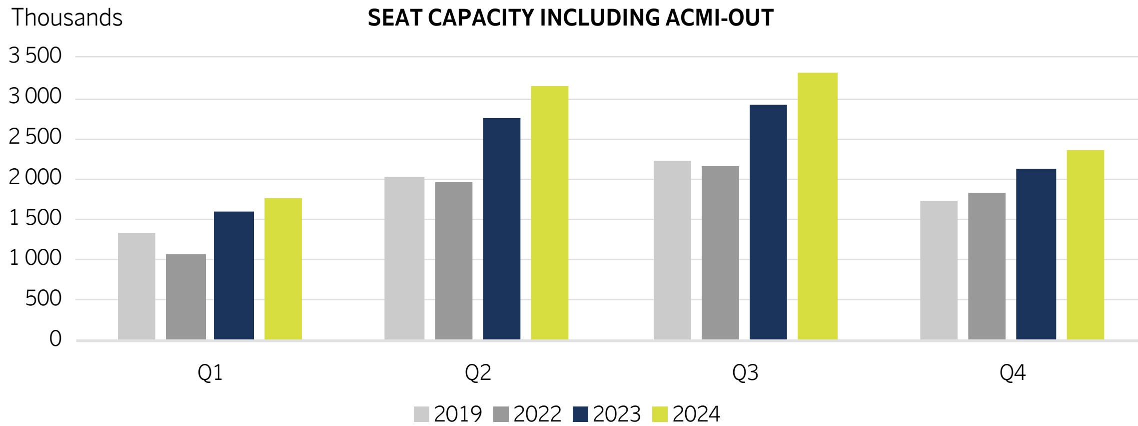
The majority of members- 50%, come from the Baltic States, with substantial numbers also originating from Finland, Germany, the United Kingdom, Norway, Sweden and Denmark.



Air Baltic Corporation AS (continued)

Operating Performance

In 2024, airBaltic (including ACMI-out operations) had a 12% higher total seat capacity compared to 2023, a 44% rise compared to pre-COVID-19 levels of 2019. In terms of total seat capacity, the airline has set new record of 10.56 million seats.



The seat capacity for airBaltic operations was 6% higher than in 2023, only lagging 1% behind 2019 levels. The airline was able to successfully fill the extra seats as evidenced by the load factor growth from 76.7% in 2023 to 81.2% in 2024, significantly improving on its previous best result by 4.5%.

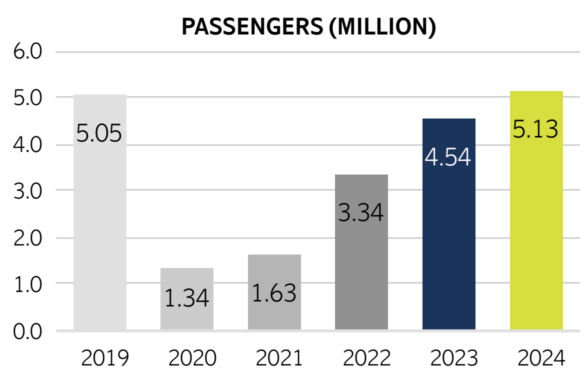
Quarterly airBaltic flights	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
2024	9 611	12 462	13 330	11 619	**47 022**
2023	8 696	11 598	12 679	11 140	**44 113**
Change	*11%*	*7%*	*5%*	*4%*	***7%***
2019	12 740	16 993	18 046	14 969	**62 748**
Change vs 2024	*(25%)*	*(27%)*	*(26%)*	*(22%)*	***(25%)***
Flights including ACMI-out					
2024	12 268	21 855	22 795	16 345	**73 263**
2023	11 354	19 171	20 074	14 908	**65 507**
Change	*8%*	*14%*	*14%*	*10%*	***12%***
2019	12 753	18 179	19 617	15 616	**66 165**
Change	*(4%)*	*20%*	*16%*	*5%*	***11%***

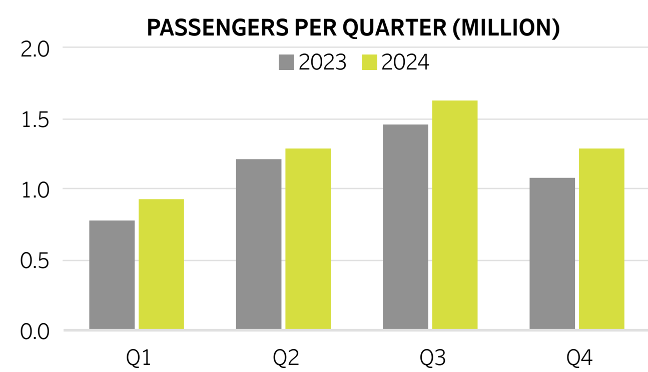
Air Baltic Corporation AS (continued)
Operating Performance (continued)

The total number of flights including the ACMI-out operations reached 73.3 thousand, which was 12% above 2023 levels and 11% above 2019 levels. Total number of passengers transported by airBaltic (including all passenger types and airlines ACMI-out operations) reached 8.3 million (2023: 7.0 million).

	2024	2023	Change
Airline fleet statistics			
Number of aircraft at end of period	49	46	7%
Fleet age (years)	3.8	3.1	25%
Airline operating statistics without ACMI-out operations			
Block hours	105 807	97 259	9%
Flight hours	91 430	83 906	9%
Flights	47 022	44 113	7%
Utilization (block hours per aircraft per day) *	7.46	6.92	8%
Utilization of operating aircraft	10.75	10.78	(0.3%)
Number of passengers ('000)	5 133	4 536	13%
Seat capacity ('000)	6 755	6 346	6%
Average aircraft stage length (km)	1 326	1 289	3%
ASKs (million km)	8 958	8 213	9%
RPKs (revenue passenger kilometres) (millions)	7 278	6 300	16%
Load factor (%)	81.2%	76.7%	4.5pp
Airline total operating statistics			
Block hours	151 302	132 943	14%
Flight hours	128 139	112 641	14%
Flights	73 263	65 507	12%
Utilization (block hours per aircraft per day) *	8.23	7.65	8%
Utilization of operating aircraft	10.68	10.54	1%
ASKs (million km)	12 307	10 781	14%

* Excluding the phased out and grounded De Havilland Q400 fleet of one aircraft in Y2023

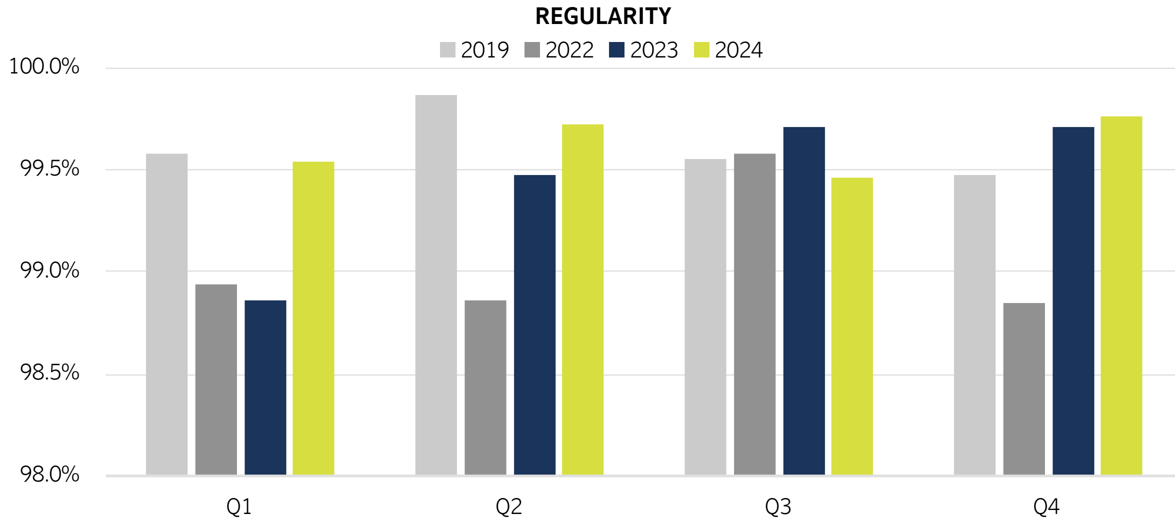




Air Baltic Corporation AS (continued)
Operating Performance (continued)

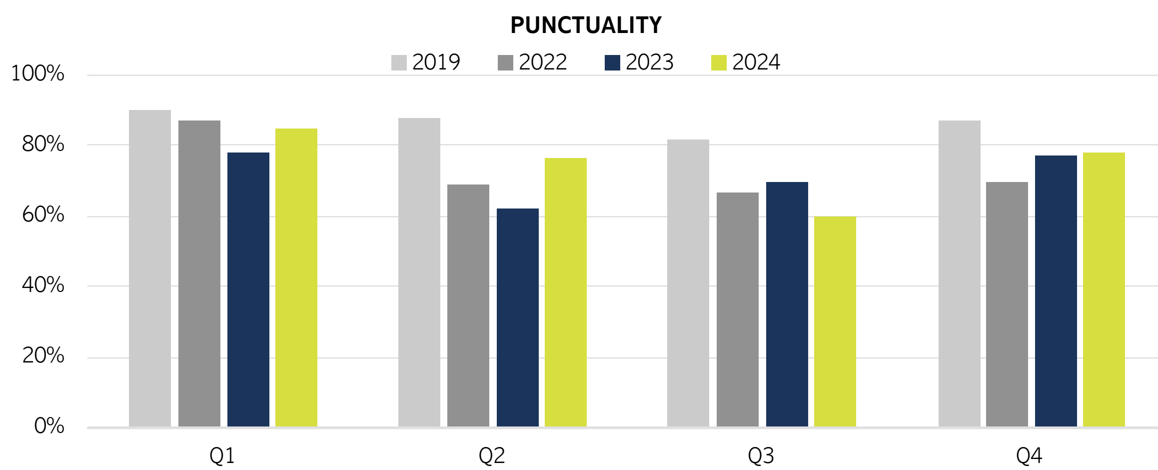
Regularity, Punctuality and Customer Service

In 2024, airBaltic's flight regularity rate was 99.62% (in 2023: 99.48%). Regularity rate was stable throughout the year.



In 2024, airBaltic's 15 minute punctuality rate reached 73.72% (in 2023: 71.21%). The punctuality levels were significantly below airBaltic's internal targets and were primarily driven by the following factors:

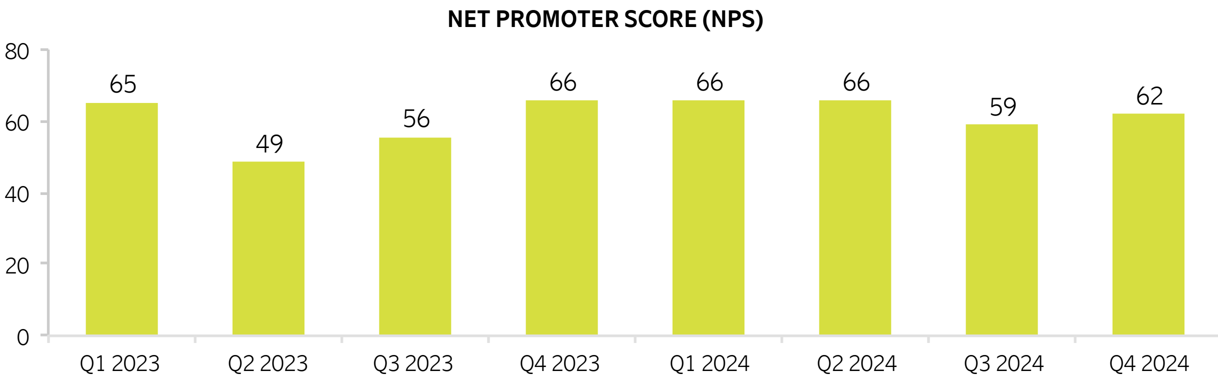
- technical issues,
- Air Traffic Control (ATC) restrictions,
- restrictions at airport of destination,
- restrictions at airport of origination,
- ground handling caused delays,
- delays in aircraft rotation from having shortage of operational spare capacity due to engine shortage.



Air Baltic Corporation AS (continued)

Regularity, Punctuality and Customer Service (continued)

Despite the operational disruptions in regularity and punctuality and replacement of airBaltic's fleet with ACMI-in capacity, airBaltic's net promoter score improved in Q1, Q2 and Q3 vs. the same periods in 2023. The NPS score remained steady at its peak level of 66 for the first half of the year.



In 2024 Skytrax had named airBaltic the winner of the Best Airline in Eastern Europe award for the third year in a row.

Engine Issues and Related Disruptions

The spare engine supply issues which started in 2022, continued in 2023 and persisted throughout 2024 and had a major impact on airBaltic's operations. This once again prevented the airline from flying its own fleet at full capacity. During the Summer season airBaltic had on average 8 aircraft on the ground due to the shortage of spare engines. To mitigate the situation the airline was forced to wet-lease in aircraft from other ACMI providers, and often at short notice. Shortage of spare engines adversely affected multiple areas:

- increase in fuel burn as the more modern and fuel efficient A220-300 were replaced with typically 13 to 20 years old aircraft with larger seat capacity and previous generation engines,
- punctuality and regularity were significantly below airBaltic's internal targets and historic standards. This situation was caused by technical disruptions and operational complexity, with a significant portion of the capacity being replaced by ACMI-in from several different operators. In addition, there were cases when sourcing of ACMI-in capacity was impossible due to no suitable aircraft being available in the market on short notice,
- reduced load factors – as significant number of ACMI-in aircraft (almost 65% of the ACMI-in flights during peak summer were performed by aircraft which had at least 30-40 more seats compared to A220-300) were inserted into airBaltic's network at short notice, airBaltic did not have enough lead time to sell the extra seats resulting in lower load factors than planned,
- airport charges and ground handling fees were on average higher due to larger aircraft replacing A220-300s,
- during 2024 summer season up to 9 aircraft were wet-leased in at one time compared to 13 in 2023,
- lower fleet utilization,
- downwards pressure on Net Promoter Score, as a significant number of passengers were negatively affected by the disruptions.

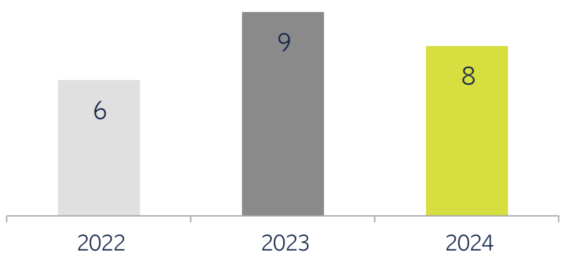
To mitigate the issues caused by the unprecedented shortage of the engines, the airline signed a Fleet Management Program Agreement, which includes commercial support agreement with its engine manufacturer. The FMP commercial support agreement specifies the support the airline will receive in case its aircraft are unavailable for operations due to defined engine operational issues and if there are no replacement engines available. However, if the airline incurs additional losses not covered under the current agreement, management will consider initiating negotiations for further compensation. The overall performance of the engine is slightly improving, as indicated by a reduced removal rate and slightly less problems with the previous trouble issues, such as bearing oil leakages. The management expects the engine shortage to continue in 2025 and it will be driven primarily by unexpected delays and prolonged engine maintenance by engine manufacturer. Planning mitigations have been introduced to minimize the impact. airBaltic continues to work closely with Engine manufacturer to resolve the maintenance delays and find a sustainable solution. By Pratt & Whitney estimates it may take a number of years to fully eliminate all relevant parts from existing engines and the supply chain.

Air Baltic Corporation AS (continued)

Engine Issues and Related Disruptions (continued)

The graph below represents the average number of AOG aircraft per year due to engine shortages, showing that in 2024, an average of eight aircraft were grounded simultaneously.

AVERAGE AOG AIRCRAFT



Fleet utilization

As the airline gradually adds point-to-point routes from other airports to complement the Riga hub, the average network utilization has improved. Due to a significant number of airBaltic's network flights performed by the wet-leased aircraft the A220-300 fleet's actual utilization in 2024 was 7.5 block hours per day. However, in the normal course of business, assuming normal availability of the engines, and assuming all the network flights were performed by airBaltic's own fleet, the 2024 utilization would have reached 8.1 block hours per day. Utilization for total operations also grew, reaching 8.2 block hours, 7.6% higher than in 2023. The normalized utilization for total operations would have been 8.7 block hours per day which is just 1.7% short of 2019 levels.

AIRCRAFT UTILIZATION, BLOCK HOURS

Airline operations	2024	2023	Change	2019	Change
Utilization	7.5	6.9	7.7%	8.8	(14.9%)
Utilization normalized*	8.1	8.3	(2.7%)	8.8	(7.6%)

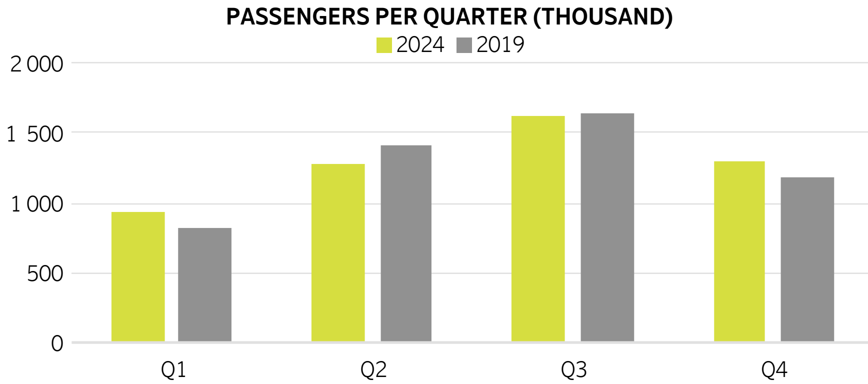
Total operations	2024	2023	Change	2019	Change
Utilization	8.2	7.6	7.6%	8.9	(7.1%)
Utilization normalized*	8.7	8.7	(0.1%)	8.9	(1.7%)

*ACMI-in block hours included and assumed to be flown by A220-300 aircraft which were AOG

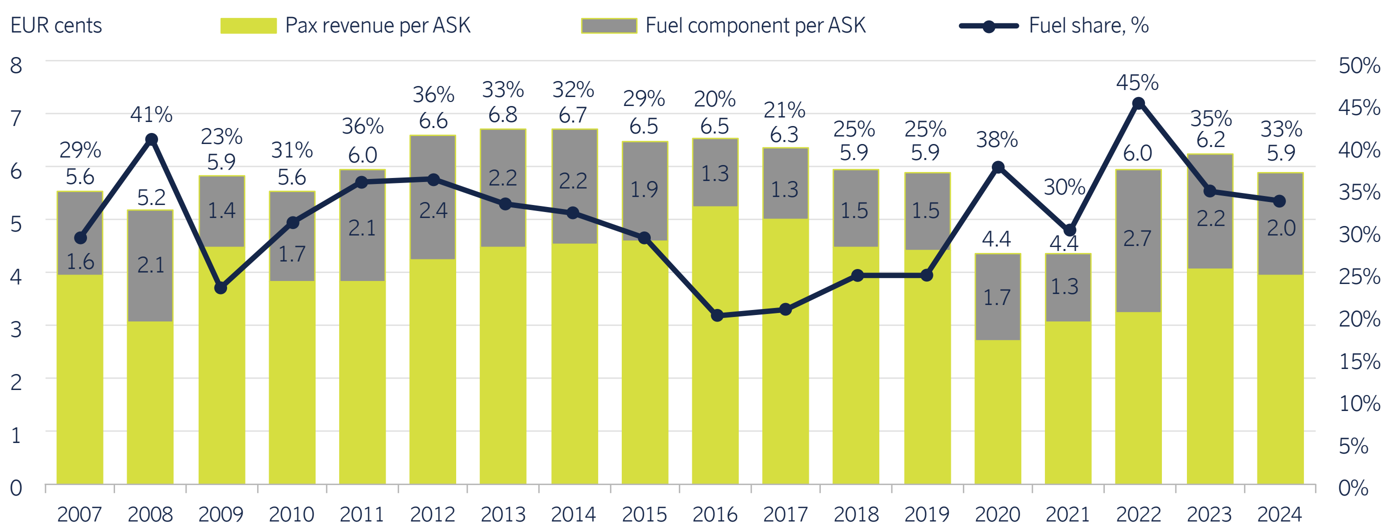
Air Baltic Corporation AS (continued)

Financial Performance

In 2024, the airline continued its growth trajectory, the number of passengers exceeded the pre-pandemic levels for the first time. The airline transported 5.13 million passengers, which is a 1.6% increase from 2019 and 13% increase from 2023, indicating airBaltic has also managed to replace the passenger number loss from the closure of its Eastern markets. Importantly, a significant portion of the increase in passenger numbers relative to 2019 comes from off-peak seasons (namely Q1 and Q4).



Along with the unfavourable macroeconomic conditions in its largest markets, the increased proportion of low-season passengers has led to a drop in the average passenger yield per kilometer in 2024, with 7.6 cents representing a 7% decrease y-o-y. The reduction of purchasing power of the customer base has impacted both the Ticket yield (down 4% y-o-y) and Comparable ancillary yield (down 4% y-o-y), as the airline faced increased competition from low-cost carriers.

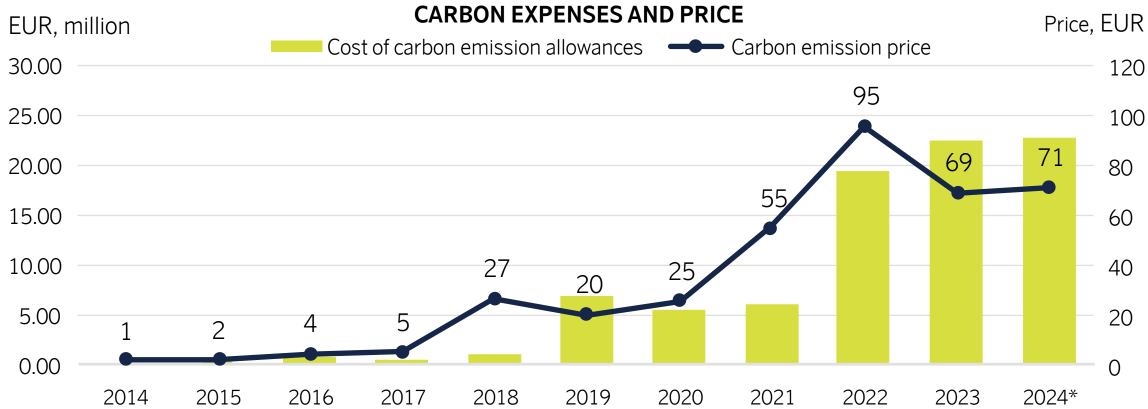


Fuel costs remain the largest cost item for the airline in 2024, despite a positive trend in fuel prices at the end of the year. The average fuel market price in 2024 was USD 796.8 per ton which was 10% lower than 2023. With the outbreak of COVID-19 the airline had suspended its hedging activities primarily due to loss of credit capacity with the commodity hedging counterparties therefore it had only 20% of its fuel exposure hedged for 2024. As of the date of this report the airline has hedged 6.3% of its expected fuel consumption for 2025 at the price of EUR 650 per ton and will continue to gradually increase its hedged position as the credit relationships with the hedging counterparties are restored.

Air Baltic Corporation AS (continued)

Financial Performance (continued)

An increasingly significant part of the total costs can be attributed to the costs of the carbon emission allowances which are part of the EU, CH and UK Emission Trading System requirements. In 2024 the airline made accruals for total of EUR 18 million. The overall cost of carbon emission allowances slightly increased compared to the previous year. The airline will have to submit the carbon emission allowances under EU ETS in Q3 of 2025 and as of the date of this report the airline had 11% hedged at the average price of EUR 67.5 per ton.



*Cost based on emission price at the end of period

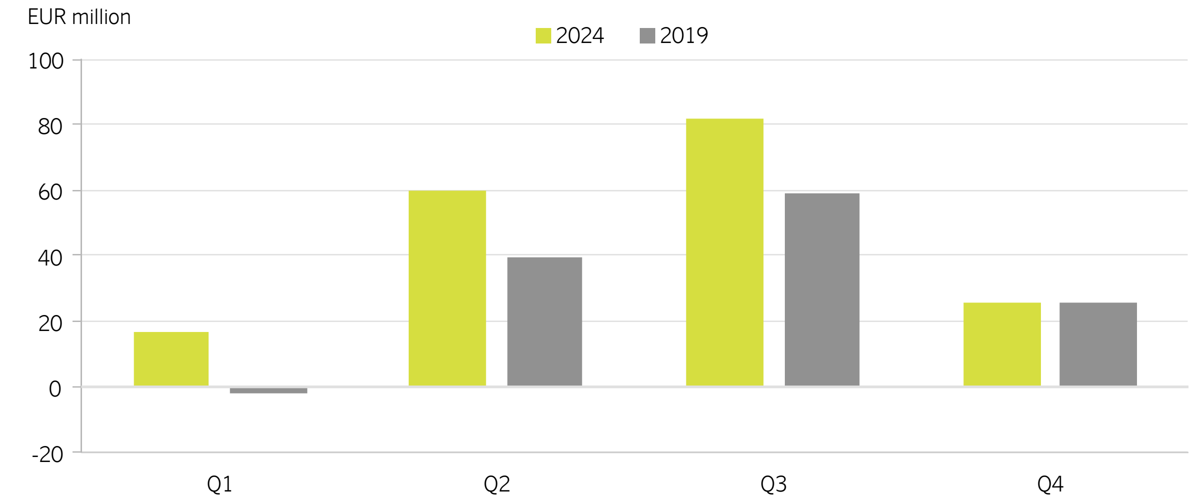
Note: Carbon emission price based on settlement

Air Baltic Corporation AS (continued)
Financial Performance (continued)

In 2024, the airline was able to improve on its margins – with adjusted EBITDAR margin reaching 24.6%, 0.8% up from 2023 and also exceeding the 2019 levels. In absolute terms the airline achieved a new record, posting an adjusted EBITDAR of EUR 184 million for 2024.

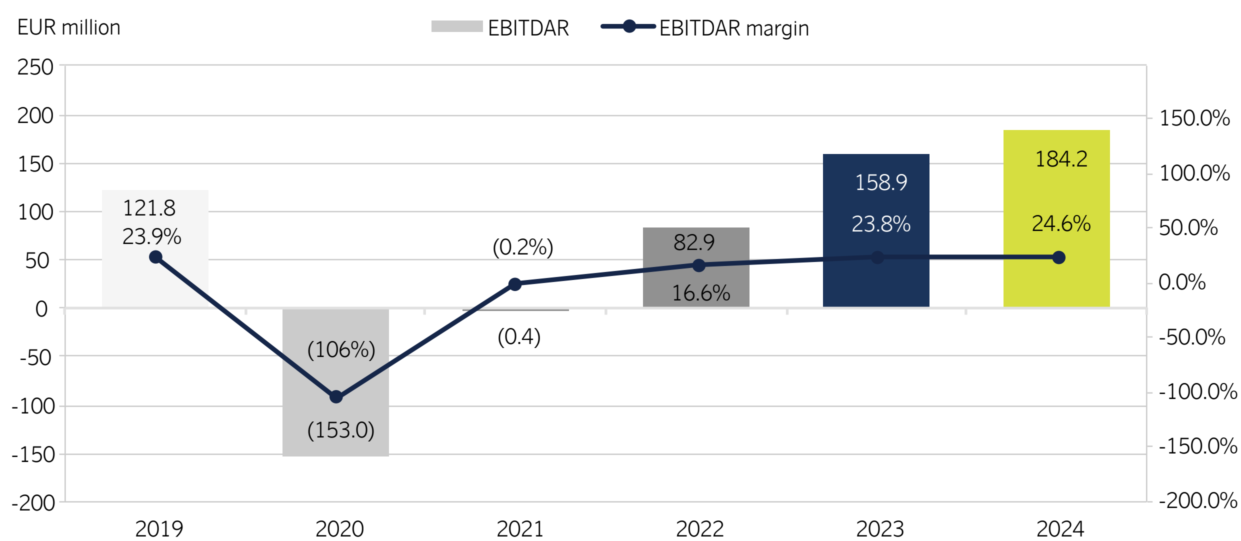
The key contributors to improving adjusted EBITDAR considering lower Passenger yields, were the increased load factor and further development of ACMI-out business.

ADJUSTED EBITDAR PER QUARTER



The table below shows overall Group's adjusted EBITDAR and adjusted EBITDAR margins in 2024.

EBITDAR, EBITDAR MARGIN



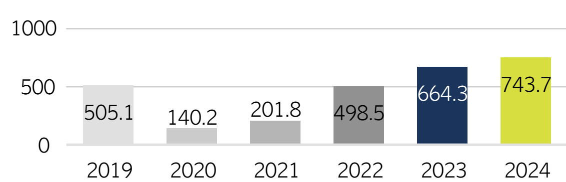
Despite the positive trend of Revenue and adjusted EBITDAR growth, the Group ended 2024 with a loss of EUR 118 million, of which EUR 73 million was due to following non-operational factors:

- EUR 40.4 million of additional non-operating expenditure related to accelerated depreciation of engine parts driven by P&W engines undergoing full interval shop visits ahead of schedule partially caused by the powdered metal issue,
- EUR 32 million foreign exchange losses from EUR depreciation vs. USD and revaluation of the USD liabilities.

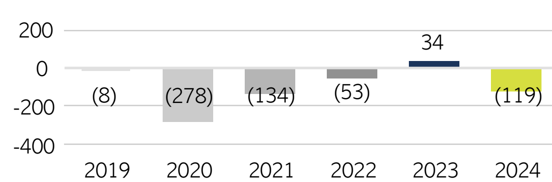
Air Baltic Corporation AS (continued)
Financial Performance (continued)

(EUR thousands, except where otherwise stated)	2024	2023	Change
Airline financial metrics			
Total revenue	743 733	664 289	12%
Passenger revenue	571 998	539 158	6%
Ticket revenue	527 025	496 599	6%
Ancillary revenue	44 973	42 559	6%
ACMI lease revenue	146 871	100 701	46%
Adjusted EBITDAR	182 765	158 198	24 567
Adjusted EBITDAR margin	24.6%	23.8%	0.8pp
Adjusted EBIT	(26 895)	88 889	(115 784)
(Loss) / profit for the period	(118 803)	33 852	(152 655)
Net Debt	1 265 014	1 121 069	13%
Cash and cash equivalents	32 893	28 794	14%
Cash, cash equivalents and restricted cash	46 668	28 794	62%
KPI without ACMI-out operations			
Ticket yield (€)	97.1	102.4	(5%)
Comparable ancillary yield (€)	9.7	10.1	(4%)
Yield (€ cents)	7.6	8.1	(7%)
RASK (€ cents)	6.70	6.89	(3%)
CASK (€ cents)	(6.89)	(6.31)	9%
CASK ex fuel (€ cents)	(4.92)	(4.13)	19%
CASK normalized (€ cents)	(6.55)	(6.31)	4%
CASK normalized ex fuel (€ cents)	(4.57)	(4.13)	11%

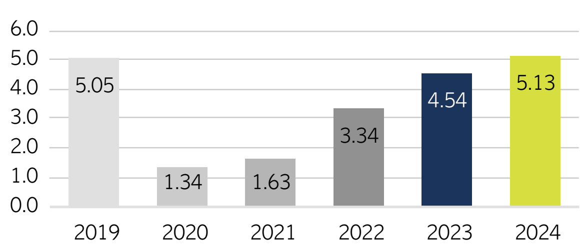
TOTAL REVENUE (EUR MILLION)



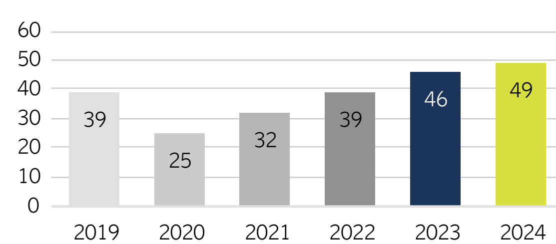
PROFIT / (LOSS) FOR THE YEAR (EUR MILLION)



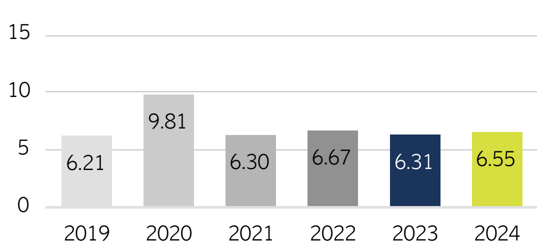
PASSENGERS (MILLION)



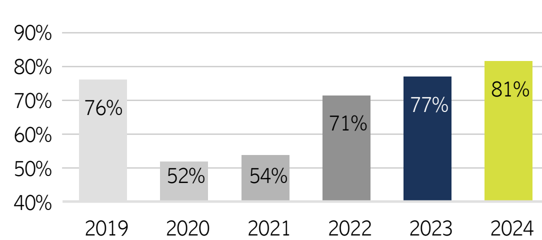
OPERATING YEAR-END FLEET



CASK (EUR CENTS)



LOAD FACTOR

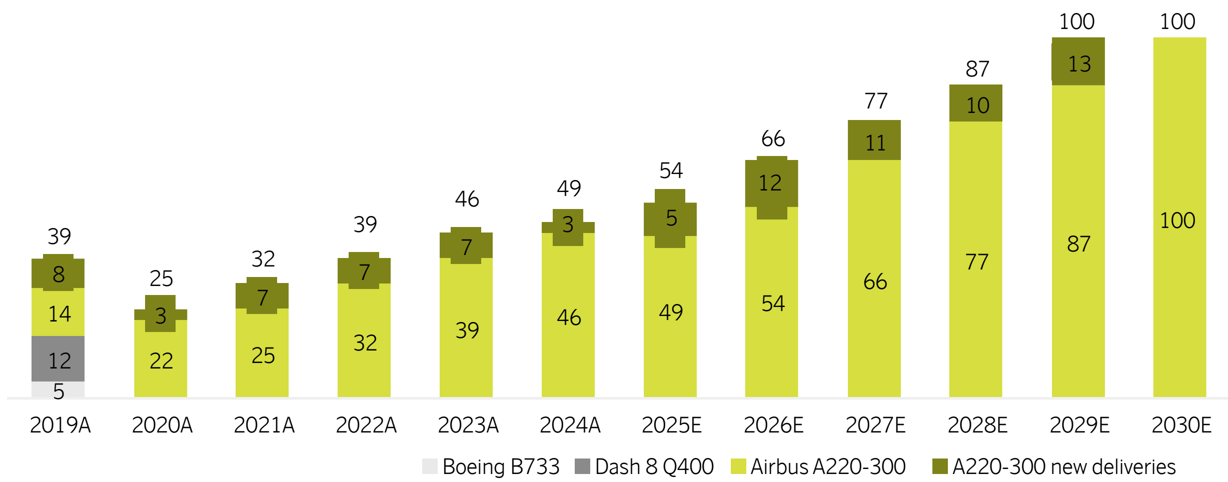


Air Baltic Corporation AS (continued)

Fleet Renewal

During 2024, the Company added 3 Airbus A220-300 aircraft to its fleet, thus the total number of A220s reached 49. The airline used sale and lease back financing to finance all three A220-300 deliveries.

In 2023, the airline and Airbus signed a contract change order that converted its options and purchase rights into 30 firm orders to be delivered over the IPO & Beyond business plan period to 2030. On August 12, 2024, the airline signed a contract change order with Airbus converting 10 purchase rights into firm orders and changes in the overall delivery schedule. As a result of the contract change order the total number of firm aircraft order had increased to 40 and the first aircraft from the new order would be delivered already in Q2 of 2026 vs. originally planned Q4 of 2026. The chart below is updated based on the new delivery schedule changes and also includes additional aircraft coming from lessors in 2025 and 2026 based on signed contracts.



Cash Flow and Liquidity

In 2024, airBaltic achieved positive cash flow of EUR 110 million from its operating activities, a EUR 27 million decrease compared to 2023. The negative deviation can be explained by negative movement in working capital where the main items were advance payments for future aircraft overhauls.

Net cash used in investing increased to EUR 43.4 million due advance payments for new aircraft and investment in aircraft maintenance, mainly engines.

Cash used in Financing activities reduced by EUR 81.4 million due to successful refinancing of the existing bond with a new issue and a subsequent tap of the new bond. However, the financing activities still required more than EUR 62.3 million to support the lease principal payments of the growing fleet, as well as higher interest payments on the bond and restricted cash related to the new bond coupon payment.

The airline ended 2024 with a cash balance of EUR 32.9 million, however for bond minimum liquidity calculation purposes additional EUR 13.775 million in restricted cash designated for the quarterly bond coupon payment should be added.

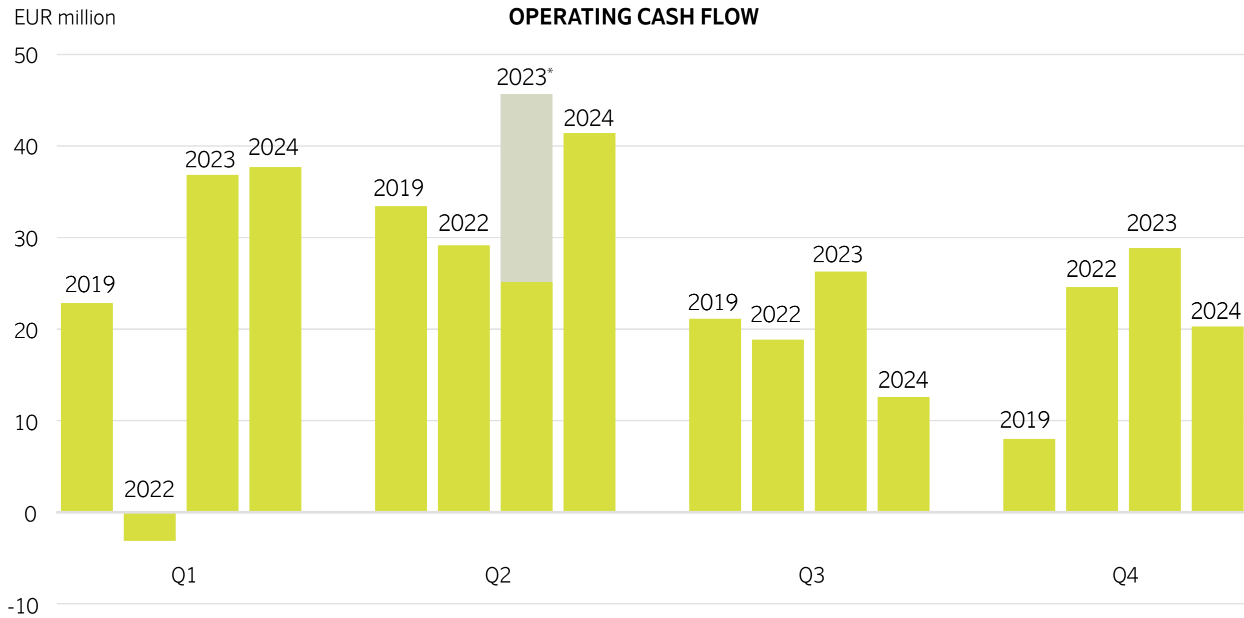
EUR thousand	**2024**	**2023**	**Change**
Cash and cash equivalents at the beginning of the year	**28 794**	**37 611**	**(8 817)**
Operating profit before working capital changes	*147 339*	*161 556*	*(14 217)*
Working capital changes	*(37 456)*	*(24 690)*	*(12 766)*
Net cash generated from / (used in) operating activities	**109 883**	**136 866**	**(26 983)**
Net cash used in investing activities	(43 427)	(1 886)	(41 541)
Net cash used in financing activities	(62 357)	(143 797)	81 440
Cash and cash equivalents at the end of the year	**32 893**	**28 794**	**4 099**

Air Baltic Corporation AS (continued)

Cash Flow and Liquidity (continued)

In May 2024 airBaltic successfully completed its largest bond issue to date in the amount of EUR 340 million at 14.50% coupon for the period of 5.25 years and subsequently repaid the principal and interest of the outstanding bond of EUR 200 million and the principal and interest of secured state loan of EUR 36.1 million.

In addition, on 17 October 2024, airBaltic successfully priced a tap issue of EUR 40 million linked to its EUR 340 million outstanding high yield bonds (see Note 33). The proceeds from this issue were allocated to general corporate purposes, including bolstering airBaltic's current liquidity and supporting future fleet expansion as outlined in the approved business plan. The transaction was priced at 112.5%.



*Support related to engine shortage in Q2 received in Jul'23, the amount included in Q2 2023

Shareholders' structure and equity

The shareholders structure as of 31 December 2024 was as follows:

	Participating interest, %	Category A shares	Category B shares	Category C shares	Category D shares	Share capital, TEUR
Republic of Latvia	97.97	20 531 867	74 323 152	113 164 518	38 660 300	545 319
Aircraft Leasing 1 SIA	2.03	5 115 204	-	-	-	51 152
Other	0.000084	211	-	-	-	2
TOTAL	**100**	**25 647 282**	**74 323 152**	**113 164 518**	**38 660 300**	**596 473**

Legal Risks

As of the date of this report airBaltic is a party in several lawsuits described in detail in Note 39 (b) of the Financial statements. The status and strategy in each of the litigation processes are closely monitored by the Management of airBaltic with the assistance of its advisors including various reputable law firms. The Management cannot be certain of the outcome of each single court case. However, management believe they have taken a prudent approach in assessing any potential negative decisions and the necessary action steps have been taken to ensure that the assets and operations of the Company are not jeopardized.

Coverage of losses

The Executive Board expects to cover the year's losses with profits generated in future years.

Alternative Performance Measures and Items Affecting Comparability

The Group uses alternative performance measures in its internal reporting. The figures are referred to in the European Securities Markets Authority (ESMA) Guidelines on Alternative Performance Measures (APM), which airBaltic uses to describe its business and financial performance development between periods. The alternative performance measures do not replace IFRS indicators, but shall be read in conjunction with key figures in accordance with IFRS financial statements. Certain APMs presented below follow definitions adopted or revised by the Company in 2024 (and reflecting the way the Company communicates its results and performance to investors). Management data for 2020-2024 provided below is presented on a consistent and comparable basis.

GROUP

EUR thousand	**2024**	**2023**	**2022**	**2021**	**2020**
PROFIT / (LOSS) FOR THE YEAR	**(118 159)**	**33 652**	**(54 219)**	**(135 718)**	**(264 597)**
Corporate income tax	(7)	17	1 995	1 528	1 729
Finance costs	93 517	63 855	58 961	51 519	49 727
Finance income	(1 588)	(522)	(112)	(153)	(108)
Provision for legal disputes	-	(8 073)	500	312	11 500
ADJUSTED EBIT	**(26 237)**	**88 929**	**7 125**	**(82 512)**	**(201 749)**
Foreign currency exchange (gain) / loss, net	32 385	(16 664)	25 379	26 855	(22 775)
Amortization and depreciation	152 185	91 070	74 280	51 604	64 624
ADJUSTED EBITDA	**158 333**	**163 335**	**106 784**	**(4 053)**	**(159 900)**
Aircraft and similar lease	59 612	76 189	22 921	4 365	7 595
Claims compensation	(33 793)	(80 586)	(46 789)	(691)	(687)
ADJUSTED EBITDAR	**184 152**	**158 938**	**82 916**	**(379)**	**(152 992)**
ITEMS AFFECTING COMPARABILITY					
PROFIT / (LOSS) FOR THE YEAR	**(118 159)**	**33 652**	**(54 219)**	**(135 718)**	**(264 597)**
Accelerated depreciation of engines	40 468	-	-	-	-
Revaluation of liabilities in USD	32 239	(16 475)	26 546	24 738	(22 998)
Interest/commission on repaid bonds	3 375	-	-	-	-
Provisions for legal disputes	-	(8 073)	500	312	11 500
Provision of bad debt	-	1 002	-	-	-
Net impairment losses on right-of-use assets	-	-	-	-	72 891
MANAGEMENT PROFIT / (LOSS)	**(42 077)**	**10 106**	**(27 173)**	**(110 668)**	**(203 204)**
ADJUSTED EBIT	**(26 237)**	**88 929**	**7 125**	**(82 512)**	**(201 749)**
Accelerated depreciation of engines	40 468	-	-	-	-
Revaluation of liabilities in USD	32 239	(16 475)	26 546	24 738	(22 998)
Provision of bad debt	-	1 002	-	-	-
Net impairment losses on right-of-use assets	-	-	-	-	72 891
MANAGEMENT EBIT	**46 470**	**73 456**	**33 671**	**(57 774)**	**(151 856)**
ADJUSTED EBITDA	**158 333**	**163 335**	**106 784**	**(4 053)**	**(159 900)**
Provision of bad debt	-	1 002	-	-	-
Net impairment losses on right-of-use assets	-	-	-	-	72 891
MANAGEMENT EBITDA	**158 333**	**164 337**	**106 784**	**(4 053)**	**(87 009)**

Alternative Performance Measures and Items Affecting Comparability (continued)

GROUP

EUR thousand	2024	2023	2022	2021	2020
ADJUSTED EBITDAR	**184 152**	**158 938**	**82 916**	**(379)**	**(152 992)**
Provision of bad debt	-	1 002	-	-	-
Net impairment losses on right-of-use assets	-	-	-	-	72 891
MANAGEMENT EBITDAR	**184 152**	**159 940**	**82 916**	**(379)**	**(80 101)**
PROFIT / (LOSS) FOR THE YEAR	**(118 159)**	**33 652**	**(54 219)**	**(135 718)**	**(264 597)**
Corporate income tax	(7)	17	1 995	1 528	1 729
Finance (income) / expenses	124 314	46 669	84 228	78 221	26 844
OPERATING PROFIT / (LOSS)	**6 148**	**80 338**	**32 004**	**(55 969)**	**(236 024)**
Non-current borrowings	389 690	55 838	254 464	247 767	233 300
Non-current lease liabilities	809 139	797 258	718 012	602 083	500 052
Current borrowings	10 842	209 947	10 777	9 915	8 342
Current lease liabilities	102 011	87 491	77 565	77 329	60 690
Restricted cash	(13 775)	-	-	-	-
Cash	(33 174)	(29 058)	(37 999)	(79 314)	(148 305)
NET DEBT	**1 264 733**	**1 121 476**	**1 022 819**	**857 780**	**654 079**

Air Baltic Training SIA

Air Baltic Training SIA (hereinafter also – the ABT) was established in 2010. The main operation of the ABT is the provision of aviation related training services.

ABT has established itself as a leading Airbus A220 training service provider, delivering high-quality training for safety-critical staff, including but not limited to pilots, cabin crew members, maintenance personnel, and flight dispatchers, as well as general aviation maintenance services and comprehensive training programs for individuals and aviation entities. ABT remains persistent in its commitment to enhancing its training services and diversifying revenue streams.

In the reporting year, ABT demonstrated significant growth in pilot training, operating an EASA-certified fleet of 10 aircraft (9 Diamond DA40 and 1 Diamond DA42), two Level D qualified Airbus A220 full flight simulators, and a Diamond 40/42 Flight Navigation Training Device, training a total of 120 active students annually.

A new record was set for performed flight hours in initial training, with an 80% increase compared to the previous year, reaching approximately 7.9 thousand flight hours. Despite the issuance of mandatory service directives for Austro engines on training aircraft, necessitating a temporary suspension of training flights from late August to mid-September for inspections, the number of Pilot Academy graduates remained consistent with the previous year at 38.

The training hours in the Full Flight Simulator also reached 5.8 thousand hours, the highest number since the first A220 FFS was qualified in 2019.

A second Level D A220 FFS was successfully established at the Training Center and qualified in December 2024. This will allow for accommodating the extra capacity of the main customer – airBaltic – as well as increasing income from third-party clients. Simulator maintenance services also contributed to revenue growth, with additional income expected from the maintenance of the second A220 simulator.

Efforts to diversify revenue streams yielded positive results, with aircraft maintenance training revenues increasing by approximately 65%. The PART-147 maintenance training for A220 aircraft experienced notable growth in 2023/2024, with further expansion anticipated in the coming year. Additionally, ABT enhanced its capacity for initial maintenance training courses aimed at aspiring maintenance personnel seeking their initial licenses.

ABT collaboration with Liepājas Valsts Tehnikums in the maintenance mechanics education program maintained a targeted enrolment of 75 students in September 2024. This partnership ensures a consistent supply of skilled aviation technicians, benefiting both ABT and its parent company, Air Baltic Corporation AS.

Baltijas Kravu Centrs SIA

SIA Baltijas Kravu Centrs has been operating at Riga International Airport since 1 February 2001. It has proven to be a stable, reliable and high-quality service provider. In terms of cargo turnover and number of handled flights, the subsidiary is the largest cargo handling company at the Riga Airport.

In 2024, the subsidiary continued to provide air cargo and mail services to airBaltic, handling direct and transit shipments. SIA Baltijas Kravu Centrs also handles airfreight for SAS, Singapore Airlines, Air China and Qatar Airways, transported by road from or to hub airports in Europe.

During the year under review, the subsidiary's operations were significantly affected by the continuation of the Russian hostilities in Ukraine and the resulting restrictions on air transport – air traffic with Ukraine and Russia was suspended. Despite the negative market conditions, SIA Baltijas Kravu Centrs handled 10 168 tons of cargo and mail during the reporting year, which is 3% more than in 2023. Total revenue increased to EUR 1 155 683 and the subsidiary closed the reporting year with a profit of EUR 63 784.

In 2021 the subsidiary together with its parent company airBaltic won the tender organized by International Airport Riga for the rights to build a new cargo handling terminal. In the reporting year construction works were started, which are planned to be completed at the beginning of 2025.

Aviation Crew Resources AS

Aviation Crew Resources AS (hereafter ACR) was established in 2012 to meet the growing demand for highly skilled pilots in the aviation market. The main activities of the subsidiary were related to the outsourcing of aviation crew. The liquidation of the subsidiary was initiated in 2023 and was ongoing in 2024.

Going concern

The Executive Board of the Parent company is of the opinion that the use of the going concern assumption in the preparation of these financial statements is appropriate.

Further considerations and an analysis of the applicability of the going concern principle are described in Note 2 (c) to the Financial statements.

Subsequent events

On 29 January 2025, airBaltic announced an agreement between the Ministry of Transport of Latvia, airBaltic, and Lufthansa Group, under which Lufthansa Group will invest EUR 14 million in airBaltic. In return for its investment, Lufthansa Group will receive a convertible share granting a 10% stake, which will be issued at a subscription price of EUR 14 million and converted into ordinary shares upon a potential IPO of airBaltic. After the IPO, the size of Lufthansa Group's stake will be determined by market pricing of the potential IPO, with Lufthansa Group's holding amounting to no less than 5% of airBaltic. Lufthansa Group will also appoint a Supervisory Board member upon closing of the investment, thus extending the Supervisory Board to 5 members.

On 11 February 2025 the Shareholders' Meeting of airBaltic adopted decision on the finalization of the share capital of the Parent company. The share capital was decreased to EUR 25 179 525.20, comprising 251 795 252 shares with a nominal value of EUR 0.10 per share. This follows the Shareholders' Meeting on August 30, 2024, in which the initiation of this process was approved.

On the same Shareholders' Meeting of 11 February 2025, the shareholders of the Parent company appointed a new Supervisory Board, which consists of Andrejs Martinovs, the Chairman of the Supervisory Board, Lars Mydland, Deputy Chairman of the Supervisory Boardand Lars Thuesen, Members of the Supervisory Board. These three members will act as the temporary Supervisory Board until the IPO. The Supervisory Board will be extended from 4 (3 at the time of signing this report) to 5 members, with Lufthansa Group appointing a Supervisory Board member upon closing of the transaction, planned for Q2 2025, subject to antitrust review.

AirBaltic continues its process to become the first airline in Europe to offer ultra high-speed internet connectivity powered by Starlink. An important milestone was reached in February 2025 when EASA certified the Starlink system for installation and use on A220-300 aircraft. Internet services for passengers will be available from the end of February and the entire fleet is scheduled to be equipped with available Internet services to all passengers in Q4 2025.

After the balance sheet date, the airline received one additional aircraft, increasing its fleet to 50.

During the period between the last day of the reporting period and the date of signing this report, there have been no other events that could materially impact the financial position of the Group as of 31 December 2024 and should be reflected in this report.

Sustainability Statement

General Information

Basis for Preparation of the Sustainability Statement

The consolidated Sustainability Statement (the Sustainability Statement) is part of the Air Baltic Corporation AS Group consolidated Management report and discloses information about Air Baltic Corporation AS (hereinafter – airBaltic, the airline, the Company) along with its subsidiaries: Air Baltic Training SIA, Baltijas Kravu Centrs SIA, and Aviation Crew Resources AS in liquidation (altogether hereinafter – the Group).

The Sustainability Statement covers the same scope of consolidation and reporting period as for the Annual Report – from January 1 to December 31, 2024.

The Sustainability Statement is prepared in accordance with the Sustainability Disclosure Law of Latvia, which transposes the Corporate Sustainability Reporting Directive (CSRD)[1], and the European Sustainability Reporting Standards (ESRS)[2]. The Sustainability Statement Environmental Information section includes EU Taxonomy Disclosures pursuant to Article 8 of Regulation 2020/852 (EU Taxonomy Regulation).[3]

This is the first Group's consolidated Sustainability Statement that has been prepared in accordance with the ESRS. For some disclosures comparative information is provided, however these have not been subject to limited assurance procedures performed for 2024 information.

1 Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022
2 Regulation (EU) 2023/2772 of the European Parliament and of the Council of 31 July 2023
3 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020

Disclosure limitations and references

The consolidated Sustainability Statement contains publicly disclosable information.

Some disclosures are included in parts of the Annual Report located outside of the Sustainability Statement. References to these specific sections are disclosed under relevant topics, in the form of a tables in the content index overview, and in the data requirements incorporated by reference into this sustainability statement.

For disclosures that contain forward-looking information, the Group acknowledges that the information is subject to uncertainty and is based on the management's best estimates and information available at the time of sustainability statement preparation.

Information about resources allocated to the action implementation is limited to disclosures of current financial resources that are published in the Management report and the EU Taxonomy Disclosures. The Group does not disclose future information regarding resources allocated to the implementation of action plans. Business-related information concerning business development plans, operational expenditures (hereinafter- OpEx) and capital expenditures (hereinafter- CapEx) has been designated as non-public due to its commercially sensitive nature, and non-disclosable, including information related to sustainability initiatives.

As the Company has issued bonds and therefore is subject to Prospectus Regulation[4] the Company refrains from publishing any kind of financial guidance for the upcoming years in its financial statements and other information materials, in order to minimize the risk of misleading existing and/or future investors. Information concerning safety, security, and cybersecurity has been classified as non-public due to the significant potential harm it could cause to the Group if disclosed.

The Group uses time horizons in line with the ESRS. Short term refers to a period of up to 1 year. Medium term refers to a time frame of 1–5 years, aligning with the Group's business planning practices. Long term refers to more than 5 years extending to 2050 for climate-related disclosures, consistent with the aviation's commitment timeline.

The list of information disclosures that contains references to another information sources are provided in Appendix 1. The Statement on due diligence is disclosed in Appendix 2.

Sustainability Governance

The Company is governed by the Supervisory Board, the Executive Board, and the senior level Top Management team.

Information about the Group's management, roles, and responsibilities in regards to governance processes, controls and procedures used to monitor, manage and oversee impacts, risks and opportunities, their identities, independence, is provided in the introductory part of the Corporate Governance Statement. The experience of the members of the Supervisory Board and the Executive Board is published on the Group's website.

[4] Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017

Percentage of members[5] of Administrative, Management and Supervisory Bodies by gender	Female	Male	Total
Supervisory Board	0	4	4
Diversity ratio[6] (gender % between Supervisory Board members)	0%		
Executive Board	0	3	3
Diversity ratio[6] (gender % between Executive Board members)	0%		
Administrative Management (senior level Top Management team)	5	4	9
Diversity ratio[6] (gender % between Top Management team members)	125%		
TOTAL	**5**	**11**	**16**
Diversity ratio[6] (gender % between Supervisory Board, Executive Board, and senior level Top Management team members)	**45.5%**		

Data as of 31 December 2024

Two age groups represent the Top Management team and Executive Board, and Supervisory Board: 30-50 years and 50 or older.

	Under 30	30-50	Over 50	Total
Percentage of members of the Top Management team and Executive Board, and Supervisory Board by age	0%	50% (8)	50% (8)	100% (16)

Data as of December 31, 2024

Sustainability Management, Knowledge and Responsibilities

The Executive Board holds shared responsibility for the Group's sustainability initiatives. Together with the Top Management team, they function as the sustainability committee, overseeing impact, risk, and opportunity management. This includes setting sustainability-related priorities, supervising implementation, and integrating environmental, social, and governance (ESG) principles into the Group's business operations to achieve sustainability key performance indicators (KPIs). Management's ESG expertise is supported by experts from the Group's Sustainability Unit, while specific knowledge on energy, emissions, and environmental matters is further enhanced by external consultancy.

In alignment with the Group's Sustainability Policy, progress toward these priorities is monitored and reported through quarterly sustainability reports presented by the Head of Sustainability to the Top Management team and the Executive Board.

ESG-related responsibilities are distributed among the Management team as follows:
- Executive Board shares responsibility to oversee overall ESG management and the achievement of non-financial KPIs;
- Top Management team shares responsibility for attaining climate change targets, ensuring data privacy, providing equitable access to products and services, and fostering a positive corporate culture;

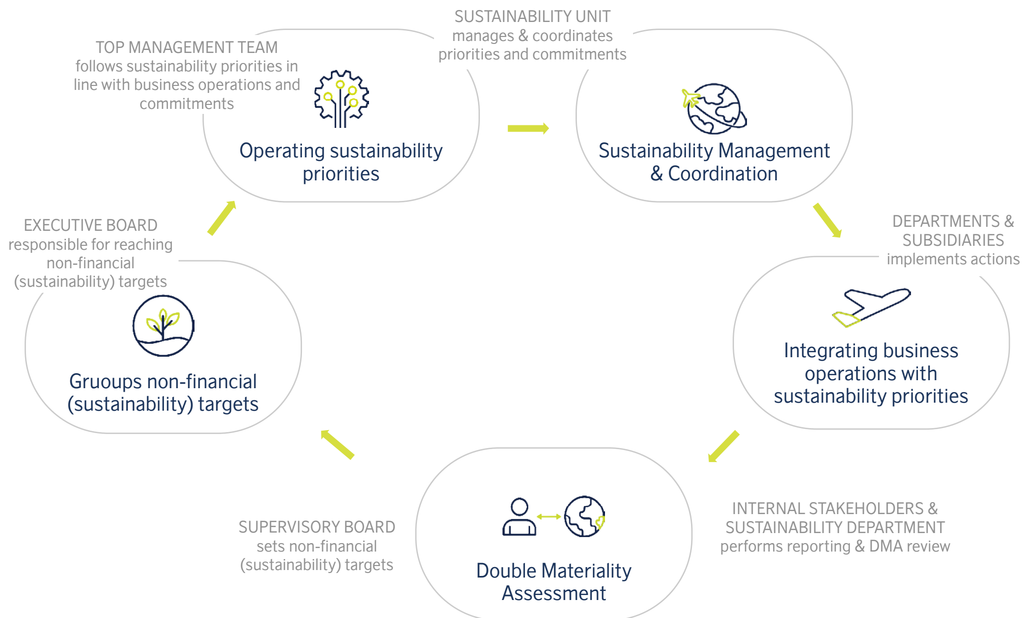
The chapter "Material impacts, risk, and opportunities" outlines management's role in addressing material matters, detailing how these are handled by the relevant Administrative, Management, and Supervisory bodies or committees.

[5] The Group's governance structure ensures that both business and employee interests are represented through the Top Management team. While employee representatives are not required to be involved in management, the Group maintains regular interaction with trade unions, including monthly meetings to discuss employment matters.

[6] Average ratio of female to male board members as per ESRS GOV-1 methodology.

The Group identifies its material impacts, risks, and opportunities (IROs) through a Double Materiality Assessment (DMA) process, which serves as the foundation for setting targets. This assessment aligns identified IROs with financially material matters and the overall risk evaluation that is integrated with the Group's Enterprise Risk Management system.

The assessment outcomes, including material targets and KPIs, are presented to the management and approved by the Executive and Supervisory Boards. Based on these outcomes, the Supervisory Board establishes the Group's non-financial targets. These targets are overseen by the Executive Board and implemented under the supervision of the Top Management team by the relevant departments, with the Sustainability Unit coordinating the process.



Sustainability Matters Addressed by the Management

Sustainability matters like GHG emission reduction, safety, social responsibility, and customer initiatives are typically managed in a decentralized manner by the respective departments, in line with the Group's Sustainability Policy. High-level strategic issues, such as connectivity, fleet renewal, and climate transition risks, fall under the responsibility of the Top Management team and the Executive Board.

The Sustainability Unit is responsible for presenting sustainability matters to the Top Management team, Executive Board and Supervisory Board for review and approval on a quarterly basis. While most material IROs were already incorporated into the Group's business practices, in 2024, the Executive Board approved the Group's Climate Transition Plan, Environmental Management System, Sustainability Policy, and the DMA results.

Sustainability-Related Incentive Schemes

The Group's Executive Board is guided by a set of annual financial and non-financial targets established by the Supervisory Board. These targets encompass various priorities, including the reduction of CO_2 emissions per Revenue Passenger Kilometres (RPK) compared to 2019[7] as part of the Group's climate-related initiatives. No additional climate-related considerations are factored into the remuneration of the Executive Board members beyond these established goals. At the same time the applicable state aid restric-

7 Starting in 2025, the targets will also be measured against the 2024 baseline.

tions prohibit any variable remuneration to the Board members (see Corporate Governance Statement, Principles of determining the remuneration for the Supervisory Board and the Management Board).

Risk Management and Internal Controls Over Sustainability Reporting

The Group's sustainability reporting process follows the ESRS guidelines developed by the European Financial Reporting Advisory Group (EFRAG). As the Sustainability Statement is prepared immediately after the year-end, risk management prioritises the identification and resolution of material inconsistencies and deviations in the data collection process that could lead to corrections in the next year's Sustainability Statement.

The main risks identified in connection with the sustainability reporting are data accuracy and timeliness. To mitigate these risks, the Group prioritizes obtaining data directly from their primary sources, automating data processing where possible and involving responsible departments or external consultanting for complex calculations. The Sustainability Unit reviews the data for accuracy, completeness, and consistency prior to the final approval by the Executive Board.

In 2024, the Group conducted a comprehensive policy due diligence as part of its IPO preparation. Additionally, extensive legal documentation and management due diligence were undertaken in connection with bond issuances in May and October 2024. A separate due diligence process was also carried out in relation to the investment made by the Group's strategic investor.

Supervisory Board oversees risk management and control functions to ensure an effective Enterprise Risk Management (ERM) system. Audit Committee assists in ERM oversight , reviewing its effectiveness, including its application to the financial and ESG reporting processes. The results of the limited assurance process, including potential observations or identified risks, are reported to the Audit Committee in connection with year-end audits performed by an external auditor. The Executive Board receives regular updates on sustainability risks and internal control findings to support informed decision-making and continuous improvement. The final Sustainability Statement is reviewed and approved by the Executive Board and is a subject to limited assurance service provided by an independent practitioner.

Strategy, Business Model, and Value Chain

Global Commitments

The International Civil Aviation Organization (ICAO), a United Nations agency, collaborates with its member states, including Latvia, to address aviation environmental issues focusing on climate change mitigation, aircraft noise, and local air quality. ICAO's environmental protection initiatives prioritize advancements in airframe and propulsion technologies, optimization of flight procedures to reduce fuel consumption, increased production and deployment of sustainable aviation fuels (SAF) and clean energy, and the implementation of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA).

The International Air Transport Association (IATA), representing 340 airlines accounting for 80% of global air traffic, including airBaltic, has committed to achieving net-zero carbon emissions by 2050 through its Fly Net Zero strategy. This strategy encompasses the adoption of new technologies, enhancement of operational efficiency, increased utilization of SAF, and implementation of carbon offsetting and carbon capture measures.

The European Union has endorsed the EU Green Deal and adopted the EU Climate Act, aiming to become the first climate-neutral continent by 2050. Consequently, the Group is subject to various regulations designed to mitigate the causes of global warming.

General commitments	Regulatory framework	Actions
Reach carbon neutrality and become climate-neutral continent by 2050	ReFuelEU Aviation Regulation	Mandates the use of SAF Limits tankering and fuel reserves Establishes stricter reporting standards Flight emissions labelling scheme (optional)
	EU Emissions Trading System (ETS) directive	Flight emission compensation: – EU-ETS scheme; – CH-ETS scheme; – UK-ETS scheme; – CORSIA scheme. Non-CO_2 emission monitoring, verification and reporting
	REACH regulation[8]	Chemical classification and gradual replacement Reporting mandates

Group's Strategy

Given Latvia's geographical location, aviation is vital for the nation's connectivity infrastructure. The Group's existing and future strategy emphasizes network expansion and operational efficiency at Riga International Airport. A key component of this strategy is to offer superior flight connectivity within Latvia. In line with this, the Group has launched 16 new routes in 2024 to broaden travel options for both leisure and business passengers.

The Group prioritizes ACMI-out operations, contributing 13% of total revenue and offering higher margins (detailed information about revenue streams included in the NOTE 6 of the Annual Report). This strategy, aligned with long-term partnerships, enhances connectivity assurance while reinforcing the Group's operational and financial resilience.

The key elements of the Group's IPO & Beyond strategy involve:
- Expand the Group's fleet to 100 Airbus A220-300 aircraft by 2030, enhancing flight frequencies and network expansion;
- The Group will continue to use Riga as its hub while significantly increasing point-to-point flights, primarily from Riga, Tallinn, Vilnius, and Tampere, with additional flights from Gran Canaria during the Winter Season;
- Increase in ACMI-out flying on the contract basis.

The Group is not a member of any global airline alliance. However, it operates 23 codeshare[9] partnerships with the most important partnerships being with Air France/KLM, British Airways, SAS, and Lufthansa Group, and interline[10] partnerships with more than 50 carriers across the globe, including Qatar Airways, Air Canada, United Airlines, and Etihad Airways. These partnerships increase airBaltic's network reach beyond the traffic areas and points it serves itself.

8 Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006

9 A codeshare agreement allows an airline to sell tickets on flights operated by another airline, coded with the flight number of the selling airline. This means that flights operated by a single airline are included within both airlines' route networks. Codeshare agreements are intended to increase the attractiveness to passengers of booking connected flights, while giving passengers a broader range of departure times and choice of routes.

10 Interline agreements allow travel agents and others with access to the global distribution system or a related system to book a journey comprising of more than one airline's flights as a single fare. In contrast to codeshare arrangements, the passenger is aware that he is flying separate flights with separate airlines, but still pays only a single price.

Approach to Sustainability

To align with global sustainability commitments, the Executive Board and Supervisory Board approved the Group's strategic sustainability priorities (hereinafter – Commitments) in 2022. These Commitments guide all business activities, products, services, customer categories, geographical operations, and stakeholder relationships. In 2024, the Group reinforced these Commitments by adopting a comprehensive Sustainability Policy, structured around three key pillars:

1. Environmental responsibility – minimizing negative environmental impact and achieving carbon neutrality by 2050, in line with the international aviation industry and EU commitments;
2. Social sustainability – continuing the Group's sustainable social policies, ensuring health and safety excellence, fair working conditions, employee well-being, diversity, inclusion, training, and development, and fostering positive community impact through education, career opportunities, and corporate social responsibility;
3. Governance and ethical leadership – continuing strengthening corporate governance, ethics, compliance, anti-corruption efforts, stakeholder engagement, shareholder rights, and transparent communication.

The Commitments are embedded within the Group's strategic goals and corporate values. These priorities are fully integrated into operational decision-making, with the Executive Board being responsible for achieving both financial and non-financial sustainability goals, as set by the shareholder's.

Implementation and Awareness

The Commitments apply to all Group's activities and are communicated through key internal resources, including the Corporate Manual, Personnel Handbook, Administrative Handbook, and internal communication channels such as the intranet, live video sessions, seminars, articles, and internal events. The Group has further extended its sustainability efforts across its value chain by publishing the General Code of Conduct and Supplier Code of Conduct.

The Group implements both mandatory regulatory requirements and voluntary sustainability initiatives to fulfil its Commitments.

Mandatory Compliance refers to adhering to sustainability regulations, including:
- ReFuelEU mandates of SAF uplift;
- Emissions Trading System (EU-ETS, CH-ETS, UK-ETS) and CORSIA carbon offsetting schemes;
- Data reporting requirements and other legal obligations.

Voluntary Initiatives refert to undertaking proactive sustainability measures that exceed regulatory requirements, such as:
- Voluntary SAF uplift beyond mandated levels;
- In-flight waste sorting and reduction programs;
- Other self-initiated sustainability actions to drive continuous improvement.

Challenges

The Group's business activities and commitments prioritize flight safety, passenger security, air service accessibility, regional connectivity, employee well-being and development, resource efficiency in business operations and technical maintenance, while mitigating the climate impact of flight operations, as the key elements that shape its sustainability strategy. The Group prioritizes sustainability initiatives without compromising safe and accessible air travel, balancing sustainability advancements with affordability and safety, while ensuring region's connectivity with the rest of the world.

The high cost of SAF, a key lever for aviation decarbonization (see Climate Change Mitigation), remains the main challenge. Priced 2 to 6 times higher than conventional fuel, SAF usage is currently limited to mandatory levels to ensure affordability in the Baltic region.

To address these challenges, the Group follows a 'compliance strategy', focusing on process adjustments to align with the EU Green Deal regulations as a foundation for broader sustainability objectives.

Interests and Views of Stakeholders

Affected Stakeholders

The main stakeholders who experience direct impacts from the Group's operational and sustainability activities include employees, customers, suppliers, and nature as a 'silent' partner.

1. **Employees**: across the Group's own operations, employees are affected by health and safety policies, training and development, and work-life balance measures. Those in high-risk areas, like flight operations and maintenance, are particularly impacted by safety protocols and compliance standards.
2. **Customers:** commercial and corporate passengers, along with cargo clients, are directly impacted by service quality, safety standards, and customer experience. Operational efficiency shapes satisfaction, while loyalty programs and digital services enhance engagement.
3. **Suppliers**: upstream suppliers, including fuel, aircraft and maintenance components, catering, and uniform providers, are essential to airBaltic's sustainability commitments and operational standards. Supplier compliance with ESG commitments and safety protocols influences both environmental impacts and the Group's ability to meet regulatory requirements.
4. **Nature** is directly impacted by fuel and resource consumption, emissions, maintenance chemicals, waste, and value chain operations.

Users of the Sustainability Statements

Users of the Sustainability Statements rely on the Group's detailed reporting for critical insights into sustainability performance, comprehensive data, emerging ESG risks, and compliance with regulatory standards.

1. **Shareholders** are informed how environmental and social factors influence financial performance and long-term growth through annual shareholder meetings.
2. **Investors, bondholders, and creditors** require comprehensive updates on the Group's decarbonisation strategy, operations, and performance to assess financial health, ESG compliance and risk management. In addition, financial stakeholders are informed through quarterly investor calls, disclosures, and financial reports.
3. **Government and international authorities** require detailed disclosures to monitor compliance with industry regulations, environmental standards, and labour practices. The Group engages authorities through dialogues, written communication, audits, and participation in workgroups, ensuring transparency and alignment with industry policies.
4. **Media, NGOs, and the general public** use Sustainability Statements to understand the Group's broader social and environmental impacts, and corporate commitments. The Group provides information through various channels, including its website, press releases, social media, and targeted stakeholder surveys, maintaining transparent and proactive public presence.

Stakeholder Engagement

The stakeholder engagement strategy is designed to understand stakeholders' concerns, identify key issues, and assess matters that need addressing. For a more detailed description of engagement with affected consumers and end-users, please refer to Appendix 3.

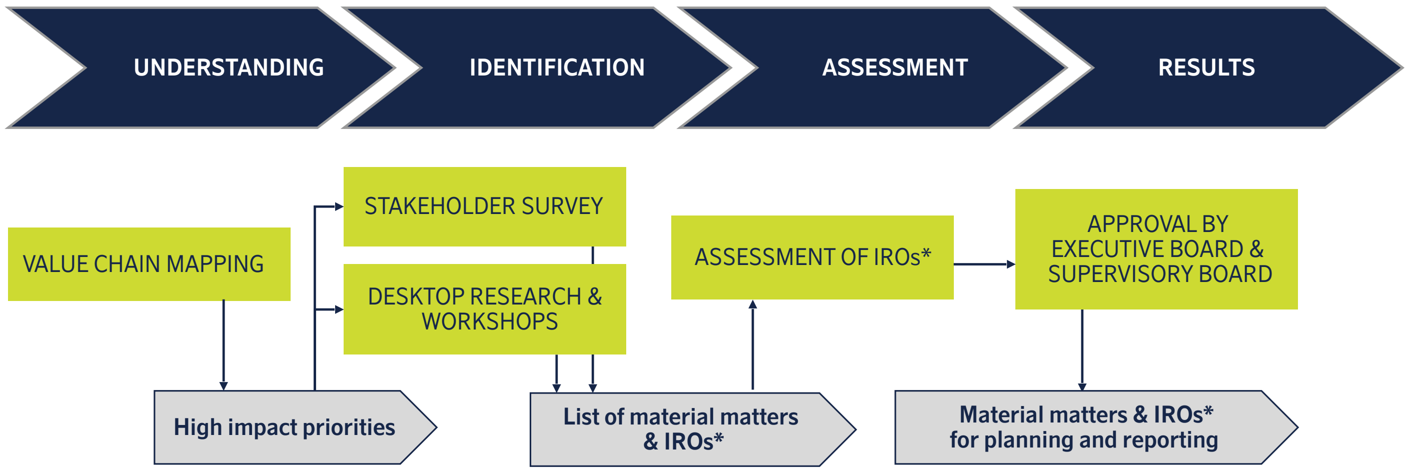
Stakeholder	Stakeholder engagement	Stakeholder interests	Engagement outcomes	Considerations for strategy and business model
Directly Affected Stakeholders				
Employees	Employee Engagement Survey (twice a year) Annual performance dialogues Negotiations with employee representatives and Trade unions Sustainability survey and DMA assessment (periodically) Whistleblowers' system After-flight crew feedback and incident reports	Decent working conditions and environment Work-life balance, job security, personal development, benefits and payments	Insights into employee satisfaction, morale, and well-being Employee Net Promoter Score Identification of material IROs Addressed whistleblowing concerns	Survey results – inform decisions and drive improvements in employee relations, work-life balance, and well-being DMA results – incorporated in Group's business operations
Customers	Annual Customer survey Passengers' after-flight feedback survey Crew after-flight reports Customer inquiries via Call Centre and social media platforms Individually collected feedback Sustainability survey (periodically)	Reliable and affordable air travel service	Net Promoter Score Insights into customer satisfaction, concerns and service quality Stakeholders' insight gained and considered Alignment with safety and consumer protection standards	Prioritisation of necessary service improvements Access to passenger footprint calculations, voluntary SAF options Communication channel and content review, improvements
Customers – represented by NGOs, advocacy groups, or government authorities	Surveys addressing accessibility Discussions with NGOs and advocacy groups	Addressing the needs of specific consumer groups, including passengers with reduced mobility or special needs.	Insights into the perspectives of consumers and end-users, particularly vulnerable or marginalized groups	Feedback drives service enhancements, safety measures, accessibility improvements, proactive updates to policies, ensuring transparency, inclusivity, and compliance with regulatory requirements Service improvements, self-service tool implementations, refining assistance protocols, and removed barriers for passengers with reduced mobility and special needs
Suppliers	Negotiations and agreements Supplier relationship management Operational feedback gained and considered by the Group's employees Sustainability survey (periodically)	Clear and reliable relationships Responsible business practices and compliance with ESG	Reliable supplier relations and supplier network Mutual agreement on ethical behaviour and self-assessments	Significant matters presented to management and / or Supervisory Board Supplier Code of Conduct
Nature (as a silent stakeholder)	EU Green Deal regulatory framework and policy review	Reduce negative impact on climate change and environment	EU Green Deal policy sets regulatory and action framework for carbon neutrality by 2050	Implementation of Energy Management System Implementation of Environment Management System Participation in ETS and CORSIA emission schemes Group's Code of Conduct and Supplier Code of Conduct addressing negative impact reduction on environment Compliance monitoring

Stakeholder	Stakeholder engagement	Stakeholder interests	Engagement outcomes	Considerations for strategy and business model
Indirectly Affected Stakeholders and Users of the Sustainability Statements				
Shareholders	Shareholder meetings Periodically: Sustainability survey	Corporate governance and responsible business practices	Greater shareholder alignment with corporate sustainability objectives	Aligning sustainability goals with corporate governance frameworks to ensure accountability Alignment with the annual shareholders' expectation letter
Investors, Bondholders, and Creditors	Quarterly reports and investor calls Roadshows meeting investors Press conferences Periodically: Sustainability survey	Group's financial performance, recent developments, targets, bond allocations, ESG performance	Increased transparency and public awareness regarding the Group's ESG performance	ESG performance disclosure via annual Sustainability Statements
Government and international authorities	Press conferences Periodically: Sustainability survey	Group's performance, recent developments, targets, ESG performance		
Media, NGOs, and the general public	Press releases and Group's newsroom Press conferences Periodically: Sustainability survey	Information about Group's contribution to the regional connectivity Macroeconomic impacts		Enhancing media and public communication strategies to highlight the Group's sustainability commitments and progress ESG performance disclosure via annual Sustainability Statements

Impact, Risk, and Opportunity Management

Description of the Double Materiality Assessment Process

The Group has conducted sustainability-related materiality assessments since 2019. While the methodologies have evolved, the focus has consistently centred on topics critical to the airline industry: flight safety, the influence of flight connectivity on local economies and job creation, employee health and safety, climate impact and energy efficiency, customer experience, responsible governance and transparent communications with the Group's stakeholders and the public.



*Impacts, Risks and Opportunities

The DMA[11] that was performed 2023-2024 provides input for prioritization of resources and efforts on business actions with the most significant ESG impacts. The Group's Sustainability Policy requires a full DMA every three years, supplemented by annual reviews to maintain its relevance and accuracy.

Understanding Business Model and Value Chain

The first step in identifying material impacts, risks, and opportunities is understanding the Group's entire value chain and key partnerships as described below.

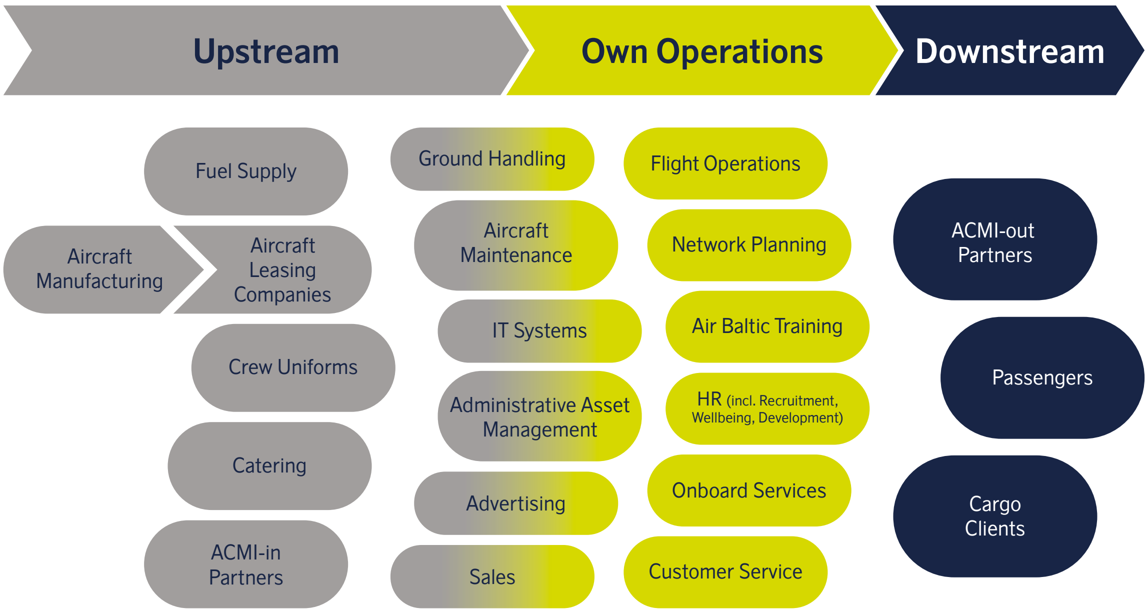
Upstream relationships involve world-wide suppliers providing aircraft leasing, fuel, uniform supply, catering, ACMI-in services. A variety of tasks, including ground handling, aircraft maintenance, IT services, asset management, advertising, and sales, can be performed either by the Group or its suppliers. These relationships are structured through purchasing policies, formal supplier agreements, and both short- and long-term partnerships.

The top five core suppliers by function or contract value include those providing (1) aircraft leasing services, (2) fuel supply, (3) ACMI-in services, (4) aircraft components, and (5) airport services (ground handling).

Own Operations: the Group directly manages flight operations, network planning, training, HR, onboard services, and customer service. These functions form the company's operational backbone and are governed by internal policies and procedures.

Downstream value chain involves end-users of the Group's services.

[11] Conducted in alignment with the Corporate Sustainability Reporting Directive, the European Sustainability Reporting Standards, ESRS 1, and the Group's Sustainability Policy.



The Group's supply chain analysis examined geographical factors that could contribute to an increased risk of adverse impacts. The majority of suppliers (94%) are located in regions with low or very low risk levels, ensuring a predominantly stable and secure supply chain with minimal likelihood of non-compliance issues. However, a small portion of suppliers originate from regions with medium (3%), high or very high risk levels (3%), where the potential for adverse impacts, such as regulatory non-compliance, labour rights violations, or environmental concerns, is elevated.

By focusing on the geographical origin of suppliers and evaluating associated risks, the Group prioritizes effective oversight and management of suppliers in higher-risk regions to mitigate potential adverse impacts and maintain a resilient and sustainable supply chain.

Aircraft manufacturers, maintenance component providers, and fuel suppliers are key high-impact partners in ensuring safety, reliability, regulatory compliance, and emissions reduction.

Identification of Impacts, Risks, and Opportunities

To engage a broad range of stakeholders in the DMA process, a comprehensive online survey was conducted in 2023, targeting employees, customers, suppliers, airports, lessors, investors, financiers, tourism operators, agencies, policymakers, NGOs, and media partners. The survey evaluated ESRS and entity-specific sustainability topics to identify the most important IROs from a stakeholder perspective. Stakeholders rated and prioritised climate, environment, labour, governance, service and community on a 1 to 10 scale. A total of over 3 300 invitations were sent to participate in the online survey, resulting 16% response rate. The survey provided a high-level validation of material matters, followed by in-depth desk research, individual interviews, industry-specific analysis, and evaluation aligned with the ESRS topical framework for a more comprehensive assessment.

The Top Management team leveraged industry expertise to identify key material matters in aviation business management and entity-specific priorities that underwent a more in-depth analysis through a series of dedicated internal workshops. While the stakeholder survey gathered insights from external partners and employees, the employee workshops provided internal – managements' and experts' – insights.

Assessment of Impacts, Risks, and Opportunities

The analysis of IROs conducted during workshops for each sustainability matter included both actual and potential impacts, as well as positive and negative effects. The data was categorized into short-term, medium-term, and long-term time horizons. The DMA identified the key material IROs within the business model, covering the company's own operations as well as its upstream and downstream value chains.

The Sustainability Unit coordinated the integration of workshop results and survey findings with the comprehensive ESRS topical analysis[12]. For topics not covered during the expert workshops, the Sustainability Unit performed a quantitative evaluation to ensure that all material issues were rigorously reviewed and properly assessed.

The DMA identified a list of potentially relevant IROs to the Group according to the ESRS: Climate change (E1), Pollution (E2), Biodiversity and ecosystems (E4), Circular economy (E5), Own workforce (S1), Workers in value chain (S2), Consumers and end-users (S4), Business conduct (G1), adding two entity-specific topics – Connectivity, and Service and Customer as part of the S4 topic.

The Group's internal experts evaluated impacts and dependencies based on their operational knowledge. To determine the materiality of the identified impacts, the Group employed a structured rating system evaluating both actual and potential impacts based on a predefined scale and relevant criteria. To assess the relative significance of IROs and to illustrate their interrelationships, the quantitative scoring divides all IROs in four main groups: material, notable, informative, and minimal (with detailed assessment and scoring guidance included in Appendix 7). Financial materiality is determined using ERM thresholds to ensure consistency in risk and opportunities evaluation.

Results

Material IROs are reviewed by relevant departments and the Sustainability Unit, then approved by the Executive Board for integration into business planning. The DMA process is aligned with ERM system, ensuring the integration of sustainability risks.

Reporting Boundaries and Data Constraints

Not all material matters are subject to sustainability reporting[13]. Certain risks related to safety, security, and cybersecurity have been classified as non-disclosable due to their potential negative impact on the Group if publicly disclosed, which could affect their management and likelihood. Certain opportunities related to business development have been classified as non-disclosable due to the sensitivity of commercial information.

The presentation of all material matters in value chain may not include complete data. The Group's ability to collect data across the upstream and downstream value chain data is influenced by:

- Data gaps: some partners do not systematically report sustainability metrics, such as emissions and human rights compliance;
- Regulatory Scope: not all partners are obligated to disclose sustainability-related information in their respective jurisdictions;
- Disclosure limits: contractual restrictions, limited control over operations, or low purchasing power may hinder access to information;
- Timing: some data, like prior-year emissions, may only be available after Q1 of the following year.

[12] This process involved evaluation of the relevance of each ESRS 1 Article 16 (AR16) topic, sub-topic, and sub-sub-topic to the Group's business.

[13] In accordance with paragraph 105 of ESRS1, the undertaking is not required to disclose classified information or sensitive information, even if such information is considered material.

Material Impacts, Risks, and Opportunities

The DMA identified 29 material matters and 37 IROs relevant to the Group, which should be disclosed in sustainability reporting in accordance with the ESRS-required data points. Accordingly, they are addressed through six material ESRS standards Climate change (E1), Pollution (E2), Circular economy and waste (E5), Own workforce (S1), Consumers and end-users (S4), and Business conduct (G1).

Material matters	Standard / Topic
1. Scope 1, Scope 2, and Scope 3 GHG emissions	E1 Climate Change
2. Non-CO_2 emissions' impact on climate and air quality (non-CO_2 emissions)*	
3. Climate-related negative impacts on the Group's operations (Climate-related negative impacts)	
4. Energy accessibility and cost increase (Energy)	
5. Noise	E2 Pollution
6. Substances of concern and substances of very high concern	
7. Resource inflows	E5 Circular Economy and Waste
8. Waste	
9. Health and safety	S1 Own Workforce
10. Training and skills development	
11. Secure employment	
12. Adequate wages	
13. Social dialogue	
14. Freedom of association	
15. Diversity	
16. Flight safety	S4 Consumers and End-Users
17. Security of persons in the digital environment	
18. Security of persons in the physical environment	
19. Privacy	
20. Access to products and services	
21. Responsible marketing practices	
22. Continuity of operations (entity-specific)	
23. Connecting the Baltic States with the rest of the world (entity-specific)	
24. Corporate culture: fair, ethical and capital market-compliant governance	G1 Business Conduct
25. Protection of whistleblowers	
26. Fair animal transportation	
27. Political engagement and lobbying activities	
28. Relationships with suppliers	
29. Anti-corruption and anti-bribery	

* Included in the chapter "Greenhouse gas emissions".

Each material matter includes impacts, risks, and opportunities (IROs) relevant to the Group, along with specific actions, targets, and governance frameworks implemented through dedicated policies and procedures.

E1 CLIMATE CHANGE

Material matter	IRO Type	Name	Policies to manage IRO	Impact on human rights	Responsibilities
1. Scope 1, Scope 2, and Scope 3 emissions	Actual Negative Impacts	Scope 1 emissions	Sustainability Policy Operations Manual	No	Top Management Team (shared responsibility)
	Actual Negative Impacts	Scope 2 emissions		No	
	Actual Negative Impacts	Scope 3 emissions		No	
2. Non-CO_2 emissions	Potential Negative Impacts	Non-CO_2 emissions' impact on climate and air quality		No	Chief Operations Officer
3. Climate-related negative impacts	Potential Risks	Climate-related negative impacts on airBaltic's operations – increased frequency of lightning strike burnouts on aircraft skin and stronger wind	Enterprise Risk Management	No	Chief Operations Officer Risk Management Committee
4. Energy	Potential Risks	Climate-related negative impacts on airBaltic's operations: accessibility of energy and related cost increase	Energy Management System	No	Chief Operations Officer Chief Financial Officer Risk Management Committee

As an airline, the Group is a major emitter of greenhouse gases, primarily CO_2. Recognizing the impact of non-CO_2 emissions, the ETS delegated acts require airlines to monitor, report, and verify these emissions for each flight starting in 2025.

Climate change adversely affects the Group's operations through physical and transitional risks, both addressed by the Groups ERM system. An increased frequency of severe weather events, such as storms, can cause damage to aircraft skin and lead to more instances of wind shear. While safety remains uncompromised, such risks would increase the need for aircraft maintenance. Global initiatives to reduce fossil fuel consumption may lead to additional costs, such as surcharges or taxes.

E2 POLLUTION

Material matter	IRO Type	Name	Policies to manage IRO	Impact on human rights	Responsibilities
5. Substances of concern and substances very high concern	Potential Negative Impacts	Substances of high and substances very high concern	Environment Management System	No	Chief Operations Officer ISO 14001 Work Group
6. Noise	Actual Negative Impacts	Noise	Operations Manual	No	Chief Operations Officer

The Group contributes to environmental noise pollution through the noise generated by their airplanes during takeoff and landing. Despite airBaltic's investment in the A220-300 fleet, known for its reduced noise levels, the airline still experiences several instances of noise limit breaches each year. These breaches often occur due to, i.e., necessary deviations to avoid storms.

Aviation chemicals, including solvents, coatings, degreasers, hydraulic fluids, and de-icing agents, can negatively air, water, and soil if mismanaged. These substances, essential for aviation manufacturing, maintenance, and operations, can pose significant environmental and health risks. To minimize their impact to usage, proper handling, storage, and disposal are essential and are subject to strict regulations.

The management of noise and substances is incorporated into the Group's business operations, Environmental Management System, and Operations Manual as ongoing processes.

E5 CIRCULAR ECONOMY AND WASTE

Material matter	IRO Type	Name	Policies to manage IRO	Impact on human rights	Responsibilities
7. Resource inflows	Potential Negative Impacts	Circular economy practice application to resource inflows, including resource use	Environment Management System Environmental Management Regulations Sustainability Policy	No	Chief Operations Officer Chief Financial Officer ISO 14001 Work Group
8. Waste	Actual Negative Impacts	Generating waste		No	

While the circularity approach generally has a positive impact, the current resource usage can have potentially negative effects, particularly considering the resources required for aircraft production, maintenance, catering, and other operations.

S1 OWN WORKFORCE

Material matter	IRO Type	Name	Policies to manage IRO	Impact on human rights	Responsibilities
9. Secure employment	Actual Positive Impacts	Continuous operations and predictable planning (see description of bi-directional effects below)	Personnel Handbook Crew Planning Handbook	Yes	Top Management – SVP Human Resources
	Potential Negative Impacts			Yes	
10. Adequate wages	Actual Positive Impacts	Fair pay and gender equity-based remuneration policy	Personnel Handbook Remuneration Policy	Yes	
11. Training and skills development	Actual Positive Impacts	High-performance personnel	Personnel Handbook Training Policy CAMMOE[14] Crew Recurrent Training Policies	Yes	
12. Social dialogue	Actual Positive Impacts	Regular communication with employees, employee feedback, addressing matters raised by employees	Personnel Handbook Corporate Management Manual Code of Conduct	Yes	
13. Freedom of association	Actual Positive Impacts	Freedom of association, the existence of works councils, and workers' rights to information, consultation, and participation	Personnel Handbook Collective Labour Agreement	Yes	
14. Diversity	Actual Positive Impacts	Innovative, inclusive, and productive workforce	Personnel Handbook Diversity, Equity, and Inclusion Policy Corporate Culture and Business Ethics Policy	Yes	
15. Health and safety	Potential Negative Risks	Work-related accidents and health issues resulting from failure to follow job safety instructions	Personnel Handbook Safety Risk Management Safety Management Predictive Hazard Identification	No	SVP Human Resources Risk Management Committee
	Potential Negative Risks	Disruptions and operational setbacks caused by health and mental health challenges	Personnel Handbook Peer Support Programme	Yes	SVP Human Resources Risk Management Committee

[14] Continuing Airworthiness Management and Maintenance Organization Exposition

Aviation services are labour-intensive processes, where operational continuity and predictability provide positive impacts to both the Group and its employees. However, any possible non-compliance with scheduling or working hours can adversely affect employees, resulting in a decline in work-life balance and potential health concerns. For that reason, continuous operations and predictable planning is considered from both positive and potentially negative aspect.

The Group's HR processes, including its remuneration policy, diversity, equity, and inclusion policy, professional and personal development initiatives, succession planning are supported by well-defined measures that demonstrate clear positive impact (see chapter "Own workforce"). The likelihood of adverse impacts, such as unfair payment practices or a non-inclusive environment, is considered low, making these potential negative impacts more informative than material.

The primary risks of work-related accidents stem from delayed health checks and non-compliance with safety protocols. Unmanaged health issues, such as vision deterioration or back pain, can impact employees' ability to perform their duties and may potentially lead to job loss. Additionally, failure to follow safety instructions increases the risk of workplace accidents, which can result in employee absences, sick leave, and incapacity to fulfill their roles. For the Group, these incidents lead to knowledge loss, operational disruptions, resulting also in increased costs.

HR expenditures, including remuneration and policy-driven incentives, represent 17% of the Group's annual costs. The Group's HR strategy addresses material issues through biannual monitoring of the employee Net Promoter Score (NPS), ensuring timely feedback collection and swift action on critical concerns.

Most of the identified IROs affect fundamental human rights, including fair working conditions, freedom of expression and assembly, trade union rights, social security, protection against forced labor, workplace equality, equal pay, and occupational health and safety.

S4 CONSUMERS AND END-USERS

Material matter	IRO Type	Name	Policies to manage IRO	Impact on human rights	Responsibilities
16. Flight safety	Actual Positive Impacts	Flight safety and security: fundamental pillars of airline operations	Compliance Management Manual Security Manual Operations Manual Security Policy Dangerous Goods Policy Emergency Response Manual External (LV CAA) approval	Yes	Chief Operations Officer Safety and Security Review Board
17. Security of persons in the physical environment	Potential Risks	Flight safety and security risks		Yes	Chief Operations Officer Safety and Security Review Board
18. Privacy	Actual Positive Impacts	Compliance with GDPR	Privacy policy Policy on Personal Data Governance Procedure on Data Subject Requests Procedure on Data Breach Response	Yes	Top Management Team (shared responsibility) Head of Data Protection Governance
	Potential Impacts	Impact on individual rights and freedoms in the event of a GDPR breach		Yes	
	Potential Risks	Risk of breach or non-compliance with GDPR		Yes	Top Management Team (shared responsibility) Head of Data Protection Governance Risk Management Committee
19. Security of persons in the digital environment	Actual Positive Impacts	Compliance with National Cybersecurity Laws and the NIS II Directive (Network Security)	IT Security Policy Service Level Agreements Acceptable Use Policy	No	Chief Information Officer
	Potential Risks	Risk of breach or non-compliance with National Cybersecurity Laws and Network and Information Systems Directive 2 (NIS 2)		No	Chief Information Officer Risk Management Committee
20. Connecting the Baltic States with rest of the world (entity-specific)	Actual Positive Impacts	Social and business connectivity	Customer Service Commitment General Conditions of Carriage Summary of air carrier liability for passengers and their baggage	No	Top Management – SVP Network Management
21. Access to products and services	Actual Positive Impacts	Delivering high-quality, consistent service with efficient passenger self-service and digitalization for all travellers across all destinations	airBaltic Consumer Service Commitment Crew Service Manual Ground operations policies Product Group Guidelines Operations Manual	No	Top Management Team (shared responsibility)
22. Continuity of operations (entity-specific)	Actual Negative Impacts	Disruption of operations (including ACMI-in) causes customer non-satisfaction	General Conditions of Carriage Summary of air carrier liability for passengers and their baggage Corporate Management Manual Customer Service Commitment Flight Cancellation Policy	No	Top Management – SVP Network Management
23. Responsible marketing practices	Potential Positive Impacts	Responsible, transparent, and fair communication	Anti-Greenwashing Guidelines airBaltic Code of Conduct Supplier Code of Conduct	No	SVP Corporate Communication SVP Revenue Management

Connecting the Baltic States with the rest of the world is a core principle of aviation services and central to the Group's mission. The Group's business model, guided by a strategy to expand the fleet, increase flight frequencies, grow the network, and enhance point-to-point connectivity, is designed to support social and business connectivity objectives.

Aviation services impact consumers and end-users in various ways, with the top priority being safety and security during travel. The Group upholds the fundamental human right to safety. Material risks include potential accidents, technical failures, and regulatory compliance issues that can jeopardize passenger safety and operational integrity. The Group addresses this matter by implementing a comprehensive Safety Management System covering all business operations and partners, along with innovations such as AI-based safety monitoring and enhanced safety training programs.

The Group's compliance with GDPR strengthens data security, transparency, and customer trust, forming a key part of sustainable operations. It ensures transparency in data processing, safeguards the confidentiality of personal data, and prevents the misuse of sensitive personal information, such as ethnicity or gender, in discriminatory practices.

A GDPR breach could expose individuals to privacy violations, financial harm, stress, discrimination, reputational damage, and risks to physical safety or long-term data misuse. The Group addresses GDPR compliance at the operational level with procedural enhancements and a dedicated team overseeing compliance.

Significant lapses in cybersecurity can lead to privacy breaches, financial fraud, identity theft, emotional distress, and potential threats to personal safety, while also undermining trust in airBaltic and its digital systems. The Group addresses cybersecurity proactively through its IT strategy and IT security policy.

The Group aims to deliver high-quality, consistent service by providing efficient passenger self-service and digitalization for all travelers across all destinations. To achieve this, the Group maintains its own Call Centre, a separate Customer Relations Unit, and a Customer Experience and Insights team. Group has integrated Customer Service Commitment and special assistance practices in its business model. The Group has implemented Anti-Greenwashing Guidelines, a no-hidden-cost policy, a dedicated Corporate Communications Unit, and a strict Code of Conduct to ensure responsible, transparent, and fair communication practices.

Disruptions in operations, such as delays in engine maintenance schedules, impact aircraft availability and may result in flight cancellations. The Groups strategy and business plan has divided its services into passenger transportation and ACMI services to other airlines. In the event of engine unavailability, the Group's business model does not allow for reducing the ACMI fleet or reallocating aircraft from ACMI services to passenger transportation, as passengers may sometimes expect. These segments operate separately and are governed by contractual agreements. To maintain connectivity, the Group collaborates with partner airlines and engages ACMI-in providers when necessary. However, such arrangements may occasionally lead to customer dissatisfaction due to unmet expectations of flying with the airBaltic fleet.

G1 BUSINESS CONDUCT

Material matter	IRO Type	Name	Policies to manage IRO	Impact on human rights	Responsibilities
24. Corporate culture: fair, ethical and capital market compliant governance	Potential Positive Impacts	Fair, ethical and capital-market compliant governance	Code of Conduct Supplier Code of Conduct Fraud and Crime Prevention Conflict of Interest Policy Competition Policy Sanctions Policy Purchasing Policy Sustainability Policy Enterprise Risk Management Policy Internal Control Policy Compliance Monitoring Policy Finance Handbook	No	Top Management team (shared responsibility)
	Potential Opportunities	Excellent reputation advantage		No	
25. Protection of whistleblowers	Actual Positive Impacts	Protection of whistleblowers	Whistleblowing Policy	Yes	Top Management – SVP Legal Affairs
26. Political engagement and lobbying activities	Potential Positive Impacts	Transparent political engagement and lobbying activities	Code of Conduct Anti-Corruption and Anti-Bribery Policy	No	Top Management – SVP Legal Affairs
27. Relationships with suppliers	Actual Positive Impacts	Relationships with suppliers	Purchasing Policy Sustainability Policy Service Level Agreements	No	Top Management team (shared responsibility)
28. Anti-corruption and anti-bribery	Potential Positive Impacts	Anti-corruption and anti-bribery	Anti-bribery and Anti-Corruption Policy	No	Top Management team (shared responsibility)
	Potential Risks	Corruption and fraud risk		No	Risk Management Committee
29. Fair animal transportation	Actual Positive Impacts	Fair animal transportation	Ground Operations Manual Cargo Operations Manual	No	Chief Operations Officer Top Management – SVP Network Management (cargo)

The Group operates internationally, has issued public bonds, and is strategically focused on achieving a stock exchange listing, which necessitates regular audits and adherence to capital market-compliant governance. In its 2024 evaluation of compliance with the principles of the Corporate Governance Code, the Company concludes that it is fully compliant with thirteen principles, partially compliant with five (see Corporate Governance Statement). Consequently, most of the IROs identified as material are associated with actual or potentially positive impacts.

However, misconduct in the protection of whistleblowers, political engagement and lobbying activities, relationship with suppliers, anti-corruption and anti-bribery practices could have potentially negative impact on society. A breach in whistleblower protection can lead to retaliation, job loss, harassment, psychological stress, and financial insecurity, discouraging reporting and enabling unethical behaviour. Lobbying for weaker environmental or human rights controls can harm vulnerable communities, worsen exploitation, and exacerbate environmental degradation. Weak supplier controls may result in human rights abuses, unsafe working conditions, and environmental harm, perpetuating unethical practices. Corruption and bribery can negatively impact individuals, society, and communities, often linked to severe human rights abuses and illegal activities. Considering the Group's governance practices, the likelihood of such cases is assessed as rare, classifying these impacts as 'minimal' or 'informative'. This means that the responsible departments continuously oversee and implement measures to prevent such cases, with periodic reviews conducted as part of the DMA process. However, these matters will not be further detailed in this report.

The primary potential negative risk pertains to corruption and fraud, particularly the leakage of confidential data. This affects the Group's value chain, including IT systems, customer service, and asset management, where secure data handling is essential. The risk extends downstream to passenger transportation, threatening customer trust and service continuity, and upstream to supplier relationships, potentially affecting contracts and operations.

Specific Exceptions Identified During the IRO Analysis

The IRO assessment identified several IROs that were not material in the short term (2024-2025) but are expected to become material in the mid-term (1–5 years) and long-term (beyond 5 years). For these topics, a phased-in reporting approach will be applied.

Risk: Supply Chain Impact on Ecosystems

Although the aviation industry does not depend on ecosystem services to the same extent as sectors such as agriculture, forestry, or fisheries, the Group's value chain may have an on impact ecosystems.

Current in-house knowledge evaluates this risk as 'Informative'. However, the risk could become material in the mid- to long-term due to:

- The financial materiality of this risk is anticipated to increase in the mid- and long-term in connection with the requirements set forth in the Corporate Sustainability Due Diligence Directive (CSDDD), which is yet to be transposed in the national legislation by 2026;
- Complete supply chain data obtained by 2027.

Reliance on Third-Party Vendors, Suppliers, and Service Providers

Current in-house knowledge evaluates this risk as 'Notable'. This risk is already tracked in the ERM system and primarily pertains to:

- Operational Risks: potential disruptions and delays in project execution;
- Financial Risks: losses from service interruptions or contractual penalties;
  increased costs associated with replacing third-party vendors, if necessary.
- Regulatory and Reputational Risks: non-compliance or unethical behaviour by third-party vendors could result in legal, reputational, environmental or human rights-related consequences.

While these risks are currently evaluated primarily through an operational and financial lens, the regulatory and reputational implications could increase their materiality. The financial materiality of this risk is expected to rise with the implementation of the CSDDD in 2027.

Risk of Human Rights Breaches Risk in the Value Chain

The Group's supplier analysis indicates that the majority of suppliers operate in regions classified as low or very low risk, reducing the likelihood of human rights breaches within the value chain. However, due to incomplete value chain data, there are limitations in fully estimating the risk of human rights breaches across all suppliers. While no cases of human rights breaches have been identified based on the Group's internal knowledge, the ongoing collection and analysis of supplier data will enhance the ability to assess and address potential risks more comprehensively in the future.

At the same time, the Group uses ACMI-in that include crew service as well. The Group's knowledge of ACMI-in partners and its overall supply chain analysis do not indicate any material risks related to human rights breaches. Although these impacts and risks were deemed not material in the short term, they will be included in strict monitoring and a materiality review in 2025 in response to stakeholder concerns.

To address risks that might arise and become material in mid-term, the Group uses a phased[15] management and reporting approach:

- Both risks are aligned with the ERM system;
- The Group's Supplier Code of Conduct requires minimizing environmental impact and upholding human rights;
- The risk materiality will be reviewed during the next DMA.

Impact: Compliance with the EU Artificial Intelligence Act starting from 2026

Compliance with the Artificial Intelligence Act can positively impact the Group's customers and end-users by ensuring an ethical and responsible application of AI solutions, thereby enhancing customer trust and strengthening the Group's reputation.

Reporting on this matter will commence with the 2026 reporting year.

Risk: Risk of Breach or Non-Compliance with the EU Artificial Intelligence Act starting from 2026

Non-compliance or breaches of the Artificial Intelligence Act could result in significant penalties, consumer claims, reputational damage, and legal restrictions on data processing until the issues are resolved. While the likelihood of non-compliance may be relatively low, the potential penalties (up to 7% of annual turnover) classify this as a material risk in the medium to long term.

Reporting on this matter will commence with the 2026 reporting year.

[15] Reffering to the ESRS 1, article 10.2

Environmental Information

EU Taxonomy Disclosures pursuant to Article 8 of Regulation 2020/852 (EU Taxonomy Regulation)

The Group has identified EU taxonomy-eligible activities by screening its economic activities that are listed in the Climate Delegated Act[16], the Complementary Climate Delegated Act[17], the Environmental Delegated Act[18], and in the amendments to the Climate Delegated Act[19]. Five of the Group's activities have been identified as Taxonomy-eligible in accordance with the Climate Delegated Act, including:

- Passenger and freight air transport;
- Manufacturing of aircraft;
- Air transport ground handling operations;
- Construction of new buildings[20];
- Installation, maintenance, and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings).

To assess these activities, the EU Taxonomy Regulation[21] establishes criteria for determining whether an economic activity qualifies as an environmentally sustainable activity (taxonomy-aligned):

[16] Commission Delegated Regulation (EU) 2021/2139

[17] Commission Delegated Regulation (EU) 2022/1214

[18] Commission Delegated Regulation (EU) 2023/2486

[19] Commission Delegated Regulation (EU) 2023/2485

[20] The activity "Construction of new buildings" is not included in the Taxonomy-aligned KPIs, as the Group's 2024 expenditures consisted of prepayment transfers, which do not qualify under the CapEx numerator definition in the EU Taxonomy Regulation.

[21] Regulation (EU) 2020/852

– Substantially contribute to one or more of the six environmental objectives;
– Do no significant harm (DNSH) to any of the other environmental objectives;
– Comply with minimum safeguards covering social and governance standards;
– Comply with the technical screening criteria (TSC) for the relevant environmental objectives.

The assessment indicates that the Group's turnover in 2024 is primarily driven by its core economic activity Air Transport: (NACE code H51). The Group operates a fleet exclusively composed of Airbus A220-300 aircraft, which aligns with the technical screening criteria[22] specified in the Delegated Regulation (EU) 2023/2485. As a result, portions of the Group's revenue, capital expenditures (CapEx), and operational expenditures (OpEx) are considered Taxonomy-aligned.

In addition to air transport, the Group's assessment confirms the EU Taxonomy-alignement of the following activities:
– Aircraft Maintenance (NACE C33.16): The maintenance of the Airbus A220-300 fleet ensures operational efficiency and extends the lifecycle of aircraft while complying with EU Taxonomy criteria for substantial contributions to climate change mitigation.
– Ground Handling Equipment (NACE H52.23): The Group has implemented ground handling operations with electric vehicles. These activities align with the Taxonomy's sustainability objectives.
– Installation and Maintenance of Charging Stations (NACE F43): The Group maintains and repairs electric vehicle charging stations in parking spaces, supporting sustainable mobility solutions.

Assessment of Compliance with the Regulation EU 2020/852

The Group's reportable economic activities are focused solely on climate change mitigation, with no significant contributions to the other environmental objectives. The Group's approach to assessing compliance with the criteria set out in Article 3 of Regulation (EU) 2020/852 – along with the associated technical screening criteria outlined in the delegated acts – is structured as follows:
1. The Group mapped its own operations to the relevant EU Taxonomy activities, identifying economic activities applicable to climate change mitigation.
2. For each identified activity, the Group reviewed the technical screening criteria provided in the delegated acts. This step was essential to understand the thresholds and performance benchmarks required to demonstrate a "substantial contribution" to climate change mitigation, while ensuring that these activities "do no significant harm" to the other environmental objectives and comply with the minimum safeguards.
3. Afterwards, the Group conducted and documented a detailed analysis of both the technical screening criteria and the minimum safeguards for each activity.
4. Based on the comprehensive analysis, activities that fully met both the technical screening criteria and the minimum safeguards were classified as Taxonomy-aligned.

Taxonomy KPIs

The Group's accounting policies for Taxonomy KPIs are based on Annex I of the Disclosures Delegated Act (Commission Delegated Regulation (EU) 2021/4987) and the available guidelines from the European Commission:
– Taxonomy-aligned revenue (turnover) represents the revenue generated from Taxonomy-aligned economic activities (numerator) as a proportion of the Group's total revenue (denominator), which is accounted for based on the Annual Report in Note 6;
– Taxonomy-aligned CapEx refers to capital expenditures related to assets or processes associated with Taxonomy-aligned economic activities (numerator) as a share of the Group's total CapEx (denominator), which is accounted for based on Annual Report in Notes 20-23;
– Taxonomy-aligned OpEx includes maintenance and repair expenditures directly linked to the Group's assets or processes supporting Taxonomy-aligned economic activities (numerator), expressed as a proportion of total maintenance and repair OpEx (denominator).

[22] The assessment of compliance with the substantial contribution criteria is based on Airbus' declaration of conformity (issued in Toulouse, 10th January 2025), confirming that the Airbus 2020-300 meets the required EU Taxonomy criteria as set out under the point b) iii, specifically having a maximum take-off mass greater than 150 t and CO_2 emissions at least 1.5% below the New Type limit of the ICAO standard.

The Group has taken the following approach in allocating the financial numbers to the numerator: the revenue, CapEx, or OpEx that can be justifiably linked to an identified Taxonomy-aligned activity is classified as Taxonomy-aligned and thereby included in the numerator of the respective KPI.

Quantitative Breakdown of Taxonomy-Aligned Turnover, CapEx, and OpEx

- The sources of turnover contributing to the numerator of the turnover KPI in 2024 are Taxonomy-aligned revenues, including ticket sales, ancillary services, cargo and mail revenue, as well as income from charter and ACMI lease.
- The sources of CapEx contributing to the numerator of the CapEx KPI in 2024 are additions to property, plant, and equipment (PPE), specifically aircraft, aircraft components, and ground handling right-of-use assets.
- The sources of OpEx contributing to the numerator of the OpEx KPI in 2024 include maintenance and repair costs for aircraft, ground handling vehicles, and electric charging stations.

Changes in Calculation Methodology

The 2024 reporting includes Taxonomy-aligned activities for the first time, following the EU Taxonomy update[23] that classifies aviation as a transitional activity. In 2023, no activities were reported as aligned.

To ensure consistency, the Group has developed an internal Taxonomy Methodology, now part of its Sustainability Policy, standardizing the application of EU Taxonomy requirements across operations.

Double Counting

The Group has avoided double counting across economic activities in the allocation of the numerator for revenue, CapEx and OpEx by using activity-specific factors to allocate the financials across the Group's economic activities. The factors are either 100% or 0%, which eliminates the possibility of double counting the resulting financial numbers.

[23] Commission Delegated Regulation (EU) 2023/2485

PROPORTION OF TURNOVER
from Products or Services Associated with Taxonomy-Aligned Economic Activities- Disclosure Covering year 2024

				Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1)	Code (2)	Absolute turnover (3)	Proportion of Turnover (4)	Climate Change Mitigation (5)*	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Taxonomy aligned proportion of total turnover, year N (18)**	Category (enabling activity) (20)	Category (transitional activity) (21)
Text		Millions, local CCY	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES			**47%**																
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Air transport ground handling operations		0	0%	100%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	0%		
Construction of new buildings		0	0%	100%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	0%		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)		0	0%	100%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	0%	E	
Manufacturing of aircraft		0	0%	100%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	0%		T
Passenger and freight air transport		354 465 799	47%	100%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	47%		T
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		354 465 799	47%	47%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	47%	0%	47%
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
			0%																
			0%																
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%																
Total (A.1+A.2)		354 465 799	47%																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		393 106 544	53%																
Total (A+B)		747 572 343	100%																

PROPORTION OF CapEx
from Products or Services Associated with Taxonomy-Aligned Economic Activities-Disclosure Covering Year 2024

Economic Activities (1)	Code (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Substantial Contribution Criteria: Climate Change Mitigation (5)*	Substantial Contribution Criteria: Climate Change Adaptation (6)	Substantial Contribution Criteria: Water (7)	Substantial Contribution Criteria: Pollution (8)	Substantial Contribution Criteria: Circular Economy (9)	Substantial Contribution Criteria: Biodiversity and ecosystems (10)	DNSH criteria ('Does Not Significantly Harm'): Climate Change Mitigation (11)	DNSH criteria ('Does Not Significantly Harm'): Climate Change Adaptation (12)	DNSH criteria ('Does Not Significantly Harm'): Water (13)	DNSH criteria ('Does Not Significantly Harm'): Pollution (14)	DNSH criteria ('Does Not Significantly Harm'): Circular Economy (15)	DNSH criteria ('Does Not Significantly Harm'): Biodiversity (16)	Minimum Safeguards (17)	Taxonomy aligned proportion of total CapEx, year N (18)**	Category (enabling activity) (20)	Category (transitional activity) (21)
Text		Millions, local CCY	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES			**40%**																
A.1. CapEx of environmentally sustainable activities (Taxonomy-aligned)																			
Air transport ground handling operations (CapEx A)		48 364	0%	100%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	0%		
Construction of new buildings (CapEx A)		0	0%	100%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	0%		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) (CapEx A)		0	0%	100%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	0%	E	
Manufacturing of aircraft (CapEx A)		26 457 558	18%	100%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	18%		T
Passenger and freight air transport (CapEx A)		33 297 361	22%	100%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	22%		T
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		59 803 284	40%	40%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	40%	0%	40%
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned)																			
			0%																
			0%																
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%																
Total (A.1+A.2)		59 803 284	40%																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Capex of Taxonomy-non-eligible activities		88 660 239	60%																
Total (A+B)		148 463 524	100%																

PROPORTION OF OpEx
from Products or Services Associated with Taxonomy-Aligned Economic Activities-Disclosure Covering Year 2024

Economic Activities (1)	Code (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Substantial Contribution Criteria: Climate Change Mitigation (5)*	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	DNSH criteria ('Does Not Significantly Harm'): Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Taxonomy aligned roportion of total OpEx, year N (18)**	Category (enabling activity) (20)	Category (transitional activity)(21)
Text		Millions, local CCY	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES			**2%**																
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Air transport ground handling operations (OpEx A)		8 352	0%	100%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	0%		
Construction of new buildings (OpEx A)		0	0%	100%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	0%		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) (OpEx A)		236	0%	100%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	0%	E	
Manufacturing of aircraft (OpEx A)		15 092 919	2%	100%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	2%		T
Passenger and freight air transport (OpEx A)		0	0%	100%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	0%		T
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		15 101 507	2%	2%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	2%	0%	2%
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
			0%																
			0%																
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%																
Total (A.1+A.2)		15 101 507	2%																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		726 993 186	98%																
Total (A+B)		742 094 694	100%																

E1 Climate Change

Transition Plan for Climate Change Mitigation

Given its reliance on aviation fuel, air transport remains the Group's primary contributor to global warming. The Transition Plan for Climate Change Mitigation (hereinafter – Transition Plan) describes the Group's climate change mitigation efforts. These efforts are implemented in line with the aviation industry's global commitments, which are further detailed in the Strategy chapter.

Boundaries, Sources of Estimation, and Outcome Uncertainty

The Group's Transition Plan framework includes direct (Scope 1), indirect (Scope 2), and value chain (Scope 3) greenhouse gas (GHG) emissions in line with the GHG Protocol emission categories. The emissions are categorized as follows:

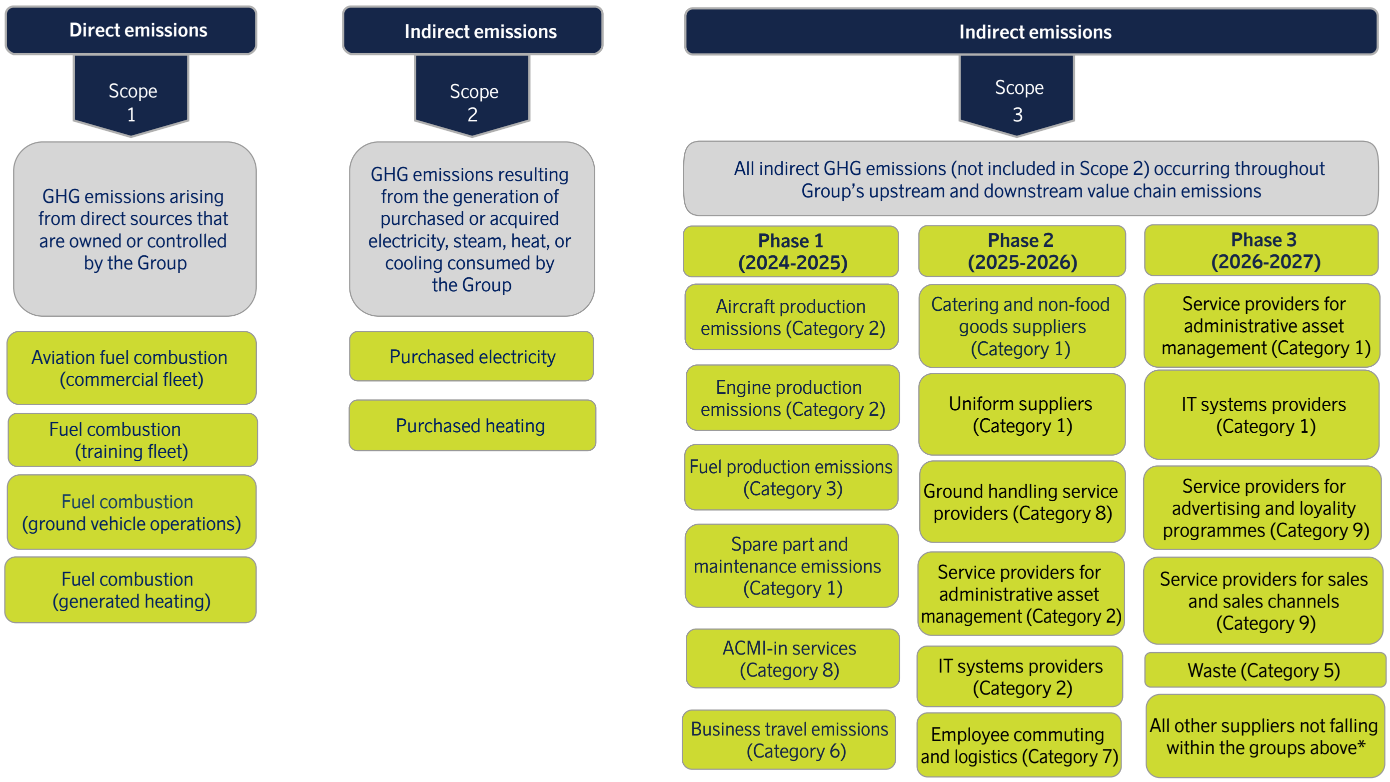
- Scope 1 emissions include those generated by the commercial and training aircraft fleets, ground vehicle fuel consumption, and resources used for direct energy production (e. g., heating);
- Scope 2 – emissions from purchased electricity and heating;
- Scope 3 – emissions from the Group's supply chain (a detailed list of Scope 3 emission sources provided in the picture).

In 2024, the Scope 3 reporting includes emissions from:

- Fuel- and energy production (GHG Protocol Category 3);
- Business travel (GHG Protocol Category 6).

Fuel and energy-related activities (Category 3) and business travel (Category 6) account for approximately 18.2% of the Group's total CO_2 emissions. Analysis of the Group's significant Scope 3 emission sources suggests that Scope 3 emissions could increase by an additional 10-12%, potentially representing up to one-third of total emissions, which aligns with average estimates for the airline industry.

To gain a complete Scope 3 emission data, the Group would gradually add emissions from purchased goods and services (Category 1), capital goods (Category 2), upstream transportation and distribution (Category 4), waste generated in operations (Category 5), employee commuting (Category 7), upstream leased assets (Category 8), downstream transportation and distribution (Category 9), downstream leased assets (Category 13). Due to limited reliable public data from the supply chain, Scope 3 emission data will be disclosed in a phased approach. Considering the limitations, the Transition Plan targets are based on Scope 1 and Scope 2 emissions data and projections.



* This category includes smaller suppliers that provide services or goods that are not critical to the Group's core operations. The value chain is dynamic and constantly changing, so new suppliers may be added that do not fit into any of the groups categories defined above. They will also be included in this group category to ensure integration into the Group's supplier management system.

The following GHG Protocol Scope 3 categories – processing of products sold (Category 10), use of products sold (Category 11), downstream leased assets (Category 13), franchises (Category 14), and investments (Category 15) – do not significantly contribute to our overall emissions inventory. As a result, they are deemed immaterial and excluded from our materiality assessment.

Decarbonization Levers

Aligned with the EU Green Deal and IATA's Net Zero Pathways[24], the Group's decarbonization strategy integrates regulatory compliance into its business operations. In 2021, the aviation industry committed to net-zero CO_2 emissions by 2050[25], a goal reinforced by ICAO's 2022 Long-Term Aspirational Goal (LTAG)[26], which aligns with the Paris Agreement.

IATA points out three levers of action that the sector can use to reduce, neutralize, and eliminate its GHG emissions:

- Reduce aircraft energy use by exploiting more efficient aircraft leading to less CO_2 even if powered by conventional aviation fuel;
- Change the fuel and reduce its carbon footprint. Despite evolving electric and hydrogen-powered aircraft, SAF solutions are expected to provide the majority of aviation's carbon abatement through to 2050;
- Re-capture all the carbon dioxide which could not be avoided.

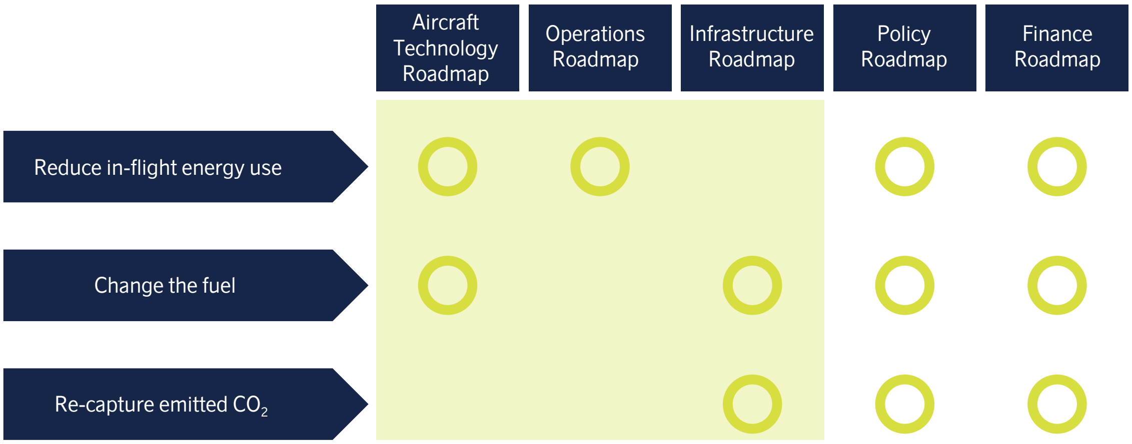
Based on these levers, IATA published five net-zero roadmaps in 2024. Three of them – Aircraft Technology, Operations, and Infrastructure – directly align with the Group's strategy for achieving carbon neutrality by 2050.

24 iata.org/contentassets/8d19e716636a47c184e7221c77563c93/executive-summary---net-zero-roadmaps.pdf

25 www.iata.org/en/iata-repository/pressroom/fact-sheets/fact-sheet-iata-net-zero-resolution

26 www.icao.int/environmental-protection/Documents/Assembly/Resolution_A41-21_Climate_change.pdf

THE FIVE NET-ZERO ROADMAPS AND THE AREAS WHICH THEY CONTRIBUTE TO



Source: IATA Sustainability and Economics

Industry's Levers – IATA Net-Zero Roadmaps*	Group's Key Decarbonisation Levers
The Aircraft Technology Roadmap addresses the critical issue of how new aircraft and engine technologies can deliver more efficient aircraft which use less energy. Further development milestones include revolutionary aircraft which will be operated with hydrogen or batteries.	airBaltic has fully transitioned to a single-type fleet and continues to expand by adding Airbus 220-300 aircraft.
The Operations Roadmap focuses on eliminating Air Traffic Management system inefficiencies that cause unnecessary fuel burn and emissions and apply Trajectory-Based Operations.	The Group's dedicated Flight Support department actively monitors fuel efficiency, develops optimized procedures, and conducts pilot training programs to improve operational efficiency. The Group is pioneering operational effieciency techniques like RNP AR** approach, Reduced Flaps Take-off and Landing procedures, Single Engine Taxi-in, and flown distance reduction.
The Energy and New Fuels Infrastructure Roadmap outlines the transition from conventional aviation fuels to SAF.	In the past, the Group adhered to mandatory SAF blend requirements set by a few airports. Since 2023, the Group has introduced a voluntary SAF contribution option for both business and private passengers. Starting in 2025, the Group will incorporate a mandatory 2% SAF blend on all its EU flights, gradually increasing to 70% by 2050.
	The Group has been offsetting unavoidable flight emissions since 2012, following the introduction of ETS reporting requirements, and participates in the CORSIA scheme since 2019.

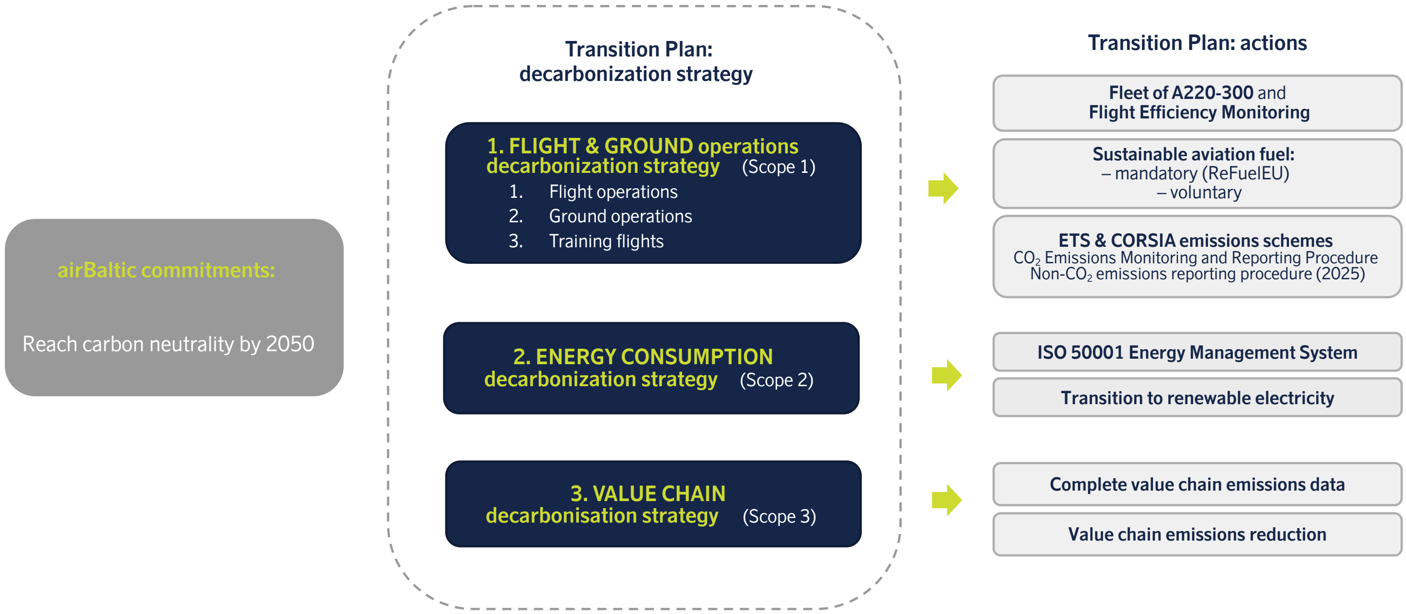
* The roadmaps serve as core strategies for achieving carbon neutrality by 2050. These strategies may be aligned with national climate targets following the anticipated adoption of Latvia's National Climate Law.

** Required Navigation Performance with Authorization Required.

While the Group remains committed to achieving carbon neutrality by 2050, its immediate focus is on mitigating short- and mid-term impacts through targeted actions (see the chapter "Targets Related to Climate Change Mitigation and Adaptation"):

- Flight operation and ground operation decarbonization;
- Energy consumption decarbonization;
- Value chain decarbonization;
- Data enhancements.

The Group allocates resources for emission compensation and fleet expansion. Detailed information is enclosed in the Management Report and the EU Taxonomy Disclosures.



Transition Plan Adoption

The Transition plan was approved by Executive Board on July 30 2024 and is aligned with mid-term operational business planning.

During 2024, the Group aligned its policies and risk management processes, transitioned to an ISO 14001 certified Environment Management System, prepared for mandatory SAF deployment, and enhanced the voluntary SAF contribution options for consumers and corporate clients. The Group served as a social partner to hydrogen aircraft development plans, and signed a memorandum of understanding to procure electric training aircraft by 2030.

As the transition to climate change mitigation is an ongoing process, the Group remains committed to enhancing data quality, optimizing data flow, and improving data collection across its value chain.

Locked-In GHG Emissions

Locked-in greenhouse gas emissions (GHG) refer to the future emissions from existing assets and operational commitments. The Group's locked-in emissions primarily stem from:

- Aircraft fleet that has long operational lifespans, often exceeding 20 years. Once an airline acquires an aircraft, the emissions from its operations are effectively locked in for the duration of its service;
- Infrastructure investments such as maintenance facilities.

The long lifespan of aircraft and infrastructure make transitioning to lower-emission technologies and fuels a long-term process requiring careful planning.

Energy

In 2024, the Group's energy consumption for flight operations comprised conventional fuels – jet fuel, diesel, and petrol – alongside SAF, natural gas, and electricity from both fossil and renewable sources. None of the Group's actions were related to energy production[27].

[27] Except for a temporary generator use.

Energy consumption and mix*		**2024**
1	Fuel consumption from coal and coal products (MWh)**	-
2	Fuel consumption from crude oil and petroleum products (MWh)	2 757 231
	Jet Fuel: commercial and training fleet (MWh)	2 756 369
	Ground vehicle fuel – diesel (MWh)	389
	Ground vehicle fuel – petrol (MWh)	216
	Diesel generator (MWh)	258
3	Fuel consumption from natural gas (MWh)	2 995
4	Fuel consumption from other fossil sources (MWh)	–
5	Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	6 414
	Electricity from fossil sources (MWh)	3 420
	Heating from fossil sources (MWh)	2 995
6	Total fossil energy consumption (MWh) (1+2+3+4+5)	2 766 640
Share of fossil sources in total energy consumption (%)		**99.8%**
7	Consumption from nuclear sources (MWh)**	–
Share of consumption from nuclear sources in total energy consumption (%)		–
8	Fuel consumption from renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	1 674
	Scope 1 (sustainable aviation fuel)	1 674
9	Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	3 391
	Scope 2 (electricity from renewable sources)	3 391
10	The consumption of self-generated non-fuel renewable energy (MWh)	–
11	Total renewable energy consumption (MWh) (8+9+10)	5 065
Share of renewable sources in total energy consumption (%)		**0.2%**
	TOTAL energy consumption (MWh) (calculated as the sum of lines 6, 7 and 11)	**2 771 705**

* See Appendix 7. for conversion ratios to MWh.

**The Group's operations rely primarily on jet fuel and it does not consume energy from coal, coal products or nuclear sources.

The aviation industry – and, by extension, all of the Group's business activities—is classified as a high climate impact sector (NACE Section H: Transportation and Storage) due to its significant contribution to global GHG emissions, primarily from the combustion of aviation fuels during flight operations. The European Financial Reporting Advisory Group (EFRAG) has prioritized the creation of sector-specific standards for high-impact industries, including aviation. However, as of 2024, these standards are still under development and not yet available for reporting purposes.

Energy intensity per net revenue	2024
Net revenue from activities in high climate impact sectors used to calculate energy intensity (EUR)	747 572
Net revenue, other (EUR)	0
Total net revenue as per Income Statement (EUR)	747 572
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors (MWh / th.EUR)	3.7

Climate Change Mitigation and Adaptation Policies

The Group implements its climate commitments through its Sustainability Policy, which promotes energy-efficiency, reduction of greenhouse gas emissions, and supports the circular economy.

- The Group's Scope 1 decarbonization commitment is reinforced through the Operations Manual and Flight Support Manual, ensuring alignment with operational procedures and sustainability goals;
- The Group's Scope 2 decarbonization commitment is reinforced through the Administration Handbook and Energy Management System (ISO 50001), which is audited annually by an accredited external auditor to ensure alignment with building management procedures and infrastructure requirements;
- Adaptation to climate change is strengthened through Enterprise Risk Management and Compliance and Safety Management systems, where the Group assesses operational climate the risks and identifies necessary actions. These include physical risks, such as extreme weather events, and transition risks arising from regulatory and market changes.

Environmental considerations are integrated into decision-making across all departments, ensuring a structured approach to climate change mitigation and adaptation. The Top Management Team holds ultimate responsibility for overseeing and addressing these issues collectively.

Targets Related to Climate Change Mitigation and Adaptation

Given the slow pace of advancements in aviation technology and the absence of viable alternatives to conventional aircraft, the Group's approach to carbon neutrality till 2050 prioritizes emission reductions where possible while compensating for unavoidable emissions. This approach balances the commitment to carbon neutrality with the need to maintain regional connectivity.

The Group uses baseline and best estimate scenarios to forecast Scope 1 and 2 emissions in 2050. To prevent any potential misinterpretations, Scope 3 emissions are excluded from the climate targets until reliable public data becomes available.

Scenario	Key assumptions
Baseline Scenario	Fleet expansion and load factors follow the IPO & Beyond business plan SAF deployment excluded Flight efficiency improvements excluded No fleet or vehicle electrification beyond 2024 Energy sources remain unchanged from 2024 levels
Best-Estimate Scenario	Fleet expansion and load factors follow the IPO & Beyond business plan SAF mandates incorporated Voluntary SAF deployment included Flight efficiency measures implemented Gradual electrification of training fleet and vehicles Transition to renewable energy sources

The Group measures CO_2 emissions per revenue passenger kilometer (CO_2 kg/RPK) to assess environmental efficiency in passenger transport. Given that cargo transport accounts for only about 1% of the Group's total revenue ton kilometers (RTK), focusing on CO_2 kg/RPK provides a more accurate representation of the Group's core operations.

Emission Forecast, Baseline Scenario (no efficiency measures)
In the Baseline Scenario, without any fuel efficiency measures, fuel consumption and passenger growth would result in a stable CO_2 emission rate per RPK. By 2050, it is estimated that each RPK will emit approximately 0.084 kg of CO_2. This figure aligns with the 2019 industry average of 0.090 kg of CO_2 per RPK, as reported by the International Council on Clean Transportation (ICCT)[28].

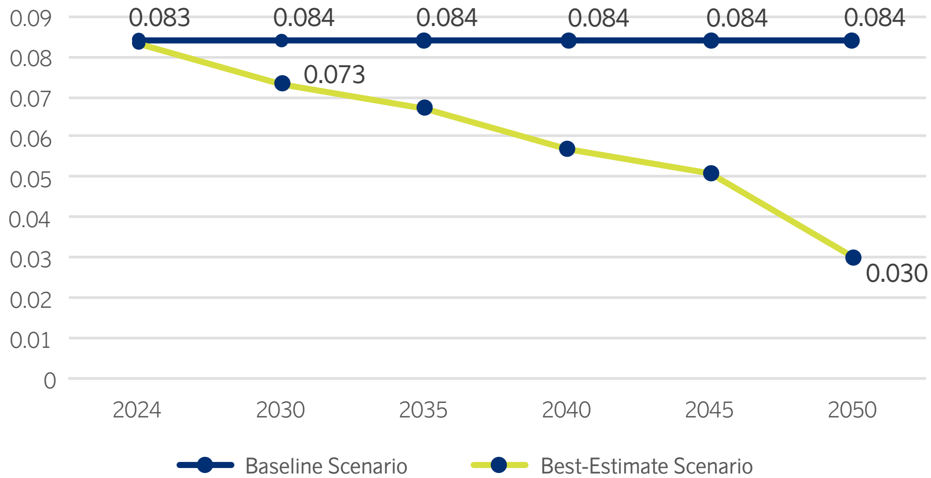
Emission Forecast, Best-Estimate Scenario
The Group aligns the Best-Estimate Scenario with IATA's roadmap, recognizing that even with comprehensive efficiency measures, certain emissions will remain in 2050 and must be compensated. By implementing initiatives such as SAF deployment, fuel and energy efficiency enhancements, and electrification, the Group aims to achieve 63.9% reduction in emissions by 2050 compared to 2024 levels, targeting an emission rate of 0.030 kg of CO_2 per RPK.

Best-Estimate Scenario	2024 (base year)		2030 (target)*	2050 (target)*
	Tons of CO_2	%		
Total Scope 1 emissions	601 667	99.8%		
Total Scope 2 emissions	1 347	0.2%		
TOTAL emissions (Scope 1 and Scope 2)	603 014	100%		
Emissions reduction actions				
Scope 1 emissions reduction due to flight efficiency measures, SAF deployment, transition to electric training and ground vehicle fleet, tons of CO_2	-5 601		-74 055	-950 642
Scope 1 emissions share in the target, %	n/a		98.7%	99.9%
Scope 2 emissions reduction due to energy efficiency measures and use of renewable electricity, tons of CO_2	(reduction measures not separated from Scope 2 emissions)		-976	-1 016
Scope 2 emissions share in the target, %			1.3%	0.1%
TOTAL CO_2 REDUCTION, tons of CO_2	-5 601		-75 030*	- 951 659*
TOTAL Scope 1 and Scope 2 emissions, kg of CO_2 per RPK	0.083		0.073	0.030
Reduction in comparison to 2024, intensity ratio, %	n/a		-12.0%	-63.9%

* The emission reduction targets are projected values based on the business information available at the time of preparing the Sustainability Statement. These targets are not fixed and may be revised in response to changes in the Group's business strategy, fluctuations in the fuel market, the availability of SAF, or other external factors that could influence their feasibility and implementation.

28 ICCT CO_2 Emissions from Commercial Aviation (2020)

EMISSIONS REDUCTION TARGETS, CO_2 KG/RPK



To support its climate change mitigation and adaptation policies and to address climate-related impacts across Scopes 1, 2, and 3, as well as physical and transition risks, the Group has set specific climate targets. The 2024 GHG inventory covers Scope 1 and Scope 2 emission sources, with the same data inputs used for forecasting. Due to incomplete Scope 3 data, these emissions are not included in the current forecast.

The 2024 baseline was established as the transition year for reporting under the ESRS, requiring alignment with updated calculation methodologies not previously utilized. The new baseline affects target-setting and progress tracking – emission reduction goals will be measured relative to the 0.083 kg CO_2/RPK benchmark, ensuring consistency in evaluating the impact of efficiency measures.

The Group's decarbonization commitment is aligned with the aviation industry's target to achieving net-zero carbon emissions by 2050 that are grounded in scientific evidence. The Group's emission reduction target has not been validated by the Science Based Target initiative. However, it aligns with the IATAs and ICAO's roadmaps to limit global warming to 1.5 degrees Celsius. This alignment is supported by the Group's business operational data and statistics.

Actions and Resources in Relation to Climate Change Policies

The Group's targets and ability to implement climate-related actions depend on a variety of resources and stakeholders:

- SAF availability and pricing: Access to affordable SAF is crucial for achieving Scope 1 emissions reduction targets. Until 2030, this impact is expected to be minimal, as the EU has mandated a 2% SAF deployment by 2025 (increase to 6% by 2030), placing the responsibility on fuel suppliers. The deployment of SAF mandates have been extensively discussed among the EU, airlines, and fuel suppliers over the past few years;
- Emissions compensation costs: Costs associated with emissions trading schemes (ETS) and CORSIA affect the Group's financial resources (OpEx) allocated to emissions reduction. The Group's business plan IPO & Beyond includes appropriate assumptions;
- Due to its location at the Riga Airport, the Group's electricity is supplied exclusively by the airport's grid, resulting in an almost total dependency on the airport's decarbonisation initiatives and highlighting the interdependency of the decarbonisation targets. Notably, Riga Airport has committed to achieving net-zero CO_2 emissions by 2035 itself, implementing measures such as installing solar panel parks, integrating electric vehicles into its fleet, and enhancing energy efficiency[29];
- Supply Chain Engagement: The effectiveness of emission data collection depends on the resources, expertise, and commitment of supply chain partners. The phased approach to Scope 3 disclosures is tailored to our suppliers' capacity to provide accurate emissions data.

29 Riga Airport Undertakes to Reach Zero CO_2e Emissions by 2035

In order to achieve the emissions target of the Best-estimate scenario and reduce the Group's emissions to 0.030 kg of CO_2 per RPK by 2050, the Group decides on its actions according to the Scope 1 and Scope 2.

Actions	KPIs	Scope	Period	Baseline value 2024	KPIs target (level)*
Minimise Scope 1 emissions	Scope 1 emissions, kg CO_2 / RPK	All Scope 1 emissions	2024-2030	0.083 kg CO_2 / RPK	Reduction in 2030 to 0.073 kg CO_2/RPK
Minimise Scope 1 and Scope 2 emissions	Scope 1 and Scope 2 emissions, kg CO_2 / RPK	All Scope 1 and Scope 2 emissions	2024-2050	0.083 kg CO_2 / RPK (100%)	Reduction in 2050 to 0.030 kg CO_2/RPK in comparison to 2024
Obtain complete Scope 3 emissions data	Number of categories with complete data	Category 3 (fuel- and energy-related activities)	2024	Included in emissions calculations	
		Category 6 (business travel)	2024	Included in emissions calculations	
		Category 2 (capital goods)	By 2025	n/a	
		Category 7 (employee commuting)	2025	n/a	
		Category 1 (purchased goods & services), 8 (leased assets)	By 2026	n/a	
		Category 4, 9 (logistics), 5 (waste)	2026	n/a	
Minimise Scope 3	CO_2 / RPK	All categories	After 2027	n/a	To be defined by 2027

* The emissions reduction targets are projected values based on the business information available at the time of preparing the Sustainability Statement. These targets are not fixed and may be revised in response to changes in the Group's business strategy, fluctuations in the fuel market, the availability of SAF, or other external factors that could influence their feasibility and implementation.

The key activities (levers) to reach emissions reduction targets involve various actions that are already considered and involved in the Group's mid-term business planning.

Fleet Modernization. airBaltic has transitioned to a single-type fleet of next-generation Airbus A220-300 aircraft, which are estimated to be 20% more fuel-efficient per seat and 50% quieter during takeoff and landing compared to older models like the Boeing 737-300 and Airbus A319ceo (sources: management estimates, Airbus). The business plan IPO & Beyond includes expanding the fleet to 100 Airbus aircraft by 2030, with no decisions yet regarding fleet increases beyond 2030.

The capital expenditures (CapEx) fleet for renewal are integrated into the Group's business plan IPO & Beyond and disclosed in Financial and Management reports to the extent deemed appropriate. The financial resources allocated for Airbus A220-300 aircraft, which align with the technical screening criteria specified in Section 3.21, are disclosed in the EU Taxonomy Disclosures.

Flight Efficiency. airBaltic continuously monitors fuel data, enhances pilot training, and refines procedures to optimize efficiency, leading to multiple benefits, including reduced CO_2 emissions. In 2024, the airline implemented several fuel efficiency initiatives:

- Optimized Fuel Planning: Calculated a separate fuel flow factor[30] for each aircraft to improve fuel consumption accuracy;
- Efficient Navigation: Conducted Required Navigation Performance with Authorization Required (RNP AR) approaches;
- Aerodynamic Optimization: Reduced drag through Reduced Flaps Take-off and Landing procedures;
- Paperless Operations: Adopted the Electronic Flight Bag (EFB) to replace paper materials, reducing aircraft weight, fuel consumption, and printing needs while enhancing safety and efficiency;
- Route Optimization: Minimized flight distances with initiatives like Takeoff in Direction of Flight;
- Ground Fuel Savings: Implemented Single Engine Taxi-In to cut fuel use on the ground.

SAF Deployment. In line with ReFuelEU mandates, airBaltic will start incorporating SAF in 2025, starting with 2% of annual fuel consumption and progressively increasing to 70% for all EU flights by 2050. Passengers are provided with an option to contribute to SAF adoption voluntarily. This initiative is scheduled as an annual activity and will continue until 2050.

Emissions Compensation: airBaltic participates in the EU ETS (Emission Trading System) and CORSIA emissions schemes to offset emissions. This will remain a continuous annual activity until 2050.

The financial resources for the emissions compensation under the ETS and CORSIA mandates are detailed in the Income Statement, EU Taxonomy Disclosures, under the "Cost of Carbon Emissions Allowances" and in No. 34 "Provisions".

Electric and Hydrogen Alternatives. The Group is exploring electric solutions for its training fleet, with the goal of a full transition to electric alternatives by 2050.

Energy Efficiency and Renewable Electricity. The primary reduction in Scope 2 emissions stems from energy efficiency measures implemented under the ISO 50001 Energy Management System and the transition to electricity from renewable sources. In 2024, the Group continued transition to a more energy efficient logistics centre and transition to electric vehicle fleet. The financial resources for the energy efficiency measures (OpEx and CapEx) are disclosed in the EU Taxonomy Disclosures: Construction of New Buildings (NACE F43), Installation and Maintenance of Charging Stations (NACE F43), and Ground Handling Equipment (NACE H52.23). In 2024, Riga Airport, the Group's electricity supplier, started to supply electricity exclusively from renewable sources. From 1 July to 31 December, all supplied electricity was generated from renewable sources.

Supply Chain Emission. The Group's main target is gradually obtaining complete data from all applicable Scope 3 categories from the Group's value chain.

Climate Change Adaptation Actions. The Group currently has no specific climate change adaptation actions or targets planned. While severe weather risks – such as increased wind shear and lightning – are considered material, they are already managed through pilot training, flight planning, and avionics advances. The Group's engineering department and expanding MRO infrastructure are well equipped to handle any potential increase in aircraft maintenance requirements.

[30] Aircraft performance naturally declines over time, leading to slightly increased fuel consumption due to engine and airframe degradation. To track this, airBaltic monitors the Fuel Flow Factor (FFF) for each aircraft individually and incorporates FFF variations into emissions calculations. A higher FFF indicates greater fuel consumption under identical flight conditions, enabling targeted efficiency improvements. See methodology in Appendix 7.

Green-House Gas Emissions

The Group's consolidated GHG emissions[31] from all entities under its operational control are listed in the table below.
The total GHG emissions accounted for in 2024 are 737 628 tons of CO_2eq. According to the current classification, Scope 1 emissions account for 81.6%, Scope 2 emissions for 0.2% and Scope 3 emissions for 18.2% of total emissions.

	Retrospective			Milestones and target years			
Base year	Comparative (2024)	2024	% of Comparative	2025	2030	2050	Annual % target / Base year (2024)
Scope 1 GHG emissions							
Gross Scope 1 GHG emissions (tCO_2eq), including:	601 667	601 667	100%				n/a, no annual reduction target applied
emissions from fossil sources (tCO_2eq)	601 302	601 302	100%				
emissions from biogenic sources, SAF (tCO_2eq)	365	365	100%				
Percentage of Scope 1 GHG emissions from regulated emissions trading schemes (%)	99.9%	99.9%	100%				
Scope 2 GHG emissions							
Gross location-based Scope 2 GHG emissions (tCO_2eq)	1 347	1 347	100%				n/a, no annual reduction target
emissions from fossil sources (tCO_2eq)	1 161	1 161	100%				
emissions from renewable sources (tCO_2eq)	186	186	100%				
Percentage of electricity purchased from 100% renewable sources	50%	50%	100%				
Gross market-based Scope 2 GHG emissions (tCO_2eq)	n/a, all Scope 2 are location-based						
Biogenic emissions of CO_2 from combustion or bio-degradation of biomass that occur in value chain not included in Scope 2 GHG emissions	0	0	0				
Significant scope 3 GHG emissions							
Total Gross indirect (Scope 3) GHG emissions (tCO_2eq)	134 614	134 614	100%				n/a, no annual reduction target
1. Purchased goods and services	to be added gradually						
2. Capital goods	to be added gradually						
3. Fuel and energy-related activities (not included in Scope1 or Scope 2)	130 644	130 644	100%				
4. Upstream transportation and distribution	to be added gradually						
5. Waste generated in operations	to be added gradually						
6. Business travel	3 969	3 969	100%				
7. Employee commuting	to be added gradually						
8. Upstream leased assets	to be added gradually						
9. Downstream transportation	to be added gradually						
% of emissions calculated using primary data	100%	100%	100%				
Biogenic emissions of CO_2 from combustion or bio-degradation of biomass that occur in value chain not included in Scope 3 GHG emissions	0	0	0				
Total GHG emissions	737 628	737 628	100%				
Total GHG emissions (location-based) (tCO_2eq)	737 628	737 628	100%				
Total GHG emissions (market-based) (tCO_2eq)	–	–	100%				

31 Since the annual Sustainability Statement is typically prepared prior to fuel (ETS/CORSIA), energy (ISO 50001), and environmental (ISO 14001) audits, the verified 2024 fuel, energy consumption, and waste data were not available during the preparation of the report, and results might be adjusted based on recommendation from the auditors.

The Group's emissions disaggregation

Scope 1 (commercial flights)	EU (85%) and outside EU, CORSIA member states (15%)
Scope 1 (training flights)	EU (100%)
Scope 1 (ground vehicles)	Latvia (100%)
Scope 2 (energy)	Latvia (100%)
Scope 3 (fuel)	Not specified
Scope 3 (business travel)	EU (85%) and outside EU, CORSIA member states (15%)

GHG emission intensity per net revenue (as per Financial Report)

	2024 (base value)***	% of base value
Total* GHG emissions, tons of CO_2	737 628	100%
Net revenue**, th. EUR	747 572	100%
Total GHG emissions intensity, tons of CO_2 / EUR	0.987	100%
GHG emissions intensity (location-based) tons of CO_2 / EUR	0.987	100%
GHG emissions intensity (market-based) tons of CO_2 / EUR	0	0

*Including Scope 3 emissions from GHG Protocol categories 3 (Fuel- and Energy-Related Activities) and 6 (Business Travel).

**The Group uses consolidated net revenue, which reflects the collective GHG emissions of all its operations.

***The Group measures its GHG intensity based on revenue passenger kilometers (see chapter "Emissions Forecast, Best-Estimate Scenario"). GHG intensity relative to net revenue is disclosed retrospectively for 2024.

The Group participates in the EU-ETS, CH-ETS, UK-ETS, and the CORSIA emissions compensation schemes. According to regulations, emissions from flights covered by these programs must be offset using eligible carbon credits.

As of this statement's preparation, data on 2024 emissions is unavailable, as ETS and CORSIA reports are typically prepared by March 31 of the following year.

Information about significant financial resources related to emissions compensation is disclosed in the Management report under Financial Performance, Income Statement, and EU Taxonomy Disclosures. Cost of Carbon Emissions Allowance and 34. Provisions.

Climate Change Adaptation

Climate change poses risks to the aviation industry, disrupting operations, market dynamics, regulations, and stakeholder expectations, potentially impacting the Group's business and competitiveness.

The Group manages these risks through its Enterprise Risk Management (ERM) system and Compliance and Safety Management (CSM) system, which assesses impacts, evaluates materiality, and implements mitigation measures across its value chain.

Physical Risks

Leveraging historical data and industry trends, the Group considered 28 climate-related hazards[32] – including temperature shifts, extreme weather, wind, water, sea level rise, and solid mass risks – during the DMA, CSM, and ERM processes. This assessment focused on high-risk areas, including all airports where the Company operates, and its key hubs.

32 As per ESRS E1 Annex A, AR 11.

The Group included 28 hazards in the ERM system to be considered in climate-related risk assessments. Temperature-related hazards may affect scheduled arrivals and departures, while water- and soil mass-related hazards are more pertinent to airport operations. Airline operations could experience increased flight rescheduling or redirection during emergencies.

Based on its operational scope and geography, 2 wind-related hazards were identified as material. The Group has established safety protocols to manage changing and extreme weather conditions. They utilize advanced weather monitoring systems and maintain continuous communication between flight dispatchers and pilots to ensure timely responses to evolving weather scenarios.

Changing wind patterns might increase turbulence and wind shear, while storms cause increased lightning strike risks that may damage aircraft skin.

Transitional Risks

Transitional risks stem from the conventional aviation fuel combustion for flight operations. The Group evaluated 15 climate related transition events[33] related to policy, legal, technology, market, and reputation matters. Out of all, three actions were considered material: increased pricing of GHG emissions, mandates on and regulation of existing production processes, and substitution of existing products and services with lower emission options that includes procedural changes in cooperation with Group's fuel suppliers. All these actions are collectively addressed under the risk of climate-related negative impacts on airBaltic's operations, specifically concerning energy accessibility and related cost increases.

The vulnerability of assets and operations to transition risks has been assessed in terms of regulatory changes, fuel cost dynamics, and availability. Fuel procurement is highly exposed due to expected increases in SAF costs and carbon pricing mechanisms such as the EU ETS and CORSIA.

An assessment of the exposure of assets and business activities to identified transition events has been conducted, highlighting areas sensitive to these transitions. High-emitting routes will be under greater pressure as they are exposed to multiple carbon pricing schemes and potential taxation measures. The current fuel supply infrastructure, which remains largely dependent on fossil fuels, will require investment to integrate SAF.

A structured risk management process is used to manage this risk, including:

– Risk identification & screening: Monitoring regulatory developments, technological advances, and changes in market dynamics that may affect aviation emissions and energy costs;
– Value chain analysis: Interaction with suppliers of fuel and other products, analysis of upstream risks based on fuel availability and cost;
– Adaptation and strategic planning: Integration of findings into operational strategies, investment planning, and sustainability roadmaps.

Climate-Related Scenario and Resilience Analysis

The identification of transition events and exposure assessment have been informed by climate-related scenario analysis, incorporating the projections of IPCC-developed Shared Socioeconomic Pathways (SSP) – SSP5-8.5 and SSP1-2.6, though not strictly adhering to their prescribed methodologies.

The primary asset of the Group is the aircraft fleet, which is directly affected by extreme climate conditions. In 2024, the Group have not conducted a separate resilience analysis as resilience against extreme weather conditions inherently is considered during the aircraft certification process.

The European Union Aviation Safety Agency (EASA) includes temperature resilience requirements in the Type Certificate Data Sheet (TCDS) for certified aircraft. The Group's fleet consist of a single type Airbus A220-300 and it is certified to operate within a temperature range of -54°C to +52.5°C, ensuring its takeoff and landing capabilities under extreme temperature variations.

[33] As per ESRS E1 Annex A, AR 12.

Resilience against wind extremes is addressed in the Airplane Flight Manual, which defines aircraft operational limitations. For the Airbus A220-300, the maximum approved tailwind component for takeoff and landing is 10 knots, max x-wind for takeoff 32 knots, max x-wind for landing 29 knots. The maximum wind speed for any aircraft door held in the open position for ground operations is 65 knots, ensuring safe operations in challenging wind conditions.

Climate-related scenarios follow the approach outlined below to assess risks and opportunities over the short, medium, and long term:

Short-term (<1 year)	1. Mitigate immediate disruptions (storms, flooding, heatwaves), financial impacts, carbon price volatility, fuel costs, and compliance.
Medium-term (1–5 years)	2. Focus on investments in resilient infrastructure and procurement of SAF to adapt to altered climate patterns and evolving regulations.
Long-term (>5 years)	3. Plan for structural changes, including increased SAF production and a long-term strategy aimed at achieving full sustainability.

Beginning in 2025, the Group will implement climate scenario modeling as part of its ERM system to assess the impacts of physical and transition risks – including regulatory changes, emission targets, and energy shifts – on operations, finance, and compliance. This will be done using the IPCC SSP5-8.5 high-emission and SSP1-2.6 low-emission scenarios.

Previously climate scenarios have not been used in financial reporting. In 2025, climate scenarios will be integrated into the ERM system and, where necessary, incorporated into financial reporting to align financial assumptions with climate-related factors.

	Short-term (<1 year)	Mid-term (1-5 years)	Long-term (>5 years)
Hazard	**Wind-related chronic hazard – changing wind patterns**		
Risks	**Wind shear risk (physical risk)** Sudden and extreme variations in wind speed or direction – especially at takeoff and landing – can cause aircraft instability and increased pilot workload. The risk requires increased pilot training, enhanced flight planning procedures, and investment in advanced avionics to detect and mitigate wind shear. Long-term changes in wind patterns will also have an impact on scheduling and operational efficiency.		
Exposure of Group's assets and business operations	Flight operations while landing and aircraft fleet (maintenance)		
	Operational planning, flight route adjustments, and immediate infrastructure resilience measures	Asset lifecycle planning, regulatory adaptation, and strategic investment in climate resilience projects	Strategic business model adaptation, major capital expenditure decisions based on projected climate risks
Scenario 1	**Low-emission scenario:** Wind shear risks in Europe are expected to decrease over time, but localized climate variability may still cause occasional severe events, particularly in regions with higher climate instability (such as southern Europe, the Mediterranean, and the Alps).		
Group's resilience abilities	Pilot trainings, flight plannings to avoid high-risk areas, and advanced avionics for early wind shear detection	Flight routes will be optimized to adapt to shifting wind patterns	Investments in operational adaptations to ensure safety during flights in regions with ongoing climate instability
Scenario 2	**High-emission scenario:** Wind shear over Europe will further increase because of the more extreme climate variability, in general featuring more frequent severe events		
Group's resilience abilities	Advanced pilot training, adaptation of flight planning by avoiding areas of high risk, with advanced avionics installed in aircraft for wind shear detection as early as possible	Flight routes optimization, and avionics systems to detect and respond to wind shear	Modernization with the latest wind shear detection systems installed, operational strategies are adjustments according to the increased variability of the climate

	Short-term (<1 year)	Mid-term (1-5 years)	Long-term (>5 years)
Hazard	**Wind-related acute hazard – storms (including blizzards, dust, and sandstorms)**		
Risks	**Lightening strike (physical risk)** The effects of lightning strikes to aircraft include malfunction of electrical systems, structural damage, and temporary loss of some avionics. Modern aircraft are designed to tolerate lightning; however, multiple lightning strikes lead to increased maintenance cost and safety risk. To mitigate this risk, advanced lightning protection system is used, regular inspections are conducted, and flight planning adjustment to avoid the worst weather		
Exposure of Group's assets and business operations	Flight operations while and aircraft fleet (maintenance)		
	Operational planning, flight route adjustments and immediate infrastructure resilience measures	Asset lifecycle planning, regulatory adaptation and stratefic investment in climate resilience projets	Strategic business model adaptation, major capital expenditure decisions based on projected climate risks
Scenario 1	**Low-emission scenario**: The frequency of wind-related acute hazards, such as storms and lightning strikes, is expected to decrease over time. However, localized severe weather events may still occur		
Group's resilience abilities	Lightning protection systems, adjusted flight routes to avoid areas with higher storm risk, and regular aircraft inspections to mitigate lightning strike damage	Optimize flight planning to adapt to evolving storm patterns, ensure ongoing fleet maintenance with upgraded lightning protection technologies	Investments in advanced lightning detection and protection systems, adapt the strategic business model to integrate climate resilience, and continue to manage storm-related risks through long-term operational planning
Scenario 2	**High-emission scenario**: Storms and lightning strikes are expected to increase by 20-30% over the next five years, with extreme events becoming more frequent and intense, especially in regions like southern Europe, the Mediterranean, and parts of Central Europe		
Group's resilience abilities	Enhanced lightning protection, adjusted flight routes to avoid storm-prone areas, and aircraft inspections due to more frequent lightning strikes	Adapt flight planning for increased storm intensity, upgrade fleet lightning protection, and adjust operations for higher lightning strike frequency	Investments in fleet modernization with advanced lightning detection, integration of climate resilience into operations

	Short-term (<1 year)	Mid-term (1-5 years)	Long-term (>5 years)
Climate related transition events	**Policy and Legal: Increased pricing of GHG emissions** The Group participates in emissions compensation (ETS and CORSIA) schemes. These programs require to offset fuel emissions by purchasing eligible credits, the prices of which fluctuate based on market conditions		
	Policy and Legal: Mandates on regulation of existing production processes **Technology: Substitution of existing products and services with lower emission options** The aviation industry is heavily reliant on fossil fuels, particularly jet fuel, making energy consumption a major environmental impact. While SAF offer a promising alternative, their limited availability and high production costs result in prices that are up to six times higher than conventional jet fuel As EU Green Deel policies (aligned with the Paris Agreement and limiting climate change to 1.5°C) and regulations like ReFuelEU and ETS become strickter, fuel costs, emission compensation expenses, and environment-related taxes are expected to rise		
Risks	**Climate-related negative impacts on airBaltic's operations: Accessibility of energy and related cost increase**		
	Volatility of EU ETS carbon prices, regulatory fluctuations in fuel taxation, and the preparation for compliance with CORSIA, all needing immediate financial and operational responses	Fuel price increases; phasing out free EU ETS allowances; increased oversight regarding non-CO_2 emissions; and fleet renewal for fuel efficiency and SAF compatibility	SAF blending mandate of 20% by 2035; Deeper regulatory and market shifts, including new environment-related taxes, zero-emission propulsion demands, and infrastructure adaptations for hydrogen and electric aircraft, necessitating significant investment and strategic planning
Exposure of Group's assets and business operations	Increased operational costs due to ETS/CORSIA emissions compensation and 2% SAF mandates	Moderate operational cost increase starting with 2030 (SAF 6% mandate) due to ETS/CORSIA emisisions compensation and 2% SAF mandates	Significant operational cost increase starting with 2035 (SAF 20% mandate) and 2040 (SAF 34% mandate)
	To achieve climate targets, the aviation industry is implementing ambitious decarbonization measures (see chapter "Strategy"). Recognizing the challenge of maintaining passenger affordability and regional connectivity while transitioning to fully zero-emission flights by 2050, the Group plans to maintain its Airbus A220-300 fleet, capable of operating with up to 100% SAF, gradually increase the share of SAF blends, and compensate unavoidable flight emissions. At the same time, the Group is closely monitoring advancements in carbon capture and storage technology		
Scenario 1	The price of SAF is expected to fluctuate 2-6 times higher than jet fuel prices	SAF prices are expected to rise three times higher than jet fuel prices.	SAF blending mandates reaching 34% by 2040, rising SAF prices
Group's resilience abilities	Minimal impact on operations due to low SAF mandate (2%) and ETS emissions compensation	As the market fluctuations are unpredictable, focus will be on optimizing fuel consumption and securing favorable agreements for SAF sourcing, as well as fuel hedging strategies ensuring minimal impact on operations	Focus on improving fuel efficiency, securing long-term SAF sourcing agreements, and expanding fuel hedging strategies to stabilize costs
Scenario 2	The price of SAF fluctuates similarly to jet fuel prices	SAF prices are three times higher than jet fuel prices, alongside increases in environment-related taxes and fuel price fluctuations	Rsing SAF prices, additional environmental taxes, and potential demand for zero-emission aircraft technologies
Group's resilience abilities	Focus on efficient fuel management practices, fuel hedging strategies	Optimizing fuel consumption and fuel hedging strategies, cost management	Long-term contracts with SAF suppliers will be negotiated to stabilize costs and ensure compliance with tightening environmental regulations

E2 Pollution

During the DMA, the Group identified three main categories of pollutants resulting from its business activities.

1. Air Polluters like CO_2 emissions and non-CO_2 emissions from fuel combustion. Another potential air pollutant identified is halon gas, which is used in fire extinguishers. However, since the negative impact of halon gas would occur only in minimal amounts and solely in the event of a fire onboard, this type of pollution is not considered material. Halon-containing extinguishers are scheduled to be replaced with non-polluting gas alternatives in the Airbus aircraft fleet in the coming years. Information about air polluter is included in chapter E1, “Climate Change Mitigation”.
2. Noise Pollution resulting from flight operations that can adversely affect communities surrounding airports, potentially leading to health and environmental concerns.
3. Substances of Concern and Substances of Very High Concern resulting from the Group’s chemical use in aircraft maintenance and entities. Substances (chemicals) of concern are considered potentially hazardous and may cause adverse health or environmental effects such as carcinogenicity, mutagenicity, or reproductive toxicity. Substances that are potentially harmful but have not yet been identified as SVHC substances may fall into this category.

Noise

ICAO-established noise certification standards for subsonic jet aeroplanes specify the maximum allowable noise levels at designated measurement points – lateral, flyover, and approach – based on the aircraft’s maximum take-off mass.

The compliance with the piloting procedures requiring adherence to noise abatement practices at every location served are detailed in the Group’s Operations Manual’s Noise Abatement Procedure. This procedure provides further references to the Airway Manual, which includes approach and departure charts for each airBaltic-served airport.

The key actions are not related to time horizons but refer to the aircraft parameter choice and compliance with the flight procedures.

The noise breaches are rather exceptional cases, as the Group has already switched to the single type of Airbus A220-300 fleet that state the aircraft noise level below noise limits (ICAO Annex 16/I, Amendment 13, Volume 1, Chapter 14). Same noise level compliance applies to ACMI-in partners.

However, adherence to the Noise Abatement Approach Procedure and/or Air Traffic Service requests must never compromise flight safety. Factors such as adverse weather conditions, runway conditions, or the Stabilized Approach Concept take precedence in ensuring safe operations. As safety supersedes considerations related to noise breaches, the Group does not set specific targets but instead monitors the number of noise breach cases that are received from airports and included in the quality management system. For monitoring purposes, 2024 has been designated as the baseline reporting year.

KPIs	2024
Noise breach cases*, number	8
Noise breach rate per 1000 flights	0.109

*All airBaltic-performed flights, including ACMI-in and ACMI-out flights.

airBaltic’s operational department collaborates closely with each reporting airport authority to identify factors contributing to such incidents. This cooperation also aims to enhance crew guidance, ensuring future compliance with locally implemented noise control and reduction procedures while minimizing deviations.

Substances of Concern and Very High Concern

Substances of Very High Concern (SVHC) are chemicals that REACH regulation specifically singles out and defines as hazardous because of their properties. These substances usually fall into one or more of the following categories:

- Carcinogenic, mutagenic, or reproductively toxic substances substances that can cause cancer, genetic mutations, or reproductive health effects;
- Persistent, Bio accumulative and toxic substances that persist in the environment;
- Accumulate in body tissues and are toxic;
- Very Persistent and Very Bio accumulative substances that persist in the environment for an exceptionally long time and can accumulate to elevated levels in living organisms;
- Substances of equivalent concern – substances that have other serious health or environmental effects (e.g. endocrine disruption).

The Group uses substances of concern, such as various types of paints, as well as substances of very high concern, including special adhesives and high-performance color coatings.

All substances imported and used in the Group have Safety Data Sheets, which are made available to all employees. Safety Data Sheets are used to evaluate chemicals for Globally Harmonized System of Classification and Labelling of Chemicals (GHS) hazard pictograms and related hazard classes (e.g. corrosion, environmental toxicity, health hazard, flammability, etc.).

Substances of concern and substances of very high concern, and chemicals are compiled in the Group's Chemical Substances Database.

	Chemicals included in Chemical Substances Database (31.12.2024)	Substances of concern	Substances of very high concern
Number of substances	381	n/a**	11*
Total volume of substances, kg	n/a**	n/a**	42.6

* Substances used in repair process and classified as toxic.
** The total amount of other chemical substances of concern will be assessed and the number of imported substances will be included in the annual reporting as per Cabinet of Ministers Regulation No. 795. At the time of Sustainability Statement preparation, information on other chemical substances is not available.

The Procurement and Administration Division reviews and updates the summary of environmental entities and chemicals annually or whenever updates are made to the cooperation partners database.

Actions and Targets

The Sustainability Policy aims to reduce the Group's environmental impact.

Substances of very high and substances of concern are subject to strict regulations. In accordance with the National Pollution Law, the Group has obtained a category C Pollution Permit no. RI20IC0103 (01/09/2020) for the maintenance and repair of aircraft and the maintenance of all categories of ground motor vehicles. The Group reports the use of chemicals – annual imported value in accordance with Cabinet Regulation No. 795 "Procedures for Registration of Chemical Substances and Mixtures and Their Database".

The regulations are complemented with the binding requirements from Riga International Airport and other airports where airplanes are located. The Group's suppliers are required to comply with all applicable environmental laws and regulations, as outlined in the Supplier Code of Conduct. This includes adherence to waste management regulatory requirements.

Chemical substance management is included in the Group's Environmental Management Regulations that are certified by the ISO 14001 Environmental Management System (EMS). The regulations aim to avoid or minimize the Group's negative environmental impacts and defines the actions, responsibilities, and environmental management procedures in the Groups facilities within and outside the Technical Apron area.

The key actions to minimise the negative impact on environment from substance use include:

Actions	KPIs	KPIs target (level)	Scope	Period	Results in 2024 (baseline value)
1. Ensuring compliance with national environment regulations	Compliance with national environmental laws and regulations	100%	All Group's business activities	Continuous	100%
2. Preventing environmental risks	Number of risk analysis performed	At least one (100%) annual risk analysis performed	Employees and partners engaged in processes substances.	Continuous	100%
3. In case of an accident, performing actions to minimise harm to people and environment	Defined employee action algorithm	To have Emergency Situation action plan and ERO in place	All Group's business activities	Continuous	Emergency Situation action plan (ISO 14001) ERO system
4. In the event of oil or fuel leakages, coordinate with airport authorities to mitigate and remediate any damage on the apron	Leakage rate per 1000 flights	n/a, measure to be monitored	Airports	Continuous	0.246

The Group's actions involve cooperation, especially with its base airports. To ensure compliance with environmental regulations and to mitigate risks, the Group produces an Annual Environmental Report, which is shared with Riga International Airport in accordance with the airport service agreement.

In the event of a fuel or oil leakage, the Group collaborates closely with the local airport authorities to ensure effective clean-up and mitigation. The airport's flight coordinator contacts the local airport fire service, who removes the leakage using absorbent materials and prepare a detailed leakage report.

The Group's use of chemicals in technical and maintenance operations is strictly regulated through its EMS and hazardous waste management protocols. To ensure compliance and proper handling of hazardous waste, the Group collaborates with a licensed partner.

The SVP Technical Operations is responsible for substance management, and Procurement and Administration Division provides administrative support (agreements, related procedures etc.

The Sustainability Policy addresses substances of concern, including phasing out substances of very high concern where possible. The phasing out of such substances is limited to cases where their elimination does not compromise aviation safety.

The Group's EMS sets a comprehensive framework for the environmental aspect and risk management that include identifying and reviewing potential accidents and emergencies based on the Company's activities and projects.

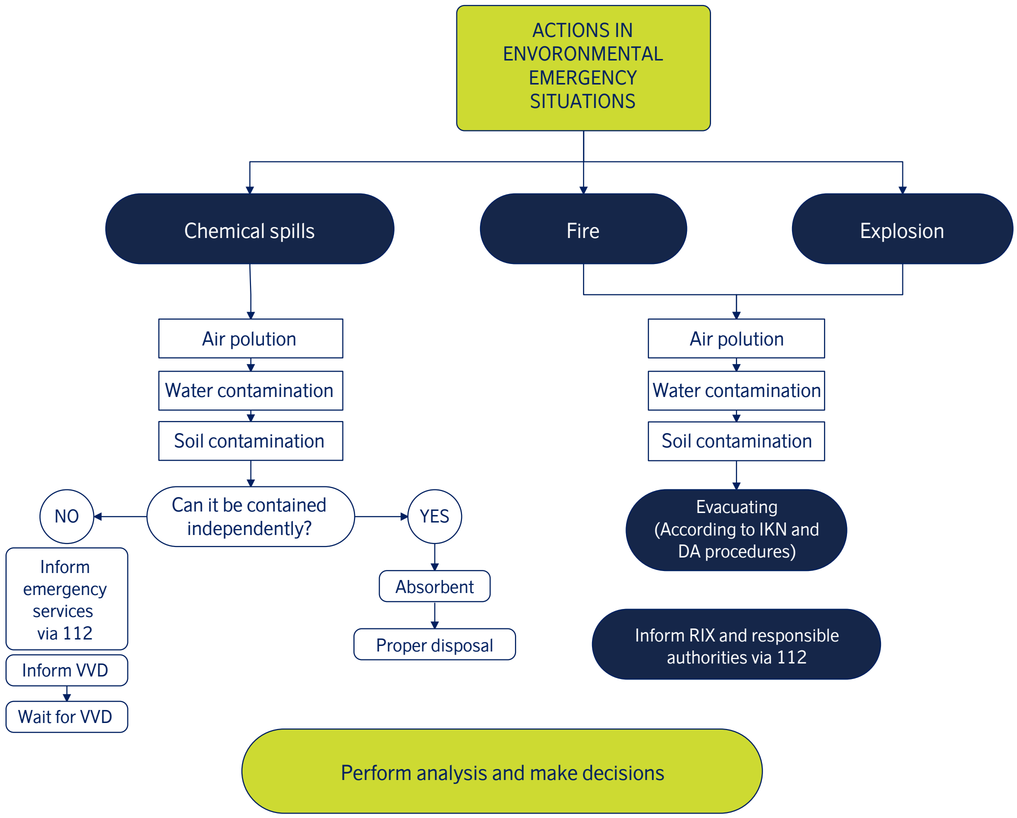
The EMS define hazardous emergencies as situations causing uncontrolled pollution or risks of fire, explosion, or environmental harm. The Group has established emergency procedures for employees to follow during an environmentally hazardous situation. Employees are responsible for immediately alerting others to ensure safety, taking action if it is safe to do so, or evacuating the hazardous area without delay. They must also report the incident to the appropriate emergency services, such as airport emergency services or State emergency services for off-airport and leased premises, and inform their supervisor. Employees must always adhere to guidance provided by the head of the unit and emergency service representatives.

After the incident has been resolved, it should be logged in the Discrepancy Register so that the root cause analysis could be carried out to define preventive measures and ensure a minimum chance of recurrence.

The recording of the main summaries of non-conformities, claims received, and emergencies is carried out by the Procurement and Administration Division together with the relevant consulting partner.

All potential emergencies are monitored and controlled through the Occupational Health and Safety and Fire Safety Instructions, in compliance with the:

– Environmental Protection Requirements for tenants and service providers of Riga International Airport;
– Personal Handbook, Occupational Health, and Safety policy;
– Emergency Response Organization Manual.



The Group's Chemical Substances Database and Environmental Management System were reorganized in late 2024. Full-year data will be available from 2025, and metrics will be included in the 2025 Sustainability Statement.

In 2024, no operating and capital expenditures ocurred in conjunction with incidents and deposits.

E5 Circular Economy

The Group's circularity strategy covers material inflows from aviation services, including aircraft and vehicle components, chemicals, packaging, furniture, office supplies, infrastructure equipment, food, and medical supplies, some of which become waste. With a focus on service delivery rather than production, material outflows are minimal.

Material management encompasses the Group's sites, including offices, training centers, cargo facilities, technical buildings, hangars, and aircraft. In-flight waste is handled via service agreements with ground handling partners.

In 2024, the Group implemented an Environmental Management System (EMS) to assess resource flows, infrastructure, impacts, risks, and opportunities. The EMS integrates circularity and substance management (see chapter "Substances of Concern and Very High Concern") within waste management. The most challenging waste includes chemicals from technical maintenance.

Value Chain and Stakeholders

The Group assessed circularity impacts across its value chain.

– Internal operations: Focus on reducing material inflows, optimizing processes, reusing materials, and sorting waste, supported by staff and external consultants. Circularity initiatives involve departments such as Administration, Property Maintenance, Ground Services, Logistics, and Shipping. Top management aligns targets with business priorities to ensure a cohesive sustainability strategy;
– Suppliers contribute to circularity by reducing packaging waste and prioritizing resource-efficient materials like water-saving textiles and recycled e-leather;
– Airports, including base and destination locations, manage waste flows from flight operations and handle various waste types in compliance with local regulations.

Waste operators ensure licensed collection, recycling, and disposal of waste in compliance with national regulations.

The Group's key stakeholders include passengers and local communities. Passengers reduce in-flight waste through collective actions, while communities are impacted by waste management practices. The Group engages communities by complying with waste laws and collecting passenger feedback. It also consults NGOs and state agencies, like the "Latvian Environment, Geology, and Meteorology Center", to meet chemical circulation reporting requirements. The State Environmental Protection Agency sets pollution regulations and issues permits for polluting activities.

Policies

The Group adheres to EU regulations for waste handling, storage, transport, and disposal, including the Waste Directive (covering non-hazardous and hazardous waste), the Waste Management Law, and related national and EU rules. These regulations ensure proper waste classification, accounting, and shipment control.

The Group's Sustainability Policy focuses on minimizing environmental and climate impacts while upholding economic and quality standards. It is executed through the ISO 14001 certified Environmental Management System (EMS), the Supplier Code of Conduct, and supported by the ISO 50001 certified Energy Management System.

The EMS standardizes processes, responsibilities, and monitoring across all entities, emphasizing waste minimization, resource optimization, and recycling. It covers areas such as procurement, waste and chemical management, regulatory compliance, environmental risks, energy efficiency, emergency response, employee training, and external awareness campaigns. The system promotes responsible material use, prioritizing recycled materials where feasible, and includes waste sorting for recycling in collaboration with waste partners. The Administration Manager and the VP Procurement and Administration are responsible for overseeing and maintaining Environmental Management (ISO 14001) and Energy Management (ISO 50001) processes. Both are Audited annually by accredited external audit organisation.

The Group communicates its environmental policy through various channels, including the Supplier Code of Conduct in new supplier agreements, adherence to ISO standards for partners and airports, updates in the Annual Report for passengers, and internal training sessions for employees to ensure policy implementation.

Although Group does not specifically address the transition away from the use of primary materials, its Supplier Code of Conduct enforces value chain's compliance with environmental laws and requires suppliers to minimize environmental impact by reducing emissions, waste, and resource use, while ensuring environmentally responsible design, manufacturing, and delivery.

Impact, Risk, and Opportunity Management

EMS defines environmental risks as potential negative impacts from human activities on ecosystems. Risk assessments, using SWOT and Failure Modes and Effects Analysis (FMEA) methodologies, are tailored to each EMS process, evaluating factors like infrastructure age, substance composition, and personnel training. Conducted annually by consultants with input from the relevant division manager, the results are incorporated into the Environmental Management report and the Group's Enterprise Risk Management framework.

The FMEA risk assessment reveals that, considering the Group's growth objectives, maintaining current practices would lead to a continuous increase in waste. The use of resources in the value chain, such as those for aircraft and in-flight catering, can lead to negative environmental impacts. However, by implementing circular economy practices, these resource inflows can be managed more sustainably, reducing waste and promoting more efficient resource use.

Actions and Targets

The Sustainability Policy requires circularity by minimizing material use and implementing waste management practices, applying the waste hierarchy where possible. The Group is gradually incorporating material circularity into its value chain, ensuring safety and security are maintained. The short- and mid-term circularity is focused on materials that are not critical for aviation operations.

The waste hierarchy prioritizes strategies to reduce environmental impact, ranked from most to least preferred:

1. Prevention: reducing the generation of waste in the first place;
2. Minimization: reducing the volume or toxicity of waste produced;
3. Reuse: using products or materials more than once in their original form;
4. Recycling: processing used materials to make new products;
5. Recovery: recovering energy or resources from waste materials;
6. Disposal: the least preferred option, involving sending waste to landfills or incineration.

Starting from 2024, the Group monitors circularity's effectiveness through the EMS framework that sets annual action plans. Each year a separate Environmental and Energy Management report is prepared and externally audited.

The Group aligning its targets and EMS action plan with legislative requirements:

– Chemical Management: the Group improves chemical circulation by creating chemical catalogues in accordance with Cabinet of Ministers Regulation No. 1907, Cabinet of Ministers Regulation No. 1272, PIC regulation, and Cabinet of Ministers Regulation No. 795. It maintains a structured database for monitoring and reporting, ensuring timely compliance with legal requirements and effective chemical substance control;
– Energy Efficiency & Infrastructure: the Group follows ISO 50001, Cabinet of Ministers Regulation 1082, and the Energy Law to meet energy efficiency targets. Key initiatives include upgrading lighting systems and transitioning the vehicle fleet to more energy-efficient models.

Actions	Waste hierarchy	KPIs	KPIs target (level)	Scope	Period	Results in 2024 (baseline value)
Minimise the use of materials through the principles of reduce, reuse and recycle (where applicable) in ground operations at the home base	All	Amount (kg) of unsorted waste per employee	Reduce by at least 1% annually	All Group (except inflight) waste	2024-2030	145 kg per employee
Minimise the use of materials through the principles of reduce, reuse and recycle (where applicable) in flight operations	All	Amount (kg) of unsorted waste per passenger	Reduce by at least 1% annually	Inflight waste	2024-2030	0.038 kg per passenger

The Group focuses on reducing unsorted waste, improving chemical circulation, minimizing hazardous waste, and increasing packaging reuse. EMS action plan targets drive improvements in sorting, container labelling, employee education, and waste collection efficiency. Reducing unsorted waste requires careful resource procurement, reuse practices, circular design, and stronger waste-sorting incentives. Circularity targets are not directly tied to renewable resource depletion, as energy sourcing is managed through the Energy Management System (ISO 50001), detailed in chapter E1 “Climate change”.

Until 2030, the Group will continue enhancing material circularity through the EMS framework and annual action plans, focusing on continuous process improvement, data accuracy, and analytical precision.

Currently, the Group targets a 1% annual reduction in unsorted waste, using 2024 as the baseline. An interim milestone is set for 2030, allowing for a full review of material circularity actions and measures. Based on this assessment, the Group will adjust circularity KPI targets for mid- and long-term goals.

The 2024 focus was on reorganization, leading to ISO 14001 certification and implementing the ESRS-aligned reporting standards with 2024 as the base year. The 2024 EMS action plan included the following accomplishments:

– Waste Management: the Group developed waste storage area, improved the reuse process for packaging materials, optimized waste sorting, and ensured more efficient resource utilization;
– Flight Operations: material inflow was optimized through the Meal Preorder system, reducing food waste;
– Chemical Management: the Group updated the chemical register, improved chemical transfer procedures with stricter environmental protection requirements, introduced QR codes for SDS circulation, and implemented bulk chemical ordering to reduce reliance on small containers.

These actions required human resource involvement in implementation, change management, and financial resources. Circular economy actions do not require substantial resources that meet the EU Taxonomy criteria. The relationship between financial resources and environmental initiatives is disclosed in the EU Taxonomy Disclosures.

In 2024, there were no cases of actual material impacts requiring remedies within the Group’s operations or its value chain.

To set targets, the company analyses environmental data, including past waste statistics, invoices, and feasible waste reduction options. The EMS framework defines responsibilities, resources, timelines, and monitoring measures for each target. Until full data accuracy and analytical precision are achieved by 2030, circularity targets are not based on conclusive scientific evidence.

Setting circular economy targets requires a thorough understanding of the Group’s operations. As a result, stakeholders are not involved in target setting but are informed afterward.

The Group does not engage in product manufacturing but promotes circularity by encouraging the use of secondary raw materials like e-leather and reusable materials. For example, nearly half of airBaltic technicians’ uniforms carry an Environmental Product Declaration (EPD), providing transparent life-cycle impact data. These uniforms, made from recycled PET bottles and organic cotton, support the Group’s circularity goals.

The Group’s circular business practices focus on comprehensive waste sorting, ensuring used paper, plastic, metal, and glass are collected and sent for recycling. In 2024, the Group demonstrated its commitment to resource longevity by renovating 16 pieces of furniture, including different size sofas and meeting room chairs, thereby extending their usability and contributing to sustainable practices.

The Group has already optimized waste management by implementing a comprehensive sorting system and partnering with a waste management company. To maintain and improve this system, mid-term efforts will focus on continuous employee training and integrating sustainability practices for new staff.

Metrics

The Group’s primary waste streams originate from:

1. Aircraft Parts and Maintenance: waste generated during aircraft servicing and repair;
2. Household Goods and Products: waste from daily operations and consumables;
3. Other Sources: additional waste streams contributing to overall output.

The main composition of waste is enclosed in the Appendix 9.

METRICS

Waste Type	Amount of Waste, 2024, tons
Total Waste generated, tons (1 + 2)	**680.23**
1. HAZARDOUS WASTE, TONS (1.1. + 1.2)	132.06
1.1. Ground waste, tons	
Total amount of hazardous waste, tons	132.06
Hazardous waste diverted from disposal, tons	n/a, operated by waste management company
Hazardous waste diverted from disposal due to preparation for reuse, tons	
Hazardous waste diverted from disposal due to recycling, tons	
Hazardous waste diverted from disposal due to other recovery operations, tons	
Hazardous waste directed to disposal, tons	
Hazardous waste directed to disposal by incineration, tons	
Hazardous waste directed to disposal by landfilling, tons	
Hazardous waste directed to disposal by other disposal operations, tons	
1.2. Inflight waste, tons	0.00
2. NON-HAZARDOUS WASTE, tons (2.1 + 2.2)	548.17
2.1. Ground waste, tons	484.10
Sorted waste – diverted from disposal, tons	78.75
Waste diverted from disposal due to preparation for reuse, tons	n/a, operated by waste management company
Waste diverted from disposal due to recycling, tons	78.75
Waste diverted from disposal due to other recovery operations, tons	n/a, operated by waste management company
Non-sorted waste – directed to disposal, tons	273.29
Waste directed to disposal by incineration, tons	n/a, operated by waste management company
Waste directed to disposal by landfilling, tons	
Waste directed to disposal by other disposal operations, tons	
Non-recycled waste, tons	273.29
2.2. Inflight waste, tons	196.13
Sorted waste – diverted from disposal, tons	0.58
Non-sorted waste – directed to disposal, tons	195.55
Percentage of non-recycled waste, %	68.9%
3. RADIOACTIVE WASTE	
Total amount of radioactive waste, tons	n/a

* The waste data is collected from the billing system and reports provided by waste management operators.

Resource Inflows

The Group has established robust environmental management processes and a Sustainability Policy, which include systems for managing waste and minimizing environmental impacts. These existing policies and processes provide a foundation for addressing sustainability-related challenges and opportunities across the value chain.

Building on this foundation, the Group is enhancing its approach to tracking and managing material resource inflows. Currently, no measurable outcome-oriented targets have been set for resource inflows due to data gaps and the need to develop internal procedures for tracking and analysis.

In 2025, the Group will focus on establishing these procedures and frameworks, with comprehensive data collection and progress monitoring set to begin in 2026. Once sufficient data is available, the Group will define targets emphasizing material resource efficiency, sustainable sourcing, and circularity.

Although specific data on the total weight of products and materials used, the percentage of biological materials (including biofuels for non-energy purposes), and the weight and percentage of secondary or recycled materials is not yet available, these will be systematically tracked as part of the 2026 data collection efforts. The Group will deepen its alignment between ESRS requirements and its established environmental management systems. Methodologies will address procurement records, supplier declarations, and internal monitoring systems, with key assumptions and any estimations documented transparently.

Social Information

S1 Own Workforce

The Group's people management priorities are carefully chosen to foster a supportive, inclusive, and engaging work environment while driving high performance. These priorities include:

1. Health, safety, and well-being (chapter "Health and Safety"). The Group upholds the highest standards of occupational health and safety, proactively addressing both physical and mental well-being through comprehensive policies and preventative measures.
2. Diversity, inclusion (chapter "Diversity"), and professional development (chapter "Training and Skills Development"). The Group remains committed to equal opportunities, promoting policies that encourage diversity across all levels. Continuous learning and skills development initiatives empower employees to adapt to evolving industry demands, contributing to both personal growth and business success.
3. Employment security and fair compensation (chapters "Secure Employment and Adequate Wages"). The Group promotes stable employment and fair, transparent compensation aligned with industry standards, ensuring equity and workforce retention.
4. Social dialogue and employee representation (chapter "Social Dialogue"). Open and constructive dialogue between employees and management fosters engagement and transparency. The Group upholds the principles of freedom of association and collective bargaining, supporting the establishment of works councils and structured communication channels to ensure employees' voices are heard.

All employees fall under ESRS 2 disclosures due to the material impact of the Group's workforce policies, while non-employees, such as contractors and outsourced personnel, are minimally affected. The key employee metrics, including workforce composition, diversity, employment types, geographic distribution, and tenure are reported as of December 31, 2024.

No significant changes[34] have been made to the Group's policies, targets or methodology in 2024.

The Group has chosen 2024 as the baseline year, with ongoing tracking to ensure continued progress. However, diversity has an additional baseline year to reflect a specific commitment made before the transition to ESRS-aligned reporting practice. Diversity targets are measured against the 2020 baseline year, aligning with the IATA Diversity Pledge commitment (see chapter "Diversity").

Unless otherwise stated in a particular chapter, all actions remain consistent over the short, medium and long term. The Group sets and applies targets for short, medium and long term with annual evaluations and insights to ensure sustained progress. These insights serve as a foundation for supporting fair, inclusive, and responsible employment policies.

	Total	**Female**	**Male**
Total number of employees, including:	2 786	1 264	1 522
Operational employees	2 285	924	1 361
Non-operational employees	501	340	161
Permanent employment	2 775	1 258	1 517
Temporary employment	11	6	5
Non-guaranteed hours employees	3	1	2
Full time employees	2 640	1 166	1 474
Part time employees	143	97	46

As of 31 December 2024, the Group employed 2786 individuals, reflecting a 10% increase compared to 2531 employees on 31 December 2023. The workforce consists of both operational and non-operational employees, with 82% directly engaged in flight and ground operations, as well as fleet maintenance.

All Group's employees were employed in Latvia. For 139 employees (5% of total), the home base is located outside Latvia, with 82 stationed in Estonia and 57 in Lithuania. The Group primarily employs full-time, permanent staff, reflecting its commitment to long-term employment. Temporary employment remains minimal, primarily utilized to provide coverage for employees on extended leave.

Non-guaranteed hour contracts are limited to the Audit Committee and are not a material component of the workforce structure. Providing part-time employment option illustrates the organization's flexibility in accommodating part-time schedules while maintaining operational efficiency.

During the reporting period, a total of 329 employees left the organization. This figure includes voluntary resignations, retirements, dismissals, and other forms of employment termination.

The employee turnover rate for the period was 12.4%, calculated as the number of employees who left the organization divided by the average number of employees over the reporting period. The Company reports employee numbers primarily as headcount. Where relevant, full-time equivalent figures are also used to account for differences in employment arrangements.

[34] Updates are typically driven by regulatory changes or identified workforce risks.

Human Rights Policy Commitments and Alignment with International Standards

The Group is committed to upholding the human rights of its workforce, aligning its policies and practices with internationally recognised standards, including the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises. These commitments are reflected in the company's approach to safeguarding employee rights and ensuring a safe, fair, and inclusive working environment.

Respect for Human Rights, Including Labour Rights, of People in Its Own Workforce

The Group ensures compliance with Latvian Labour Protection Law and EU directives to provide safe and healthy working conditions for all employees. It upholds principles of non-discrimination, equal opportunities, and fair treatment, ensuring that all employees, regardless of role or background, have access to health and safety measures, training, and support. Regular workplace risk assessments, job safety instructions, and wellbeing programs are essential components of our commitment to ensuring safe and inclusive work environment.

Measures to Provide and/or Enable Remedy for Human Rights Impacts

The Group has established processes to address and remedy any potential negative human rights impacts related to its workforce. In the event of a work-related accident or health issue, the Group investigates the cause and implements corrective actions to prevent recurrence. A confidential reporting system is in place to allow employees to report any violations or concerns related to human rights, health, and safety. This enables the Group to identify potential human rights violations and address them accordingly, ensuring timely and effective resolution of emerging issues.

The Group operates within the Latvian legislative framework, which is generally aligned with EU regulation and global treaties and conventions that prohibit practices on trafficking of human beings, forced labour, and child labour. The Group's crew is trained to recognize signs of human trafficking. The compliance can be deleted as it is stated in the first and the last sentence of this paragraph. The Group ensures its operations align with these legal requirements, actively working to prevent any activities related to forced, compulsory, or child labour in any part of its operations.

The Group expects all of its suppliers to comply with applicable labour laws and regulations, including but not limited to minimum wage, working hours, and child labour laws, which are outlined in the Group's Supplier Code of Conduct.

No cases of discrimination or severe human rights issues have been reported within the Group. No complaints have been filed with OECD National Contact Points, and no material fines, penalties, or compensations related to social and human rights violations have been incurred by the Group over the reporting period.

Working Conditions and Secure Employment

The Group prioritizes secure employment by maintaining a holistic approach towards safe and inclusive workplace, offering competitive wages, and ensuring access to training and development opportunities.

A structured approach to workforce management enables predictable scheduling, compliance with legal working hour requirements, and a positive work-life balance. These measures reduce uncertainty, minimize stress, and allow employees to effectively align their professional and personal commitments.

Workforce Overview

The Group is committed to fostering job security, stability, and long-term predictability, ensuring a resilient and engaged workforce:

- Retention and Stability – providing a structured and predictable work environment that promotes long-term employment and workforce planning stability;
- Work-Life Balance – enhancing flexibility through thoughtful scheduling practices that support employee well-being and professional commitments;

- Reskilling and upskilling – equipping employees with future-ready skills through continuous learning, reskilling, and upskilling programs. These initiatives enable career progression, adaptability to industry changes, and long-term employability;
- Employer attractiveness and market positioning – creating a workplace that fosters inclusion, professional development, and a positive employee experience, strengthening the Group's position as an employer of choice.

The Group recognizes that workforce expansion and operational demands may lead to workload imbalances, and adaptation challenges. To address these risks, the Group prioritizes employment strategies that support employee development, enhance workplace satisfaction, and ensure long-term business resilience.

Employment Policies and Governance

The Group maintains a structured policy framework that continue to uphold fair, safe, and compliant employment practices to ensure secure employment, fair treatment, and professional development, aligned with ESG priorities and regulatory standards:

- Corporate Management Manual defines core policies of the corporate governance, business ethics and company values.
- Personnel Handbook defines core policies of people management, employee expectations, rights and responsibilities, applicable to all employees of the entire Group, which includes:
  - Recruitment Policy – ensures fair, transparent hiring, and equal opportunities;
  - Training Policy – supports continuous professional development and career growth.
- Operational Personnel Training manuals and related policies ensure safety compliance and specialized skills development (see chapter "Training and Skills Development").

Policies apply to all employees, executives, board members, and trainees, with no exclusions. They reflect employee and regulatory input, incorporating feedback from engagement surveys and complying with Latvian labour laws and EU regulations. Policies are internally accessible via the company intranet, starting with onboarding sessions for new employees.

Actions, Targets and Metrics

The Group implements strategic workforce initiatives to ensure job security, professional growth, and long-term employability, aligning with its commitment to a stable, engaged, and future-ready workforce. It allocates financial and human resources to these initiatives while ensuring efficient management of workforce-related investments:

- Workforce stability and planning – enhances predictability in scheduling to improve resource efficiency, support work-life balance, and ensure compliance with labour regulations, such as, offering more options for fixed roster for crew members, part time work options, hybrid work options and further increase of the days-off offer for crew members in 2025;
- Employee engagement and workplace experience – strengthens employee feedback mechanisms, engagement programs, and retention initiatives to foster a positive and inclusive work environment. Regular employee surveys every half a year are conducted (see chapter "Social Dialogue");
- Reskilling and upskilling – provides structured learning, career development, and industry-aligned training programs to enhance workforce adaptability and long-term employability (see chapter "Training and Skills Development");
- Workplace well-being and safety – implements preventive health measures, safety protocols, and well-being initiatives to promote a safe and supportive work environment (see chapter "Health and Safety").

The Group ensures that its practices do not cause or contribute to material negative impacts on its workforce by maintaining fair employment conditions, transparent labour policies, and compliance with regulatory standards. Where tensions arise between business pressures and workforce well-being, decisions are guided by Collective Labour Agreements, regulatory frameworks, and structured social dialogue with employee representatives to mitigate risks and uphold fair working conditions.

Actions	KPIs	KPIs target (level)	Scope	Period	Results 2024 (baseline value)
Enhance employee retention	Retention rate	> 85%	All employees	Annual	88%
Improve employer branding	Recognition as a TOP employer in the transport industry of the home market	Achieve recognition	Home market	Annual	Rank No. 1
Conduct employee engagement surveys	Commitment Index	> 70 points	All employees	Bi-Annual	77

Performance is assessed through bi-annual engagement surveys, exit interviews, and external benchmarking, such as cv.lv surveys, and Kantar employer rankings. To ensure consistency and comparability over time, standardized definitions, methodologies, and survey tools are used. Targets are set in alignment with recognized standards, labour regulations, and employer branding guidelines, providing a structured framework for monitoring and evaluating progress based on measurable data and established benchmarks.

Work-Life Balance

Nearly half (44%) of the Group's employees are entitled to family-related leave in accordance with national social policy laws and collective bargaining agreement, promoting work-life balance and supporting employees in fulfilling family responsibilities. In 2024, 54% of entitled employees utilized family-related leave, with around 44% of males and 75% of females taking advantage of these provisions. This includes various forms of leave, such as maternity leave, paternity leave, parental leave, family-related additional vacation, sick leave for taking care of child and September 1st leave for parents, among others. The Group also provides with a day off for the employee's wedding.

	Female	Male
Gender distribution of employees utilizing family-related leave	75%	44%

Adequate Wages

The Group's Double Materiality Assessment recognizes existing remuneration policies as a positive impact on workforce well-being. The Human Resources Department (HR) develops and implements the Remuneration Policy, ensuring alignment with industry standards, labour market demands, and business objectives. In collaboration with the Senior management, HR designs compensation systems that incorporate employee feedback and market trends:

- Compensation Oversight – the internal Remuneration Committee ensures compliance with established pay equity principles and transparency guidelines;
- Trade Union Consultation – unions play a consultative role in supporting the development of fair and equitable remuneration systems at the Group level.

The HR continuously evaluates pay practices, employee sentiment, and market trends to identify and mitigate potential risks or disparities.

Policies

The Group's Remuneration Policy, outlined in the Personnel Handbook, ensures fair, transparent, and competitive compensation systems aligned with the business strategy and economic landscape.

The policy applies to all employees, except Board members, whose remuneration is negotiated individually with the Supervisory Board and falls outside standard employment contracts.

To maintain competitive pay structures, the Group:

– Aligns compensation with local market an industry benchmarks by participating in salary surveys and monitoring national salary statistics;
– Annually reviews and updates salary ranges as necessary to reflect market conditions.

The policy is available to all employees via the internal company portal. The Senior management oversees equal treatment in their responsibility areas, with supporting policies and procedures guiding fair and equitable pay practices.

Actions, Targets and Metrics

The Group has established structured remuneration systems to ensure fair, transparent, and equitable compensation for its largest employee groups, including Pilots, Cabin Crew, and Technicians, among others. These systems are designed to align with performance, experience, and qualifications, fostering consistency and preventing subjective pay gaps. As well grade system is implemented to have cross functional alignment of the job values and pay ranges.

Key Actions and Scope:

– Standardized remuneration structures – defined frameworks for large employee groups, including compensation levels, calculation rules, and eligibility criteria, ensuring equal application across all employees;
– Equity and transparency – uniform application of remuneration policies regardless of gender, age, or other personal characteristics, ensuring objective pay differentiation based solely on experience, performance and qualifications;
– Continuous monitoring and improvement – regular assessments of the market and internal salary levels to identify and address any unintended disparities, ensuring alignment with best practices and regulatory standards, in line with the financial budgeting guidelines.

Short-, medium-, and long-term initiatives ensure continuous enhancement of remuneration equity and fairness, reducing any gender pay gap across the Group. HR, in collaboration with responsible senior managers, oversees the implementation, evaluation, and refinement of remuneration systems.

Ongoing resource allocation in line with the financial budgeting process supports proactive monitoring, compliance, and adjustments, mitigating any risks of material negative impacts on the workforce.

The Group's targets involve:

– Maintaining a pay-gap ratio of less than 5% between men and women, eliminating gender-based discrepancies in remuneration;
– Ensuring compensation remains competitive within the local labour market by offering monetary rewards alongside comprehensive health and accident insurance for all employees.

Actions	KPIs	KPIs target (level)	Scope	Period	Results 2024 (baseline value)
Maintain equitable pay	Pay-gap ratio	< 5% difference	All employees	Annual	1%
Provide employee benefits	Insurance coverage	Comprehensive health and accident insurance	All employees	Annual	Yes

Methodology and Ongoing Assessment

Compensation levels are benchmarked using industry and regional salary reports, reputable compensation surveys (local and European markets), data from the Central Statistical Bureau of Latvia, and internal calibration.

Although employees were not directly involved in the target setting, the insights from employee surveys and discussions with trade unions contribute to continuous improvement and ensure alignment with workforce needs.

Progress is continuously tracked through internal reporting, KPI monitoring, and feedback mechanisms from employees and external candidates.

Wage Benchmarking and Pay Equity Metrics

The Group ensures fair, competitive, and legally compliant remuneration by benchmarking employee wages against two key references:

1. Statutory minimum wage – ensuring full compliance with Latvian Labour Law;
2. National average wage – aligning with market standards to maintain competitiveness in the local market.

In 2024, the majority of employees earned above the national average wage, reflecting the Group's commitment to fair compensation and market alignment.

In 2024, the average gross full-time salary[35] in Latvia was EUR 1 666, while the statutory minimum wage set by the government was EUR 700.

	The Group, 2024
Percentage of employees earning below the average wage in the country for full-time work	6% (half of whom hold assistant or junior-level positions)
Percentage of employees earning above the average wage in the country for full-time work	94%
Percentage of employees earning below the statutory minimum wage for full-time work	0%
Percentage of employees earning above the statutory minimum wage for full-time work	100%

GENDER PAY GAP AND TOTAL REMUNERATION RATIO

Year	Gender Pay Gap (%)	Annual Total Remuneration Ratio
2022	4%	8.6
2023	2%	10.4
2024	1%	9.0

The gender pay gap is calculated as the weighted average difference in base salaries across all pay grades, ensuring adjustments for job roles and seniority. The total remuneration ratio excludes Executives, Supervisory Board members, and Audit Committee members, as their compensation is determined by the Supervisory Board or Meeting of Shareholders.

The Group has reduced the Gender Pay Gap from 4% in 2022 to 1% in 2024, reflecting steady progress toward pay equity. In 2024, the Total Remuneration Ratio improved to 9.0, down from 10.4 in 2023, indicating a more balanced earnings distribution. Additionally, the Annual Total Compensation Growth Ratio in 2024 was 1.3, representing the percentage change in compensation for the highest-paid individual compared to the median employee.

By maintaining transparent, market-aligned, and equitable pay structures, the Group strengthens its position as an employer of choice, reinforcing fair employment practices across all levels.

Health and Safety

In the aviation industry employees are exposed to work-related hazards, ergonomic risks, noise and vibration, and mental health challenges due to irregular hours, high responsibility, and operational stress, and require targeted health and safety measures to mitigate these risks effectively.

[35] The 9-month average, based on the most current data available at the time of report preparation.

The Group's Occupational Health and Safety (OHS) Management System (OHSMS) applies to all employees and trainees, ensuring compliance with Latvian Labour Protection Law and EU regulations.

The Group conducts regular risk assessments to evaluate occupational risks. This structured process includes hazard identification, risk analysis, and on-site inspections led by the OHS Manager alongside employees and an Occupational Physician. All identified risks are documented, reviewed, and signed to ensure compliance with safety regulations.

The following material risks have been identified:

1. Work-related accidents and health issues resulting from non-compliance with job safety procedures;
2. Operational disruptions due to health and mental health challenges, impacting employee well-being and performance.

These risks require tailored mitigation strategies across all employee groups, including ground staff, office employees, and trainees. Pilots, cabin crew, and technicians face additional hazards such as noise, vibration, and ergonomic risks, while mental health risks associated with high-stress environments and irregular working hours necessitate dedicated support programs.

The Group continuously monitors occupational risks and preventive measures to ensure compliance with safety regulations, minimize workplace hazards, and promote employee well-being. By proactively addressing industry-specific risks, the Group reinforces a culture of safety, resilience, and operational excellence.

Policies

The Group has established a comprehensive health and safety policy framework, ensuring compliance with national and EU regulations while proactively managing workplace risks and employee well-being. Policies and the OHSMS are developed in accordance with:

- National Labour Protection Law;
- EU Directive 89/391/EEC on Occupational Health and Safety;
- EU Regulation 376/2014 on Reporting, Analysis, and Follow-Up of Safety Occurrences.

Key Health and Safety Policies involve:

- Safety Risk Management – defines processes for identifying, assessing, and mitigating workplace risks;
- Safety Management – establishes operational safety procedures to ensure compliance with internal and regulatory standards;
- Predictive Hazard Identification – implements proactive hazard identification to prevent incidents before they occur;
- Peer Support Programme – provides mental health support, particularly for pilots and cabin crew, addressing stress and psychological challenges;
- Personnel Handbook – outlines safety protocols, employee responsibilities, and workplace well-being commitments;
- Pilot Recruitment Policy – integrates safety and well-being considerations into hiring processes to maintain a strong safety culture.

Policies apply to all employees: pilots, cabin crew, technicians, ground staff, and office workers. Safety measures are implemented across all operational sites, including aircraft hangars, maintenance areas, and office facilities.

Actions, Targets and Metrics

The OHS targets are focused on workplace injury prevention, risk reduction, and regulatory compliance. The Group takes a proactive, structured approach to workplace safety, focusing on risk prevention, employee well-being, and compliance with occupational health regulations. These priorities are executed through the following actions:

- Risk assessment and monitoring – conducting regular workplace evaluations, analyzing safety reports, and identifying trends to minimize hazards;
- Risk elimination and mitigation – addressing risks at their source to reduce the likelihood of injuries and accidents;

- Occupational health and safety training – providing mandatory safety training tailored to different employee roles, ensuring awareness and compliance;
- Health and well-being initiatives, including:

  Peer Support Programme – confidential mental health support for employees, particularly pilots and cabin crew;

  Comprehensive health insurance – covering all employees to ensure access to medical care and mental health support;

  Stebby wellness platform – offering employees access to health and fitness services, gym memberships, and wellness programs;

  OHS representatives – appointed from various departments to enhance job safety, compliance, and awareness across all work environments.

The OHS targets are focused on workplace injury prevention, risk reduction, and regulatory compliance.

Actions	KPIs	KPIs target (level)	Scope	Period	Results 2024 (baseline value)
Ensure zero fatalities resulting from work-related injuries	Number of fatalities	0	All employees	Short-, mid, long-term	0
Ensure zero disabilities caused by accidents	Number of disabilities	0	All employees	Short-, mid, long-term	0
Maintain 0% occupational disease rate	Occupational disease rate (cases per all employees)	0%	All employees	Mid-term (up to 5 years)	0.036%

These targets apply across all employee roles and focus on occupational health, workplace safety, and mental well-being in all operational areas.

Risk Identification & Mitigation Process

The Group employs a structured approach to identifying actual and potential workforce risks, ensuring effective action planning:

1. Incident analysis – reviewing accident and health reports to identify recurring safety concerns;
2. Risk assessments – conducting workplace safety evaluations using the Finnish Five-Point Method to classify risks and determine appropriate interventions;
3. Employee feedback – collecting input from workers and representatives to highlight safety concerns and areas for improvement.

The Group complies with national labour laws, EU safety standards, and industry best practices, ensuring policies remain current. Resources are allocated for OHS training, workplace safety improvements, and employee health and wellness initiatives.

Target Definition and Stakeholder Engagement

- Targets are established through structured methodologies, including historical data analysis, accident trends, and risk prioritization techniques (e.g., Finnish Five-Point Method);
- Stakeholder involvement – targets are developed through collaboration with employee representatives, occupational health experts, and management teams, ensuring they reflect both operational priorities and employee well-being needs;
- Ongoing evaluation – progress is monitored through audits, annual reviews, and performance assessments, ensuring continuous improvement and alignment with health and safety objectives.

Health and Safety Metrics Performance

The Group is committed to maintaining a safe and healthy work environment, ensuring that 100% of its employees are covered by a health and safety management system that aligns with legal requirements. In 2024, there were no work-related fatalities among employees or other workers on company sites. The company recorded four work-related accidents, resulting in a total ratio of 40 lost days.

Social Dialogue

Social dialogue and employee engagement are fostered through biannual employee surveys, designed to assess satisfaction, well-being, and workplace experience. The survey results guide workplace improvements in areas such as work-life balance, employee relations, and policy development.

Additionally, employees can voice concerns and contribute feedback through ongoing engagement channels, including direct interactions with management, HR consultations, and formalized reporting processes.

To ensure transparency and accessibility, workforce policies are readily available on the company's internal communication platform. Employees receive comprehensive policy training during onboarding and participate in regular refresher sessions to reinforce safety awareness, responsibilities, and compliance with company policies.

Collective Bargaining and Employee Representation

The Group fully applies the Collective Labour Agreement for 100% of its employees, including those within the European Economic Area. However, collective bargaining agreements do not influence the working conditions of non-employees.

Union representation within the Group includes three trade unions, collectively representing approximately 15% of employees, based on payroll data. Employees have the right to join or not join trade unions at their discretion, in full compliance with the National Labour Law and human rights regulations, ensuring freedom of association.

The Group does engage with the European Works Council, Societas Europaea Works Council, and Societas Cooperativa Europaea Works Council.

The CLA has been in place since 2009 and was enhanced in 2022 in collaboration with trade unions. It has been extended until 31 January 2025, with key updates focusing on:

- Extended probation periods for newly-hired cabin crew;
- Enhanced employee engagement and well-being benefits.

Trade Union Engagement and Social Dialogue

The Group provides paid time for union duties and flight tickets for international trade union events, as stipulated in the CLA. Monthly meetings are held between union representatives and the Group representatives to discuss employment-related matters. The HR Compliance and Labour Relations Manager serves as the primary liaison for trade union relations, facilitating daily communication. Trade unions are consulted on major changes to employment conditions to ensure timely communication and consideration of union feedback. In case of disputes, trade unions can escalate issues through the internal grievance resolution committee or seek legal recourse.

Employee Health and Safety Representation

To address specific workplace safety concerns, the Group engages employees through trade unions and Employee Representatives in Occupational Health and Safety Protection (OHS Representatives), selected from various departments. OHS Representatives serve as direct points of contact for safety concerns, ensuring streamlined communication with the Occupational Health and Safety Manager. Monthly meetings are held with OHS Representatives to discuss and resolve workplace safety issues.

Governance and decision-making:

- The HR Compliance and Labour Relations Manager oversees employee relations and trade union coordination;
- The Senior Vice President (SVP) of Human Resources ensures workforce engagement insights inform strategic decision-making.

By maintaining active employee representation and structured dialogue, the Group fosters a transparent, fair, and inclusive work environment, ensuring that employees' voices are heard and workplace conditions continuously improve.

To gain insight into the perspectives of particularly vulnerable or marginalized employees, the Group relies on existing employee representation structures, such as trade unions and Occupational Health and Safety Representatives. Through regular dialogue and issue escalation mechanisms, concerns related to workplace conditions, well-being, and fair treatment are identified and addressed as part of broader workforce engagement efforts.

Policies

The Group has established clear policies to facilitate open communication, fairness, and collaboration between the company and its workforce. These policies ensure alignment with organizational priorities, regulatory compliance, and stakeholder interests, reinforcing a transparent and inclusive work environment.

The principles governing social dialogue, ethical conduct, and workforce engagement are outlined in:

- Code of Conduct – defines ethical business practices, integrity, and compliance with legal and regulatory standards;
- Personnel Handbook – establishes guidelines on workplace behavior, communication, and employee rights;
- Corporate Management Manual – covers governance, transparency, and responsible business operations.

These policies emphasize integrity, transparency, and accountability, ensuring that all business interactions reflect the Group's commitment to ethical conduct and regulatory compliance.

The policies apply to all employees and non-employees involved in airBaltic operations, including contractors, suppliers, and business partners. Responsibility for enforcement and embedding ethical standards and open dialogue throughout the organization lies with senior and operational managers, and frontline personnel.

To promote transparent communication and ethical awareness, the Group ensures:

- "Open Door" policy – allowing employees to directly approach any manager with concerns;
- Operational information sharing – ensuring employees are informed and engaged in workplace decisions;
- Robust reporting system – facilitating timely identification and resolution of compliance or ethical issues;
- Training and policy accessibility – policies are communicated via the corporate intranet and regular training sessions to ensure continuous awareness and engagement.

Policies align with EU and national labour legislation, ensuring legal compliance and protection of employee rights. No significant policy changes were made during the reporting year, aside from minor updates to maintain relevance with organizational and regulatory developments.

By fostering a culture of open communication, mutual respect, and compliance, the Group strengthens its social dialogue framework, supporting workforce engagement, ethical business practices, and a collaborative work environment.

Actions, Targets and Metrics

The Group is committed to fostering open and consistent communication between employees and management to ensure a collaborative, transparent, and engaging work environment. Through structured employee engagement initiatives, the company actively gathers feedback, identifies improvement areas, and ensures that employee concerns are promptly addressed and resolved.

Key Actions and Implementation Scope

– Employee engagement surveys – conducted twice per year to assess employee satisfaction, morale, and workplace experience.
– Grievance mechanisms and fair labour practices – established to ensure compliance with local and EU labour legislation, preventing material negative workforce impacts.
– Dedicated HR & Occupational safety teams – responsible for managing workforce engagement, compliance, and employee well-being initiatives.
– Digital communication platforms & training programs – enhance real-time interaction, information sharing, and employee participation in decision-making processes.

Measurable Targets and Performance Tracking

The Employee Net Promoter Score (NPS) serves as a key indicator of employee satisfaction, loyalty, and advocacy, aligning with core policy objectives outlined in the Personnel Handbook and Corporate Management Manual.

Actions	KPIs	KPIs target (level)	Scope	Period	Results 2024 (baseline value)
Maintain high Employee NPS	Employee NPS score	In upper “positive” range	All employees	Annually	25

The Employee NPS is considered positive within a range of 10 to 30, with 25 set as the benchmark for strong employee satisfaction and engagement. This target applies to all employees across all departments and locations, ensuring comprehensive workforce coverage. Annual tracking and reporting provide comparability and trend analysis, enabling continuous monitoring and improvement.

The Employee NPS target is based on a structured survey design, data collection, and analysis process. Key methodological elements include:

– Survey accuracy and representation – ensuring data validity through a representative employee sample;
– Benchmarking and industry standards – aligning with external market insights to maintain relevance;
– Feedback-driven improvements – using survey results to inform policy updates and workplace enhancements.

Workforce representatives actively participate in employee feedback mechanisms, ensuring that key concerns inform company-wide decision-making. Regular monitoring and transparent reporting enhance trust and accountability, ensuring that employee engagement strategies remain effective and adaptive to evolving workforce needs.

Diversity

The Group promotes a diverse, inclusive, and equitable workplace, ensuring equal opportunities for career growth. Gender balance and equal pay drive innovation and productivity. Employment is accessible to individuals with disabilities, with accommodations provided except where safety regulations limit eligibility, such as for pilots and crew members.

Key initiatives driving diversity and inclusion contribute to a more inclusive and stimulating work environment include:

1. Internal rotation and career development: this initiative enables employees to expand their skills, gain experience across departments, and enhance career progression, and increases employee engagement and job satisfaction, leading to higher retention and workforce adaptability.
2. Diverse talent recruitment: this initiative helps to attract candidates from diverse backgrounds, bringing a broader range of perspectives, experiences, and ideas and fosters innovation, creativity, and a dynamic work culture.
3. Leadership Academy provides structured development programs for current and aspiring leaders and enhances leadership quality, employee morale, and organizational growth.

The Group continuously assesses workplace practices through ongoing employee engagement and compliance evaluations, ensuring:

– Workplace safety and regulatory adherence for roles with specific requirements;
– Inclusive policies and accommodations for employees facing unique workplace challenges.

By prioritizing diversity, equal opportunity, and career development, the Group strengthens employee engagement, workforce adaptability, and overall business resilience.

Policies

The Group is committed to an inclusive, equitable, and diverse workplace where all employees are valued, respected, and given equal opportunities. To eliminate discrimination and ensure fair treatment, the following policies apply:

1. Diversity, Equity, and Inclusion (DEI) Policy (Personnel Handbook) – establishes a discrimination-free workplace, ensuring fairness in recruitment, promotion, compensation, and development. Additionally, it defines prohibited behaviors related to discrimination and harassment, and provides clear reporting mechanisms.
2. Corporate Culture and Business Ethics (Personnel Handbook) – reinforces ethical conduct, respect, and inclusivity as core values of the company.

The DEI Policy applies to all employees, contractors, and individuals interacting with the company. While the policy is comprehensive, certain exclusions may apply due to legal or job-specific safety requirements (e.g., aviation safety regulations for pilots and crew).

Policies are communicated through the company intranet, internal channels, and training programs, including the Code of Conduct and diversity training for employees and managers. Employees can report concerns confidentially, ensuring a fair and thorough resolution process.

Non-Discrimination and Equal Opportunity Measures

The Group strictly prohibits discrimination based on race, gender, religion, sexual orientation, disability, or any other protected characteristic. Specific measures include:

- Clear and accessible anti-discrimination policies;
- Confidential grievance and reporting process for discrimination or harassment cases;
- Impartial investigations of complaints to ensure fair outcomes;
- Regular training for employees and managers to promote awareness and compliance.

The Group's headquarters and facilities are adapted to accommodate employees and visitors with disabilities, ensuring their health, safety, and comfort.

No significant policy changes occurred during the reporting year, but the Group continues to review and enhance DEI policies to align with organizational values and regulatory requirements.

Actions, Targets and Metrics

The Group ensures a discrimination-free, inclusive workplace with equal opportunities in recruitment, development, and career advancement. Key actions include:

- Eliminating discrimination and promoting inclusion – policies strictly prohibit bias based on gender, age, ethnicity, disability, sexual orientation, or other characteristics in hiring, promotion, and leadership development;
- Gender balance initiatives – focused efforts to increase representation in underrepresented roles, ensuring equal career opportunities for all employees;
- Support for employees with disabilities – ensuring accessibility and meaningful participation in roles aligned with safety and operational standards.

The scope includes all employees, contractors, and company affiliates, with ongoing short-, mid-, and long-term efforts to enhance diversity and gender balance.

The Group's goal is to ensure gender equality. Therefore, according to the IATA 25by2025 Gender Diversity Pledge, which airBaltic has signed, the Group has defined the following aim to be reached by 2025: to increase both: 1) the number of women in pilot, operations, and maintenance positions, and 2) the number of men in cabin crew positions – by 25% (as compared to 2021), or up to a minimum of 25%.

Actions	KPIs	KPIs target (level)	Scope	Period	Baseline value 2020	Results 2024
Increase gender diversity in key roles	Number of women in pilot positions	25% increase or minimum 25% representation	Pilot roles	2020–2025	5%	7%
	Number of women in operations and maintenance positions	25% increase or minimum 25% representation	Operations and Maintenance roles	2020–2025	39%	40%
	Number of men in cabin crew positions	25% increase or minimum 25% representation	Cabin crew roles	2020–2025	12%	23%

Dedicated HR specialists oversee policy execution, monitor compliance, and lead workforce diversity efforts. Recruitment and retention strategies focus on hiring diverse candidates and supporting career growth in underrepresented roles. Annual workforce data analysis tracks gender representation trends to ensure alignment with 25by2025 goals.

Age Distribution – All Employees

The workforce reflects a balanced age distribution, with 50% of employees aged 30-50, while younger employees under 30 years old make up 43% of the workforce.

Category	Number	Percentage
Under 30	1 190	43%
30-50	1 399	50%
Over 50	197	7%

These metrics highlight the Group's multigenerational workforce, contributing to a dynamic, innovative, and inclusive work environment.

Training and Skills Development

The Group provides structured training to ensure employees meet regulatory requirements, develop leadership skills, and enhance professional competencies. This approach addresses skill gaps and improves employee retention. Training disclosures covers all employees, including pilots, cabin crew, technicians, managers, office staff, and trainees, reflecting those significantly impacted by training requirements.

Training categories cover mandatoru and voluntary trainings.

Mandatory Training:

– Regulatory Training – recurrent and qualification upgrade training for pilots, cabin crew, and technicians to ensure aviation safety and operational compliance;
– Company-Wide Compliance Training – all employees participate in Code of Conduct, job safety, and regulatory compliance programs.

Voluntary Training:

– Leadership Academy, including:
    Leadership program- a structured program to develop future leaders within the organization;
    Personal Development Program – open to all employees, covering self-improvement, skills enhancement, and career growth;
    EU- funded training initiatives – skill enhancement programs aimed at continuous learning and workforce sustainability.
– External training– offers Leadership Academy's training programs to external clients, including employees from various Latvian organizations, extending the Group's commitment to professional development beyond the company.

Impact of Training Initiatives

1. Recurrent Training – enhances safety, regulatory compliance, and operational efficiency for pilots, cabin crew, and technicians.
2. Leadership Development – the Leadership Program equips managers and high-potential employees with skills for future leadership roles.
3. Personal Development – open to all employees, fostering individual development and long-term career mobility.
4. Coaching – includes both individual and team coaching. It aims to enhance individual and career development, improve individual performance, strengthen team collaboration, and enhance team dynamics.

These initiatives benefit all workforce segments, with a particular focus on technical, managerial, and high-potential employees, ensuring a sustainable and engaged workforce ready for future challenges.

Policies

The company's approach to training and skills development is guided by several key policies aimed at addressing material impacts, risks, and opportunities related to its workforce. These policies are outlined in:

– Personnel Handbook, which includes the Recruitment Policy and Training Policy, emphasizing career development, continuous learning, and workforce skills enhancement;
– Continuing Airworthiness Management and Maintenance Organization Exposition Manual focuses on the ongoing training and certification of technicians to ensure safety, compliance, and technical proficiency;
– Crew recurrent training policies**,** included in Operations Manual, which ensure that crew members meet mandatory safety, regulatory, and operational training requirements.

These policies apply to all employees, with specific provisions tailored to the needs of technicians and crew members. There are no exclusions, but training is prioritized based on roles and business requirements.

Actions, Targets and Metrics

The airBaltic Leadership Academy is a key initiative launched in 2020 as the airBaltic Leaders for Future (ALFA) program. It is designed to support personal and leadership development through a structured approach that includes the following components:

– Leadership Program – a structured program designed to develop leadership competencies among managers and high-potential employees;
– Personal Development Program – open to all employees for skills enhancement;
– ALFA Talks – live lectures on investment and professional growth topics, with recordings available on the internal learning platform;
– Coaching – launched in 2021, this initiative includes both individual and team coaching. It aims to enhance individual and career development, improve individual performance, strengthen team collaboration, and enhance team dynamics.

These programs ensure continuous development, equipping employees with the necessary skills to support career progression and organizational sustainability.

Performance Tracking and Resource Allocation

The Group is committed to fostering continuous learning and skills development through structured training initiatives. While specific targets are not publicly disclosed, the effectiveness of these programs is regularly evaluated through:

– Program assessment – participation and engagement levels are reviewed to ensure training remains relevant and beneficial;
– Employee feedback – feedback from participants helps refine and enhance learning experiences;
– Skills gap regular survey – a regular assessment to identify gaps in employees' skills based on business development strategy and market trends, guiding future development initiatives.

To sustain these efforts, the Group dedicates financial, human, and technological resources to its training programs.

S4 Consumers and End-Users

Consumer and End-User Description

The Group serves two main client segments – direct customers (B2C) and business customers (B2B). The B2C segment includes passengers – comprising individuals from all demographics, who utilize the Group's services.

The B2B segment encompasses flights operated by airBaltic on behalf of other airlines, and cargo service users. While we recognize B2B clients as an important client segment and strive to be a trusted business partner in the aviation industry by providing wet lease and cargo services, the Sustainability Statement does not elaborate further on them, as the S4 standard explicitly focuses on the impacts, risks, and opportunities related to direct end-users and consumers, rather than intermediaries or business partners.

	Direct Passengers (B2C)	Business Customers (B2B)
Consumers and end-users	Passengers: impacted by the Group's ability to deliver services in time and quality; Frequent Flyers: impacted by changes in loyalty programs and benefits; Business Travelers: affected by flight schedule changes and corporate policies.	ACMI operators and Leasing companies: impacted by the Group's ability to deliver services in time and quality; Travel Agencies: affected by disruptions in air travel requiring rebooking, commission changes and flight availability; Cargo Customers: impacted by changes in freight capacity, pricing, and delivery schedules.

Aviation companies enhance connectivity and convenience enabling fast, efficient long-distance travel for their customers and direct users. Beyond transportation, the Group creates a gateway to opportunities for reunion with loved ones, new destination explorations, leisure, and global business.

Challenges

Aviation brings challenges, including flight delays, cancellations, and fluctuating ticket prices, impacting affordability. These issues are especially critical for passengers needing special assistance, families, and those with disabilities. Additionally, the shift to digital platforms raises growing concerns about data privacy and security.

Priorities

At the top of the Group's priority list are flight safety, personal security in the physical and digital environment, and privacy, the latter of which applies not only to any individual using the Group's services, but also users of its digital platform, such as customers booking flights or managing itineraries via the airBaltic website or mobile app.

Value chain

Partnerships with ground handling and catering providers are essential to deliver high-quality passenger experience. Upstream suppliers, such as aircraft manufacturers, influence customer safety and comfort through the quality and reliability of aircraft. Downstream suppliers, such as catering and ground services, directly influence the travel experience through service efficiency and quality; lapses can lead to passenger dissatisfaction or delays. Recognising these challenges, the Group is investing in modern, safe and fuel-efficient aircraft and improving customer service to reduce disruption.

airBaltic enforces strict safety protocols throughout its operations, extending to ACMI-in partners and service providers. To protect passengers' personal data, the airline ensures GDPR compliance by requiring all data processing partners to sign GDPR-compliant agreements, as outlined in airBaltic's Supplier Code of Conduct. Digital security within the value chain is managed through Service Level Agreements.

Human rights

The Group is committed to upholding internationally recognized human rights standards, including the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises, ensuring respect, engagement, and, where necessary, remedies for negatively-affected consumers and end-users.

Human rights standards are embedded in the Group's operations through robust policies and procedures, such as Safety Management System to safeguard passengers and crew, GDPR compliance to protect data privacy, and various other initiatives to ensure equal access and protection for passengers with reduced mobility, unaccompanied minors, and other vulnerable groups. The Group addresses human trafficking by training crew to recognise and respond effectively to potential cases.

The Group aligns its policies with industry standards set by IATA, ICAO, and EASA, ensuring compliance through regular audits and customer engagement. To prevent and address potential human rights risks, the Group has established accessible claim procedures, tailored assistance for vulnerable passengers, and a strong incident management framework. Ongoing employee training, including GDPR compliance and anti-trafficking measures, reinforces its commitment to safeguarding human rights across all operations.

In 2024, no violations of the UN Guiding Principles, ILO Declarations, or OECD Guidelines or incidents connected to consumers or end-users were identified in airBaltic's operations, eliminating the need for remedial action.

Personal Safety and Health of Consumers / End-Users

Flight safety is the foundation of the Group's operations and commitment to passenger and crew well-being. The Group maintains an impeccable safety record supported by Flight Data Monitoring systems that provide real-time insights for proactive risk management and ensure continuous monitoring of flight operations. A robust safety culture is further strengthened by monthly cross-functional safety reviews, enabling comprehensive oversight and collaborative decision-making. A structured reporting system fosters transparency and the timely identification of potential safety concerns.

When it comes to operational safety, material risks include potential accidents, technical failures, and regulatory compliance issues that can potentially jeopardize operational integrity and passenger safety. The airline has begun leveraging innovations such as AI-based safety monitoring and enhanced safety training programs enabling faster identification of patterns and trends to enhance safety-related decision making and risk mitigation.

Passengers and crew members are most vulnerable to physical harm, particularly in case of an accident or an operational incident. Travel agencies, aircraft manufacturers, and investors face significant financial and reputational risks from safety failures. While regulatory bodies and airport authorities face lower physical risks, they remain vulnerable to operational and reputational impacts depending on an incident's severity.

Safety Protocols and Risk Mitigation

Lapses in airline safety and security can have severe negative impacts on people and their health, including loss of life, serious physical injuries, and long-term psychological trauma for passengers, crew, and their families. Such incidents can also heighten fear and anxiety around flying, eroding public trust in air travel. Inadequate safety measures can disproportionately affect vulnerable groups, such as children or individuals with disabilities, and disrupt access to essential services, trade, and mobility, further amplifying the social and economic consequences of these lapses.

To mitigate these risks, the Group has introduced strict safety and security protocols in its own operations and across its value chain, including flight operations, aircraft maintenance, and training and development, where rigorous standards ensure continuously safe and secure service.

Policies

The airline's Corporate Management Manual (CMM) Operational Policies prioritizes safety, reliability, and punctuality across all aspects of its operations. These policies ensure strict compliance with international, European, and national regulations, promote continuous improvement, and hold all employees accountable for maintaining high safety standards. CMM policies applies comprehensively to all operational areas, including flight operations, maintenance, and crew training, ensuring safety measures are implemented throughout the airline's value chain. However, it excludes third-party operators and contractors not directly managed by the airline, though they are encouraged to adhere to similar safety guidelines.

The Group rigorously adheres to the IATA Operational Safety Audit (IOSA) accreditation programme, a requirement for all IATA member airlines, which is conducted every 24 months.

Internal policies are summarized in the rules and regulations outlined in the General Conditions of Carriage. These conditions are published on the rules and regulations page and must be read and explicitly accepted by customers and end-users, as the booking process cannot be completed without their acknowledgment.

Actions and Targets

The Group's Safety Management System (SMS) ensures operational safety and regulatory compliance through flight data and compliance monitoring, risk management, internal safety audits, and collaboration with aviation authorities, aircraft manufacturers, and industry peers. These efforts help assess and mitigate risks affecting customers and end-users while upholding the highest safety standards.

All reported and potential safety incidents are closely monitored, with immediate reporting, analysis, and corrective actions. In cases of material safety incidents, the Group follows industry best practices to compensate affected individuals and implement preventive measures. Compliance with EASA regulations IOSA and standards ensures that operational safety remains aligned with industry best practices, minimizing risks for customers and end-users. Compliance with the IOSA is audited by accredited external audit organisation. Current accreditation is valid till December, 2026.

Flight Data Monitoring and Risk Assessment

The Group's Airbus A220-300 fleet is equipped with Flight Data Monitoring (FDM) systems, which continuously record over 2,600 flight parameters, including air speed, engine performance, and control system data. Critical flight data is transmitted in real-time via satellite, while other safety parameters are transferred via ground-based mobile networks. Additionally, employees and subcontractors are encouraged to report operational deviations that could impact safety, complementing automated monitoring.

The Group undergoes frequent external safety inspections under the EU Ramp Inspection Programme, mandated by EASA's Air Operations regulations. In 2024, 62 safety assessments were conducted by 44 different aviation authorities, compared to 58 inspections in 2023. These assessments review flight deck procedures, cabin safety, aircraft condition, and cargo handling to ensure compliance with international safety requirements.

Performance Monitoring and Safety Targets

The Group's goal is to maintain zero hull losses and zero fatalities, supporting its commitment to aviation safety, operational excellence, and regulatory compliance. The FDM system plays a key role in achieving this by enabling detailed flight analysis and risk assessments. The Group processes approximately 30,000 safety reports annually, implementing corrective actions where necessary.

Actions	KPIs	KPIs target (level)	Scope	Period	Results in 2024 (baseline value)
Evaluation of data received from FDM	Data capture rate for the Airbus A220-300 fleet	100% with acceptable deviation of 3%	Group's fleet of Airbus A220-300	Annually	98.6%

Internal flight safety targets are not publicly disclosed to protect operational integrity and security. Stakeholders can monitor performance and improvements through the Group's annual and quarterly reports, available on the Group's investor relations website.

Security of Persons in the Digital Environment

Recognizing the vital role of secure digital environments in ensuring operational resilience and security, the Group has developed a comprehensive cybersecurity process aimed at reducing risks in alignment with national and international cyber security regulations and standards.

By ensuring compliance with the National Cybersecurity Law and the Network and Information Systems Directive 2 (NIS), the Group focuses on protecting its customer and end-user data. These measures contribute to enhanced operational resilience, reduced vulnerabilities, and increased trust among customers and end-users.

Material risks arising from impacts and dependencies on customers and end-users include the potential for breaches or non-compliance with the National Cybersecurity Law and the NIS II Directive. Such risks could lead to data leaks, data loss, operational disruptions, reputational damage, and financial penalties. However, they also offer an opportunity to enhance operational efficiency and consumer trust by implementing stringent cybersecurity controls and maintaining compliance with relevant standards.

The Group has developed its understanding of risks and impacts through comprehensive cybersecurity risk assessments. These assessments reveal that all customer and end-user groups are equally affected by the measures and potential risks, as the cybersecurity framework is applied uniformly to protect all users' data and ensure service continuity.

Policies

The Information Security Policy (ISP) is the main document that defines all aspects of the Information Security Management System (ISMS) to uphold:

- Safety – health and well-being of individuals are prioritized through the implementation of Group's ISMS;
- Confidentiality – information assets are accessible only to authorized individuals and not disclosed to unauthorized parties;
- Integrity – information assets are maintained in an unaltered, accurate state;
- Availability – information assets are accessible to authorized users as needed, ensuring the protection of sensitive information and continuity of business operations.

The ISP and its supporting controls, policies and procedures apply to all employees, contractors and third parties using Group's information and other associated assets that includes:

- Information assets managed by the Group or those storing the Group's data;
- Equipment connected to the Group's network or storing the Group's data;
- Infrastructure used for information asset processing and protection.

In establishing its ISMS, the Group has taken into account the interests of key stakeholders, including regulators, consumers, employees, and business partners. Regular consultations, feedback mechanisms, and risk assessments ensure that the policy addresses stakeholder concerns, particularly regarding compliance, operational reliability, and protection against cybersecurity risks. The consultation mechanisms are outlined in chapter "Stakeholder Engagement".

The policy is communicated to stakeholders through various channels: internal communication platforms, training programs, and awareness campaigns to those responsible for its implementation. Externally, stakeholders such as regulators and business partners are kept informed through official reporting and compliance documentation.

During the reporting year, the Group adopted changes to its ISMS to align with updates in the NIS II Directive and new national regulations. These changes include enhanced requirements for data encryption, identity and access management, and incident response protocols, ensuring compliance with evolving regulatory expectations and best practices.

Actions and Targets

To mitigate material risks arising from impacts and dependencies on customers and end-users, the Group has implemented a set of actions identified through a risk assessment and aligned with the requirements of the NIS II Directive and respective national regulations:

- Regular cybersecurity training and awareness campaigns – all employees undergo mandatory training to ensure they are aware of cybersecurity threats and best practices;
- End-to-end data encryption – the Group employs encryption protocols to protect sensitive information during transmission and storage;
- Comprehensive identity and access control – strict access controls are enforced to ensure that only authorized personnel can access critical systems and data;
- Disaster recovery planning – plans are in place to restore operations quickly and minimize disruptions in the event of a major incident;
- Centralized log management and a security information and event management system – utilized to monitor and analyze security events across the organization;
- Vulnerability management and malware protection – regular assessments and proactive measures are undertaken to identify and mitigate vulnerabilities, complemented by robust malware protection tools;
- Incident management process – clear reporting procedures and criteria are established to handle incidents efficiently, minimizing potential harm.

The effectiveness of these actions is tracked through continuous monitoring and auditing processes, and performance metrics. The Group's measurable target is the prevention of any breaches of the National Cybersecurity Law and regulations derived from the NIS II Directive, aligning with its policy objective to ensure full compliance and secure digital operations. This target applies to all digital operations within the Group and is monitored daily. However, compliance with the National Cybersecurity Law and other regulations derived from the NIS II Directive is assessed and reported annually.

As 2024 marks the first year of reporting in accordance with ESRS requirements, the baseline reflects initial reporting period, with no material cybersecurity breaches reported during the year. The target zero material breaches represents an absolute standard, underscoring the Group's commitment to robust cybersecurity practices. While detailed internal actions and methodologies have been established to achieve compliance, these details remain confidential to safeguard the integrity and effectiveness of the Group's cybersecurity strategy.

Actions	KPIs	KPIs target (level)	Scope	Period	Results in 2024 (baseline value)
Implement and monitor compliance with the National Cybersecurity Law and the NIS II Directive	Full compliance with the National Cybersecurity Law and other regulations derived from NIS II Directive	Zero breaches	All digital operations within the Group	Annually	No material breaches reported

Security of Persons in the Physical Environment

Material risks to flight safety and security, such as unlawful interference, threaten the physical safety of passengers, and crew while compromising operational integrity. Proactive risk mitigation, with a strong emphasis on preventing unlawful interference, is a critical safeguard. It involves:

- Advanced FDM systems provide real-time data for proactive risk management;
- A robust security culture is further strengthened by monthly cross-functional security reviews, enabling comprehensive oversight and collaborative decision-making;
- A structured reporting system is fosters transparency and the timely identification of potential security concerns;
- The implementation of state-of-the-art safety technologies, rigorous pilot and crew training programs, and strict adherence to international aviation safety standards collectively enhance operational safety;

– Emergency Response Organization (ERO) training programs prepare employees to manage emergency situations effectively through briefings, group-specific training, and practical exercises conducted on a recurring basis.

Airline passengers and crew are the most vulnerable due to their direct involvement in flight operations and their potential exposure to unlawful interference. Therefore, security measures are primarily focused on these target groups. Regulatory bodies and airport authorities, while facing minimal physical risks, may experience operational and reputational harm depending on the scale and nature of incidents.

During the reporting period, no material impacts have been identified in the Group's operations that would have significantly impacted the security of passengers.

Policies

Recognizing personal security as a potential concern, the Group has implemented stringent policies to proactively prevent any incidents that could harm the physical safety and security of passengers, crew, and other stakeholders. No changes to the policies were made during the reporting year.

Name of the policy or procedure	Key contents	Scope and exclusions
Security Policy	Security management is a fundamental operational priority with dedicated resources to foster security awareness and cultivate a robust security culture within the Group. The Group is committed to full compliance with applicable security regulations, standards, and internal procedures with established security objectives and performance benchmarks that are regularly reviewed to ensure continuous improvement of its Security Management System. Review is conducted at least annually, during Operations Group meetings or Management Evaluations.	The policy encompasses all assets, restricted information, and proprietary know-how.
Security Compliance and Management Manual	Integration of Security Operations Program, Security Training Program, and Security Quality Control Program (approved by CAA).[36] Outline of security procedures based on international, EU, and national legislation and requirements in the countries where the Group operates. The program has been approved by the appropriate.	The provisions of airBaltic Security Program are applicable to all airBaltic staff and subcontracted service providers.
Emergency Response Manual	The manual: – Defines key terms, industry standards, regulations, and operational procedures; – Assigns emergency response roles, responsibilities, and communication protocols; – Provides checklists for pre-emergency preparation, response, and recovery; – Establishes post-incident evaluation, business continuity, and reporting procedures; – Outlines agreements with external agencies, including legal and contractual obligations: – Details training schedules, drills, and regular updates to training materials.	Coordination between emergency response plans with relevant organizations in theevent of a crisis and guides management in determining necessary training for personnel involved in emergencies.

36 Civil Aviation Security Authority of Latvia

Actions and Targets

The Group's security objectives align with international aviation regulations, aiming to prevent unauthorized access, security breaches, and unlawful interference. Compliance is continuously monitored through weekly, monthly, and annual security reviews led by the Safety, Security, and Compliance Department.

The effectiveness of security measures is validated through internal and external audits, including IOSA, CARA (Civil Aviation Risk Assessment), and CAA regulatory inspections. Incident reports and Q-PULSE (Quality and Compliance Management System) accident investigations are analyzed to identify trends and implement corrective measures.

The Group maintains a comprehensive Security Program that covers all aspects of security, including risk management, flight data monitoring, internal audits, and collaboration with authorities. Regular security and emergency response training is conducted for operational personnel in line with international aviation security standards and regulations to maintain high levels of preparedness and compliance.

The Security and Emergency Response Division oversees annual audits, security assessments, and compliance monitoring. To ensure proper travel document handling, training is provided to gate agents, check-in staff, and Call Centre personnel, including online trainings for outstation agents.

By adhering to strict security protocols and maintaining a robust training and monitoring system, the Group ensures safe and secure operations, protecting passengers, employees, and operational integrity.

Emergency Response Preparedness

The Group ensures employees are well-equipped to handle emergencies through structured Emergency Response Organization (ERO) training:

- Initial and recurrent training introduces employees to the ERO structure, emergency actions, and staff mobilization procedures. Training is required for all employees upon joining and is refreshed every two years;
- Annual ERO alarm tests ensure the system's effectiveness and rapid response capability;
- Specialized ERO group training is conducted for employees assigned to emergency roles, with recurrent training every two years;
- Practical emergency exercises, including tabletop simulations and drills, are conducted every two years to test and improve crisis response procedures.

Security and Compliance Measures

The Group actively monitors and assesses security threats to implement preventive measures and apply appropriate security protocols as needed. These measures are continuously reviewed, incorporating consumer and partner concerns to ensure a balanced approach that upholds security standards and regulatory obligations without imposing unnecessary operational restrictions.

The Group strictly adheres to internation and national regulations at the Group's hub airports and outstations, aligning with the host country requirements. All operational personnel receive aviation security training focused on risk mitigation strategies and regulatory requirements.

Actions	KPIs	KPIs target (level)	Scope	Period	Results in 2024 (baseline value)
Regular security trainings to all operational personnel in accordance with international aviation security standards, regulations, practices	Total number of cases of non-compliance with regulations resulting in fines, penalties or warnings	Reduce cases per 5 000 passengers to 0.015 or fewer	All operational personnel	Annually	19
Regular travel document trainings are provided to gate agents, check-in agents, airBaltic and RIX staff, web-based (ABLE) trainings for outstation agents, and travel document competence unit within the call centre	Cases per 5000 passengers	Reduce cases per 5 000 passengers to 0.015 or fewer	Gate agents, check-in agents, and RIX staff	Annually	0.018 cases per 5 000 passengers

Information-Related Impacts for Consumers and/or End-Users

Privacy

The Group recognizes that data breach could result in identity theft, financial fraud, emotional distress, and reputational harm. Non-compliance with GDPR ((EU) 2016/679) and national data protection laws could lead to financial penalties and loss of customer trust.

To mitigate these risks, the Group ensures GDPR compliance across all operations, including IT systems, customer service, loyalty programs, and sales channels. Data security measures extend to partners through GDPR-compliant agreements and the Supplier Code of Conduct. Employees receive regular training to strengthen privacy awareness and Group's accountability.

The Group's privacy safeguards benefit passengers, corporate clients, loyalty program members, and business partners by ensuring secure processing of personal data in bookings, corporate travel, and loyalty programs. While all consumers are protected, some groups face higher risks. Minors and individuals with disabilities may be more vulnerable to privacy breaches or struggle with complex privacy terms. Cross-border data transfers, particularly outside the EU, can expose personal data to protection laws that do not provide a level of protection equivalent to that of the EU protection laws, and digital service users face increased risks of cyber threats and data misuse.

No high risk data breaches, occurred during 2024, nor were there any substantiated complaints or regulatory actions that resulted in a fine.

Privacy Safeguards and Risk Mitigation

To address these risks, the Group conducts Data Protection Impact Assessments (DPIAs) for high-risk processing activities, monitors regulatory updates and industry best practices, and ensures transparency through privacy policies and accessible communication channels.

International data transfers are secured using GDPR-compliant ensured in accordance with GDPR requirements, such as the use of appropriate Standard Contractual Clauses (SCCs) and encryption. Third-party partners must meet data protection standards under contractual agreements, and employees receive training to recognize and prevent privacy risks.

Policies

Key content	Scope and exclusions
Policy on Personal Data Governance (Privacy Program)	
This Policy serves as the core document establishing framework of personal data governance and Privacy Program within the Group and its subsidiaries. It is binding to all employees of the Group and its subsidiaries and includes the following: 1) Defines employees' roles and responsibilities in personal data processing; 2) Establishes privacy principles that employees must follow to ensure compliance with applicable regulatory enactments, including GDPR; 3) Describes privacy processes within the privacy protection, including the management of data subject rights, the response process for personal data breaches, and the vendor management process; 4) Outlines the process for maintaining Data Register and conducting data protection impact assessments; 5) Establishes the processes for managing the entire data lifecycle, ensuring the security and protection of personal data, and providing training on personal data processing; 6) Covers other relevant issues related to privacy and data protection within the organization.	This Policy and Privacy Program establishes a minimum standard for the processing of personal data by the Group and its subsidiaries.
Procedure on Personal Data Breach Response	
This document outlines the procedures on handling data breaches within the Group and is binding to all employees. The procedure: 1) Explains what constitutes a personal data breach; 2) Identifies the roles and responsibilities involved in handling data breaches; 3) Establishes the data breach response team, outlines its responsibilities, defines the roles of its members, and specifies the decision-making process; 4) Outlines the process for assessing risks related to personal data breaches; 5) Regulates other issues relevant for the procedure.	This procedure determines the personal data breach response process within the Group to ensure compliance with GDPR. Its scope is limited to personal data breach response, encompassing reporting, identification, investigation, assessment of risks to the rights and freedoms of individuals, documentation, notification to the supervisory authority and data subjects, as well as other matters pursuant to the requirements of GDPR.
Procedure on Handling Data Subjects' Rights and Requests	
This document establishes the procedure on handling data subjects' rights and requests within the Group, including: 1) Explains the types of data subjects' rights and their possible requests; 2) Determines how to identify a data subject within the information resources of the Group; 3) Defines the roles and responsibilities involved in handling data subjects' rights and requests; 4) Establishes a data subject request register and outlines the information flow within the process; 5) Regulates other issues relevant for the procedures.	The procedure determines the process for handling data subjects` rights and requests. Any other data subject request not related to personal data processing (for example, request for service, information about service, and claim on service) are handled by other departments of the Group under different procedures.
Procedure on Management of Cookies and Other Technologies within the Group's Websites	
This Procedure aims to describe the process on management of the processing of data from website users/devices at the webpages of the Group and its subsidiaries with cookies or other technologies. 1) This procedure explains how data is collected from website users and how they are informed; 2) Defines roles and responsibilities related to website operations, including the management of cookies and other embedded technologies; 3) Determines responsibilities within process on management of cookies and other technologies.	This Procedure establishes procedure on how to manage cookies and other technologies within websites of the Group and its subsidiaries.

Key stakeholders, including passengers, employees, and regulatory authorities, are considered in the policy development by ensuring strict GDPR compliance, aligning with legal standards and privacy expectations.

No significant policy changes occurred during the reporting year. Regular reviews and minor updates were conducted to maintain alignment with regulatory and operational requirements.

Actions and Targets

The Group ensures compliance with GDPR and relevant data protection regulations by continuously refining governance practices, managing data subject requests, and monitoring data processing activities. These actions mitigate risks, enhance transparency, and maintain accountability in all personal data processing activities.

Key actions are structured over short, mid, and long-term horizons to ensure continuous improvement:

- Short-term (1 year): maintain compliance with GDPR, National Cybersecurity Law, and NIS II, conduct annual GDPR and IT security training, and monitor risks;
- Mid-term (1-5 years): strengthen data classification, enhance supplier agreements, and ensure ongoing employee training and risk monitoring;
- Long-term (5+ years): adapt to evolving data protection regulations, evaluate security measures, and sustain strong governance frameworks to ensure compliance and prevent data breaches.

The Group enforces strict data governance, incident response protocols, and supplier accountability. The Privacy Program, overseen by the Data Protection Officer (DPO), ensures compliance and oversight. The Personal Data Breach Response Procedure provides a structured approach for identifying, containing, and reporting incidents. Supplier agreements mandate GDPR compliance across third parties, while all employees undergo mandatory GDPR training, including annual refreshers.

To uphold transparency, the Group maintains and regularly updates privacy policies, reflecting changes in data processing practices, including updates made in 2024 related to loyalty programs and mobile applications.

Performance is tracked through privacy KPIs, including substantiated complaints, high-risk breaches. A grievance mechanism allows individuals to report privacy concerns, ensuring investigations and corrective actions where necessary.

In cases of confirmed violations, the Group follows notification protocols, conducts root cause analyses, and implements necessary remedial measures. Regular reviews of incident handling, employee training, and consumer feedback ensure continuous improvements.

Actions	KPIs	KPIs target (level)	Scope	Period	Results in 2024 (baseline value)
Ensure compliance with GDPR and other data protection regulations	Number of substantiated complaints resulting in fines	Zero complaints	All personal data processing activities	Annual	Zero complaints
Prevent high-risk data breaches with significant material impact	Number of high-risk data breaches	Zero breaches	All customer and end-user interactions	Annual	Zero breaches

The targets align with GDPR requirements, ensuring compliance across personal data processing activities. The 2024 baseline values set zero substantiated complaints resulting in fines and zero high-risk data breaches, with these results maintained throughout the reporting period.

Regular monitoring of data protection KPIs, risk assessments, and compliance reviews ensures that privacy and security measures remain effective. Future updates to targets will reflect regulatory developments and identified risks to strengthen data protection and operational resilience.

Social Inclusion of Customers and/or End-Users Non-Discrimination

Access to Products and Services

The Group is committed to ensuring accessibility and inclusivity across its services, providing all passengers with equal access to air travel. To support this, digital self-service platforms have been developed, and special assistance services have been created to enhance the travel experience for passengers with reduced mobility and specific needs. Digital platforms allow passengers to independently manage bookings, check-ins, and flight details, while special assistance services include accessible booking options, in-flight accommodations, and ground assistance.

The Group monitors customer feedback and addresses challenges passengers may face. Collaborations with accessibility-focused NGOs provide insights into improving services and ensuring compliance with international standards and the Law on Accessibility of Goods and Services.

Policies

The Group's approach to accessibility and inclusivity is governed by several internal policies and manuals, ensuring compliance with regulatory requirements and best practices. These include:

- Cabin Crew Handbook and Service Manual, which defines in-flight service standards focused on safety, security, processes efficiency, sustainability and passenger satisfaction;
- Ground Operations Policies, which establish procedures for passenger handling and regulatory compliance;
- Product Group Guidelines, which set standards for passenger service design and delivery;
- Operations Manual, which provides the framework for operational standards and compliance.

These policies apply to all passengers and service touchpoints, excluding external service providers, whose compliance is encouraged through contracts. Internally, they are communicated through training and manuals; externally, accessibility information is available on the airBaltic website. No significant policy changes were made this year, as they already align with international and national regulations.

In 2024, updates were introduced to the Special Assistance section on the airBaltic website to ensure alignment with the Law on Accessibility of Goods and Services. These updates provide clearer and more comprehensive information for passengers requiring special assistance, improving accessibility and usability.

Actions and Targets

The Group's actions focus on enhancing digital platforms, complying with accessibility regulations, and integrating customer feedback into service improvements. These initiatives align with the Sustainable Development Goals (SDG)[37] developed by the United Nations, specifically SDG 10: Reduced Inequalities and SDG 9: Industry, Innovation, and Infrastructure.

Group's actions cover pre-flight, in-flight, and post-flight services, extending across digital platforms, the Call Centre, social media, and in-person interactions, with targeted measures for passengers with reduced mobility and special needs.

The short-term goal (1 year) is to comply with the Law on Accessibility of Goods and Services and improve digital accessibility. The mid-term focus (1-5 years) includes refining customer service strategies and expanding self-service solutions. In the long term (5+ years), the Group aims to continuously enhance digital accessibility and implement real-time monitoring tools for customer support optimization.

Passengers actively contribute to service improvements through structured feedback channels, including post-flight surveys, customer service inquiries, and social media engagement. Their feedback shapes service updates and accessibility enhancements, pinpoints specific concerns, and provides input for improvement tasks that are assigned to relevant departments.

The Group applies a data-driven approach to identifying and addressing accessibility and service gaps:

- After-flight surveys and digital feedback tools provide insights for proactive service adjustments and ensure continuous responsiveness to customer needs;

[37] sdgs.un.org/goals

– The Customer Relations Department and Call Centre manage passenger complaints and work toward timely resolutions;
– The Customer Service Commitment and operational manuals set clear service standards for inclusivity, accessibility, and transparency. These are reinforced through audits, surveys, and process evaluations to minimize negative customer impacts.

The Customer Relations Department, Call Centre, and Marketing Team, led by the VP of Customer Experience and Insights, oversee customer feedback, digital accessibility, and service improvements. These teams collaborate to enhance response times, refine accessibility measures, and address service gaps.

The Group allocates financial resources toward customer service operations, staff training, regulatory compliance, and digital accessibility upgrades. Investments in self-service technology and platform enhancements support operational efficiency and accessibility objectives. Transparency is ensured through publicly available Sustainability Statements, the Code of Conduct, and engagement with consumer organizations.

Actions	KPIs	KPIs target (level)	Scope	Period	Results in 2024 (baseline value)
Maintain and improve customer satisfaction	Net Promoter Score (NPS)	Maintain at least 60 ("Great") and aim for >71 ("Excellent")	All passenger interactions, including digital platforms, in-flight services, and customer service channels	Ongoing	63
Enhance brand perception	Sustainable Brand Index score	Maintain ranking within the 80% category	All passenger-facing operations, including marketing, communications, and digital interfaces	Ongoing	Ranked No. 21 in category (61-80%)
Improve digital accessibility for passengers	Accessibility compliance with Accessibility Act	Achieve full compliance by 2025 and ensure continued adherence thereafter	Digital platforms and self-service solutions, particularly for passengers with special needs	2024-2025 and ongoing	Compliance measures implemented, ongoing monitoring and improvements

These targets support the Group's policy objectives and were developed through internal workshops and stakeholder engagement, incorporating findings from the DMA.

In 2024, the Group aligned its digital accessibility with European Accessibility Act ((EU) 2019/992) requirements. Internal work group was established to review practices, with input from accessibility experts and NGOs. Based on the findings, the Group improved its Special Assistance webpage and reviewed internal procedures.

Responsible Marketing Practices

The Group is committed to responsible marketing that ensures honest, clear, and ethical communication with all stakeholders, including customers, employees, partners, and shareholders.

In 2024, the Fair Consumer Practice directive was amended with the Green Claims Directive to minimise any greenwashing risks. In line with the recent EU regulatory developments, the Group is committed to upholding fair consumer practices, particularly concerning environmental claims and accessibility:

– Proposal for a Directive of the European Parliament and of the Council on substantiation and communication of explicit environmental claims (Green Claims Directive): the EU has introduced the Green Claims Directive to combat misleading environmental claims, commonly known as "greenwashing." This directive requires companies to substantiate any environmental claims with clear and verifiable evidence, ensuring that consumers receive accurate information about the environmental impact of products and services.
– Accessibility Act: the European Accessibility Act mandates that products and services, including digital platforms, be accessible to all individuals, particularly those with disabilities. This ensures inclusivity and equal access to information and services.

In alignment with these directives, communication practices must be fair, transparent, free of misleading statements or exaggerations, and accessible to all current and potential customers and end-users.

Policies

The Group's Code of Conduct mandates truthful and responsible communication across all channels. Material impacts, risks, and opportunities related to responsible marketing practices are managed under this code, ensuring that communication is clear, accurate, and truthful. This commitment is further reinforced by the Group's Anti-Greenwashing Guidelines.

Actions and Targets

The Group is committed to ensuring responsible marketing practices by promoting fair and transparent communication across all customer touchpoints. These efforts align with the Unfair Commercial Practices Prohibition Law and Advertising Law, reinforcing compliance and ethical marketing standards.

A key initiative in this area is the Anti-Greenwashing Guidelines, which serves as a primary resource for employees to ensure accurate and responsible communication.

Customer feedback plays a crucial role in refining marketing practices. The VP of Customer Experience and Insights oversees a structured review process to identify potential gaps and recommend improvements. This continuous evaluation aligns marketing efforts with industry best practices and regulatory requirements.

Performance is measured by two key indicators: zero cases of greenwashing or misinformation and full compliance with ethical communication standards. These targets apply to all customer-facing channels, including digital platforms, marketing materials, and direct interactions.

Actions	KPIs	KPIs target (level)	Scope	Period	Results in 2024 (baseline value)
Conduct digital information audit and implement ani-greenwashing guidelines	Number of greenwashing or miscommunication cases resulting in fines	Zero cases	All customer communica-tion channels	Annual (ongoing)	Zero cases
Consistant information throughout all customers touchpoints	Compliance with transparency standards				

The baseline values for 2024 serve as the starting reference for tracking progress in future years, as this is the first year of reporting under the ESRS-aligned framework. These targets are reviewed annually, with no interim milestones specified.

Methodologies used to assess progress include internal audits, compliance reviews, and customer feedback surveys. The responsible marketing practices and their results are communicated to relevant consumer organizations through direct correspondence, while the broader public can track performance through the Group's Annual Reports and published Code of Conduct.

Service and Customer Experience

Continuity of Operations

Ensuring operational continuity is essential for delivering a reliable travel experience. The Group is committed to minimizing disruptions and maintaining service quality across its network. Flight operations are affected by various external factors, including global supply chain constraints and aircraft maintenance schedules, which can impact operational efficiency. The limited availability of engines poses a greater risk during the peak summer season, increasing the likelihood that passengers may travel on flights operated by an ACMI-in partner.

Policies

The Group follows established policies to manage operational challenges and ensure service quality. The Corporate Management Manual (CMM) defines Traffic and Fleet Planning procedures, while the Compliance and Safety Management Manual sets ACMI-in partner selection criteria, supervision, and audit requirements. All ACMI-in providers must be IOSA-certified, ensuring compliance with industry safety and operational standards.

IOSA certification mandates the monitoring of crew qualifications, duty-time tracking, fatigue risk management, and operational integrity. These measures help to ensure that ACMI-in flights maintain the same safety and service standards as airBaltic's own fleet.

Consumer service policies are outlined in the Service Commitment, which establishes clear expectations regarding the airline's response to operational disruptions. This policy is publicly accessible, providing passengers with transparency about service quality and customer support.

Channels for Passengers to Raise Concerns

Passengers have access to multiple customer service channels for inquiries, assistance, and claims. They can contact the Group through the Call Centre, social media platforms (Facebook, X, LinkedIn), or submit claims via the dedicated web platform. Additional details on Groups communication practices can be found in the "Engagement with Consumers and End-Users" chapter.

The Airline's Call Centre plays a significant role in providing high-quality services. It employs around 100 specialists who, on a daily basis, handle incoming calls, messages, and emails in seven languages (Latvian, Lithuanian, Estonian, English, German, Finnish, and Russian). Throughout 2024, the Call Centre handled a total of around one million inquiries. To enhance customer engagement, additional support channels, including WhatsApp and Chat, have been introduced, improving response efficiency and accessibility.

Passenger feedback is actively monitored by the Customer Relations Department, which tracks service issues, complaint resolution, and overall customer satisfaction. While there is no explicit policy on protection against retaliation for customers, the Group's customer care practices, outlined in the home page, emphasize fair and professional handling of all passenger concerns.

Actions and Targets

The Group is focused on ensuring operational continuity, improving punctuality, and maintaining service reliability across its network. The key performance indicators used to assess operational efficiency include 15-minute punctuality and regularity rate, which reflect flight scheduling effectiveness and service consistency.

As there are no standalone action plans that could mitigate flight cancellation risks, the Group continues to expand its fleet and collaborate with ACMI-in partners to ensure operational flexibility instead.

The Group's Customer Service Commitment serves as a guiding framework for setting clear passenger service expectations, applicable in both routine operations and unexpected disruptions. Ensuring a seamless customer journey requires the engagement of all departments, from ticket booking to post-flight feedback collection. This approach reinforces service consistency and enhances the overall passenger experience.

Performance is assessed annually, and the results are published in public reports. The table below outlines the Group's key operational performance indicators:

Actions	KPIs	KPIs target (level)	Scope	Period	Results in 2024 (baseline value)
Perform safe and timely operations	15-minute punctuality	90%	All flight operations	Annual	73.7%
	Regularity rate	99%	All flight operations	Annual	99.6%
Ensure operational continuity	Percentage of flights performed by ACMI-in partners	Monitor and reduce if feasible	ACMI-in partnerships	Annual	8.3 %

The scope of these targets covers all flight operations, ensuring adherence to schedules and maintaining regular service availability. As 2024 marks the first year of ESRS-aligned reporting, this year's results will provide a baseline for future assessments. These targets apply across short-term (1 year), mid-term (1–5 years), and long-term (5+ years) periods, with progress reviewed annually to drive continuous improvement.

As these targets align with industry benchmarks, stakeholders were not directly involved in their development. However, customers and end-users can track progress through annual and quarterly reports published on the Group's website.

Connectivity

Connecting the Baltic States with the Rest of the World

The Group plays a critical role in ensuring connectivity between the Baltic States and the rest of the world. This connectivity enables travel for personal, business, and tourism purposes, fostering economic growth, cultural exchange, and regional integration. Reliable air transport is essential for sustaining these benefits, providing accessibility to global destinations while supporting local economies.

According to the IATA[38], the aviation sector in Latvia directly employs approximately 8 600 people, generating USD 452.3 million or 1.0% of the country's GDP. When including supply chain activities, employee spending, and tourism, the total contribution reaches USD 1.9 billion, supporting 36 600 jobs. International visitors alone contribute approximately USD 1.4 billion annually to Latvia's economy. In 2024, airBaltic operated flights to 89 destinations in 43 countries, carrying over 5.1 million passengers.

Operational Challenges and Flight Disruptions

While the Group's operations generally have a positive impact, disruptions such as flight cancellations or schedule changes can negatively affect connectivity. These disruptions are often caused by safety concerns or technical issues, including delays in engine maintenance. To ensure sufficient capacity during the peak demand, from April to October 2024, 13% of airBaltic flights were operated by ACMI-in partners to compensate for operational constraints.

To reduce the risk of flight cancellations, the Group has implemented several mitigation strategies. Spare engine availability has been prioritized to minimize downtime and ensure aircraft readiness. Strict contractual obligations have been imposed on third-party providers to hold them accountable for service delays. Additionally, ACMI-in partnerships have been utilized to help maintain operational stability. However, due to passenger feedback regarding service quality differences with ACMI-in providers, the Group is considering alternatives, including adjustments to ACMI-in usage or cancellations in cases where third-party service limitations significantly impact the passenger experience.

Looking ahead, airBaltic has already adjusted its summer 2025 schedule due to engine maintenance delays from Pratt & Whitney. These industry-wide supply chain challenges, beyond the airline's control, have affected the Airbus A220-300 fleet's operational capacity. Despite these constraints, airBaltic aims to minimize disruptions by offering rebooking options or refunds while maintaining a stable network for key destinations. These disruptions highlight broader aviation industry challenges linked to global supply chain dependencies.

[38] iata.org/en/iata-repository/publications/economic-reports/the-value-of-air-transport-to-latvia/

Policies

The Group's Traffic and Fleet Planning policy ensures that commercial and operational teams align with network decisions. Internal communication regarding route planning, capacity adjustments, and network performance is facilitated through briefings, meetings, and email updates.

For external stakeholders, including airports and tourism authorities, information is shared before each season through formal meetings, presentations, and email communication. These stakeholders contribute insights into traffic trends and potential market opportunities, supporting continuous improvements in service and connectivity.

When planning its route network, the Group evaluates key factors such as passenger demand, competitive landscape, operational costs, and economic indicators. Route adjustments, new route introductions, and service discontinuations are made based on data-driven analysis to ensure both strategic and commercial viability.

Network planning follows operational and market-driven priorities, rather than rigid policies, allowing flexibility to adapt to evolving travel patterns. Customers and end-users can access company policies through the airBaltic Rules and Regulations.

Actions and Targets

The Group is committed to maintaining and improving connectivity through route planning, fleet expansion, and strategic network adjustments. These efforts are overseen by the Network Planning and Development Division, which evaluates route efficiency, manages airline partnerships (code-share and interline agreements), and oversees ACMI arrangements when necessary.

The route planning aligns with the Group's medium-term fleet expansion commitments and short-term operational requirements, ensuring a balance between strategic growth and immediate service needs. The Group monitors progress using key performance indicators, including the total number of destinations served and the total number of passangers carried.

The performance is reviewed annually and compared against the results from the previous year. Targets are established based on common aviation industry practices, without reliance on specific methodologies or assumptions.

Actions	KPIs	KPIs target (level)	Scope	Period	Results in 2024 (baseline value)
1. Route adjustments; 2. Introduction of new routes; 3. Discontinuation of existing routes.	Number of destinations	n/a	All operations	Annually	89
	Number of passengers served	n/a	All operations	Annually	5 132 573

Customers and end-users can track performance through annual and quarterly reports, which are publicly available on the Group's website.

Customers engagement is primarily reflected through their usage of airline services on specific routes. This data provides load factor and informs about necessary improvements, such as adjusting existing routes, introducing new ones, or discontinuing underperforming routes.

Governance Information

G1 Business Conduct

The Group's corporate culture is founded on its mission to provide essential connectivity and its vision of becoming a sustainable, innovative EU carrier. Its core values – We Deliver, We Care, and We Grow – guide operations, emphasizing excellence, sustainability, teamwork, and innovation. The corporate culture is reinforced through clear communication, employee engagement initiatives, and policies outlined in the Code of Conduct, with regular evaluation via engagement surveys and compliance monitoring.

The corporate governance is led by an experienced Executive Board and Top Management, supported by the Supervisory Board. For information on the functions of of the Management and Supervisory bodies, please see the introductory part of the Corporate Governance Statement.

The corporate culture framework is set out in two key documents – the Code of Conduct and the Personnel Handbook (Section 2 Corporate Culture and Business Ethics Policy). These apply to all employees, including managers and executives, governing business conduct with third parties.

The Code of Conduct, approved by the Executive Board and the Supervisory Board, and reviewed annually by the former, establishes ethical and responsible business practices within the Group. The Personnel Handbook provides internal guidelines for workplace behaviour and business relationships, with implementation overseen by the Human Resources Department.

Mechanisms for addressing business conduct concerns include the Whistleblowers Channel and the Internal Reporting System. Investigations, conducted independently by the Compliance and Safety Department, ensure objectivity and confidentiality, while providing protections for whistleblowers. The Company commits to prompt, independent, and objective investigations of reported incidents.

The Code of Conduct is publicly available on the Group's website, while the Personnel Handbook is accessible to employees via the internal intranet. Employees undergo mandatory onboarding training on the Code of Conduct, with refresher courses every two years, covering ethical decision-making, anti-corruption measures, and reporting mechanisms.

Protection of Whistleblowers

The Group's Whistleblowing Policy defines whistleblowing criteria, objectives, and employee rights, applying to all employees. It aligns with the EU Whistleblower Protection Directive (Directive (EU) 2019/1937), and the Whistleblowing Law of the Republic of Latvia, ensuring compliance with international and national standards.

The Internal Auditor and the Vice President of Compliance and Safety oversee whistleblowing reports. The policy guarantees confidentiality by anonymizing the whistleblower's identity, limiting disclosure to personnel involved in the process. Employees and their relatives are fully protected against retaliation, including unjustified disciplinary action, dismissal, salary reduction, or unfavourable treatment (excluding anonymous reports).

The Executive Board approves the policy, which is available on the Company's intranet and Web Manuals. Employees receive dedicated training on whistleblowing procedures every two years, reinforcing awareness of reporting mechanisms and protection measures.

Animal Welfare

The Group ensures safe and humane transportation of animals in both passenger and cargo compartments through the established procedures in the Ground Operations Manual (GOM) and the Cargo Operations Manual (COM), complying with IATA Live Animal Regulations. The policy covers handling, container requirements, and measures like ventilation, spacing, heating, and weather protection. It applies to all transported animals, except those lacking proper documentation, in non-compliant containers, or restricted under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) or other regulations. The Head of Ground Operations and the Vice President of Cargo Operations oversee the implementation of animal welfare procedures, ensuring compliance with international standards and internal procedures:

– IATA Live Animal Regulations (LAR);
– IATA Resolution 620;
– The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES);
– EC Regulation No 1107/2006 (rights of disabled persons and persons with reduced mobility when traveling by air as regards the requirements on assistance dogs);
– TACT Rules 2.3.3.A.1 and 7.3.2.3.2.

The policy considers key stakeholders, including passengers, animal owners, animal rights organizations, and regulators. Passengers receive guidance on their responsibilities via ticketing and booking platforms.

Political Engagement and Lobbying Activities

The Group does not engage in political lobbying or activities influencing political decision-making. The Group maintains strict political neutrality, keeping focus on business objectives, regulatory compliance, and transparency. Any government and regulatory interactions follow legal requirements and are overseen by the Executive Board, ensuring adherence to internal policies.

The Group's Anti-Corruption and Anti-Bribery Policy prohibits financial or in-kind political contributions, including facilitation payments. Employees must reject and report any requests for such payments through the designated channels. The policy includes mandatory training to raise awareness and reinforce compliance.

Rather than lobbying directly, the Group communicates its interests through industry associations at both national and international levels. The Group actively participates in forums, conferences, and working groups to discuss industry developments and sustainability challenges, contributing insights at events like the World Aviation Festival, IATA Annual General Meeting, and CAPA (Centre for Aviation) Airline Leader Summit.

The Group does not have an obligation to be a member of a chamber of commerce or similar organisations. However, airBaltic is a member of various organisations representing its interests, including:

- International: IATA, Airlines for Europe (A4E), Flight Safety Foundation (FSF), Finnish Business Travel Association, Finnish-Latvian Trade Association, Association of Finnish Travel Agents (SMAL AFTA), Estonian Travel and Tourism Association;
- National: Latvian Aviation Association, Employers' Confederation of Latvia, Latvian Chamber of Commerce and Industry, American Chamber of Commerce in Latvia, Association Of Latvian Travel Agents And Operators.

Under the Latvian legislation, the Group is governed by the Management and Supervisory bodies and it does not include any positions dedicated to lobbying oversight. Members of the Executive Board cannot hold public administration roles. While members of the Supervisory Board, particularly those appointed by the Ministry of Transport, may hold such positions, with compliance ensured through conflict of interest declarations.

Management of Relationships with Suppliers Including Payment Practices

airBaltic's Supplier Code of Conduct, approved by the Executive Board, establishes ethical and sustainability standards for all suppliers across the supply chain, from raw material procurement to the delivery of final product or service. The Code promotes responsible business practices in labour standards, health and safety, environmental sustainability, and business ethics, ensuring alignment with the Group's values.

Supplier selection is based on compliance with legal and ethical standards, including environmental responsibility. Suppliers must actively reduce greenhouse gas emissions, minimise waste, conserve resources, and limit biodiversity impact, ensuring environmentally responsible product design and service delivery.

While the Group does not have a standalone late payment prevention policy, it ensures timely payments through transparent, legally compliant payment contract terms. Payment schedules are communicated upfront to maintain strong supplier relationship, including with SMEs.

Corruption and Bribery

The Group's Anti-Corruption and Anti-Bribery Policy, approved by the Executive Board, establishes clear guidelines to prevent, detect, and respond to bribery and corruption. The policy applies to all employees and aligns with Latvian, EU, and international regulations, including the UN Convention Against Corruption (UNCAC) and the OECD Guidelines for Multinational Enterprises. The Human Resources Department ensures employees are familiar with the policy during onboarding and subsequent updates. The policy includes risk assessments, training programs, and monitoring mechanisms to mitigate any corruption risks.

Compliance personnel, including the Enterprise Risk Manager, Internal Auditor, and the Compliance and Safety Department, conduct independent investigations into alleged violations. Reports are handled confidentially through the Whistleblowing Policy. Findings are documented and communicated to the Executive Board and the Supervisory Board, ensuring oversight and accountability. External stakeholders have a reporting mechanism as outlined in the Suppliers Code of Conduct. Suspected violations of the Code or related policies can be reported at compliance@airbaltic.com.

airBaltic mandates anti-corruption and bribery training as part of its Code of Conduct program, covering:

- The zero-tolerance for corruption policy, identification of bribery risks and legal compliance;
- Ethical decision-making, reporting mechanisms, gift policies, and facilitation payment prohibitions;
- Scenario-based exercises to enhance employees awareness.

	Total number
Training coverage	
Mandatory for all Group's employees	2 786
Delivery method and duration	
Computer-based training	Up to 1 hour (for the whole Code of Conduct training)
Frequency	
How often training is required	Bi-annually

100% of functions identified as at-risk (e.g., procurement, sales, finance, compliance, and roles interacting with third-party vendors or public officials) receive this training. Members of the Group's Administrative, Supervisory, and Management bodies are also included to ensure top-level compliance oversight.

To reinforce compliance and ethical governance, the Group has outlined key short-term, mid-term, and long-term actions, including:

– Short-Term:

  Ensuring CSRD compliance and transitioning to ESRS-aligned reporting;

  Launching a supplier data exchange system, and;

  Implementing governance training programs.

– Mid- and Long-Term:

  Full integration of supplier compliance verification and continued improvement of training programs based on stakeholder feedback.

As this is the first year of ESRS-aligned reporting the progress will be reported in subsequent statements. The Group has had no confirmed incidents of corruption or bribery, nor any convictions or fines related to anti-corruption and anti-bribery laws.

Appendices

1. Incorporation by Reference

Information Disclosures contain references to:

Data point	Information in the Sustainability Statement	Reference
ESRS 2 GOV-1 22 (c)	Group's management, roles and responsibilities in governance processes, controls and procedures used to monitor, manage and oversee impacts, risks and opportunities, their identities, and independence	Corporate Governance Statement chapter "Executive Board of the Company"
ESRS 2 GOV-1 21 (c)	Supervisory Board and Executive Board member's experience	Company web page, Corporate Governance: investors.airbaltic.com/en/corporate-governance
ESRS 2 SBM-1 40 (g)	Group's strategy	Management report chapter "Network and strategy"
ESRS 2 SBM-1 42	Business plan IPO & Beyond strategy	Prospectus of Air Baltic Corporation AS, investors.airbaltic.com/en/bonds-2024 chapter "Business Description"
S4.SBM-3 10 (c)	Connectivity (S4), Connecting Baltic States with rest of the world	Management report, chapter "Network and Strategy"

2. Statement on due diligence

The above table provides a mapping to where in the Sustainability Statement the information about due diligence process is provided. (30; 32)

Core Elements of Due Diligence	Chapters in the Sustainability Statement	Page
Embedding due diligence in governance, strategy and business model	Sustainability Governance	31
Engaging with affected stakeholders in all key steps of the due diligence	Interests and Views of Stakeholders	37
Identifying and assessing adverse impacts	Impact, Risk and Opportunity Management	40
Taking actions to address those adverse impacts	Stakeholder engagement Climate Change Adaptation Access to Products and Services	37 70 109
Tracking the effectiveness of these efforts and communicating	Social Information	84

3. Engagement with Affected Consumers and End-Users

Stage of engagement	Type of engagement	Frequency of engagement	Function and the most senior role for engagement	Assessment of effectiveness
Pre-flight	Feedback collected during booking and service inquiries via website, mobile app, and the Call Centre	Daily interactions through booking platforms and customer support	VP Customer Experience and Insights oversees pre-flight engagement, supported by VP Marketing and Customer Relations	Effectiveness is measured through customer reporting systems, operational reviews, and social media feedback
In-flight	Feedback collected by crew and through digital platforms to assess onboard services and experiences	Feedback is gathered after flights based on crew observations and reports	SVP Ground Operations and Customer Care and VP Cabin Crew ensure engagement during in-flight operations	Real-time crew feedback and incident reports to address immediate passenger concerns
Post-flight	Structured surveys, claims submissions, and social media interactions to refine services and address concerns	Post-flight interactions collected daily, aggregated weekly, and reviewed annually	VP Customer Experience and Insights manages post-flight feedback, supported by Customer Relations and Data Protection Officer for privacy matters	Net Promoter Score (NPS), after-flight surveys, and detailed annual reviews of passenger feedback
Policy and Advocacy Engagement	Collaboration with NGOs, advocacy groups, and authorities to address specific consumer group needs (e.g., passengers with reduced mobility) and ensure alignment with safety and regulatory standards	Scheduled as needed, typically during the development or refinement of relevant policies or initiatives	Sustainability Unit, VP Customer Experience and Insights, or other relevant senior roles oversee collaboration efforts, depending on the nature and purpose of the engagement	Effectiveness assessed through the successful implementation of inclusive policies, improved accessibility, and compliance with regulatory standards

To understand the perspectives of customers and end-users, particularly those from vulnerable or marginalized groups, airBaltic conducts accessibility-specific surveys, collaborates with NGOs and advocacy groups to ensure inclusivity and compliance. Input from these stakeholders informs service improvements, such as adapting self-service tools, refining assistance protocols, and addressing barriers for passengers with reduced mobility.

4. Value Chain: Limitations and Accuracy

Metric	Basis for preparation	Level of accuracy
CO_2 Emissions in the Value Chain (Section: Climate Change Mitigation, Scope 3)	Measured in tons of CO_2 emissions generated during the production of goods and services used by the Group. The Group employs a phased approach as described in chapter "Transition Plan for Climate Change Mitigation" has context menu	High level of uncertainty*
Value Chain Compliance with Human Rights (Section: Impact, Risks, and Opportunity Management)	Measured by the number of breach cases: – Based on the Group's knowledge of breach cases or risks; – Publicly available information.	Low level of uncertainty for direct supply chain partners High level of uncertainty* for indirect supply chain partners

* The Group follows the phased approach, gradually adding value chain partners data.

5. List of Material Disclosure Requirements

Disclosure Requirements in ESRS covered by the undertaking's Sustainability Statement

Cross-cutting Standards

ESRS 2- GENERAL DISCLOSURES		Page
BP-1	General basis for preparation of the Sustainability Statement	30
BP-2	Disclosures in relation to specific circumstances	31
GOV-1	The role of the administrative, management and supervisory bodies	31
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	33
GOV-3	Integration of sustainability-related performance in incentive schemes	33
GOV-4	Statement on due diligence	119
GOV-5	Risk management and internal controls over sustainability reporting	34
SBM-1	Strategy, business model and value chain	34
SBM-2	Interests and view of stakeholders	37
SBM-3	Material impacts, risks, and opportunities and their interaction with strategy and business model	43
IRO-1	Description of the process to identify and assess material impacts, risks, and opportunities	40
IRO-2	Disclosure requirements in ESRS covered by the undertaking's Sustainability Statement	121

Environmental Standards

E1- CLIMATE CHANGE		Page
MDR-P	Policies adopted to manage material sustainability matters	44
MDR-A	Actions and resources in relation to material sustainability matters	66
MDR-T	Tracking effectiveness of policies and actions through targets	66
E1.GOV-3	Integration of sustainability-related performance in incentive schemes	33
E1-1	Transition plan for climate change mitigation	59
E1.SBM-3	Material impacts, risks, and opportunities and their interaction with strategy and business model	71
E1.IRO-1	Description of the processes to identify and assess material climate-related impacts, risks, and opportunities	70
E1-2	Policies related to climate change mitigation and adaptation	44
E1-3	Actions and resources in relation to climate change policies	66
E1-4	Targets related to climate change mitigation and adaptation	64
E1-5	Energy consumption	63
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	68

E2- POLLUTION		Page
MDR-P	Policies adopted to manage material sustainability matters	75
MDR-A	Actions and resources in relation to material sustainability matters	76
MDR-T	Tracking effectiveness of policies and actions through targets	76
E2.IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks, and opportunities	75
E2-1	Policies related to pollution	75
E2-2	Actions and resources related to pollution	76
E2-3	Targets related to pollution	76
E2-5	Substances of concern and substances of very high concern	76

E5- RESOURCE USE AND CIRCULAR ECONOMY		Page
MDR-P	Policies adopted to manage material sustainability matters	45
MDR-A	Actions and resources in relation to material sustainability matters	80
MDR-T	Tracking effectiveness of policies and actions through targets	80
E5.IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks, and opportunities	80
E5-1	Policies related to resource use and circular economy	45
E5-2	Actions and resources related to resource use and circular economy	80
E5-3	Targets related to resource use and circular economy	80
E5-4	Resource inflows	83

Social Standards

S1 – OWN WORKFORCE		Page
SBM-2	Interests and views of stakeholders	37
MDR-P	Policies adopted to manage material sustainability matters	46
MDR-A	Actions and resources in relation to material sustainability matters	87, 89, 91, 94, 96, 98
MDR-T	Tracking effectiveness of policies and actions through targets	87, 89, 91, 94, 96, 98
S1.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	86, 88, 93, 95, 97
S1-1	Policies related to own workforce	46, 87, 88, 91, 94, 96
S1-2	Processes for engaging with own workforce and workers' representatives about impacts	93
S1-3	Processes to remediate negative impacts and channels for own workforce to raise concerns	94
S1-4	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	87, 91
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks, and opportunities	87, 89, 91, 94, 96
S1-6	Characteristics of the undertaking's employees	84
S1-8	Collective bargaining coverage and social dialogue	93
S1-9	Diversity metrics	97
S1-10	Adequate wages	90
S1-14	Health and safety metrics	93
S1-15	Work-life balance metrics	88
S1-16	Remuneration metrics (pay gap and total remuneration)	90
S1-17	Incidents, complaints, and severe human rights impacts	86

Governance Standards

6. List of Datapoints from Other EU Legislation

Disclosure Requirements according to ESRS 2 IRO-2 paragraph 56 and ESRS 2 Appendix B

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material / not material	Page
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator No. 13 of Table 1 in Annex 1		Commission Delegated Regulation (EU) 2020/1816, Annex II		Material	31
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		Material	31
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator No. 10 of Table 3 in Annex 1				Material	119
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicator No. 4 of Table 1 in Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Table 1: Qualitative information on Environmental risk; and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		Not material	–
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator No. 9 Table 2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Not material	–
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator No. 14 of Table 1 in Annex 1		Delegated Regulation (EU) 2020/1818, Article 12 Delegated Regulation (EU) 2020/1816, Annex II		Not material	–
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not material	–
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	Material	59

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material / not material	Page
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 44 9a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article12.1 (d) to (g), and Article 12.2		Not material	–
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator No. 4 of Table 2 in Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		Material	65
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator No. 5 of Table 1; and Indicator No. 5 of Table 3 in Annex 2 in Annex 1				Material	62
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator No. 5 of Table 1 in Annex 1				Material	62
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator No. 6 of Table 1 in Annex 1				Material	62
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicator No. 1 and 2 of Table 1 in Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		Material	68
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicator No. 3 of Table 1 in Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		Material	70
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	Not material	–

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material / not material	Page
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Phased-in disclosure	–
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book – Climate change physical risk: Exposures subject to physical risk.			Phased-in disclosure	–
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2: Banking book – Climate change transition risk: Loans collateralised by immovable property – Energy efficiency of the collateral			Phased-in disclosure	–
ESRS E1-9 Degree of exposure of the portfolio to climate- related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		Phased-in disclosure	–
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator No. 8 of Table 1 in Annex 1 Indicator No. 2 Table 2 in Annex 1 Indicator No. 1 Table 2 in Annex 1 Indicator No. 3 Table 2 in Annex 1				Not material	–
ESRS E3-1 Water and marine resources paragraph 9	Indicator No. 7 Table 2 in Annex 1				Not material	–
ESRS E3-1 Dedicated policy paragraph 13	Indicator No. 8 Table 2 in Annex 1				Not material	–
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator No. 12 Table 2 in Annex 1				Not material	–
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator No. 6.2 Table 2 in Annex 1				Not material	–
ESRS E3-4 Total water consumption in m^3 per net revenue on own operations paragraph 29	Indicator No. 6.1 Table 2 in Annex 1				Not material	–
ESRS 2- SBM 3 - E4 paragraph 16 (a) i	Indicator No. 7 Table 1 in Annex 1				Not material	–

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material / not material	Page
ESRS 2- SBM 3 - E4 paragraph 16 (b)	Indicator No. 10 Table 2 in Annex 1				Not material	–
ESRS 2- SBM 3 - E4 paragraph 16 (c)	Indicator No. 14 Table 2 in Annex 1				Not material	–
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator No. 11 Table 2 in Annex 1				Not material	–
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator No. 12 Table 2 in Annex 1				Not material	–
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator No. 15 Table 2 in Annex 1				Not material	–
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator No. 13 Table 2 in Annex 1				Material	82
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator No. 9 Table 1 in Annex 1				Material	82
ESRS 2- SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator No. 13 Table 3 in Annex 1				Not material	–
ESRS 2- SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	Indicator No. 12 Table 3 of Annex 1				Not material	–
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator No. 9 Table 3 and Indicator No. 11 Table 1 in Annex I				Material	86
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		Material	86
ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	Indicator No. 11 Table 3 in Annex I				Material	86
ESRS S1-1 workplace accident prevention policy or management system paragraph 23	Indicator No. 1 Table 3 in Annex I				Material	91
ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 (c)	Indicator No. 5 Table 3 in Annex I				Material	94

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material / not material	Page
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator No. 2 Table 3 in Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Material	93
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator No. 3 Table 3 in Annex I				Material	93
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator No. 12 Table 1 in Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Material	90
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator No. 8 Table 3 in Annex I				Material	90
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator No. 7 Table 3 in Annex I				Material	86
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines paragraph 104 (a)	Indicator No. 10 Table 1 and Indicator No. 14 Table 3 in Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		Material	86
ESRS 2- SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicators No. 12 and No. 13 Table 3 in Annex I				Not material	–
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator No. 9 Table 3 and Indicator No. 11 Table 1 in Annex 1				Not material	–
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicator No. 11 and No. 4 Table 3 in Annex 1				Not material	–
ESRS S2-1Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator No. 10 Table 1 in Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not material	–
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II		Not material	–

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material / not material	Page
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator No. 14 Table 3 in Annex 1				Not material	–
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator No. 9 Table 3 in Annex 1 and Indicator No. 11 Table 1 in Annex 1				Not material	–
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines paragraph 17	Indicator No. 10 Table 1 in Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not material	–
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator No. 14 Table 3 in Annex 1				Not material	–
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator No. 9 Table 3 and Indicator No. 11 Table 1 in Annex 1				Material	100
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator No. 10 Table 1 in Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not material	–
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator No. 14 Table 3 in Annex 1				Not material	–
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator No. 15 Table 3 in Annex 1				Not material	–
ESRS G1-1 Protection of whistle-blowers paragraph 10 (d)	Indicator No. 6 Table 3 in Annex 1				Material	116
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator No. 17 Table 3 in Annex 1		Delegated Regulation (EU) 2020/1816, Annex II)		Material	118
ESRS G1-4 Standards of anti-corruption and anti- bribery paragraph 24 (b)	Indicator No. 16 Table 3 in Annex 1				Material	117

7. Calculation Guidance

The Group applies the following assessment and scoring guidance for impacts, risks, and opportunities:

Assessment	Scoring
For the **impact materiality**, the Group assesses the materiality of identified impacts against criteria of severity[1] and likelihood. Impacts were additionally assessed based on their relevance to the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. In cases where the impacts had potential negative implications for human rights, severity was prioritized over likelihood in the assessment.	**Material** – addressed in business planning and reporting; **Notable**, but not material – regularly monitored to track potential developments and revisited annually as part of the DMA process; **Informative** – informative, and should be monitored for emerging relevance; **Minimal** – remain under observation in case their significance increases over time and revisited annually as part of the DMA process.
For the **financial materiality**, the Group assesses the identified risks and opportunities based on likelihood and financial impact. The thresholds reflect expected financial impacts due to legal and compliance matters, financial loss, operational disruptions, reputation and the ability to achieve strategic goals.	

The Group employs the following methodology for GHG emissions calculation:

1. Emissions calculation methodology includes CO_2 emissions only. Other non-CO_2 emissions will be gradually disclosed following the first full year of non-CO_2 emissions reporting that is regulated by the ETS directive requirements, starting with 2025.
2. Emissions calculation methodology is disclosed in the table below.

Emission Categories	Calculation Methodology		
	Scope 1	Scope 2	Scope 3
Jet fuel emissions	Consumed fuel amount multiplied by combustion factor 3.16 (ETS)		Consumed fuel amount multiplied by 0.689 (total ICAO's well-to-wake emission factor 3.849 minus ETS combustion factor 3.16)
Diesel emissions	Consumed total fuel amount multiplied by emission factor 0.835 kg/l		
Petrol emissions	Consumed total fuel amount (ground vehicles and generator) multiplied by emission factor 0.74 kg/l		
Heating emissions		Consumed total purchased heating from natural gas multiplied by CO_2 conversion rate – 0,202 tCO_2/MWh[2]	
Electricity emissions (from fossil resources)		Consumed electricity multiplied by emission factor – 0.109 tCO_2/MWh[3]	
Electricity emissions (from renewable resources)		Consumed electricity multiplied by emission factor 0 tCO_2/MWh	
Business travel emissions			**Economy class**: Number of travels multiplied by fuel burn allocated to one passenger[4] multiplied by fuel combustion factor 3.16 (ETS) **Business class**: Number of travels multiplied by by fuel burn allocated to one passenger[4] multiplied by fuel combustion factor 3.16 (ETS) multiplied by 1.5 (business class seat ratio)

[1] Severity is based on the scale, scope, and irremidiability of negative impacts, and the scale and scope of positive impacts.

[2] Cabinet of Ministers Regulations No. 42 "Methodology for Calculating Greenhouse Gas Emissions", Annex 1.

[3] Cabinet of Ministers Regulation No. 222 "Methods for Calculating Building Energy Efficiency and Rules for Building Energy Certification" Annex 6.

[4] Average fuel burn per passenger is calculated by dividing the total commercial fuel burn by the total number of passengers.

3. All fuel combustion emissions from aircraft and vehicles are classified under Scope 1.
4. It is considered that all Group's Scope 2 emissions are location based.
5. In 2024, Scope 3 emissions are disclosed about:
   GHG Protocol Category 3 – Fuel- and energy-related activities (not included in Scope 1 or Scope 2);
   GHG Protocol Category 6 – Business Travel.
6. Considering the incompleteness of the Scope 3 emission data, Scope 3 is not included in future emission forecast.
7. Conversion ratios used for the calculations are listed in table below.

Business Operations	Fuels used		Metrics	Conversion ratio to MWh (reference)
Flight operations	Fossil fuels / resources	Jet fuel	Tons	1 galon = 0.0395 MWh[5] 1 ton = 720 liters[6] 1 galon = 3.785 liters[7]
	Biogenic fuels	Sustainable aviation fuel (as per ETS directive)	Tons	1 galon =0.0395 MWh 1 ton = 720 liters 1 galon = 3.785 liters
Ground vehicle fuel	Fossil fuels / resources	Gasoline	Litres	Fuel density – 0.74 kg/l Gasoline 1 ton – 43.97 GJ Conversion factor – 0.2778[8]
	Fossil fuels / resources	Diesel	Litres	Fuel density – 0.84 kg/l Diesel 1 ton – 42.49 GJ Conversion factor – 0.2778[9]
	Fossil fuels / resources	Electricity from non-renewable resources	MWh	-
	Renewable resources	Electricity from renewable sources	MWh	-
Heating	Fossil fuels / resources	Diesel	Litres	Fuel density – 0.84 kg/l Diesel 1 ton – 42.49 GJ Conversion factor – 0.2778[10][11]
	Fossil fuels / resources	Natural gas	Litres	Natural gas 1 th. m^3 = 34.57 GJ Conversion factor – 0.2778
	Fossil fuels / resources	Electricity from non-renewable resources	MWh	-
	Renewable resources	Electricity from renewable sources	MWh	-
Electricity	Fossil fuels / resources	Electricity from non-renewable resources	MWh	Conversion factor – 0.109 tCO_2/MWh[12]
	Renewable resources	Electricity from renewable sources	MWh	Conversion factor – 0 tCO_2/MWh

The Group employs the following assumptions:

8. The fuel burn assumption follows the business plan IPO & Beyond, targeting 100 Airbus aircraft by 2030. For calculations, it is assumed that the fleet size will remain unchanged beyond 2030.

Changes in circumstances between the reporting dates:

9. Since 2024 marks the initial ESRS reporting year, no significant change have been detected in GHG emissions-related targets, metrics, measurement methodologies, assumptions, limitations, data sources, or collection processes between the reporting dates of entities within the Group's value chain and the date of the Group's general-purpose financial statements.

5 Jet fuel conversion ratio, gallons to MWh

6 CDP Technical Note

7 Waypoint 2050, Sustainable aviation fuel metrics

8 State Construction Control Bureau "Methodological Guidelines for Reporting and Calculating Energy Savings" Annex 3.

9 State Construction Control Bureau "Methodological Guidelines for Reporting and Calculating Energy Savings" Annex 3.

10 State Construction Control Bureau "Methodological Guidelines for Reporting and Calculating Energy Savings" Annex 3.

11 BVKB "Methodological Guidelines for Reporting and Calculating Energy Savings" Annex 3.

12 Cabinet of Ministers Regulation No. 222 "Methods for Calculating Building Energy Efficiency and Rules for Building Energy Certification" Annex 6.

8. Key Performance Indicators and Metrics

Chapter	KPI / metric	Methodology
E1 Climate Change	Fuel Flow Factor	Aircraft performance monitoring involves collecting data to assess each aircraft's actual performance compared to the manufacturer's specified book level, which represents the fleet average of new airframes and engines, set before production.
E1 Climate Change	CO_2 savings	To examine jet fuel and CO_2 reduction in 2024, seven techniques with the highest impact on fuel consumption were considered: Required Navigation Performance with Authorisation Required (RNP AR) approaches, Idle Reverse, Paper to Electronic Flight Bag (EFB), Reduced Flaps Landing, Reduced Flaps Takeoff, Single Engine Taxi-In, and Extra Fuel Reduction. Combined, these measures resulted in a 1%* reduction in CO_2 emissions.
E1 Climate Change	RPK – revenue passenger kilometers	Represents the number of kilometers traveled by revenue-paying passengers. Calculated by multiplying the number of revenue passengers by the distance travelled. For example, if an airline carries 100 passengers over a distance of 1000 kilometers, it generates 100 000 RPKs.
E1 Climate Change	RTK – revenue ton kilometers	Measures the total weight of revenue-generating cargo and passengers transported over a distance. Calculated by multiplying the total weight in tonnes (including passengers, cargo, and mail) by the distance flown in kilometers. For instance, transporting 10 tonnes of cargo over 500 kilometers results in 5 000 RTKs.
E2 Pollution	Noise breach rate per 1 000 flights	Noise breach cases refer to flights performed by airBaltic, ACMI-in, and ACMI-out operations. The noise breach rate is registered in Q-pulse system and calculated by dividing the total number of noise breach cases by the total number of airBaltic, ACMI-in, and ACMI-out flights, then multiplying the result by 1 000.
E2 Pollution	Leakage rate per 10 00 flights	Leakage (oil, fuel) cases refer to flights performed by airBaltic (including ACMI-out). The leakage cases are registered in Q-pulse system and calculated by dividing the total number of reported cases by the total number of airBaltic flights, then multiplying the result by 1 000.
E5 Circular Economy	Unsorted waste / employee	The Group's total unsorted waste (except inflight) including hazardous waste, divided by the number of employees.
E5 Circular Economy	Unsorted / passenger	Total amount of Group's unsorted inflight waste, divided by the number of passengers.
S4 Consumers and end-users	Full compliance with the National Cybersecurity Law and NIS II Directive	Internal audits, regulatory gap analysis, real-time monitoring, and risk assessments. Internal compliance review against ISO 27001 and Cybersecurity Capability Maturity Model (C2M2). Assumes a stable regulatory environment and sufficient resources.
S4 Consumers and end-users	Net Promoter Score (NPS)	Collected through post-flight surveys, digital interactions, and customer service touchpoints. Passengers rate their likelihood of recommending the airline on a on a scale from 0 to 10, categorized as Promoters (9-10), Passives (7-8), and Detractors (0-6). The NPS score is calculated as (% of Promoters) – (% of Detractors).
S4 Consumers and end-users	Sustainable Brand Index score	Based on consumer perception surveys conducted by SB Insight, evaluating brand sustainability efforts in areas such as environmental responsibility, ethics, and social impact. The ranking is derived from a nationally representative sample, using qualitative and quantitative research methods (Source: SB Insight).
S4 Consumers and end-users	Accessibility compliance with the Accessibility Act	Assessed by an internal working group, reviewing current practices against regulatory requirements. The evaluation includes internal testing, expert reviews, and benchmarking against accessibility standards.
S4 Consumers and end-users	15-minute punctuality Regularity rate Percentage of flights performed by ACMI-in partners	Punctuality is measured as the percentage of flights that arrive or depart within 15 minutes of the scheduled time, while regularity is calculated as the percentage of scheduled flights successfully operated without cancellation. The ACMI-in partnerships KPI considers only scheduled flights, excluding charter operations to ensure data accuracy.

* Data for commercial BT flights performed with own aircraft only. Data for BT flights performed by other operators (ACMI-in) and flights performed by airBaltic on behalf of another operator (ACMI-out) are not included.

9. Waste Categories

Materials listed under the waste include:

HAZARDOUS WASTE

170904 Construction waste that does not comply with class 170901, 170902, and 170903

200136 Discarded electrical and electronic equipment other than those mentioned in 200121, 200123, and 200135

1000026 Destruction of various goods

200121 Fluorescent lamps and other mercury-containing waste

180101, 180103, 180104 Medications, medical supplies

200140 Metals

160303 Inorganic waste containing dangerous substances

160107 Oil filters

130208 Other motor oils, transmission oils, and lubricants

161001 Polluted water

200135 Screens and monitors with surface area larger than 100 cm^2

160103 Used tires

NON-HAZARDOUS WASTE: Household Waste

191205 Glass (recyclable)

150106 Mixed Packaging Waste (paper, plastic, metal, destroyed documents)

150102 Plastic packaging

170201 Wood

Independent practitioner's limited assurance report on Air Baltic Corporation AS's consolidated Sustainability Statement

To the shareholders of Air Baltic Corporation AS

Qualified limited assurance conclusion

We have conducted a limited assurance engagement on the consolidated sustainability statement of Air Baltic Corporation AS (the "Company"), included in Sustainability Statement of the Management report (the "consolidated Sustainability Statement"), as at 31 December 2024 and for the year then ended.

Based on the procedures we have performed and the evidence we have obtained, except for the effects of the matter described in the Basis for qualified conclusion section, nothing has come to our attention that causes us to believe that the consolidated Sustainability Statement is not prepared, in all material respects, in accordance with the Article 7 of the Sustainability Disclosure Law of the Republic of Latvia implementing Article 29(a) of EU Directive 2013/34/EU, including:

- compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Company to identify the information reported in the consolidated Sustainability Statement (the "Process") is in accordance with the description set out in note Description of double materiality assessment process (IRO-1); and
- compliance of the disclosures in subsection EU Taxonomy Disclosures within the Environmental Information section of the consolidated Sustainability Statement with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation").

Basis for qualified conclusion

The Company is required by ESRS E1-6 to disclose gross Scope 1, 2 and 3 greenhouse gas ("GHG") emissions and total GHG emissions. Scope 3 GHG emissions occur in the undertaking's upstream and downstream value chain. The Company classifies Scope 3 GHG emissions in line with the GHG Protocol emission categories.

The Company has disclosed its material Scope 3 categories in subsection E1 Climate Change within the Environmental Information section of the consolidated Sustainability Statement, but has not disclosed data for all categories, except Fuel- and energy-related activities emissions (Category 3) and Business travel emissions (Category 6) in the total amount of 134,614 tCO2eq. Based on an industry benchmarking study performed by us, we have assessed that emissions in undisclosed categories are material. Consequently, gross Scope 3 GHG emissions and total GHG emissions are materially understated, however, we were unable to quantify the amount of the misstatement.

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance engagements other than audits or reviews of historical financial information* ("ISAE 3000 (Revised)"), issued by the International Auditing and Assurance Standards Board.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our qualified conclusion. Our responsibilities under this standard are described in the Practitioner's responsibilities section of our report.

Our independence and quality management

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Law on Audit Services that are relevant to our assurance engagements on the sustainability reports in the Republic of Latvia. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Law on Audit Services.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibilities for the consolidated Sustainability Statement

Management of the Company is responsible for designing and implementing a process to identify the information reported in the consolidated Sustainability Statement in accordance with the ESRS and for disclosing this process in note Description of double materiality assessment process (IRO-1) of the consolidated Sustainability Statement. This responsibility includes:

- understanding the context in which the Group's activities and business relationships take place and developing an understanding of its affected stakeholders;
- the identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Group's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- the assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- making assumptions that are reasonable in the circumstances.

Management of the Company is further responsible for the preparation of the consolidated Sustainability Statement, in accordance with the Article 7 of the Sustainability Disclosure Law of the Republic of Latvia implementing Article 29(a) of EU Directive 2013/34/EU, including:

- compliance with the ESRS;
- preparing the disclosures in subsection EU Taxonomy Disclosures within the Environmental Information section of the consolidated Sustainability Statement, in compliance with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation");
- designing, implementing and maintaining such internal controls that management determines is necessary to enable the preparation of the consolidated Sustainability Statement that is free from material misstatement, whether due to fraud or error; and
- the selection and application of appropriate sustainability reporting methods and making assumptions and estimates that are reasonable in the circumstances.

Those charged with governance are responsible for overseeing the Group's sustainability reporting process.

Inherent limitations in preparing the consolidated Sustainability Statement

In reporting forward-looking information in accordance with ESRS, management of the Company is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. Actual outcomes are likely to be different since anticipated events frequently do not occur as expected.

Practitioner's responsibilities

Our responsibility is to plan and perform the assurance engagement to obtain limited assurance about whether the consolidated Sustainability Statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the consolidated Sustainability Statement as a whole.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised) we exercise professional judgement and maintain professional scepticism throughout the engagement.

Our responsibilities in respect of the consolidated Sustainability Statement, in relation to the Process, include:

- Obtaining an understanding of the Process, but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process;
- Considering whether the information identified addresses the applicable disclosure requirements of the ESRS; and
- Designing and performing procedures to evaluate whether the Process is consistent with the Company's description of its Process set out in note Description of double materiality assessment process (IRO-1).

Our other responsibilities in respect of the consolidated Sustainability Statement include:

- Identifying where material misstatements are likely to arise, whether due to fraud or error; and
- Designing and performing procedures responsive to where material misstatements are likely to arise in the consolidated Sustainability Statement. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence about the consolidated Sustainability Statement. The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise in the consolidated Sustainability Statement, whether due to fraud or error.

In conducting our limited assurance engagement, with respect to the Process, we:

- Obtained an understanding of the Process by:
  - performing inquiries to understand the sources of the information used by management (e.g., stakeholder engagement, business plans and strategy documents); and
  - reviewing the Company's internal documentation of its Process; and
- Evaluated whether the evidence obtained from our procedures with respect to the Process implemented by the Company was consistent with the description of the Process set out in note Description of double materiality assessment process (IRO-1).

In conducting our limited assurance engagement, with respect to the consolidated Sustainability Statement, we:

- Obtained an understanding of the Group's reporting processes relevant to the preparation of its consolidated Sustainability Statement by:
  - Obtaining an understanding of the Group's control environment, processes and information system relevant to the preparation of the consolidated Sustainability Statement, but not for the purpose of providing a conclusion on the effectiveness of the Group's internal control.
  - Obtaining an understanding of the sustainability information reporting roles and responsibilities, including communication among people within the entity and between management and those charged with governance.

Evaluated whether the information identified by the Process is included in the consolidated Sustainability Statement;

- Evaluated whether the structure and the presentation of the consolidated Sustainability Statement is in accordance with the ESRS;
- Performed inquires of relevant personnel and analytical procedures on selected information in the consolidated Sustainability Statement;
- Performed substantive assurance procedures on selected information in the consolidated Sustainability Statement;
- Where applicable, compared disclosures in the consolidated Sustainability Statement with the corresponding disclosures in the financial statements and the Management report;
- Evaluated the methods, assumptions and data for developing estimates and forward-looking information;
- Obtained an understanding of the Company's process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the consolidated Sustainability Statement.

Other matter

The comparative information included in the consolidated Sustainability Statement of the Company as at 31 December 2022 and 31 December 2023 and for the years then ended, respectively, was not subject to an assurance engagement. Our conclusion is not modified in respect of this matter.

PricewaterhouseCoopers SIA
Certified audit company
Licence No. 5

Eva Jansen-Diener
Power of Attorney No.08/12/2024

Ilandra Lejiņa
Certified auditor in charge
Certificate No. 168

Riga, Latvia
11 March 2025

Corporate Governance Statement for the Year 2024

The Corporate Governance Statement of Air Baltic Corporation AS, unified registration number: 40003245752, (hereinafter – the Company) for the year 2024 (hereinafter referred to as "the Report") is prepared in accordance with Article 56.[2] of the Financial Instruments Market Act and the Corporate Governance Code issued by the Corporate Governance Advisory Board under the Ministry of Justice of the Republic of Latvia (hereinafter – the Code). The Code's principles and criteria align with EU and OECD corporate governance recommendations for public and private companies.

In evaluating compliance with the Corporate Governance Code for 2024, airBaltic concludes that it is fully compliant with thirteen, partially compliant with four, and does not comply with one of the outlined in the Code.

The Report is published alongside the audited 2024 Consolidated Annual Report and is available on the Company's webpage.

Company's Governance Structure

The Company's structure adheres to the requirements of the Commercial Law for joint stock companies. Governance is carried out by the Shareholders Meeting, the Supervisory Board, and the Executive Board. Shareholders participate in governance by attending Shareholders Meetings.

Shareholders of the Company

Shareholders exercise their right to participate in the Company's management during the Shareholders Meeting. The Company convenes an Ordinary Shareholders Meeting at least once a year and Extraordinary Shareholders Meetings as necessary. The Company ensures equal treatment of all shareholders of the same class. All shareholders have equal rights to participate in the management of the Company, i.e. to attend meetings and to receive information necessary to make decisions. Decisions at the Shareholders Meeting are typically passed by a majority of the shareholders present with voting rights, unless the Articles of Association or the Commercial Law stipulate otherwise or if a decision requires the support of at least three-quarters of the shareholders present with voting rights, such as amendments to the Articles of Association or changes in share capital.

For details on the Company's shareholding structure as of the Company on 31 December 2024, please see section *NOTES*, *Share Capital* of the Annual Report.

Supervisory Board of the Company

The Supervisory Board represents shareholders' interests between meetings and oversees the Executive Board as defined by law and the Company's Articles of Association. The Supervisory Board acts informed, in good faith, with due diligence and care, ensuring decisions align with the best interests of the Company and its shareholders. The Supervisory Board is responsible to act in accordance with the commercial interests of the Company, efficiently, independent of political or other considerations outside the ordinary course of business, and in accordance with sound engineering, financial, and business practice.

The Supervisory Board operates in accordance with the Company's Articles of Association and its own regulations. For certain matters within its competence, members must also adhere to the Shareholders' Agreement and its established procedures. The shareholders are presented annually with the Company's financial and non-financial targets, including past performance and future projections, which are first reviewed by the Supervisory Board. In addition, the Supervisory Board evaluates the Executive Board and submits a performance report to the Shareholders Meeting alongside the annual accounts.

For information on the members of the Supervisory Board, please see section *General information on the Group's parent company* of the Annual Report.

Executive Board of the Company

The Executive Board is the Company's executive body, responsible for managing and representing the Company's daily operations. The Company must ensure that the Executive Board is effective, deliberative, and focused on maximising the value of the Company by clearly defining its duties and responsibilities.

The Executive Board is responsible for implementing the Company's goals, strategy, and policies, operating under the Supervisory Board's oversight and being accountable to both the Supervisory Board and Shareholders Meeting. It acts in the Company's best interests, adhering to its regulations, the Articles of Association, and relevant laws. Additionally, it reports to the Supervisory Board on internal risk management and control system developments.

The Executive Board regularly monitors the execution of the Company's strategy, business goals, annual budget, business plan, and risk control, ensuring targets are met. Once a year, it presents financial and non-financial performance from the previous year, along with future targets, to shareholders. These matters are first reviewed by the Supervisory Board before being presented at the Shareholders Meeting.

To enhance day-to-day governance, the Company has established a Top Management team of nine members across various operational fields. As outlined in the Executive Board Regulations, Top Management oversees daily operations, provides the Executive Board with insights and recommendations, and ensures effective communication of decisions, challenges and successes to maximize employee engagement. It also ensures the swift implementation of plans and decisions to drive both short- and long-term profitability.

For information on the members of the Executive Board, please see section *General information on the Group's parent company* of the Annual Report.

Further sections of this Report provide a detailed explanation on compliance with the principles and criteria of the Code using the following legend:

Green: fully compliant / **Orange:** partially compliant
Red: not compliant / **Grey:** not applicable

Principles and Criteria of the Corporate Governance Code

Company Strategy

Principle #1

The company has an up-to-date strategy that sets out the company's objectives and progress towards long-term value creation.

Compliance	Criteria	Facts
Green	The company has an up-to- date strategy, the draft of which is developed by the management board.	On 20 July 2023 the Supervisory Board of the Company approved airBaltic's Business Plan, which was developed by the Executive Board. The Business Plan foresees to continue development in the main business areas, maintaining focus on the Baltic markets and expanding the existing bases and fleet.
Green	The supervisory board is involved in the strategy development process and approves the strategy at the supervisory board meeting.	The Company's Business Plan is developed by the Executive Board; it is reviewed and approved in collaboration with the Supervisory Board, which approves the final version.[1]
Green	The supervisory board monitors implementation of the strategy.	The Company's Executive Board is responsible for the implementation of the Business Plan; therefore, it follows the goals and paths defined in the Business Plan. The Supervisory Board is regularly briefed on the implementation and fulfillment of the Business Plan.[2]
Green	The company's management board implements the strategy and reports to the supervisory board on its implementation on a regular basis.	The Executive Board informs the Supervisory Board of the results and achievements in relation to the Business Plan (as well as on any other significant items, including any challenges) at each ordinary Supervisory Board Meeting.

[1] In addition, prior to the final approval of the Business Plan, it has to be reviewed and consented to by the relevant state authorities, e.g., Ministry of Transport, Cross-Sectoral Coordination Department of the State Chancellery, in accordance with Article 22, Paragraph 2 of the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies.

[2] In 2024, twelve ordinary Supervisory Board meetings took place. In addition, twenty-five extraordinary Supervisory Board Meetings took place covering urgent operational matters.

Internal Culture and Ethical Behaviour

Principle #2

The company develops an internal culture and ethics code which serves as a standard of conduct for the company's management and employees.

Compliance	Criteria	Facts
Green	The supervisory board defines the company's core values.	On 24 September 2020 the Supervisory Board approved the revised version of the brand values of airBaltic: – **We deliver.** Consistent excellence in every aspect of our business is what we strive for every day. – **We care.** We love what we do and our passion for aviation inspires others. We build long-lasting relationships with our passengers, anticipating their needs and offering the best service possible. – **We grow.** We see challenges as opportunities to develop. We innovate, improve and move forward in order to be ahead of the industry.
Green	The management board prepares, and the supervisory board approves the code of internal culture and ethics.	The Executive Board has developed two Codes of Conduct for airBaltic – airBaltic Code of Conduct (provides a clear and concise set of guidelines and principles that govern airBaltic's commitments and working practices) and airBaltic Supplier Code of Conduct (promotes ethical and sustainable business practices throughout the supply chain and ensures that all suppliers adhere to airBaltic's values and requirements). Both Codes of Conduct were developed by the Executive Board in April 2023 and approved by the Supervisory Board at the subsequent meetings. Additionally, a Personnel Handbook (including section on Corporate Culture and Business Ethics) of the Company has been operative for years. It defines Company's principles and guides employees' relationships with one another and its business relationships.
Green	The management board ensures compliance with the company's internal culture and ethics code on a daily basis and reacts if there is a breach of the code.	The Company encourages reporting concerns about any potential wrongdoings and provides all information regarding reporting possibilities on intranet and in the internal guidelines. All means of communication for reporting are welcomed and reports can be made in person, in writing or online. Within a specific type of reports, such as whistleblower's report or confidential report, it is possible to stay anonymous for legal protection. The first review reports of the Code of Conduct and Supplier Code of Conduct were carried out in 2024.

Internal Control System, Risk Management, and Internal Audit

Principle #3

The company has an internal control system, the effectiveness of which is monitored by the Supervisory Board.

Compliance	Criteria	Facts
Green	The company has a documented internal control system, the establishment of which is the responsibility of the management board.	This principle is implemented through a variety of external and internal control tools. External control is carried out by external auditors. The Company's financial statements and financial statements of the Company's group are independently audited. Internal control is maintained by several means to ensure ffective risk management for the Company, including: 1) The Risk Management Committee (chaired by the Executive Board) financial and strategic risks by supervising and adopting relevant decisions to ensure the ability to track global trends that may substantially influence the Company's cash flows. 2) The Internal Auditor – on 15 February 2024 the Supervisory Board appointed the Company's new internal auditor. The main responsibilities of the Internal Auditor encompass conducting objective examinations of evidence to provide independent assessments to the Supervisory Board, Audit Committee, top management, and external parties regarding the adequacy and effectiveness of the Company's governance, risk management, and control processes. 3) The Audit Committee supervises the efficiency of the internal control, risk management system, and internal audit system. Until 5 August 2024 the Audit Committee consisted of one member of the Supervisory Board and two independent external auditors. On 5 August 2024 the Supervisory Board approved the new composition of the Audit Committee, which now consists of two members of the Supervisory Board and three independent external auditors.
Green	The internal audit evaluates the effectiveness of the internal control systems at least once a year, taking into account pre-defined criteria and reporting the results of the evaluation to the supervisory board.	The Internal Auditor performs audits according to a risk-based annual audit plan approved by the Audit Committee and the Supervisory Board. The Internal Auditor provides a monthly report to the Audit Committee (during meeting)[3], detailing the progress of the annual internal audit plan, any risks and control system deficiencies identified during audits, and the status of implementing recommended actions.
Green	The supervisory board evaluates the received evaluation of the internal control system effectiveness at least once a year.	The Internal Auditor prepares an assessment of the airBaltic Group Internal Control system based on performed audits and reports issued by the second line of defence and presents it to the Audit Committee and Supervisory Board once a year. In addition, the Internal Auditor takes part in the meetings of the Audit Committee, two members of which are also members of the Supervisory Board and can escalate any arising concerns to the Supervisory Board level.

[3] In 2024, the Audit Committee held eight meetings.

Principle #4

The company identifies, assesses and monitors the risks associated with its operations.

Compliance	Criteria	Facts
Green	The management board develops, and the supervisory board approves the company's risk management policy.	The process and document management and control systems provide a controlled and transparent flow of documents and processes, thus ensuring internal risk management in line with the Company's policies and manuals. Risk management is carried out in accordance with policies and manuals approved by the Executive Board, which regulate internal processes, such as the Corporate Management Manual, the Financial Handbook, the Personnel Handbook, etc. – as well as international documents that regulate industry procedures, such as OMA (Operations Manual), CAMMOE (Continuing Airworthiness Management and Maintenance Organization Exposition), etc. The majority of policies are approved by the Executive Board, and only in very specific cases when a policy is governing the Executive Board's functions or relate to strategies, it is approved by the Supervisory Board. The updated Enterprise Risk Management Policy of airBaltic and the Enterprise Risk Management Procedure were approved by the Executive Board on 18 July 2024 and subsequently by the Supervisory Board on 25 July 2024.
Green	Based on the identified risk assessment, the management board implements risk management measures.	On 18 July 2024 the Executive Board approved the new Enterprise Risk Management Procedure, which outlines the process for identifying risks and implementing mitigating actions to manage them. airBaltic has an Enterprise Risk Register that is regularly reviewed and updated in accordance with developed risk management procedures.
Green	The supervisory board reviews the management board's reports on risk management measures and the implementation of the risk management policy at least once a year.	The Executive Board reports to the Supervisory Board regularly, at each ordinary meeting[4], on any risks, including critical risks, and management thereof and provides immediate feedback to the Supervisory Board if necessary and if an event takes place, which needs an immediate attention.

[4] In 2024, twelve ordinary Supervisory Board meetings took place. In addition, twenty-five extraordinary Supervisory Board Meetings took place covering urgent operational matters.

Principle #5

An internal audit has been established in the company, it evaluates the Company's operations independently and objectively.

Compliance	Criteria	Facts
Green	The company has an internal auditor who is functionally independent of the management board and reports to the supervisory board.	On 15 February 2024, the Supervisory Board appointed the Company's new Internal Auditor. The employment agreement is signed with the Company, but the Internal Auditor is independent and reports to the Supervisory Board.
Green	The supervisory board approves the internal auditor.	The Internal Auditor was appointed by the Supervisory Board on 15 February 2024. The previous position of the Internal Control Project Manager was not appointed by the Supervisory Board.
Green	The internal auditor develops a risk-based internal audit plan, which is approved by the supervisory board.	In 2024, the Internal Auditor performed audits according to a risk-based annual audit plan in accordance with the yearly audit plan approved by the Audit Committee and the Supervisory Board.
Green	The internal auditor informs the management board and supervisory board on the implementation of the internal audit plan, audit results and recommended actions to address deficiencies, if any.	In 2024, the Internal Auditor reported to the Executive Board, Supervisory Board and Audit Committee on audit results and recommendations in a summarized form.

External Auditor

Principle #6

The company has an independent external auditor.

Compliance	Criteria	Facts
Green	The supervisory board and the audit committee (if established) determine the selection criteria for the external auditor.	In 2024, the Audit Committee approved the selection criteria for the external auditor. The Supervisory Board reviewed the matter prior to the Shareholders Meeting and recommended the external auditor for approval.
Green	The company has an independent external auditor with appropriate qualifications.	The Company's external auditor for 2024 is: "PricewaterhouseCoopers" SIA, registered at: Marijas iela 2A, Rīga, LV-1050, Latvia, with an effective license, and with the responsible auditor Ilandra Lejiņa, effective license No. 168.
Green	The term of office of one external auditor does not exceed 5 years.	The Shareholders Meeting of the Company appoints an external auditor company for the term of one year. Each responsible external auditor of the Company serves less than five years (most commonly the service is 1–2 years).

Election of Supervisory Board Members

Principle #7

The company ensures transparent procedures for the election and removal of Supervisory Board members.

Compliance	Criteria	Facts
Grey	The company has approved the procedure for selection and removal of supervisory board members.	Not applicable due to the following reasons: Three of the Supervisory Board members are nominated by the majority shareholder (the Ministry of Transport), whereas one member is nominated based on the terms of the Shareholders' Agreement as a direct representative of a minority shareholder. For the reasons that the majority shareholder is the state, the selection process is organised by the majority shareholder according to the law[5]applicable to the state authorities.
Grey	The company provides timely and sufficient information to the company's shareholders on the supervisory board members who are nominated for election or re-election.	Not applicable due to the following reasons: the selection process of the Supervisory Board is governed by the law[6].
Orange	The size of the supervisory board corresponds to the specifics of the company's operations.	The Commercial Law stipulates that a public limited company shall have at least 3 (three) Supervisory Board Members. The Company's Articles of Association stipulate that the number of members of the Company's Supervisory Board shall be 4 (four) and the Company complies with this statutory requirement. According to an evaluation by the independent external auditors KPMG, the optimal size of the Supervisory Board of the company of airBaltic's size would be 5 to 7 members.
Green	A supervisory board member is elected for a term not exceeding 5 years	The Supervisory Board is elected for a period of three years.

5 The selection process for candidates on the post of the Supervisory Board Member is organised according to requirements of Article 31 of the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies, and the Company has no influence of the process. Similarly with the principles of the Code, the said law also provides for establishment of a nomination committee and a nomination procedure to select the Supervisory Board.

6 Article 31of the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies, and Regulation of the Cabinet of Ministers No. 20 as of 7 January 2020 on the Nomination Procedure for Members of the Management Board and Supervisory Board in Capital Companies in which the State or a Public Derivative Holds Shares.

Principle #8

Supervisory board members combined have relevant experience and competence.

Compliance	Criteria	Facts
Green	The supervisory board as a whole has a set of skills, experience and knowledge, including on the sector concerned, to be able to perform their duties fully.	The Supervisory Board has a set of skills, experience and knowledge, including the knowledge of aviation sector to perform its tasks. Upon announcing a selection process on the post of the Supervisory Board Member, the Ministry of Transport requested candidates to apply for specific areas of competence, such as finance, corporate governance and aviation. Detailed information on the Supervisory Board Members is available at: investors.airbaltic.com/en/corporate-governance/supervisory-board
Orange	The principles of diversity are observed when forming the supervisory board.	The Supervisory Board consists of four male Members. During the selection process of the new Supervisory Board in 2023, both – female and male – candidates applied, but after a thorough evaluation process, the selection commission chose four male candidates. As the Company's goal is to ensure gender equality, it remains hopeful that at the next selection of the Supervisory Board the diversity principle can be fully complied with.
Red	Both sexes are represented in the supervisory board.	All Members of the Supervisory Board are male.
Green	The management board develops an induction training programme and provides new supervisory board members with induction training.	New Supervisory Board Members are introduced to procedural items and requirements within the Company by the Secretariat of the Supervisory Board, to administrative items by the Human Resources Department, and to the Company's everyday operations, history, current situation, and strategic goals by the Executive Board members. The introduction to the Company comes as a first step for the newly appointed Supervisory Board Members in order to complete their tasks.

Principle #9

The company's supervisory board has independent supervisory board members.[7]

Compliance	Criteria	Facts
Grey	The company evaluates and the shareholders determine the proportion of independent supervisory board members.	Not applicable due to the following reasons: The selection process of the Supervisory Board is organised, and the proportion of independent Members is determined by the majority shareholder according to the Law[42] applicable to the state authorities, and the Company has no influence over the process or amount of independent Members due to the current legal requirements. Nevertheless, the respective Law stipulates that the majority of the Supervisory Board Members must be independent.
Green	At least half of the supervisory board members are independent.	According to the Law[8] the majority of the Supervisory Board members must be independent. The criteria for independence are outlined in the applicable Law and are largely similar to those defined in the Code, with some criteria being stricter and others slightly different. The Company has four Supervisory Board members, out of which half are independent members. The minority shareholder has delegated its own Supervisory Board member, who has certain rights under the Shareholders Agreement. One Supervisory Board member nominated by the state is not an independent member. The Supervisory Board members nominated by the Ministry of Transport, the majority shareholder, are obliged to report to the Ministry of Transport, and once per quarter they provide information on decisions taken and results achieved.
Green	Independent candidates for supervisory board membership make a declaration that they meet the independence criteria.	Separate declarations are requested and received from the Supervisory Board members nominated by the state.
Grey	Prior to the election of the supervisory board, the company evaluates the independence of supervisory board members in accordance with the available information.	Not applicable due to the following reasons: the selection process of the Supervisory Board is organised and the proportion of independent members is determined by the majority shareholder according to the Law[9] applicable to the state authorities.The Company has no influence over the process or amount of independent members due to the current Law requirements.

[7] The selection process for the candidates on the post of the Supervisory Board member is organised according to the requirements of Article 31 of the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies, and the Company has no influence of the process. Similarly with the principles of the Code, the said law also provides for the establishment of a nomination committee and a nomination procedure to select the Supervisory Board.

[8] The selection process for the candidates on the post of the Supervisory Board member is organised according to the requirements of Article 31 of the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies, and the Company has no influence of the process. Similarly with the principles of the Code, the said law also provides for the establishment of a nomination committee and a nomination procedure to select the Supervisory Board.

[9] The selection process for the candidates on the post of the Supervisory Board member is organised according to the requirements of Article 31 of the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies, and the Company has no influence on the process. Similarly with the principles of the Code, the said law also provides for the establishment of a nomination committee and a nomination procedure to select the Supervisory Board.

Principles of Determining the Remuneration for the Supervisory Board and the Management Board

Principle #10

The company has introduced a remuneration policy.

Compliance	Criteria	Facts
Orange	The company has introduced a remuneration policy, which has been developed by the management board, reviewed by the supervisory board and approved by the shareholders' meeting.	The revised draft Remuneration Policy was approved by the Executive Board on 18 July 2024 and subsequently by the Supervisory Board on 25 July 2024. On the date of this Report, the Remuneration Policy has not yet been approved by the Shareholders Meeting. Currently, the principles of remuneration of the members of the Executive Board are set forth in their contracts, and the remuneration of the members of the Supervisory Board Members is set and approved by the Shareholders Meeting upon their appointment.
Orange	Once a year, the supervisory board determines the financial and non-financial goals to be achieved by the management board, their impact on the variable part of remuneration, and controls their fulfilment.	The Supervisory Board determines the financial and non-financial goals to be achieved by the Executive Board once a year and controls their fulfillment. But there is no impact of the non-financial goals on the variable part of remuneration of the Executive Board (due to the applicable EU Covid-19 state aid restrictions).
Green	No variable part of remuneration is determined for supervisory board members, and no compensation is paid in case of removal or resignation from office.	The remuneration of the Supervisory Board Members is set and approved by the Shareholders Meeting as a fixed salary with no compensation mechanisms in case of removal or resignation from the office.
Orange	Once a year, the management board prepares a report on the remuneration granted to each current and former management board and supervisory board member.	The Executive and Supervisory Board Members, who represent the interests of the state, are state officials and according to legal requirements, they must report their salary to the State Revenue Service once a year. The declarations of public officials are available publicly.

Organization of the Supervisory Board's Work and Decision-Making

Principle #11

The company's supervisory board work organization is clear and understandable.

Compliance	Criteria	Facts
Green	The supervisory board organizes its work in accordance with regulations of the supervisory board and the work calendar.	The Supervisory Board acts in accordance with the Company's Articles of Association and the Supervisory Board's Regulations. On certain questions that are within the competence of the Supervisory Board, the Supervisory Board must observe the Shareholders Agreement, and the procedure established therein. In 2024, the Supervisory Board held 12 ordinary monthly meetings and 25 extraordinary meetings. Ordinary meetings are scheduled for the whole year in advance and all relevant materials are provided at least 7 days in advance. Extraordinary meetings are convened to address urgent operational items, that cannot wait until the next ordinary meeting, typically involving the approval of transactions requiring prior Supervisory Board consent.
Green	The supervisory board holds at least one separate supervisory board meeting per year to discuss the company's strategy and its implementation.	In 2024, the Company's Supervisory Board held regular discussions at the Supervisory Board meetings on the revision and implementation of the Company's Business plan, which sets out the Company's strategic objectives. Once a year, usually prior to the Ordinary Shareholders Meeting, the Supervisory Board conducts an annual assessment of the Executive Board's performance for the previous financial year. At the same time, new independent KPIs are approved for the next year. The Executive Board's KPIs include Company's impact on economy, environment, and people. The previous and new KPIs are also presented at the Ordinary Shareholders Meeting for acknowledgement. During the past few years the performance of the Company's Executive Board was evaluated as good.
Green	The company's budget provides the financing necessary to ensure the operation of the supervisory board.	The Company's annual budget provides the necessary financing to ensure the full functioning of the Company's Supervisory Board.
Green	Once a year the supervisory board conducts a self- assessment of the work of the supervisory board and reviews its results at the supervisory board meeting.	The Supervisory Board conducts its annual self-assessment each year, and the results are reviewed at the Supervisory Board Meeting and presented at the Shareholders Meeting for acknowledgement.
Green	The supervisory board has evaluated the need to set up committees (if a committee has been set up, see principle # 12.1).	Based on the recommendations included in the IPO Readiness Assessment prepared by KPMG, on 15 February 2024 the Supervisory Board established the Remuneration Committee. Furthermore, the Company has an independent Audit Committee, established by the Shareholders Meeting and operative since 2019. Following the recommendations from the IPO Readiness Assessment, the number of its members was increased from 3 to 5 in 2024..

Principle #12

The supervisory board takes informed and well-balanced decisions.

Compliance	Criteria	Facts
Green	The supervisory board has access to information prepared by the management board necessary for decision- making in a timely manner and in sufficient amount.	The Executive Board's regulations stipulate that it must provide the Supervisory Board with all necessary information in a timely manner to facilitate the exercise of their duties. Therefore, all materials and information regarding issues to be discussed at the Supervisory Board's meeting are sent one week prior to the scheduled meeting.
Green	The supervisory board determines the procedure for the circulation of information, including the right of the supervisory board to request from the management board information, which the supervisory board needs to make decisions.	The Supervisory Board regulations stipulate the procedure for requesting and circulation of necessary information to enable the Supervisory Board to make informed decisions.
Green	A supervisory board member analyses information and prepares proposals for decisions to be adopted by the supervisory board.	Members of the Supervisory Board are provided with meeting materials one week in advance giving time to analyse the information and to make informed decisions.
Green	When making decisions, the supervisory board assesses the risks, short-term and long-term impact on the company's value, sustainability and responsible development.	The Company's Supervisory Board adopts decisions considering both the short-term and long-term strategic impacts on the Company's value, sustainability, and development.

Principle #12.1

A committee prepares proposals for supervisory board decision making

Compliance	Criteria	Facts
Green	The supervisory board determines the tasks of the committee and the procedure for organizing its activities.	The Regulations of the Company's Audit Committee and Remuneration Committee outline the committees' tasks and the procedures for organizing their activities.
Green	The supervisory board establishes a committee of at least 3 supervisory board members with appropriate experience and expertise in the field of work of the committee (remuneration, nomination, audit or other field).	The Regulations of the Company's Audit Committee stipulate that the committee consists of five members, of which at least one is also a member of the Supervisory Board, and the majority are independent members[10]. The Regulations of the Remuneration Committee stipulate that the committee consists of three members, all of whom are members of the Supervisory Board.
Green	The committee analyses the information and makes proposals for decisions by the supervisory board, as well as informs the supervisory board of the work of the committee.	The Company's Audit Committee and Remuneration Committee analyse information and make decision proposals to the Company, including the Supervisory Board, while also keeping the Supervisory Board informed about the committees' activities.

[10] Listed companies form the Audit Committee in accordance with the requirements of Chapter II[1] of the Financial Instruments Market Law. See likumi.lv/ta/id/81995

Prevention of the Conflict of Interests

Principle #13

Management board and supervisory board members are clearly aware of the manifestations of conflicts of interest and are informed of the action to be taken in the event of a conflict of interest.

Compliance	Criteria	Facts
Green	The supervisory board defines the indications of a conflict of interest and determines the procedures for the prevention and management of conflicts of interest.	On 18 July 2024 the revised Conflict of Interest Policy was approved by the Executive Board, and subsequently by the Supervisory Board 25 July 2024. In compliance with the Conflict of Interest Policy, the general principles applicable to all employees are defined in airBaltic's Personnel Handbook, which is approved by the Executive Board. The Conflict of Interest Policy stipulates provisions for members of the Top Management, the Executive Board, and the Supervisory Board. The Conflict of Interest Policy stipulates that the Executive Board members and state-appointed Supervisory Board members shall comply with the provisions of the Law on Prevention of Conflict of Interest in the Activities of Public Officials. Decisions to engage in transactions involving conflicts of interest with Executive Board members, which are materially significant to the Company and/or the relevant Executive Board members, require Supervisory Board approval. Such transactions shall be published in the Annual Report, together with a statement of the conflict of interest and a declaration that the provisions of the Conflict of Interest Policy have been complied with.
Green	Supervisory board or management board members do not participate in decision-making on matters in which the company's interests conflict with the interests of the supervisory board, management board members or persons related to them.	The Conflict of Interest Policy stipulates that any member of the Executive Board or Supervisory Board with a personal interest in a contract or decision under consideration must disclose this interest to both boards before the agenda item is discussed and must abstain from voting on the decision.
Green	Persons subject to the obligation to prevent a conflict of interest regularly participate in training on dealing with conflicts of interest	Employees have an obligation to read and comply with the conflict of interest section as defined in the Personnel Handbook and any updates hereof. Annual update trainings are held for high-level Company officials, including the Executive and Supervisory Board members and the Top Management, to address conflict of interest issues.

Shareholder's Meeting

Principle #14

The company provides shareholders with timely information on conduction of shareholders' meetings providing all the information necessary for decision-making.

Compliance	Criteria	Facts
Green	The company informs shareholders in a timely manner about the agenda, course and voting procedures of the shareholders' meeting, as well as about any related changes.	The Company informs its shareholders about the agenda, proceedings, voting procedures, and any other relevant items of the Shareholders Meeting within the legally required deadlines. The announcement on convening the Ordinary and Extraordinary Shareholders Meetings is sent out to shareholders no later than 21 days prior to the planned meeting, and the Company shall ensure electronic access to documents to be reviewed at the Shareholders Meeting from the date of sending the announcement.
Green	Simultaneously with the announcement of the meeting, the company provides an opportunity for the shareholders to get acquainted with the draft decisions, which are initially planned to be voted on at the meeting. The company immediately informs the shareholders of any additional draft decisions submitted.	Simultaneously with announcing the Shareholders Meeting, the Company provides shareholders with draft decisions. The Company informs shareholders immediately of any additional draft decisions.
Green	The company provides shareholders with an opportunity to submit questions on the matters included in the agenda and draft decisions before the shareholders' meeting.	The shareholders have the right to ask questions in accordance with the provisions of the Commercial Law.
Green	The draft decisions and the documents attached to them provide detailed, clear and complete information on the matter under consideration.	The draft decisions and accompanying materials offer detailed, clear, and complete information on the matters to be reviewed at the Shareholders Meeting.

Principle #15

The company promotes effective involvement of shareholders in decision-making and the largest possible participation of shareholders in shareholder meetings.

Compliance	Criteria	Facts
Green	The shareholders' meeting is convened and held at a place and time easily accessible to the shareholders.	Shareholders Meetings are held in a hybrid mode, allowing participants to attend in person at the registered address or join online, thus providing shareholders with the flexibility to choose either option. The announcement is sent no later than 21 days prior to the planned meeting.
Green	The company provides shareholders with the opportunity to participate in the shareholders' meeting remotely.	The Company provides shareholders with the opportunity to participate in the meeting remotely/online.
Green	The company determines the appropriate duration of the shareholders' meeting and provides the shareholders with the opportunity to express their opinions during the meeting and obtain the necessary information for decision-making.	The duration of the Shareholders Meeting is planned planned based on the agenda items, but shareholders are not limited in the number of questions per agenda item and are always invited to ask questions.
Green	The company announces a new shareholders' meeting if the matters included on the agenda of the meeting cannot be considered at the expected time.	In 2024, there were no Shareholders Meetings during which all agenda items could not be reviewed due to lack of time.
Green	The company invites management board and supervisory board members, candidates for supervisory board members, auditors and internal auditors, as well as other persons to participate in the shareholders' meeting in accordance with the matters to be considered at the meeting.	The Company invites Executive Board and Supervisory Board members, candidates for the Supervisory Board, external auditors, and other relevant individuals to participate in the Shareholders Meeting according to the agenda items to be reviewed. In 2024, no agenda item required the Internal Auditor to participate.
Green	The shareholders' meeting makes decisions in accordance with the previously announced draft decisions.	All Shareholders Meetings in 2024 addressed the agenda items as announced prior to the meeting.

Principle #16

The company develops and discusses the dividend policy with shareholders.

Compliance	Criteria	Facts
Orange	The company has developed and published an up-to-date dividend policy.	The Company has developed a separate dividend policy, which has not yet been approved. The Company is subject to Covid-19-related state aid restrictions and is currently restricted from paying dividends.
Red	The dividend policy has been discussed with the shareholders during the shareholders' meeting.	The Company has developed a separate dividend policy, which has not yet been approved.

Transparency of Company Operations

Principle #17

The company informs shareholders and other stakeholders on a regular basis and in a timely manner of business operations, financial results, management and other relevant issues of the company.

Compliance	Criteria	Facts
Green	The company discloses complete, accurate, objective, up-to-date and true information in a timely manner.	The Executive Board is responsible for the accuracy, completeness, and timeliness of information dissemination. The Company strives to ensure that published information is verified, accurate, clear, and prepared in accordance with high and globally recognized quality standards.
Green	The company discloses information to all shareholders at the same time and to the same extent.	The Company discloses information to all shareholders at the same time and to the same extent. In addition, the Company informs about available financial figures and statements on the announcements page of Euronext Dublin, the stock exchange where the Company's bonds are traded, as well as publish the information on its website. Meanwhile, the Supervisory Board Members as nominated by the majority shareholder have a reporting requirement against the Ministry of Transport and once per quarter, they provide information on decisions taken and results achieved.
Green	The company discloses information about the company's management, strategy or lines of business on the website and publishes financial statements as well as other information in accordance with Annex No. 1.	The Company has established an Investor Relations section on its website that provides information to any third party interested in reviewing the Company's business performance. The section includes a subsection containing quarterly operational financial statements, half-yearly financial statements, and annual audited consolidated financial statements. These are published promptly to offer comprehensive information on all material developments, including the Company's financial position, results, ownership structure, etc. The Company has also published its values, but has not its strategy and business trends. Additionally, the Company has published key internal policies in the Investor Relations section. airBaltic has a designated Investor Relations manager, who answers questions from investors.
Green	The company provides information both in Latvian and at least one other language that is understandable to most of the company's foreign shareholders and other stakeholders.	Information is published in both Latvian and English. The Company has also indicated contact details in Press Releases section of its website to ensure distribution of uniformed information.

Information to be Published on the Company's Website

Annex No. 1

Category / Criteria	Complied with	Not applicable	Not complied with	Explanation
Company				
Information about the company	X			
Information about the company's strategic objectives	X			The Company's strategic objectives are published as part of the annual accounts.
Articles of association of the company	X			
Information on the corporate governance structure of the company	X			investors.airbaltic.com/en/corporate-governance
Company Code of Internal Culture and Ethics	X			
Key company policies	X			The Company has published its Code of Conduct and Supplier Code of Conduct. Other key policies are accessible to relevant stakeholders through internal platforms.
Shareholders and Beneficial Owners				
Information on the company's shareholders holding at least 5% of the company's share capital	X			
Information on the beneficial owners of the company		X		The Company's majority shareholder is the state, and as such, no beneficial owners are applicable.
Number of company's issued, paid-up and voting shares, bonds or other financial instruments		X		Information on bonds (including prospectus and other details) is published on the website. But information on shares is not published as the Company is not stock listed.
Supervisory Board and Management Board				
Regulations of the management board and the supervisory board or another similar document	X			The Regulations of the Executive Board and the Supervisory Board are not published. However, a summary of the essential information is provided on the website.
Information on each supervisory board and management board member	X			
Information on independent supervisory board members			X	Information on the independence of the Supervisory Board Members, along with explanations, is published in the Corporate Governance Statement .
Remuneration policy of the management board and supervisory board, and remuneration report			X	The policy has been developed but has yet to be approved at the Shareholders Meeting.

Category / Criteria	Complied with	Not applicable	Not complied with	Explanation
Information on the selection (nomination) process of the management board and the supervisory board		X		Three of the Supervisory Board members are nominated by the majority shareholder (the Ministry of Transport), whereas one member is nominated based on the terms of the Shareholders' Agreement as a direct representative of a minority shareholder. Because the majority shareholder is the state, the selection process is organised by the majority shareholder according to the Law applicable to the state authorities.
Information on supervisory board committees and the Audit committee			X	The Company has an Audit Committee and a Remuneration Committee. Their regulations are not published on the Company's website.
Financial and Non-Financial Reports and Information				
Financial statements and reports of the company for at least the last 3 financial years	X			
Non-financial reports of the company	X			
Corporate governance reports	X			
The company's financial calendar or other calendar of significant and planned communication events	X			
Information for Shareholders and Investors				
Information on the planned shareholder's meetings			X	
Information on held shareholder's meetings		X		The Company is not stock listed, therefore the approved decisions are not published.
Company's dividend policy and information on dividends paid		X		Dividends are not paid out at the moment.
Information on transactions of related parties			X	
Announcements published by the company and relevant information for investors	X			
Contacts of the Investor Relations Officer	X			

Statement of Management Responsibility

Based on the information available to the Executive Board, these financial statements for 2024 have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union and in all material aspects present a true and fair view of the financial position, profit and loss and cash flows of the Parent company and the Group. The information provided in the Management report is accurate.

Martin Alexander Gauss	Vitolds Jakovļevs	Pauls Juris Cālītis
Chairman of the Executive Board	Member of the Executive Board	Member of the Executive Board

11 March 2025

Financial Statements

	Note	AIR BALTIC 2024 TEUR	AIR BALTIC 2023 TEUR	GROUP 2024 TEUR	GROUP 2023 TEUR
OPERATING REVENUE					
Revenue	6	742 114	660 493	745 953	664 186
Other income	7	1 619	3 796	1 619	3 796
		743 733	**664 289**	**747 572**	**667 982**
OPERATING EXPENSES AND CLAIM COMPENSATIONS					
Fuel		(158 341)	(156 084)	(158 341)	(156 084)
Amortization and depreciation	20,21,23	(151 459)	(90 372)	(152 185)	(91 070)
Personnel costs	8	(128 484)	(103 442)	(131 358)	(107 249)
Airport, handling and en route charges		(126 790)	(115 051)	(126 084)	(114 413)
Aircraft and similar lease costs	9	(59 612)	(76 189)	(59 612)	(76 189)
Marketing and tickets sales costs	12	(46 303)	(41 915)	(46 303)	(41 915)
Other operating costs	13	(36 535)	(32 035)	(36 819)	(31 819)
Aircraft maintenance	11	(35 236)	(24 798)	(35 236)	(24 798)
Cost of carbon emission allowances	10	(18 519)	(22 259)	(18 519)	(22 259)
Passenger service		(10 760)	(10 507)	(10 760)	(10 507)
Provision for legal disputes		-	8 073	-	8 073
Claim compensations	15	33 793	80 586	33 793	80 586
		(738 246)	**(583 993)**	**(741 424)**	**(587 644)**
FINANCE INCOME / (EXPENSES)					
Finance costs	16	(93 494)	(63 744)	(93 517)	(63 855)
Foreign currency exchange (loss) / gain, net	17	(32 382)	16 666	(32 385)	16 664
Finance income	18	1 586	634	1 588	522
		(124 290)	**(46 444)**	**(124 314)**	**(46 669)**
(LOSS) / PROFIT BEFORE TAX		**(118 803)**	**33 852**	**(118 166)**	**33 669**
Corporate income tax	19	-	-	7	(17)
(LOSS) / PROFIT FOR THE YEAR		**(118 803)**	**33 852**	**(118 159)**	**33 652**
Basic (loss) / earnings per ordinary share (EUR)	32	-0.47	0.13	-0.47	0.13
Diluted (loss) / earnings per ordinary share (EUR)	32	-0.47	0.13	-0.47	0.13

The notes on pages 165 to 206 form an integral part of these financial statements.

	AIR BALTIC		GROUP	
	2024 TEUR	**2023 TEUR**	**2024 TEUR**	**2023 TEUR**
(LOSS) / PROFIT FOR THE YEAR	**(118 803)**	**33 852**	**(118 159)**	**33 652**
ITEMS THAT ARE OR MAY BE SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS				
Gain on cash flow hedges	240	482	240	482
Hedging gains reclassified to profit or loss	(482)	-	(482)	-
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS				
Revaluation of buildings	1 274	-	1 522	-
Depreciation of revaluation reserve	(326)	(310)	(318)	(366)
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR	**706**	**172**	**962**	**116**
TOTAL COMPREHENSIVE (LOSS) / PROFIT FOR THE YEAR	**(118 097)**	**34 024**	**(117 197)**	**33 768**

The notes on pages 165 to 206 form an integral part of these financial statements.

ASSETS	Note	AIR BALTIC 31.12.2024 TEUR	AIR BALTIC 31.12.2023 TEUR	GROUP 31.12.2024 TEUR	GROUP 31.12.2023 TEUR
NON-CURRENT ASSETS					
Property, plant and equipment	20	220 813	135 310	227 477	142 026
Right-of-use assets	21	866 586	920 584	866 586	920 584
Investment properties	22	2 020	2 850	-	-
Intangible assets	23	21 246	18 283	20 438	17 362
Investments in subsidiaries and other investments	24	410	410	3	3
Prepayments for maintenance	25	110 555	74 043	110 555	74 043
Prepayments for acquisition of property, plant and equipment		29 598	38 628	29 601	38 778
Trade and other receivables	28	25 040	19 820	25 040	19 822
		1 276 268	**1 209 928**	**1 279 700**	**1 212 618**
CURRENT ASSETS					
Inventories	29	14 117	15 891	14 291	16 027
Prepayments for maintenance	25	21 845	20 945	21 845	20 945
Prepaid expenses	26	10 832	8 898	10 926	8 978
Trade and other receivables	28	44 732	39 020	41 830	36 599
Derivative financial instruments	30	240	482	240	482
Restricted cash	31	13 775	-	13 775	-
Cash	31	32 893	28 794	33 174	29 058
		138 434	**114 030**	**136 081**	**112 089**
TOTAL ASSETS		**1 414 702**	**1 323 958**	**1 415 781**	**1 324 707**
EQUITY AND LIABILITIES					
EQUITY					
Share capital	32	596 473	596 473	596 473	596 473
Other contributions	32	2 715	2 553	2 715	2 553
Revaluation reserve		3 675	2 727	4 724	3 520
Reorganization reserve	32	1 932	1 932	-	-
Cash flow hedging reserve		240	482	240	482
Accumulated loss:					
accumulated loss brought forward		(652 056)	(685 908)	(651 335)	(684 987)
(loss) / profit for the year		(118 803)	33 852	(118 159)	33 652
TOTAL EQUITY		**(165 824)**	**(47 889)**	**(165 342)**	**(48 307)**
LIABILITIES					
NON-CURRENT LIABILITIES					
Lease liabilities	33	809 139	797 258	809 139	797 258
Borrowings	33	389 690	55 838	389 690	55 838
Provisions	34	29 794	27 858	29 794	27 858
		1 228 623	**880 954**	**1 228 623**	**880 954**
CURRENT LIABILITIES					
Borrowings	33	10 842	209 276	10 842	209 947
Lease liabilities	33	102 011	87 491	102 011	87 491
Contract liabilities, airport taxes and other liabilities	37	81 020	69 815	81 507	70 301
Trade and other payables	35	104 854	73 921	104 848	73 828
Provisions	34	32 809	35 950	32 809	35 950
Employee related tax liabilities	36	20 367	14 440	20 483	14 543
		351 903	**490 893**	**352 500**	**492 060**
TOTAL LIABILITIES		**1 580 526**	**1 371 847**	**1 581 123**	**1 373 014**
TOTAL EQUITY AND LIABILITIES		**1 414 702**	**1 323 958**	**1 415 781**	**1 324 707**

The notes on pages 165 to 206 form an integral part of these financial statements.

	Note	AIR BALTIC 2024 TEUR	AIR BALTIC 2023 TEUR	GROUP 2024 TEUR	GROUP 2023 TEUR
CASH FLOWS FROM OPERATING ACTIVITIES					
(LOSS) / PROFIT BEFORE TAX		**(118 803)**	**33 852**	**(118 166)**	**33 669**
Adjustments for:					
Depreciation and amortization	20,21,23	151 459	90 372	152 185	91 070
Interest expense	16	88 096	62 419	88 113	62 522
Foreign exchange (loss) / profit, net	17	32 266	(16 475)	32 266	(16 475)
Change in provisions	34	(3 140)	(2 657)	(3 140)	(2 657)
Other finance costs		3 375	-	3 375	-
Profit on sale and leaseback transactions	7	(1 619)	(3 796)	(1 619)	(3 796)
Profit on disposal of property, plant and equipment		(2 709)	(1 638)	(3 372)	(1 636)
Interest income		(1 586)	(521)	(1 588)	(521)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**147 339**	**161 556**	**148 054**	**162 176**
Increase in payables		10 094	11 153	10 206	11 696
Increase in receivables		(48 632)	(27 434)	(48 165)	(26 620)
Increase in deposits		(692)	(3 331)	(692)	(3 331)
Decrease / (increase) in inventories		1 774	(5 078)	1 736	(5 113)
Corporate income tax paid		-	-	(1)	(566)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**109 883**	**136 866**	**111 138**	**138 242**
CASH FLOWS FROM INVESTING ACTIVITIES					
Advances paid for aircraft		(12 093)	(8 354)	(12 093)	(8 354)
Acquisition of property, plant and equipment and intangible assets		(52 760)	(33 266)	(53 309)	(33 572)
Refund of advances paid for aircraft		14 572	33 424	14 572	33 424
Profit received from sales and leaseback transactions		1 619	3 796	1 619	3 796
Proceeds from sale of property, plant and equipment		3 482	1 993	3 482	1 993
Interest received		1 753	521	1 753	521
NET CASH USED IN INVESTING ACTIVITIES		**(43 427)**	**(1 886)**	**(43 976)**	**(2 192)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Borrowings received	33	385 000	4 019	385 000	4 019
Repayment of borrowings	33	(239 669)	(3 207)	(240 341)	(4 297)
Lease principal payments	33	(91 084)	(82 169)	(91 084)	(82 169)
Interest paid	33	(50 511)	(48 940)	(50 528)	(49 044)
Restricted cash	31	(13 775)	-	(13 775)	-
Bonds interest	33	(36 505)	(13 500)	(36 505)	(13 500)
Commitment fees	33	(12 438)	-	(12 438)	-
Interest/commission on repaid bonds	33	(3 375)	-	(3 375)	-
NET CASH USED IN FINANCING ACTIVITIES		**(62 357)**	**(143 797)**	**(63 046)**	**(144 991)**
Increase / (decrease) in cash		4 099	(8 817)	4 116	(8 941)
Cash at the beginning of the reporting year		28 794	37 611	29 058	37 999
CASH AT THE END OF THE REPORTING YEAR	31	**32 893**	**28 794**	**33 174**	**29 058**

The notes on pages 165 to 206 form an integral part of these financial statements.

	Share capital TEUR	Other contri-butions TEUR	Reval-uation reserve TEUR	Reorgani-zation reserve TEUR	Cash flow hedging reserve TEUR	Accumu-lated loss TEUR	Profit/ (loss) for the year TEUR	TOTAL TEUR
31.12.2022	**596 473**	**2 644**	**3 037**	**1 932**	**-**	**(632 901)**	**(53 007)**	**(81 822)**
COMPREHENSIVE INCOME								
Profit for the year	-	-	-	-	-	-	33 852	33 852
Other comprehensive income	-	-	(310)	-	482	-	-	**172**
TOTAL COMPREHENSIVE LOSS	**-**	**-**	**(310)**	**-**	**482**	**-**	**33 852**	**34 024**
Currency translation difference	-	(91)	-	-	-	-	-	(91)
Allocation of prior year result	-	-	-	-		(53 007)	53 007	-
31.12.2023	**596 473**	**2 553**	**2 727**	**1 932**	**482**	**(685 908)**	**33 852**	**(47 889)**
COMPREHENSIVE INCOME								
Loss for the year	-	-	-	-			(118 803)	(118 803)
Other comprehensive income	-	-	948	-	(242)	-	-	**706**
TOTAL COMPREHENSIVE INCOME	**-**	**-**	**948**	**-**	**(242)**	**-**	**(118 803)**	**(118 097)**
Currency translation difference	-	162	-	-	-	**-**	-	162
Allocation of prior year result	-	-	-	-	-	33 852	(33 852)	-
31.12.2024	**596 473**	**2 715**	**3 675**	**1 932**	**240**	**(652 056)**	**(118 803)**	**(165 824)**

The notes on pages 165 to 206 form an integral part of these financial statements.

	Share capital TEUR	Other contributions TEUR	Revaluation reserve TEUR	Cash flow hedging reserve TEUR	Accumulated loss TEUR	Profit/ (loss) for the year TEUR	TOTAL TEUR
31.12.2022	**596 473**	**2 644**	**3 886**	**-**	**(630 768)**	**(54 219)**	**(81 984)**
COMPREHENSIVE INCOME							
Profit for the year	-	-	-	-	-	33 652	33 652
Other comprehensive income	-	-	(366)	482	-	-	116
TOTAL COMPREHENSIVE LOSS	**-**	**-**	**(366)**	**482**	**-**	**33 652**	**33 768**
Currency translation difference	-	(91)	-	-	-	-	(91)
Allocation of prior year result	-	-	-	-	(54 219)	54 219	-
31.12.2023	**596 473**	**2 553**	**3 520**	**482**	**(684 987)**	**33 652**	**(48 307)**
COMPREHENSIVE INCOME							
Loss for the year	-	-	-	-	-	(118 159)	(118 159)
Other comprehensive income	-	-	1 204	(242)	-	-	962
TOTAL COMPREHENSIVE INCOME	**-**	**-**	**1 204**	**(242)**	**-**	**(118 159)**	**(117 197)**
Currency translation difference	-	162	-	-	-	-	162
Allocation of prior year result	-	-	-	-	33 652	(33 652)	-
31.12.2024	**596 473**	**2 715**	**4 724**	**240**	**(651 335)**	**(118 159)**	**(165 342)**

The notes on pages 165 to 206 form an integral part of these financial statements.

1. Corporate information

Air Baltic Corporation AS (hereinafter also – airBaltic, the airline, the Company or the Parent company) was registered with the Republic of Latvia Enterprise Register on 8 February 1995. The registered office of the Parent company is at Tehnikas Street 3, Riga International airport, Marupe district, Latvia. The main shareholders of the airBaltic are the Republic of Latvia holding 97.97% shares of the Parent company and Aircraft Leasing 1 SIA – holding 2.03% shares of the Parent company.

Air Baltic Corporation AS is the flag carrier of Latvia. Air Baltic Corporation AS is a Parent company of the airBaltic group (hereinafter – the Group) that includes the following entities (hereinafter together with airBaltic – the Group companies) (see Note 24):

– Baltijas Kravu Centrs SIA,
– Air Baltic Training SIA,
– Aviation Crew Resources AS (under liquidation process).

The separate financial statements and the consolidated financial statements (hereinafter together – the financial statements) for the year ended 31 December 2024 were approved by a resolution of the Parent company's Executive Board on 11 March 2025.

2. Material accounting policy information

a) Basis of preparation

The financial statements have been prepared in accordance with the International Financial Reporting Standards as issued by IASB as adopted for use in the European Union (IFRS Accounting Standards).

The separate financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial instruments and investment property that are stated at fair value and certain classes of property, plant and equipment carried at revalued amount. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial instruments that are stated at fair value and certain classes of property, plant and equipment carried at revalued amounts. The monetary unit used in the financial statements is thousands of euro (TEUR), if not stated otherwise.

b) Accounting principles

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim period, except for the changes as set out below.

Standards or interpretations effective for the first time for the annual periods beginning 1 January 2024

– **Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback** (effective for annual periods beginning on or after 1 January 2024). The amendments relate to the sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to subsequently measure liabilities arising from the transaction and in a way that it does not recognise any gain or loss related to the right of use that it retained. This means deferral of such a gain even if the obligation is to make variable payments that do not depend on an index or a rate.
– **Classification of liabilities as current or non-current – Amendments to IAS 1** (effective for annual periods beginning on or after 1 January 2024). These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional. The October 2022 amendment established that loan covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period. Conversely, a loan is classified as non-current if a loan covenant is breached only after the reporting date. In addition, the amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. 'Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument.
– **Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements** (effective for annual periods beginning on or after 1 January 2024). In response to concerns of the users of financial statements about inadequate or misleading disclosure of financing arrangements, in May 2023, the IASB issued amendments to IAS 7 and IFRS 7 to require disclosure about entity's supplier finance arrangements (SFAs). These amendments require the disclosures of the entity's supplier finance arrangements that would enable the users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk. The purpose of the additional disclosure requirements is to enhance the transparency of the supplier finance arrangements. The amendments do not affect recognition or measurement principles but only disclosure requirements.

2. Material accounting policy information (continued)
b) Accounting principles (continued)

Except for the disclosures required under IAS 7 and IFRS 7, the adoption of new or amended standards effective from 1 January 2024 has no impact on the Group's financial position, performance, or other disclosures.

Standards or interpretations effective for the first time for the annual periods beginning after 1 January 2025 or not yet endorsed by the EU

- **Amendments to IAS 21 Lack of Exchangeability** (effective for annual periods beginning on or after 1 January 2025). In August 2023, the IASB issued amendments to IAS 21 to help entities assess exchangeability between two currencies and determine the spot exchange rate, when exchangeability is lacking. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. The amendments to IAS 21 do not provide detailed requirements on how to estimate the spot exchange rate. Instead, they set out a framework under which an entity can determine the spot exchange rate at the measurement date. When applying the new requirements, it is not permitted to restate comparative information. It is required to translate the affected amounts at estimated spot exchange rates at the date of initial application, with an adjustment to retained earnings or to the reserve for cumulative translation differences.
- **Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7** (issued on 30 May 2024 and effective for annual periods beginning on or after 1 January 2026, not yet endorsed by the EU). On 30 May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 to:
  (a) clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
  (b) clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
  (c) add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
  (d) update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).
- **Annual Improvements to IFRS Accounting Standards** (Issued in July 2024 and effective from 1 January 2026, not yet endorsed by the EU). IFRS 1 was clarified that a hedge should be discontinued upon transition to IFRS Accounting Standards if it does not meet the 'qualifying criteria', rather than 'conditions' for hedge accounting, in order to resolve a potential confusion arising from an inconsistency between the wording in IFRS 1 and the requirements for hedge accounting in IFRS 9. IFRS 7 requires disclosures about a gain or loss on derecognition relating to financial assets in which the entity has a continuing involvement, including whether fair value measurements included 'significant unobservable inputs'. This new phrase replaced reference to 'significant inputs that were not based on observable market data'. The amendment makes the wording consistent with IFRS 13. In addition, certain IFRS 7 implementation guidance examples were clarified and text added that the examples do not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7. IFRS 16 was amended to clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply IFRS 9 guidance to recognise any resulting gain or loss in profit or loss. This clarification applies to lease liabilities that are extinguished on or after the beginning of the annual reporting period in which the entity first applies that amendment. To resolve an inconsistency between IFRS 9 and IFRS 15, trade receivables are now required to be initially recognised at 'the amount determined by applying IFRS 15' instead of at 'their transaction price (as defined in IFRS 15)'. IFRS 10 was amended to use less conclusive language when an entity is a 'de-facto agent' and to clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of a circumstance in which judgement is required to determine whether a party is acting as a de-facto agent. IAS 7 was corrected to delete references to 'cost method' that was removed from IFRS Accounting Standards in May 2008 when the IASB issued amendment 'Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate'.
- **Contracts Referencing Nature-dependent Electricity Amendments to IFRS 9 and IFRS 7** (effective for annual periods beginning on or after 1 January 2026, not yet endorsed by the EU). The IASB has issued amendments to help companies better report the financial effects of nature-dependent electricity contracts, which are often structured as power purchase agreements (PPAs). Current accounting requirements may not adequately capture how these contracts affect a company's performance. To allow companies to better reflect these contracts in the financial statements, the IASB has made targeted amendments to IFRS 9, Financial Instruments, and IFRS 7, Financial Instruments: Disclosures. The amendments include: (a) clarifying the application of the 'own-use' requirements; (b) relaxing certain hedge accounting requirements if these contracts are used as hedging instruments; and (c) adding new disclosure requirements to enable investors to understand the effect of these contracts on financial performance and cash flows.

2. Material accounting policy information (continued)
b) Accounting principles (continued)

- **IFRS 18 Presentation and Disclosure in Financial Statements** (effective for annual periods beginning on or after 1 January 2027, not yet endorsed by the EU)**.** In April 2024, the IASB has issued IFRS 18, the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to: the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'. IFRS 18 will apply for reporting periods beginning on or after 1 January 2027 and also applies to comparative information.
- **IFRS 19 Subsidiaries without Public Accountability: Disclosures** (Issued on 9 May 2024 and effective for annual periods beginning on or after 1 January 2027). The International Accounting Standard Board (IASB) has issued a new IFRS Accounting Standard for subsidiaries. The new standard does not apply to the Group, so no impact assessment is being conducted.

The Group is currently assessing the impact of the amendments on its financial statements.

c) Going concern

As of 31 December 2024, airBaltic had negative equity of EUR 166 million and the Company's current liabilities exceeded its current assets by EUR 213 million and the cash balance (including restricted cash designated for the bond interest payment) at the end of the year was EUR 46.7 million (31 December 2023: EUR 28.8 million).

The Group in 2024 earned EUR 743.7 million in total revenues reaching the lower end of the range of the original guidance. Its commercial performance in 2024 was significantly negatively affected by the macroeconomic environment in airBaltic's core markets and subsequent negative impact on demand for travel and ticket prices. During 2024, the airline successfully refinanced its maturing EUR 200 million bond with a new bond and subsequent secondary issue increasing the total amount of public debt outstanding to EUR 380 million. The newly issued bond matures in 2029; however, the airline has the option to call the bond before maturity at different dates starting from May 2026 onwards. The new bond has a financial covenant that the airline maintains a minimum cash balance of EUR 25 million. In the event there is a breach of this covenant the bondholders could demand immediate repayment of the bond.

At the start of 2025, the airline and its main shareholder, the Government of Latvia, successfully negotiated and signed an agreement with Lufthansa Group on investment of EUR 14 million into the equity of airBaltic in the form of convertible shares, pending the review of the competition authorities. The management expects this transaction to be successfully closed during 2025.

In 2024, the management engaged advisors to assist the airline in undertaking an IPO with the goal of raising new equity to provide finance to continue its planned growth, including expanding from the current 50 aircraft to 100 aircraft by the end of 2030. The management expects to work towards a successful execution of the IPO as soon as possible, and potentially even as soon as in Q2 of 2025. With the successful completion of the IPO in 2025 the management believes the airline will have the required equity and thus its balance sheet would become strong enough to raise any future required liquidity to meet all its capex requirements to support its ambitious growth plans as well as withstand any reasonable negative market developments over the course of the next 24 months.

However, in case it is not possible to complete the IPO in 2025 due to market or any other reasons, the management has developed a base case budget scenario where it will be able to manage and bridge its liquidity into 2026 without raising any further debt.

The base case budget scenario includes a number of factors within management's control and a number outside its control including:

- Increasing passenger sales revenue by 15% in 2025, through both increased number of passengers and increased yield per passenger,
- Successfully executing planned sale and leaseback transactions for planes and spare engines to be delivered in 2025 and other assets,
- Agreeing the rescheduling of payments and receivables due to and from its major suppliers,
- Negotiating appropriate compensation from its engine supplier in case of further engine issues,
- Continue taking advantage of the tax (payroll tax and social security contributions) postponement option available to Latvian companies,
- No major adverse changes in exchange rates or the price of fuel,
- Contracting ACMI-out available aircraft in the Winter season,
- The planned maintenance schedule of the engines is complied with.

2. Material accounting policy information (continued)
c) Going concern (continued)

Management believes there are good reasons to believe in the success of the base case budget if it is required, including:

- growth in the available fleet,
- expected macroeconomic recovery in 2025 in airBaltic's key markets,
- improved customer experience as airBaltic is the first airline in Europe introducing the Starlink high speed internet,
- its excellent relationships with its major suppliers including Airbus and Pratt & Whitney,
- Management's strong track record in advance sales and, finally, there are increasing positive expectations that Ukrainian airspace may reopen later in 2025 for commercial service which would allow airBaltic to re-enter one of its former major markets.

Therefore, management have concluded it is appropriate to prepare the financial statements on a going concern basis.

Summarising the above, there exists a material uncertainty in the event of the IPO not happening in the first half of 2025 that the management is able to manage the necessary liquidity preservation actions set out in the base case budget to ensure the airline can continue to meet the minimum liquidity covenant of the outstanding bond, which may cast significant doubt upon the Parent company's and the Group's ability to continue as a going concern. In such case the Parent company and the Group may be unable to realise their assets and discharge their liabilities in the normal course of business. The financial statements do not include the adjustments that would result if the Parent company and the Group were unable to continue as a going concern in the foreseeable future.

d) Consolidation (Group)

The financial statements of the Group comprise the financial statements of Air Baltic Corporation AS, Baltijas Kravu Centrs SIA, Air Baltic Training SIA and Aviation Crew Resources AS.

e) Use of estimates and judgements in the preparation of the financial statements

The preparation of the financial statements in conformity with IFRS requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities. Although these estimates are based on the Management's best knowledge of current events and actions, actual results may ultimately differ from these estimates. Changes in the Management's estimates are recognised in the income statement of the period of the change. The Management has applied reasonable and prudent estimates and judgments in preparing these financial statements. The significant areas of estimation used in the preparation of the accompanying financial statements are described below.

Recoverable amount of property, plant and equipment, right of use assets and intangible assets

The Company and the Group companies undertake an impairment test for its depreciable intangible assets and property, plant and equipment and right of use assets, if there is any indication that those assets may be impaired. The Company and the Group undertake an impairment test for their intangible assets with indefinite useful life on an annual basis. When carrying out impairment tests, the Management uses various estimates for the cash flows arising from the use of the assets, revenue growth rate and the future level of costs. The estimates are based on forecasts of the general economic environment, demand, inflation and others. To test impairment of the indefinite intangible asset held by the Company and the Group requires the test to be done at the relevant Cash Generating Unit (CGU) level where the intangible asset is held. This CGU is the Company itself and as such the impairment test considers the depreciable intangible assets and property, plant and equipment and right of use assets held by the Company including the fleet. The recoverable amount is thus most sensitive to the assumptions of ticket yield, volume of scheduled passengers, USD/EUR exchange rate, discount rate and the growth rate used for extrapolation purposes. The impairment test involves estimating the future cash flows based on the business plan IPO & BEYOND 2030. See Notes 20, 21 and 23 for more information.

Recognition and revaluation of provisions

As at 31 December 2024, airBaltic has set up provisions for aircraft redelivery costs (see Note 34). The amount and / or timing of the settlement of these obligations is uncertain. A number of assumptions and estimates have been used to determine the present value of provisions, including the amount of future expenditure, inflation rates, and the timing of settlement of the expenditure.

As at 31 December 2022, airBaltic had set up a provision for potential costs related to legal disputes for historic claims related to ex-shareholders and their creditors about their obligations towards airBaltic and the Republic of Latvia back in 2011 and 2012. With the case closed, all provisions were released in 2023. In 2024, there were no changes in the remaining provisions for legal dispute costs.

As of 31 December 2024, airBaltic has set up provision for carbon emissions. The provision represents the costs of the industry carbon dioxide (CO_2) emissions scheme. A number of assumptions and estimates have been used to determine the present value of provisions, including the future outflow of resources, inflation rates, and the timing of settlement of the expenditure.

The actual ultimate expenditure may differ from the provisions recognised due to the uncertainty of the above estimates as well as for example future changes in industry practice and legislative changes.

2. Material accounting policy information (continued)
e) Use of estimates and judgements in the preparation of the financial statements (continued)

Recognition of Sales and leaseback transactions

The Parent company enters into transactions whereby it immediately sells the newly acquired aircraft and immediately leases them back from the same party. The Management applies the requirements of IFRS 15 to determine whether the transfer of an asset is accounted for as a sale of that asset and whether the initial acquisition has taken place. The Company accounts for the transaction as a sale and leaseback.

The factors that influence the Management's decision as to whether or not airBaltic has acquired the aircraft are related to the fact that airBaltic assumes all risks associated with the acquisition of the aircraft, including acquisition risk and fair value risk. In addition, airBaltic also benefits from the transaction by obtaining the discounts on the aircraft market price. This along with other factors (like whether the buyer obtains physical control, whether the buyer is entitled to payment, obtains a legal title, etc.) leads the Management to the conclusion that the original buyer of the aircraft is airBaltic. The purchase and sale of aircraft occurs within a short period of time, thus these transactions are not presented within movements of property, plant and equipment. The gain from a sale and leaseback transactions is recognised only to the extent of the part of asset not being retained. It is calculated considering the proportion of the book value and fair value of the asset at the date of transaction and the present value of the expected lease payments to determine the amount of the gain being recognised.

In 2024 the Parent company has recognised a profit of EUR 1 619 thousand (2023: EUR 3 796 thousand) from sale and leaseback transactions.

Determination of lease term

Extension and termination options are included in a number of aircraft leases. These terms are used to maximise operational flexibility in terms of managing contracts. In determining the lease term, the Management considers all facts and circumstances that create economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (extension option) or not terminated (termination option). The assessment of whether the company is reasonably certain to exercise an extension option or not to exercise a termination option is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and is within the control of the company.

The Management has applied judgement that:

- even though the airline intends to develop its business on the basis of the A220 fleet, the Management is not certain if it will exercise any options to extend the leases embedded in some of the lease contracts as the majority of the contracts expire in more than 5 years' time and both the extension terms at that time and the market conditions at that time are at present highly unpredictable;
- no extension option is expected to be exercised for any other lease as the Management concludes that there are currently no economic incentives to exercise such option.

f) Foreign currency translation

The functional and presentation currency of the Company is the Euro (EUR), the monetary unit of the Republic of Latvia. Transactions in foreign currencies are translated into euro at the reference exchange rate fixed by the European Central Bank at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into euro applying the reference exchange rate established by the European Central Bank at the last day of the reporting year.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognized in the income statement within Foreign currency exchange loss, net.

	31.12.2024 USD	**31.12.2023 USD**
1 EUR	1.0389	1.1050
The average EUR/USD rate in the year	1.0824	1.0813

2. Material accounting policy information (continued)

g) Revenue recognition

Revenue is income arising in the ordinary course of the activities of the Company and the Group. Revenues comprise the invoiced value of airline and other services, net of government taxes. The Company and the Group act as an agent in collecting the air travel related tax from customers, and pay it to the government, therefore revenue is recognized net of tax levied on the customers. Transaction price is the amount of consideration to which the Company and the Group expect to be entitled in exchange of transferring control over services to a customer or promised goods, excluding the amounts collected on behalf of third parties. The Company and the Group recognizes revenue when it transfers control of a good or service to a customer.

Passenger revenue comprises the invoiced value of sold ticket price and ancillary revenue. The rule of non-refundability is for Economy Basic, Economy Classic and for Business Experience tickets only, but economy Flex and Business class tickets are fully refundable at any time before departure.

The value of tickets sold and still valid but not used by the balance sheet date is reported as contract liabilities. Scheduled revenues are recognized within the income statement at the point in time when the flight service is provided (i.e. when the flight takes place).

If a flight is cancelled, a passenger is entitled to a cash refund, a voucher for a future flight, or to re-schedule the cancelled flight. Additionally, gift vouchers may be purchased by passengers. Where a voucher is issued, a liability for the amount paid by the passenger is recognized in full and held within unearned revenue until the voucher is utilized against a future flight, when it expires, or when it is probable that it will expire unexercised.

Accordingly, unearned revenue, which is presented as contract liabilities within the balance sheet, represents flight seats sold but not yet flown and vouchers issued for future flights. If the Company expects to refund some or all of the amount paid for a flight service, for instance where a flight is cancelled, a refund liability is recognized for the full amount payable. This is recognized within unearned revenue and is presented as contract liabilities.

The loyalty customers can earn the currency of loyalty program – points – from tickets or services purchased from the Parent company and other cooperation partners and use the earned points to buy services and products offered by airBaltic or other cooperation partners. The points earned are valued according to IFRS 15, and they are recognised as a decrease of revenue and contract liabilities at the time when the points-earning event (for example, flight is flown) is recognised as revenue. Fair value is measured by considering the fair value of those awards that can be purchased with the points and the customer selection between different awards based on historical customer behavior. The balance of the contract liabilities is decreased when points are redeemed or expire.

Ancillary revenue includes sale of ticket related services, like advance seat reservations, baggage fees as well as different service fees, and income on inflight service. The service revenue is recognized when the flight is flown in accordance with the flight traffic program. Cargo revenue is recognized when the cargo has been delivered to the customer, usually delivery in one day, i.e. over time. Charter revenue includes sale of flights that are recognized when the service is delivered.

Aircraft lease revenue include sale of short-term aircraft lease to other airlines and it is recognised over the period when the service is delivered. No significant future lease payments or commitments are attributable to the aircraft lease. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. There are non-lease components attributable to rent of crew, maintenance and insurance. Revenue for non-lease components is recognised over the lease term similarly to lease income. Average lease term is 6 months. As the aircraft are leased under ACMI contracts, airBaltic is responsible for the costs associated with aircraft leasing, crew, maintenance and insurance and these costs are recognized in accordance with the relevant accounting policies.

The recognition of Other revenue depends on the nature of the revenue stream. All these revenues arise from contracts with customers.

Claim compensations received under the supplemental commercial support agreement that is signed to compensate the loss from the engine shortages and other compensations are recognised in the Income statement as they compensate additional operating expenses incurred by the Parent company. Compensations are recognised when they have been received or have become receivable by the Group. Given that those are related to extra expenses incurred, management have concluded that those are not related to future purchases of Property, plant and equipment.

Financing component

The Company and the Group do not have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Consequently, the Company and the Group do not adjust any of the transaction prices for the time value of money.

2. Material accounting policy information (continued)

h) Aircraft maintenance costs

Aircraft maintenance costs involve routine maintenance costs like short cycle engineering checks, component checks, monthly checks, annual airframe checks and periodic heavy maintenance and engine checks.

Aircraft maintenance costs also involve significant modifications of engines. Such modifications may be performed to engines for a variety of reasons, including rule changes, mandatory actions, product improvements or other. Significant modifications of engines are capitalised as separate items and depreciated over their expected useful life, which in the case of leased engine cannot exceed the lease period.

Routine maintenance costs are expensed as incurred.

The cost of heavy maintenance and engine checks is capitalized and recognized as property, plant and equipment when maintenance is carried out. Such assets are depreciated over their expected useful life which is the shorter of the period to the next check or the remaining life of the aircraft.

Spare parts held by the Company are classified as property, plant and equipment if they are expected to be used over more than one period.

In most cases, additional maintenance costs are incurred in order to satisfy the criteria set by the lessor regarding technical condition of the aircraft at the end of the period of lease. Provisions for the redelivery of the aircraft are set up to cover the estimated costs relating to the future redelivery of aircraft. At the commencement date, the present value of the estimated redelivery costs is included within the cost of right-of-use assets and depreciated over the shorter of the end of the useful life of the aircraft or the end of the lease term. This provision is re-evaluated at the end of each period to account for any changes in the expected redelivery costs.

Payments for aircraft and engine maintenance, as stipulated in the respective lease agreements, are made to certain lessors as a security for the performance of future heavy maintenance works. The payments are recorded as Prepayments for maintenance until the respective maintenance event occurs and the reimbursement with the lessor is finalised. If, for any reason, the works planned and prepaid are not executed within the lease term, the accumulated prepayments shall be expensed in the Income statement upon the disclosure of this circumstance. Prepayments are classified as current if the maintenance for which they are made is expected to be carried out within the next 12 months.

i) Financial assets and liabilities

Financial assets

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Company's and the Group's business model for managing the financial assets and the contractual terms of the cash flows. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company and the Group companies commit to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the companies have transferred substantially all the risks and rewards of ownership. At initial recognition, the Company and the Group companies measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), at transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Subsequent measurement of debt instruments depends on the Company's and the Group's business model for managing the asset and the cash flow characteristics of the asset. All Company's and the Group's debt instruments are classified in amortised cost measurement category.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in Finance income/ (expense). Foreign exchange gains and losses are presented as finance cost or finance income in Income statement. Impairment losses are presented as other operating costs.

As at 31 December 2024 the following financial assets of the Company and the Group were classified in this category: trade receivables, loans granted, bank deposits, cash and cash equivalents. The Company and the Group have no investments in equity instruments. Derivative financial instruments are carried at their fair value. All derivative instruments are carried as assets when fair value is positive and as liabilities when fair value is negative.

Financial liabilities

All financial liabilities are measured at amortised cost unless they are measured at fair value. The Company's and the Group's financial liabilities that are measured at amortised cost comprise trade and other payables and interest-bearing loans and leases. They are carried as current liabilities or non-current liabilities. Derivatives are measured at fair value.

2. Material accounting policy information (continued)

j) Intangible assets and property, plant and equipment

Intangible assets are recorded at historical cost net of accumulated amortisation and accumulated impairment loss. Property, plant and equipment (hereinafter – PPE) are recorded at historical cost less accumulated depreciation and accumulated impairment losses (Fixtures and fittings, Aircraft equipment) or revalued amount less accumulated depreciation and accumulated impairment losses (Buildings, Aircraft). Historical cost includes expenditure that is directly attributable to the acquisition of the intangible assets and PPE. The cost of software licenses includes the purchase cost and costs related to their implementation in use.

Depreciation for the following categories of assets is calculated using the straight-line method to allocate the cost or revalued amount to the residual values over the estimated useful lives using the following rates set by the Management.

	% per annum
Licences and software	20
Buildings	2 - 5
Aircraft equipment	16 - 50
Fixtures and fittings	20 - 50

As the components of aircraft and engines have varying useful lives, the Company and the Group have separated the components for depreciation purposes. The depreciation method used for each type of component is based on the characteristics of the type (straight line or units of production method). The Company and the Group have determined the rate of depreciation per hour of usage for some aircraft component types, by dividing the depreciable amount of an aircraft by its estimated total service capability measured in terms of hours. The residual values of the aircraft are determined based on independent external valuations.

Intangible assets include trademarks acquired by the Parent company. The trademarks are with indefinite useful life and are not subject to amortization but are tested for impairment annually. It is assumed that an intangible asset has indefinite useful life if, based on an analysis of relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Company and the Group.

Buildings and training aircraft are accounted by applying the revaluation method. Revaluation is made with sufficient regularity that the carrying value does not differ materially from that which would be determined using fair value at the balance sheet date. Increase in the carrying amount arising on revaluation is credited to “Revaluation reserve” in shareholders’ equity and is subsequently depreciated.

Decreases that offset previous increases of the same asset are charged against the revaluation reserve directly in equity; all other decreases are charged to the current year’s income statement. Any accumulated depreciation at the date of revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after the revaluation equals its revalued amount.

Costs of borrowing to finance PPE under construction and other direct charges related to the particular PPE under construction are capitalized, during the period of time that is required to prepare the asset for its intended use, as part of the cost of the asset. Capitalization of the borrowing costs is suspended during extended periods in which active developments are interrupted.

When a third party is constructing an asset, the borrowing costs incurred by the Company and the Group are capitalized. The capitalization starts when all three conditions are met: expenditures are incurred, borrowing costs are incurred and the activities necessary to prepare the asset for its intended use or sale are in progress. Subsequent costs are included in the asset’s carrying amount or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the Group and the cost of the item can be measured reliably. Such costs are depreciated over the remaining useful life of the related asset. Costs for routine aircraft maintenance, as well as repair costs are expensed as incurred.

Extensive modifications, including the obligatory major overhauls of engines, and improvements to PPE are capitalized and depreciated over its remaining useful life. Repairs and maintenance are charged to the income statement during the period in which they are incurred (for more details see Note 2 h) Aircraft maintenance costs).

Gains or losses on disposal are determined by comparing carrying amount with proceeds and gains from related asset’s revaluation reserve write-off and are charged to the income statement during the period in which they are incurred.

2. Material accounting policy information (continued)

k) Impairment of financial assets

The Company and the Group assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Company and the Group use low credit risk exemption, i.e. the Company and the Group assume that the credit risk on a financial assets have not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. The Company and the Group companies measure ECL and recognise credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions. For trade receivables without a significant financing component, the Company and the Group applies a simplified approach permitted by IFRS 9 and measures the allowance for impairment losses at expected lifetime credit losses from initial recognition of the receivables. The Group uses a provision matrix in which expected credit losses are calculated for trade receivables falling into different ageing or overdue periods.

l) Trade and other receivables

Trade and other receivables are initially recognized at fair value, which approximates original invoice amount and subsequently measured at their amortised cost less impairment losses.

The security deposits represent the deposits provided by airBaltic to lessors as security in relation to the lease contracts and to the funding of future maintenance costs. These deposits are refunded at the end of the lease term if airBaltic as the lessee has fully performed all the provisions in the lease contract. The deposits can be used for the settlement of current lease payments. The deposits are measured at amortised cost using the effective interest rate method and are presented as current or non-current assets based on the remaining term of the lease.

Issued loans are recognized when cash is advanced to the borrowers. Loans are carried at amortized cost, net of expected credit losses. Gains and losses are recognised in the income statement when loans are derecognised or impaired.

m) Leases and right-of-use assets

The leases (other than short term leases and leases of low value assets (assets with value below EUR 5 thousand)) are recognised as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the Company and the Group. At the commencement date, lease liabilities are measured at an amount equal to the present value of the following lease payments for the underlying right-of-use assets during the lease term:

– fixed payments (including in-substance fixed payments), less any lease incentives receivable;
– variable lease payments that are based on an index or a rate;
– amounts expected to be payable by the Company and the Group companies under residual value guarantees;
– the exercise price of a purchase option if the Company and the Group are reasonably certain to exercise that option;
– payments of penalties for terminating the lease, if the lease term reflects the Company and the Group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or the incremental borrowing rate of the Company and each Group company.

Each lease payment is allocated between the liability and finance cost. Lease liabilities are subsequently measured using the effective interest method. The carrying amount of the lease liability is remeasured to reflect any reassessment, lease modification or revised in-substance fixed payments. The lease term is the non-cancellable period of the lease; periods covered by options to extend and terminate the lease are only included in the lease term if it is reasonably certain that the lease will be extended or not terminated.

Right-of-use assets are measured initially at cost comprising the following:

– the amount of the initial measurement of the lease liability;
– any lease payments made at or before the commencement date less any lease incentives received;
– any initial direct costs;
– restoration costs.

2. Material accounting policy information (continued)
m) Leases and right-of-use assets (continued)

Subsequently, the right of use assets, are measured at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for re-measurement of the lease liability due to reassessment or lease modifications. The depreciation of right-of-use assets occurs over the shorter of the asset's useful life or the lease term, applying either a straight-line method or a usage-based approach, depending on the nature of the asset, except when the useful life exceeds the lease term and the asset is expected to be acquired using the purchase option. The following depreciation rates are set by the Management for the right of use assets:

	Estimated useful life, years
Land and buildings	3 - 30
Aircraft component	3 - 25

Headquarter building with an estimated useful life of 13 years and maintenance hangars with an estimated useful life of 3-5 years are classified within the "Land and buildings". The majority of land leased by the Group is allocated for maintenance hangars or training facilities, with lease terms extending up to 30 years.

Payments associated with all short-term leases and certain leases of all low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise computers, tablets, mobile phones and small items of office furniture.

n) Provisions

Provisions are recognized when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Provisions are recognised based on the Management's estimates.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision may be recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be low.

Provisions are reviewed at the end of each reporting period and adjusted to reflect current best estimates. The costs related to setting up provisions are charged to operating expenses or are included within the acquisition cost of an item of right-of-use assets when the provision is related to the dismantlement, removal or restoration or other obligation, incurred either when the item is acquired or as a consequence of use of the item during a particular period. Provisions are used only to cover the expenses for which they were set up. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the Company and the Group settle the obligation. The reimbursement shall be treated as a separate asset. The amount of the reimbursement may not exceed the amount of the provision. Once the uncertainty is removed, the provision is classified as creditor or reversed and recognized in the income statement within the same line item in which the original expenditure was initially disclosed.

Onerous contract provisions comprise the unavoidable costs under a contract that is the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

Provisions for aircraft maintenance costs related to the future redelivery of aircraft

As evidenced by industry practice, additional maintenance costs are frequently incurred in order to satisfy the criteria set by the lessor regarding technical condition of the aircraft at the end of the period of lease. Provisions for redelivery of the aircraft are set up to cover the estimated costs relating to the future redelivery of aircraft. At the commencement date, the present value of the estimated redelivery costs is included within the cost of right-of-use assets and depreciated over the shorter of the end of the useful life of the aircraft or the end of the lease term. Every balance sheet date the present value of estimated future redelivery costs are re-evaluated for changes arising from the usage and the provisions for expected future necessary aircraft maintenance costs are adjusted through adjusting the respective asset and redelivery provision.

2. Material accounting policy information (continued)

o) Taxation

Corporate income tax for the reporting period is included in the financial statements based on the Management's calculations prepared in accordance with Latvian Republic tax legislation.

Corporate income tax is calculated on the basis of distributed profit (20/80 of the net amount payable to shareholders). Corporate tax on distributed profit will be recognized when the shareholders of the Company and the Group companies make a decision about profit distribution.

The Company and the Group companies calculate and pay corporate income tax also for the conditionally distributed profit (20/80 of calculated taxable base), which includes taxable objects in accordance with the Corporate Income Tax law, such as the expenditure not related to economic activity, the doubtful debts of debtors and the loans to the related parties, if they meet criteria provided in the Corporate Income Tax law, as well other expenses exceeding statutory limits for deduction. Corporate income tax for the conditionally distributed profit is recognized in the income statement in the year for which it is assessed.

There are no differences between the tax bases and carrying amount of assets and liabilities and hence, deferred income tax assets and liabilities do not arise. Deferred tax liabilities relating to taxable temporary differences arising on investments in subsidiaries (from retained earnings after 1 January 2018 in subsidiaries) are not recognized in the Group's consolidated financial statements as management has decided that the subsidiaries' 2018-2023 profit for the foreseeable future will not be distributed.

Pillar Two is a tax scheme that will be applied in the EU and OECD countries in addition to their national corporate tax systems. The multinational enterprises (MNEs) pay a minimum 15% tax in their home country on income arising in each country they operate in. The global minimum tax applies to MNEs with consolidated revenues of more than EUR 750 million a year. Latvia has elected to delay its full application up to 31 December 2029.

p) Emissions trading scheme

The Group is required to formally report its annual actual emissions to the relevant authorities and surrender emissions allowances (EUAs) equivalent to the emissions made during the year. Surrendered allowances are a combination of the free allowances granted by the authorities and allowances purchased by the Group from other parties. The free allowances are measured initially and subsequently at cost which for allowances awarded is a nominal value (usually nil). Allowances are purchased at the moment when those are required to be settled. At the balance sheet date the provision is measured at market value, except for the hedged portion, which is valued at forward rate. The cost of allowances purchased and to be purchased are recognised as costs in the Income statement under "Cost of carbon emission allowances". Cash outflow for purchased allowances is presented in operating activities in statement of cash flow.

q) Prepayments

Prepayments represent payments made in advance for goods or services that will be received or consumed in future periods. These are typically recorded as assets on the balance sheet until the related goods or services are received or consumed. Prepayments are classified as current or non-current assets based on the period in which the benefit is expected to be realized. Prepayments expected to be utilized or consumed within twelve months of the reporting date are classified as current assets, while those expected to provide benefits beyond twelve months are classified as non-current assets.

r) Passenger service

Passenger Service includes both compensations and cost of services provided to passengers. Compensations cover flight delays, delayed or damaged baggage, and other related claims. Cost of services include onboard meals for business class passengers, access to business lounges, and other passenger amenities.

3. Financial risk management

a) Financial risk factors

The Parent company and the Group companies are exposed to a variety of financial risks: market risk (relating to fluctuations in commodity prices, interest rates and currency exchange rates), credit risk and liquidity risk. The Company's and the Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise adverse effects on the Company's and the Group's financial performance. The Parent company and the Group companies use financial instruments to manage exposures arising from these risks. These instruments include borrowings, cash deposits and derivatives (principally jet fuel derivatives). It is the Company's and the Group's policy that no speculative trading in financial instruments takes place.

Risk management is carried out by the Risk Management Committee under policies approved by the Executive and Supervisory Board. The Executive Board of airBaltic provides written principles for overall risk management, as well as defines key approaches for managing risks within specific areas, such as foreign exchange risk, fuel price risk, credit risk, use of derivative financial instruments, adherence to hedge accounting, and hedge coverage levels.

b) Risk analysis

Market risks

Foreign currency risk

The Parent company and the Group are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US dollar. Foreign exchange risk arises when commercial transactions and recognized assets or liabilities are denominated in a currency that is not the functional currency of the Company. Most of the Group's revenues is denominated in euros, while a significant portion of the Company's and the Group's expenses are US Dollar denominated, including fuel, aircraft lease, maintenance, insurance and capital expenditure costs.

During the year the Company has not used financial derivatives to hedge its foreign currency risk and there were no open hedges as at 31 December 2024. The Executive Board may in the future consider hedging foreign currency risk to reduce the potential Company's and the Group's earnings and cash flow volatility arising from foreign currency fluctuations.

The Group's and airBaltic's exposure to EUR/USD exchange risk at the end of the reporting year and the respective equivalent in euros, was as follows:

AIR BALTIC	**31.12.2024**		**31.12.2023**	
	TUSD	**equivalent to TEUR**	**TUSD**	**equivalent to TEUR**
Trade and other receivables	20 440	19 675	19 067	17 255
Borrowings and lease payments	551 285	530 643	591 829	535 592
Trade and other payables	45 382	43 682	12 150	10 995

GROUP	**31.12.2024**		**31.12.2023**	
	TUSD	**equivalent to TEUR**	**TUSD**	**equivalent to TEUR**
Trade and other receivables	20 440	19 675	19 067	17 255
Borrowings and lease payments	551 285	530 643	591 829	535 592
Trade and other payables	45 382	43 682	12 150	10 995

Interest rate risk

Interest rate risk is the risk that the fair value of financial instruments or cash flows will fluctuate in the future due to changes in market interest rates. Cash flow interest rate risk arises from floating interest rate borrowings and lies in the danger that financial expenses increase when interest rates increase.

However, the majority of interest rates charged on borrowings are not sensitive to interest rate movements as they are fixed until maturity. The Parent company and the Group analyse its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, alternative financing and hedging. The Group is exposed to fair value risk of interest.

The Company and the Group have not used financial derivatives to hedge its interest rate risk during the year.

3. Financial risk management (continued)
b) Risk analysis (continued)
Market risks (continued)

Commodity price risk

One of the most significant costs for the Company and the Group is jet fuel. The price of jet fuel can be volatile and can have direct impact on the Company's and the Group's financial performance. airBaltic has partly hedged against jet fuel price fluctuations using jet fuel swap contracts. The average hedge coverage in 2024 was 20% (2023: 3.4%). As at 31 December 2024, 12 000 jet fuel tonnes had been hedged for the year 2025 (31 December 2023: 12 000 jet fuel tonnes for 2024).

In addition to jet fuel, significant attention will be directed towards the carbon market, which also represents a substantial expense. To mitigate the impact of carbon market volatility, as of December 31, 2024, the airline has hedged 50 thousand tonnes (11%) at an average price of EUR 67.5 per ton (31 December 2023: 100 thousand tonnes (22%) at an average price of EUR 75 per ton).

Sensitivity analysis

The table below shows the sensitivity on the net result of the Parent company and the Group to various market risks for the current and prior years:

AIR BALTIC AND THE GROUP	31.12.2024 Difference in equity TEUR	31.12.2023 Difference in equity TEUR	2024 Difference in result for the year TEUR	2023 Difference in result for the year TEUR
USD/EUR rate sensitivity				
USD/EUR rate increase 5%	(30 565)	(26 880)	(30 565)	(26 880)
USD/EUR rate decrease 5%	33 782	29 709	33 782	29 709
Interest rate sensitivity				
Interest rate is higher by 0.5 pp	(0.33)	(3.95)	(0.33)	(3.95)
Interest rate is lower by 0.5 pp	0.33	3.95	0.33	3.95

The interest rate sensitivity calculation considers the effects of the varying interest rates on the borrowings.

Liquidity risk

Liquidity risk is the risk that the Parent company and the Group are unable to meet their financial obligations due to insufficient cash inflows. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding.

The airline ended 2024 with the cash balance of EUR 33 million and EUR 13.8 million restricted cash balance. The liquidity position and liquidity requirements of the airline are explained in more detail in Note 2 (c).

The following tables analyze airBaltic's and the Group's contractual, non-discounted (including estimated future interest payments on debt), non-derivative financial liabilities.

AIR BALTIC	Within 3 months TEUR	Between 3 months and 1 year TEUR	Between 1 and 5 years TEUR	More than 5 years TEUR	Total contractual cash flows TEUR	Carrying amount of liabilities TEUR
Contractual maturities of financial liabilities at 31.12.2024						
Trade payables	71 666	-	-	-	71 666	71 666
Accrued liabilities	33 175	-	-	-	33 175	33 175
Borrowings	14 879	44 636	602 953	1 330	663 798	400 532
Lease liabilities	37 044	111 016	564 754	414 136	1 126 950	911 150
Airport taxes collected and still payable	9 510	7 996	-	-	17 506	17 506
Amounts collected on behalf of other airlines	1 084	606	-	-	1 690	1 690
Contractual maturities of financial liabilities at 31.12.2023						
Trade payables	31 212	-	-	-	31 212	31 212
Accrued liabilities	42 678	-	-	-	42 678	42 678
Borrowings	1 715	218 665	58 914	4 413	283 707	265 114
Lease liabilities	33 369	99 943	525 229	455 527	1 114 068	884 749
Airport taxes collected and still payable	9 965	4 428	7	-	14 400	14 400
Amounts collected on behalf of other airlines	1 268	1 112	1	-	2 381	2 381

3. Financial risk management (continued)
b) Risk analysis (continued)
Liquidity risk (continued)

GROUP	Within 3 months TEUR	Between 3 months and 1 year TEUR	Between 1 and 5 years TEUR	More than 5 years TEUR	Total contractual cash flows TEUR	Carrying amount of liabilities TEUR
Contractual maturities of financial liabilities at 31.12.2024						
Trade payables	71 366	-	-	-	71 366	71 366
Accrued liabilities	33 456	-	-	-	33 456	33 456
Borrowings	14 879	44 636	602 953	1 330	663 798	400 532
Lease liabilities	37 044	111 016	564 754	414 136	1 126 950	911 150
Airport taxes collected and still payable	9 510	7 996	-	-	17 506	17 506
Amounts collected on behalf of other airlines	1 084	606	-	-	1 690	1 690
Contractual maturities of financial liabilities at 31.12.2023						
Trade payables	30 800	-	-	-	30 800	30 800
Accrued liabilities	42 996	-	-	-	42 996	42 996
Borrowings	2 016	219 056	58 914	4 413	284 399	265 786
Lease liabilities	33 369	99 943	525 229	455 527	1 114 068	884 749
Airport taxes collected and still payable	9 965	4 428	7	-	14 400	14 400
Amounts collected on behalf of other airlines	1 268	1 112	1	-	2 381	2 381

Credit risk

Credit risk is the risk that the Parent company and the Group companies will incur a monetary loss caused by the other party to a financial instrument because of that party's inability to meet its obligations. The Parent company and the Group companies are exposed to credit risk through its trade receivables, deposits and cash. The exposure to credit risk from individual customers is limited as a large majority of the payments for flight tickets are collected before the service is provided. The Parent company and the Group have no significant concentration of credit risk with any customer. The Parent company and the Group analyse and evaluate partners before commercial transactions are initiated. Further, trade receivable balances are monitored on an ongoing basis to ensure that the Company's and the Group's exposure to bad debts is minimized. Accounts receivables are presented net of allowances for doubtful accounts receivable. Although the collection of receivables can be impacted by economic factors, the Management believes that there is no significant risk of loss beyond the credit loss allowances already recorded. The other receivables do not contain any impaired assets.

The credit risk is also managed by only signing contracts with financially sound domestic and foreign banks, financial institutions and brokers within the framework of risk management policy. According to the estimate of the Management the receivables and accrued income without a credit rating from an independent party do not involve material credit risk, as there is no evidence of circumstances that would indicate impairment loss. The Parent company and the Group have no significant concentration of credit risk with any bank.

3. Financial risk management (continued)
b) Risk analysis (continued)

The Parent company and the Group also have hedging and aircraft manufacturer relationships that represent counterparty credit risk. The Parent company and the Group analysed the creditworthiness of the relevant business partners in order to assess the likelihood of non-performance of liabilities due to the Company and the Group. The credit quality of the Company's and the Group's financial assets is assessed by reference to external credit ratings of the counterparties as follows:

AIR BALTIC 31.12.2024	A+ TEUR	B+ TEUR	BBB+ TEUR	Other TEUR	Unrated TEUR	Total TEUR
Financial instruments						
Trade receivables, security deposits and other receivables	-	-	40	3 064	63 155	66 259
Restricted cash	13 775	-	-	-	-	13 775
Cash	32 141	34	269	-	449	32 893
Derivative financial instruments	240	-	-	-	-	240
TOTAL FINANCIAL ASSETS	**46 156**	**34**	**309**	**3 064**	**63 604**	**113 167**
31.12.2023						
Financial instruments						
Trade receivables, security deposits and other receivables	2 974	2 500	500	7 911	42 450	56 335
Cash	10 513	-	17 319	-	963	28 795
Derivative financial instruments	482	-	-	-	-	482
TOTAL FINANCIAL ASSETS	**13 969**	**2 500**	**17 819**	**7 911**	**43 413**	**85 612**

GROUP 31.12.2024	A+ TEUR	B+ TEUR	BBB+ TEUR	Other TEUR	Unrated TEUR	Total TEUR
Financial instruments						
Trade receivables, security deposits and other receivables	-	-	40	3 064	58 371	61 475
Restricted cash	13 775	-	-	-	-	13 775
Cash	32 422	34	269	-	449	33 174
Derivative financial instruments	240	-	-	-	-	240
TOTAL FINANCIAL ASSETS	**46 437**	**34**	**309**	**3 064**	**58 820**	**108 664**
31.12.2023						
Financial instruments						
Trade receivables, security deposits and other receivables	2 974	2 500	500	7 912	37 518	51 404
Cash	10 771	-	17 319	-	968	29 058
Derivative financial instruments	482	-	-	-	-	482
TOTAL FINANCIAL ASSETS	**14 227**	**2 500**	**17 819**	**7 912**	**38 486**	**80 944**

Based on the information above the Management does not consider the counterparty risk of any party being material and therefore no credit loss allowance was recognized for the respective cash balances.
For more detailed information on accounting policy for accounts receivable and their impairment, see Notes 2 (k) and 2 (l). Detailed analysis of trade accounts receivable is shown in Note 28.

Capital management risk
The Parent company's and the Group's policy is to preserve an optimal capital base to keep investor, creditor and market confidence and to maintain sufficient financial resources to mitigate against risks and unforeseen events.
The airline and its main shareholder, the Government of Latvia, successfully negotiated and signed an agreement with Lufthansa Group on investment of EUR 14 million in the equity of airBaltic, pending the review of competition authorities.
In 2024, the management engaged investment banks to conduct an IPO with the goal to raise EUR 300 million in new equity to finance its growth from the current 50 aircraft to 100 aircraft by the end of 2030.

3. Financial risk management (continued)

Fair value estimation

The Company and the Group classify their assets and liabilities based on the technique used for determining fair value into the following categories:
Level 1: Fair value is determined based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Fair value is determined based on inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly
Level 3: Fair value is determined based on inputs that are not based on observable market data (that is, on unobservable inputs).

The following table presents the Group's and airBaltic's assets and liabilities that are measured at fair value at 31 December 2024.

AIR BALTIC	Level 1 TEUR	Level 2 TEUR	Level 3 TEUR	Total TEUR
Buildings	-	-	7 215	7 215
Investment property	-	-	2 020	2 020
Derivative financial instruments	-	240	-	240

GROUP	Level 1 TEUR	Level 2 TEUR	Level 3 TEUR	Total TEUR
Buildings	-	-	9 637	9 637
Diamond DA40NG aircraft	-	-	3 891	3 891
Derivative financial instruments	-	240	-	240

The following table presents airBaltic's and the Group's assets and liabilities that are measured at fair value at 31 December 2023.

AIR BALTIC	Level 1 TEUR	Level 2 TEUR	Level 3 TEUR	Total TEUR
Buildings	-	-	6 608	6 608
Investment property	-	-	2 850	2 850
Derivative financial instruments	-	482	-	482

GROUP	Level 1 TEUR	Level 2 TEUR	Level 3 TEUR	Total TEUR
Buildings	-	-	8 547	8 547
Diamond DA40NG aircraft	-	-	3 831	3 831
Derivative financial instruments	-	482	-	482

The Group and airBaltic obtain independent valuations for its buildings, investment property and aircraft with sufficient regularity. At the end of each reporting period, the Management updates the assessment of the fair value of each building and aircraft, considering the most recent independent valuations. The Management determine a property's value within a range of reasonable fair value estimates. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the Management considers information from a variety of other sources. Please see Note 20 and Note 21 on the principles of setting the fair value of buildings and Note 20 on the revaluation of the aircraft. No transfers occurred between levels, and the valuation techniques remained unchanged.

All financial assets and financial liabilities except for derivates are measured at amortized cost. The Group's and airBaltic's financial assets measured at amortized cost are included in level 3, except for cash and cash equivalents, which are included in level 2. The Group and airBaltic estimate that the fair values of assets and liabilities reported at amortised cost do not materially differ from the carrying amounts reported in the financial statements, except for bond, for which assessment of the fair value was performed as of 31 December 2024. The valuation was performed by discounting the remaining cash flow with the market rate of 10.1% as of 31 December 2024. According to the calculations performed the fair value of the bonds on 31 December 2024 – EUR 439 431 thousand – was higher than their carrying amount of EUR 386 888 thousand (as of December 31, 2023, using a market rate of 9.2%, the fair value of the bonds was EUR 202 814 thousand, which was lower than their carrying amount of EUR 205 696 thousand).

The fair values of other financial assets and other financial liabilities are based on discounted cash flows using a current borrowing rate.

4. Segment information

In 2024, the Group revised its reporting segments to better align with the current structure and operations. As a result, the comparative information for previous periods has been restated to reflect these changes, ensuring consistency and comparability across reporting periods. As of 31 December 2024, the Group operated in two reporting segments – own network operations and ACMI out business. The segments are defined and presented in line with the internal reporting that is provided to the senior management team that is the Chief Operating Decision Maker (CODM) (in the context of IFRS 8 'Operating Segments') which is responsible for allocating resources and assessing performance of the operating segments.

Operating Segments

- Own network operations: this segment includes the airline's own scheduled passenger services, charter services and related ancillary services,
- ACMI out business: this segment includes the provision of Aircraft, Crew, Maintenance, and Insurance (ACMI) services to other airlines.

All other segments – provision of aviation related training services and cargo handling – are not reportable operating segments and are not analysed as separate segments by airBaltic's CODM. The results of these operations are included in the 'Other segments' line.

Allocation of revenue by operating segment

- ACMI lease revenue (both, non-lease component and lease component) attributed to ACMI out business segment,
- The remaining revenue of the Parent Company is attributed to own network operations and comprises various types of income, including ticket revenue, ancillary revenue, charter revenue, cargo revenue, and other revenue streams.

Allocation of costs by operating segment

The costs applicable to ACMI out activities include not only variable costs but also share of reasonably applicable fixed costs such as overheads.

Only the costs associated with both ACMI out operations and Own network operations are allocated between both business segments:

- variable costs are allocated based on production, measured in Available Seat Kilometres (ASK),
- fixed costs are allocated according to the designated use of aircraft for ACMI out operations or own network operations, although there are no specific aircraft physically dedicated solely to one segment. Instead, aircraft usage is optimized based on overall availability and operational efficiency. The allocation of dedicated aircraft follows these guidelines:
  - ACMI fleet designation: the number of aircraft considered part of the ACMI fleet is based on the peak number dedicated to ACMI out operations during the financial year, often occurring in the summer season,
  - Own network operations allocation: the remaining aircraft are allocated to network operations.

The accounting policies of the operating segments are the same as those described in the Material accounting policy information. The Group measures the performance of its segments based on segment EBITDAR and EBITDAR margin (please see Note 5 on reconciliation to the IFRS measures), measured consistently with the entity's profit or loss in the financial statements.

Resource allocation decisions for each segment based on the segment's performance during the period and aimed at optimising the Group's financial performance.

Segment revenue and result

2024	Own network operations	ACMI out business	Total reportable operating segments	Other segments	Intersegment elimination	Group
External revenue	596 862	146 871	743 733	6 473	(2 634)	747 572
Adjusted EBITDAR	106 271	76 494	182 765	907	480	184 152
Adjusted EBITDAR margin	18%	52%	25%	14%	-	25%
Amortization and depreciation	(104 424)	(47 035)	(151 459)	(604)	(122)	(152 185)
Interest revenue	1 017	569	1 586	2	-	1 588
Interest expense	(58 627)	(32 844)	(91 471)	(17)	-	(91 488)
2023						
External revenue	563 588	100 701	664 289	7 592	(3 898)	667 982
Adjusted EBITDAR	108 665	49 533	158 198	272	468	158 938
Adjusted EBITDAR margin	19%	49%	24%	4%	-	24%
Amortization and depreciation	(62 504)	(27 868)	(90 372)	(494)	(204)	(91 070)
Interest revenue	351	171	522	-	-	522
Interest expense	(41 939)	(20 480)	(62 419)	(103)	-	(62 522)

4. Segment information (continued)

Segment assets and liabilities

31 December 2024	Own network operations	ACMI out business	Total reportable operating segments	Other segments	Intersegment elimination	Group
Segment assets	910 982	503 720	1 414 702	7 663	(6 584)	1 415 781
Segment liabilities	1 038 277	542 249	1 580 526	5 945	(5 348)	1 581 123
Capital expenditure	118 350	66 572	184 922	694	–	185 616
31 December 2023						
Segment assets	895 248	428 710	1 323 958	8 240	(7 491)	1 324 707
Segment liabilities	943 040	428 807	1 371 847	6 744	(5 577)	1 373 014
Capital expenditure	162 546	79 248	241 794	306	–	242 100

Entity-wide disclosures

Revenue from external customers can be analysed by geographic area as follows:

	AIR BALTIC		GROUP	
	2024 TEUR	2023 TEUR	2024 TEUR	2023 TEUR
Europe	702 170	625 421	706 110	628 841
Other	41 563	38 868	41 462	39 141
TOTAL	**743 733**	**664 289**	**747 572**	**667 982**

Revenue was allocated to geographical areas based on the location of the destination airport.

5. Alternative performance measures

The Group uses alternative performance measures in its internal reporting. The figures are referred to in the European Securities Markets Authority (ESMA) Guidelines on Alternative Performance Measures (APM), which airBaltic uses to describe its business and financial performance development between periods. The alternative performance measures do not replace IFRS indicators but shall be read in conjunction with key figures in accordance with IFRS financial statements.

	AIR BALTIC		GROUP	
	2024 TEUR	2023 TEUR	2024 TEUR	2023 TEUR
(Loss) / profit for the period	**(118 803)**	**33 852**	**(118 159)**	**33 652**
Finance costs	93 494	63 744	93 517	63 855
Finance income	(1 586)	(634)	(1 588)	(522)
Provision for legal disputes	-	(8 073)	-	(8 073)
Corporate income tax	-	-	(7)	17
Adjusted EBIT	**(26 895)**	**88 889**	**(26 237)**	**88 929**
Foreign currency exchange loss / (gain), net	32 382	(16 666)	32 385	(16 664)
Amortization and depreciation	151 459	90 372	152 185	91 070
Adjusted EBITDA	**156 946**	**162 595**	**158 333**	**163 335**
Aircraft and similar lease	59 612	76 189	59 612	76 189
Claims compensation	(33 793)	(80 586)	(33 793)	(80 586)
Adjusted EBITDAR	**182 765**	**158 198**	**184 152**	**158 938**
Operating revenue	**743 733**	**664 289**	**747 572**	**667 982**
Adjusted EBITDAR margin	24.6%	23.8%	24.6%	23.8%

6. Revenue

	AIR BALTIC		GROUP	
	2024 TEUR	2023 TEUR	2024 TEUR	2023 TEUR
Ticket revenue	527 025	496 599	527 025	496 599
ACMI lease revenue (non-lease component)	95 522	61 407	95 522	61 407
Ancillary revenue	44 973	42 559	44 973	42 559
Charter revenue	13 913	11 399	13 913	11 399
Cargo revenue	5 688	5 808	6 114	6 220
Other revenue	3 644	3 427	7 057	6 708
Revenue from contracts with customers	***690 765***	***621 199***	***694 604***	***624 892***
ACMI lease revenue (lease component)	51 349	39 294	51 349	39 294
TOTAL	**742 114**	**660 493**	**745 953**	**664 186**

The Group allocates the consideration in the ACMI contract to the lease and non-lease components based on the internal assessment of their relative stand-alone prices. The lease revenues are neither priced nor invoiced separately and are separated for the disclosure purposes of these financial statements only.

In addition to advertising and similar revenues, item Other revenue also includes crew training revenues from external customers.

Ticket revenue and ancillary revenue are recognized at a point in time. ACMI lease revenue, charter revenue and cargo revenue are recognized over time. The recognition of Other revenue depends on the nature of the revenue stream.

7. Other income

Other income represents profit from sale and leaseback transactions.

8. Personnel costs

	AIR BALTIC		GROUP	
	2024 TEUR	2023 TEUR	2024 TEUR	2023 TEUR
Remuneration	102 697	82 642	105 008	85 839
State social insurance contributions	24 202	19 575	24 744	20 180
Other personnel expense	1 585	1 225	1 606	1 230
TOTAL	**128 484**	**103 442**	**131 358**	**107 249**

Remuneration of the members of the Executive Board and Supervisory Board for the current year

	AIR BALTIC		GROUP	
	2024 TEUR	2023 TEUR	2024 TEUR	2023 TEUR
Executive Board members				
Remuneration	1 930	1 482	1 930	1 482
State social insurance contributions	456	349	456	349
Supervisory Board members				
Remuneration	166	158	166	158
State social insurance contributions	38	36	38	36
TOTAL	**2 590**	**2 025**	**2 590**	**2 025**
Average number of employees during the reporting year, including:	2 593	2 468	2 656	2 531
Executive Board members	*3*	*3*	*3*	*3*
Supervisory Board members	*4*	*4*	*4*	*4*

9. Aircraft and similar lease costs

	AIR BALTIC		GROUP	
	2024 TEUR	2023 TEUR	2024 TEUR	2023 TEUR
ACMI-in lease costs	35 847	63 958	35 847	63 958
Short term engine lease	23 765	12 231	23 765	12 231
TOTAL	**59 612**	**76 189**	**59 612**	**76 189**

ACMI-in lease costs include payments for lease, related maintenance, insurance, and crew.

10. Cost of carbon emissions allowances

The Cost of carbon emissions allowances is the cost of the industry CO_2 emissions schemes under the EU Emission Trading System ("EU ETS") and the Carbon Offsetting and Reduction Scheme for International Aviation ("CORSIA").

Allowances are purchased at the moment when those are required to be settled and are measured initially at market value at the date of initial recognition. At the balance sheet date, the provision is measured at market value, except for the hedged portion, which is valued at forward rate. The Cost of carbon emission allowances includes both the additional emissions of the reporting period and the revaluations of provision (which causes fluctuations between income statement periods due to the notable fluctuations of the expected market price of emissions for the expected settlement in future periods). The carbon provision is calculated on a gross basis without considering the free allowances to be distributable in the future periods.

	AIR BALTIC		GROUP	
	2024 TEUR	2023 TEUR	2024 TEUR	2023 TEUR
Current period cost	22 640	24 955	22 640	24 955
(Gain) / loss on revaluation of provisions (see Note 34)	(4 121)	(2 696)	(4 121)	(2 696)
TOTAL	**18 519**	**22 259**	**18 519**	**22 259**

11. Aircraft maintenance

Aircraft maintenance costs include routine maintenance costs such as short-cycle engineering inspections, component inspections, monthly inspections, and routine airframe and engine inspections.

12. Marketing and tickets sales costs

	AIR BALTIC		GROUP	
	2024 TEUR	2023 TEUR	2024 TEUR	2023 TEUR
Tickets sales costs	22 288	21 289	22 288	21 289
Marketing costs and agents' commissions	18 151	15 129	18 151	15 129
Other sales costs	5 864	5 497	5 864	5 497
TOTAL	**46 303**	**41 915**	**46 303**	**41 915**

13. Other operating costs

	AIR BALTIC		GROUP	
	2024 TEUR	2023 TEUR	2024 TEUR	2023 TEUR
Crew duty trip expenses	11 725	10 292	11 725	10 292
Professional costs	10 618	6 664	10 333	6 590
IT maintenance services	7 330	5 737	7 377	5 693
Other costs	3 069	4 699	4 275	4 763
Insurances	2 941	2 731	3 041	2 731
Utilities	1 550	1 750	1 596	1 750
Net financial result from real estate sales and write-offs	(698)	-	(1 528)	-
Pilot services	-	162	-	-
TOTAL	**36 535**	**32 035**	**36 819**	**31 819**

14. Auditor’s remuneration

	AIR BALTIC		GROUP	
	2024 TEUR	2023 TEUR	2024 TEUR	2023 TEUR
Audit fees	281	190	301	207
Tax and other consulting services	13	44	13	44
Capital market transaction related services	555	235	555	235
TOTAL	**849**	**469**	**869**	**486**

15. Claim compensation

Claim compensations reflect compensations received under the Supplemental Commercial Support Agreements concluded with the engine manufacturer, insurance indemnities as well as various indemnities under guarantee contracts.

The spare engine supply issues which started in 2022 continued in 2023 and persisted throughout 2024 and had a major impact on airBaltic’s operations. This once again prevented the airline from flying its own fleet at full capacity. During the Summer season airBaltic had on average 8 aircraft on the ground due to the shortage of spare engines (the summer of 2023: 9 aircraft). To mitigate the issues caused by the shortage of the engines, the airline had signed a Supplemental commercial support agreements with its engine manufacturer. The agreements specify the support the airline would receive in case its aircraft are unavailable for operations due to defined engine operational issues and if there are no replacement engines available.

The costs which are compensated under claim compensation include engine downtime compensation, short-time lease costs, and other associated costs of flight operations incurred during the year. It is the management board’s judgment that the compensation is not a rebate or a discount for any purchased goods or services or future purchases of goods or services, rather it is a compensation for expenses incurred in connections with the delay in delivery causing before mentioned expenses to occur.

16. Finance costs

	AIR BALTIC		GROUP	
	2024 TEUR	2023 TEUR	2024 TEUR	2023 TEUR
Interest expense on lease	48 659	46 023	48 659	46 023
Interest expense on borrowings	39 437	16 396	39 454	16 499
Interest/commission on repaid bonds	3 375	-	3 375	-
Other interest and similar expenses	2 023	1 325	2 029	1 333
TOTAL	**93 494**	**63 744**	**93 517**	**63 855**

17. Foreign currency exchange gain / (loss), net

	AIR BALTIC		GROUP	
	2024 TEUR	2023 TEUR	2024 TEUR	2023 TEUR
Exchange (losses)/gain on assets and liabilities, net	(32 266)	16 475	(32 266)	16 475
Exchange gain on foreign currency settlements, net	(116)	191	(119)	189
TOTAL	**(32 382)**	**16 666**	**(32 385)**	**16 664**

18. Finance income

	AIR BALTIC		GROUP	
	2024 TEUR	2023 TEUR	2024 TEUR	2023 TEUR
Interest income on bank deposits	1 586	522	1 588	522
Other financial income	-	112	-	-
TOTAL	**1 586**	**634**	**1 588**	**522**

19. Corporate Income tax

	AIR BALTIC		GROUP	
	2024 TEUR	2023 TEUR	2024 TEUR	2023 TEUR
Reversed accruals for Corporate income tax on conditionally distributed profit	-	-	8	-
Corporate income tax on conditionally distributed profit	-	-	(1)	(17)
TOTAL	**-**	**-**	**7**	**(17)**

Corporate income tax is recognized on an accrual basis and the liability is settled over the period of the distribution of the share dividend. The subsidiaries do not have material distributable retained earnings and therefore there is no potential deferred tax.

20. Property, plant and equipment

The following two tables reflect the reconciliation of the carrying amount at the beginning and the end of the period for airBaltic and the Group.

AIR BALTIC	Buildings (revalued amount) TEUR	Fixtures and fittings (at cost) TEUR	Aircraft equipment (at cost) TEUR	Assets under construction TEUR	Total TEUR
Cost or revalued amount					
31.12.2022	16 238	20 892	98 256	-	135 386
Additions	20	1 110	56 308	-	57 438
Disposals	-	(1 714)	(2 527)	-	(4 241)
31.12.2023	**16 258**	**20 288**	**152 037**	**-**	**188 583**
Accumulated depreciation					
31.12.2022	9 605	9 130	22 462	-	41 197
Charge for 2023	335	1 850	13 528	-	15 713
Charge on revalued amount	310	-	-	-	310
Disposals	-	(1 686)	(2 261)	-	(3 947)
31.12.2023	**10 250**	**9 294**	**33 729**	**-**	**53 273**
Cost or revalued amount					
31.12.2023	16 258	20 288	152 037	-	188 583
Additions	41	11 297	57 959	37 153	106 450
Revaluation	1 833	-	-	-	1 833
Disposals	(1 949)	(621)	(2 303)	-	(4 873)
31.12.2024	**16 183**	**30 964**	**207 693**	**37 153**	**291 993**
Accumulated depreciation					
31.12.2023	10 250	9 294	33 729	-	53 273
Charge for 2024	340	1 911	19 701	-	21 952
Charge on revalued amount	326	-	-	-	326
Disposals	(1 949)	(617)	(1 805)	-	(4 371)
31.12.2024	**8 967**	**10 588**	**51 625**	**-**	**71 180**
Net book value 31.12.2024	**7 216**	**20 376**	**156 068**	**37 153**	**220 813**
Net book value 31.12.2023	**6 008**	**10 994**	**118 308**	**-**	**135 310**

20. Property, plant and equipment (continued)

GROUP	Buildings (revalued amount) TEUR	Fixtures and fittings (at cost) TEUR	Aircraft (revalued amount) TEUR	Aircraft equipment (at cost) TEUR	Assets under construction TEUR	Total TEUR
Cost or revalued amount						
31.12.2022	22 093	21 972	5 263	98 272	-	147 600
Additions	19	1 172	213	56 310	-	57 714
Disposals	-	(1 760)	(77)	(2 543)	-	(4 380)
31.12.2023	**22 112**	**21 384**	**5 399**	**152 039**	**-**	**200 934**
Accumulated depreciation						
31.12.2022	12 562	9 858	1 209	22 478	-	46 107
Charge for 2023	701	1 920	369	13 529	-	16 519
Charge on revalued amount	302	-	64	-	-	366
Disposals	-	(1 733)	(74)	(2 277)	-	(4 084)
31.12.2023	**13 565**	**10 045**	**1 568**	**33 730**	**-**	**58 908**
Cost or revalued amount						
31.12.2023	22 112	21 384	5 399	152 039	-	200 934
Additions	41	11 372	601	57 968	37 153	107 135
Revaluation	1 923	-	-	-	-	1 923
Disposals	(3 802)	(693)	(111)	(2 302)	-	(6 908)
31.12.2024	**20 274**	**32 063**	**5 889**	**207 705**	**37 153**	**303 084**
Accumulated depreciation						
31.12.2023	13 565	10 045	1 568	33 730	-	58 908
Charge for 2024	620	1 988	473	19 702	-	22 783
Charge on revalued amount	254	-	64	-	-	318
Disposals	(3 802)	(688)	(107)	(1 805)	-	(6 402)
31.12.2024	**10 637**	**11 345**	**1 998**	**51 627**	**-**	**75 607**
Net book value 31.12.2024	**9 637**	**20 718**	**3 891**	**156 078**	**37 153**	**227 477**
Net book value 31.12.2023	**8 547**	**11 339**	**3 831**	**118 309**	**-**	**142 026**

Impairment test

At the end of 2024, the Management of the Parent company and the Group performed the impairment test of property, plant and equipment (including right of use assets) and intangible assets. The potential triggers of impairment considered particularly in the context of the war in Ukraine and supply chain issues. For impairment test purposes the business of each separate Group company was considered as separate cash generating unit. The Parent company is the only significant cash generating unit. The recoverable amount of the assets is estimated based on their value in use.

In 2024 the impairment test of the property, plant and equipment (including right-of-use assets) and intangible assets that were treated as a separate cash generating unit did not reflect the need for recognizing an impairment provision because the assets' value in use exceeds their carrying amount.

The recoverable amount was based on discounted future cash flow for the period of 2025 – 2029 of the current aircraft fleet of the Parent company. The expected future cash flows were discounted using a discount rate of 12.0% (2023: 11.5%). Several key assumptions used in impairment test are sensitive to changes, which might affect the estimated recoverable value of assets:

- unit revenue per revenue passenger kilometre (ticket yield),
- volume of scheduled passengers,
- USD/EUR exchange rate,
- Weighted Average Cost of Capital (WACC).

20. Property, plant and equipment (continued)
Impairment test *(continued)*

In conducting the impairment test the near term yield was forecasted based on the current industry trends as well as on experts' forecasts. It was assumed that the yield in 2025 would increase by 10% compared to 2024 (3% in 2023 impairment test, adjustment driven by decreased yield of reported year) and 4% in 2026 compared to 2025. Further assumed 0.4% to 2% yield increase year-over-year. As for the impairment test purposes the model considered only the current fleet of the airline. Such assumption of constant fleet and hence limited seat capacity offered may potentially affect yield towards further increase.

The model assumes that more than 19% of the total revenue is generated by ACMI operations in 2025 and 2026 (climb compared to 2023 is attributed to increased focus on airBaltic's aircraft winter utilization, consequently forecasting increased ACMI-out block hours), and then declines gradually to 18% in 2027. The total number of assumed passengers in 2025 is 9% above 2019. Passenger growth assumed 7% in 2025 compared to 2024. Compounded annual passenger increase from 2025 to 2029 assumed 3%.

The EUR/USD exchange rate forecasted based on relevant forward prices until 2029 and in the model exchange rate reduced by 2% to use conservative assumption. Rates vary from EUR/USD 1.09 to 1.13.

The market price of jet fuel forecasted based on relevant forward prices and for the impairment test purpose increased by 2%. Rates vary from 672 to 626 USD/MT.

The table below represents change in each key assumption that would cause the cash generating unit's carrying amount to be equal to its recoverable amount, while other assumptions unchanged.

Assumption	**Change**
Scheduled passengers	Decrease 2.8%
Ticket yield	Decrease 2.8%
USD exchange rate	Decrease 8.9%
WACC	Increase 13.4%

The management does not consider the changes in the WACC presented above to be reasonably possible changes in the current environment, but for the consistency the sensitivity is presented.

The Company and the Group are continuously monitoring potential threats to core business activities such as developments around war in Ukraine and the Parent company's supply chain issues related to aircraft engine maintenance and amending where necessary short term operating plans accordingly. The Company's and the Group's short term performance will depend largely on the strength of the European economy in 2025, any further spill over effects from the war in Ukraine, and development of aircraft engine supply chain issues which may temporarily ground affected aircraft.

Fully depreciated assets

Property, plant and equipment at 31 December 2024 include fully depreciated assets with a total cost of EUR 4.2 million (31 December 2023: EUR 3.5 million) for the Group and EUR 3.5 million (31 December 2023: EUR 4.2 million) for airBaltic.

Pledged assets

Information on pledged assets is disclosed in the Note 39 (a).

Revalued assets

In 2024 the revaluation of the Parent company's and the Group's buildings was performed by certified independent estate valuators using the income approach. According to the Group's accounting policy, the net book value of buildings was adjusted to the valuation by recognising the gain in Revaluation reserve. The management considers that there are no significant changes in 2024 in the market values of the buildings and training aircraft compared to 2023.

If assets were recorded at cost less accumulated depreciation, their net book value would be as follows:

	AIR BALTIC		**GROUP**	
Buildings	**31.12.2024 TEUR**	**31.12.2023 TEUR**	**31.12.2024 TEUR**	**31.12.2023 TEUR**
Cost	6 804	6 763	8 725	9 756
Accumulated depreciation	(2 645)	(2 304)	(3 495)	(3 972)
NET BOOK VALUE	**4 159**	**4 459**	**5 230**	**5 784**
Aircraft Diamond				
Cost	-	-	5 127	4 703
Accumulated depreciation	-	-	(1 844)	(1 503)
NET BOOK VALUE	**-**	**-**	**3 283**	**3 200**

21. Right-of-use assets

The table below shows the movement in each class of right-of-use assets for airBaltic and the Group:

AIR BALTIC AND THE GROUP	Buildings and land TEUR	Aircraft TEUR	Total TEUR
Cost			
31.12.2022	18 314	993 447	1 011 761
Additions – new lease contracts	1 855	180 305	182 160
Terminated contracts	(37)	(9 772)	(9 809)
31.12.2023	**20 132**	**1 163 980**	**1 184 112**
Accumulated depreciation			
31.12.2022	6 226	188 290	194 516
Charge for 2023	1 874	70 547	72 421
Terminated contracts	(37)	(3 372)	(3 409)
31.12.2023	**8 063**	**255 465**	**263 528**
Impairment loss provision			
31.12.2022	-	(6 400)	(6 400)
Terminated contracts	-	6 400	6 400
31.12.2023	**-**	**-**	**-**
Cost			
31.12.2023	20 132	1 163 980	1 184 112
Additions – new lease contracts	3 907	69 370	73 277
Terminated contracts	(19)	-	(19)
31.12.2024	**24 020**	**1 233 350**	**1 257 370**
Accumulated depreciation			
31.12.2023	8 063	255 465	263 528
Charge for 2024	2 861	124 414	127 275
Terminated contracts	(19)	-	(19)
31.12.2024	**10 905**	**379 879**	**390 784**
Net book value 31.12.2024	**13 115**	**853 471**	**866 586**
Net book value 31.12.2023	**12 069**	**908 515**	**920 584**

In 2024 due to new unscheduled maintenance requirements communicated from Pratt&Whitney (engine manufacturer), the expected useful life of some engine components has been significantly shortened, requiring accelerated depreciation under IFRS guidelines. This adjustment follows the introduction of a new maintenance event, which is earlier than originally scheduled and during which several engine parts are replaced. Consequently, the carrying amount of the current parts has to be written off by the time of the newly planned maintenance date when the value of the new parts will be capitalised. The total financial impact of the accelerated depreciation is estimated at EUR 80 million (additional depreciation in 2024-2028 compared to the expected depreciation based on useful lives that were estimated in 2023), of which EUR 40 million is recognised in the 2024.

21. Right-of-use assets (continued)

The weighted average incremental borrowing rate applied to measure lease liabilities is 5% for aircraft and 1.7%–2.6% for other assets.

The following amounts related to the right-of-use assets are recognized in the Income statement:

	AIR BALTIC		GROUP	
	2024 TEUR	2023 TEUR	2024 TEUR	2023 TEUR
Depreciation charge for the right-of-use assets by class of assets				
Aircraft	124 414	*70 547*	124 414	*70 547*
Land and buildings	2 861	*1 874*	2 861	*1 874*
Total depreciation charge	**127 275**	**72 421**	**127 275**	**72 421**
Interest expense on lease liabilities (Finance cost)	48 665	46 023	48 665	46 023
Expense relating to short-term leases (Aircraft and similar lease expenses)	59 612	76 189	59 612	76 189
TOTAL EXPENSES RELATED TO LEASES	**235 552**	**194 633**	**235 552**	**194 633**

The following amounts related to the right-of-use assets are recognized in the cash flow statement:

	AIR BALTIC		GROUP	
	2024 TEUR	2023 TEUR	2024 TEUR	2023 TEUR
Principal	91 084	82 169	91 084	82 169
Interest paid	48 560	46 033	48 560	46 033
TOTAL CASH OUTFLOWS	**139 644**	**128 202**	**139 644**	**128 202**

Even though the airline intends to develop its business on the basis of its A220 fleet, the Management is not certain if it will exercise any options to extend the leases embedded in some of the lease contracts as both the extension terms at the time and the market conditions at the time are highly unpredictable. No extension option will be exercised for any other lease as the Management concludes that there are no economic incentives to exercise the option.

Neither airBaltic nor the Group provide any residual value guarantees.

22. Investment properties (the Parent company)

	TEUR
Fair value	
31.12.2022	**2 850**
31.12.2023	**2 850**
Disposal	(830)
31.12.2024	**2 020**

Information on pledged assets is disclosed in Note 39 (a).

At the end of 2024 year one of the property located near Riga International airport was expropriated by the state for public infrastructure development. The carrying amount of the investment property was EUR 830 thousand. A compensation of EUR 1 110 thousand was received which, together with the closing balance of the respective Revaluation Reserve, resulted in a gain of EUR 280 thousand recognized in Other income. No material changes in the fair values of other assets were found compared to previous years.

The investment property is primarily leased out to the Group companies.

The following amounts related to the Investment properties are recognized in the Income statement:

	2024 TEUR	2023 TEUR
Rental income	552	613
Direct operating expenses of the Investment property	(435)	(471)

23. Intangible assets

	AIR BALTIC Trademarks TEUR	AIR BALTIC Licences, software and other TEUR	AIR BALTIC Total TEUR	GROUP Trademarks TEUR	GROUP Licences, software and other TEUR	GROUP Total TEUR
Cost						
31.12.2022	13 000	19 157	32 157	13 000	18 040	31 040
Additions	-	2 196	2 196	-	2 226	2 226
Disposals	-	(596)	(596)	-	(596)	(596)
31.12.2023	**13 000**	**20 757**	**33 757**	**13 000**	**19 670**	**32 670**
Accumulated amortization						
31.12.2022	-	13 771	13 771	-	13 713	13 713
Charge for 2023	-	2 238	2 238	-	2 130	2 130
Disposals	-	(535)	(535)	-	(535)	(535)
31.12.2023	**-**	**15 474**	**15 474**	**-**	**15 308**	**15 308**
Cost						
31.12.2023	13 000	20 757	33 757	13 000	19 670	32 670
Additions	-	5 195	5 195	-	5 204	5 204
Disposals	-	-	-	-	(40)	(40)
31.12.2024	**13 000**	**25 952**	**38 952**	**13 000**	**24 834**	**37 834**
Accumulated amortization						
31.12.2023	-	15 474	15 474	-	15 308	15 308
Charge for 2024	-	2 232	2 232	-	2 128	2 128
Disposals	-	-	-	-	(40)	(40)
31.12.2024	**-**	**17 706**	**17 706**	**-**	**17 396**	**17 396**
Net book value 31.12.2024	**13 000**	**8 246**	**21 246**	**13 000**	**7 438**	**20 438**
Net book value 31.12.2023	**13 000**	**5 283**	**18 283**	**13 000**	**4 362**	**17 362**

Information on pledged assets is disclosed in the Note 39 (a).

Intangible assets on 31 December 2024 include fully amortized assets with a total cost of EUR 13.9 million (31 December 2023: EUR 10.5 million) for Parent company and EUR 13.8 million (31 December 2023: EUR 10.5 million) for the Group.

Several trademarks of the Parent company are with indefinite useful life. As of 31 December 2024 the net book value of such trademarks was EUR 13 million (31 December 2023: EUR 13 million). The Parent company and the Group places great importance on its brand and the Parent company relies on positive brand recognition to attract customers. To legally protect its brand, the Parent company has among other things registered its brand as a trademark. The Parent company has registered not only its name airBaltic but also various other word and colour combinations that could be associated with the airBaltic brand or the airBaltic business activities (that includes the green colour associated with airBaltic brand when used in transport services in Latvia). Most of the trademarks are registered in Latvia while some key trademarks (like firm name and brand of the Company) are registered also as EU trademarks (at EUIPO register) and international trademarks (at WIPO register). An analysis performed by the Parent company and the Group provides evidence that the net cash inflows from using the trademarks will flow to the Parent company and the Group for an indefinite period. Therefore, the trademarks are carried at cost without amortisation but are tested annually for impairment (Note 20).

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24. Investments in subsidiaries and other investments (the Parent company)

	Investments in subsidiary undertakings TEUR	Other investments TEUR	Total TEUR
31.12.2023	**407**	**3**	**410**
31.12.2024	**407**	**3**	**410**

Financial information on subsidiary undertakings

		Equity		(Loss) / Profit	
Name	**Address**	**31.12.2024 TEUR**	**31.12.2023 TEUR**	**2024 TEUR**	**2023 TEUR**
Aviation Crew Resources AS (under liquidation)	Pilotu Street 6, Riga, Latvia, LV-1053	146	116	31	(1 347)
Air Baltic Training SIA	Pilotu Street 6, Riga, Latvia, LV-1053	1 808	1 682	190	982
Baltijas Kravu centrs SIA	Ziemeļu Street 18, Riga, Latvia, LV-1053	(126)	(190)	64	22

	Carrying value of investments in subsidiary undertakings		Participating interest in share capital of subsidiary undertakings	
Name	**31.12.2024 TEUR**	**31.12.2023 TEUR**	**31.12.2024 %**	**31.12.2023 %**
Air Baltic Training SIA	3	3	100	100
Aviation Crew Resources AS (under liquidation)	124	124	100	100
Baltijas Kravu centrs SIA	280	280	100	100
TOTAL	**407**	**407**		

25. Prepayment for maintenance

The balance sheet item Prepayments for maintenance includes prepaid expenses for future maintenance. Payments for aircraft and engine maintenance, as defined in the respective lease agreements, are made to certain lessors as a security for the performance of future heavy maintenance works. The payments are recorded as Prepayment for maintenance until the respective maintenance event occurs and the reimbursement with the lessor is finalised. Given that the Group's fleet is relatively young and growing, major maintenance work only started in the first half of 2024, but payments are made in advance on an ongoing basis, which explains the increase in the item. Reimbursement for the maintenance works started in the first half of 2024 was made in the second half of 2024 and continues in 2025.

26. Prepaid expenses

	AIR BALTIC		GROUP	
	31.12.2024 TEUR	**31.12.2023 TEUR**	**31.12.2024 TEUR**	**31.12.2023 TEUR**
Other prepaid expenses (services)	10 661	6 863	10 755	6 944
Aircraft maintenance related prepaid expenses	171	2 035	171	2 035
TOTAL	**10 832**	**8 898**	**10 926**	**8 978**

27. Division of financial instruments by category

	Note	AIR BALTIC Fair Value TEUR	AIR BALTIC Amortised cost TEUR	GROUP Fair Value TEUR	GROUP Amortised cost TEUR
As at 31.12.2024					
Trade receivables, security deposits and other receivables	28	-	66 259	-	61 475
Restricted cash	31	-	13 775	-	13 775
Cash	31	-	32 893	-	33 174
Derivative financial instruments		240	-	240	-
TOTAL FINANCIAL ASSETS		**240**	**112 927**	**240**	**108 424**
As at 31.12.2023					
Trade receivables, security deposits and other receivables	28	-	56 336	-	51 874
Cash	31	-	28 794	-	29 058
Derivative financial instruments		482	-	482	-
TOTAL FINANCIAL ASSETS		**482**	**85 130**	**482**	**80 932**
As at 31.12.2024					
Borrowings and lease	33	-	1 311 682	-	1 311 682
Trade and other payables	35	-	104 854	-	104 848
Contract liabilities, airport taxes and other liabilities	37	-	19 196	-	19 196
TOTAL FINANCIAL LIABILITIES		**-**	**1 435 732**	**-**	**1 435 726**
As at 31.12.2023					
Borrowings and lease	33	-	1 149 863	-	1 150 534
Trade and other payables	35	-	73 921	-	73 828
Contract liabilities, airport taxes and other liabilities	37	-	16 781	-	16 781
TOTAL FINANCIAL LIABILITIES		**-**	**1 240 565**	**-**	**1 241 143**

28. Trade and other receivables

	AIR BALTIC		GROUP	
	31.12.2024 TEUR	31.12.2023 TEUR	31.12.2024 TEUR	31.12.2023 TEUR
Non-current				
Security deposits	20 370	17 512	20 370	17 514
Other receivables	3 501	1 503	3 501	1 503
Financial assets	***23 871***	***19 015***	***23 871***	***19 017***
Prepayments for acquisition of intangible assets	1 169	805	1 169	805
Non-financial assets	***1 169***	***805***	***1 169***	***805***
TOTAL	**25 040**	**19 820**	**25 040**	**19 822**
Current				
Trade receivables	20 637	19 154	16 322	15 166
Security deposits	8 909	10 477	8 909	10 477
Other receivables	12 842	7 690	12 373	7 214
Financial assets	***42 388***	***37 321***	***37 604***	***32 857***
Accrued revenue	2 344	1 699	4 226	3 742
Non-financial assets	***2 344***	***1 699***	***4 226***	***3 742***
TOTAL	**44 732**	**39 020**	**41 830**	**36 599**
TOTAL	**69 772**	**58 840**	**66 870**	**56 421**

Security deposits are interest free deposits paid to aircraft lessors, airports and credit card acquirers. Majority of other receivables are balances with the aircraft engine manufacturer under the supplementary business support agreement.

The Parent company and the Group have analysed the creditworthiness of the relevant business partners in order to assess the likelihood of non-performance of liabilities due to the Parent company and the Group. There has been no material expected credit loss identified at the end of the reporting year (31 December 2023: no material impairment loss identified).

The fair values of receivables and prepayments do not significantly differ from their carrying amounts. Most of the Parent company's and the Group's trade receivables are in euros.

The table below shows the analysis of Trade receivables.

	AIR BALTIC		GROUP	
	31.12.2024 TEUR	31.12.2023 TEUR	31.12.2024 TEUR	31.12.2023 TEUR
Trade receivables, gross	22 285	21 465	17 873	17 062
Expected credit loss allowance	(1 648)	(2 311)	(1 551)	(1 896)
TRADE RECEIVABLES, NET	**20 637**	**19 154**	**16 322**	**15 166**
Current	13 961	12 101	13 901	12 171
1 - 30 days past due	2 283	3 046	2 227	2 883
31 - 60 days past due	123	289	63	223
61 - 90 days past due	89	180	38	45
3 - 6 months past due	222	363	36	20
More than 6 months past due	5 607	5 486	1 608	1 720
TRADE RECEIVABLES, GROSS	**22 285**	**21 465**	**17 873**	**17 062**
Credit loss allowance made				
Current	(70)	(196)	(70)	(195)
1 - 30 days past due	(18)	(104)	(18)	(102)
31 - 60 days past due	(2)	(16)	(1)	(24)
61 - 90 days past due	(1)	(10)	-	(2)
3 - 6 months past due	(3)	(21)	-	(4)
More than 6 months past due	(1 554)	(1 964)	(1 462)	(1 569)
TRADE RECEIVABLES, NET	**20 637**	**19 154**	**16 322**	**15 166**

28. Trade and other receivables (continued)

The Company and the Group apply the IFRS 9 simplified approach to measure the expected credit loss by using a lifetime expected loss allowance for all trade and other receivables. On that basis, the loss allowance as at 31 December 2024 and 31 December 2023 was determined as follows:

AIR BALTIC	Not yet due	1 – 30 days past due	31 – 60 days past due	61 – 90 days past due	3-6 months past due	more than 6 months past due
As at 31.12.2024	**TEUR**	**TEUR**	**TEUR**	**TEUR**	**TEUR**	**TEUR**
Expected loss rate	0.50%	0.79%	1.63%	1.12%	1.35%	27.72%
Gross carrying amount	13 961	2 283	123	89	222	5 607
Loss allowance	70	18	2	1	3	1 554
As at 31.12.2023						
Expected loss rate	1.62%	3.41%	5.54%	5.56%	5.79%	35.80%
Gross carrying amount	12 101	3 046	289	180	363	5 486
Loss allowance	196	104	16	10	21	1 964

GROUP	Not yet due	1 – 30 days past due	31 – 60 days past due	61 – 90 days past due	3-6 months past due	more than 6 months past due
As at 31.12.2024	**TEUR**	**TEUR**	**TEUR**	**TEUR**	**TEUR**	**TEUR**
Expected loss rate	0.50%	0.76%	1.59%	2.63%	2.78%	90.92%
Gross carrying amount	13 901	2 227	63	38	36	1 608
Loss allowance	69	17	1	1	1	1 462
As at 31.12.2023						
Expected loss rate	1.60%	3.54%	10.76%	4.44%	20.00%	91.22%
Gross carrying amount	12 171	2 883	223	45	20	1 720
Loss allowance	195	102	24	2	4	1 569

29. Inventories

	AIR BALTIC		GROUP	
	31.12.2024 TEUR	**31.12.2023 TEUR**	**31.12.2024 TEUR**	**31.12.2023 TEUR**
Spare parts	16 883	18 800	17 057	18 936
Allowance for slow moving and obsolete inventory	(2 766)	(2 909)	(2 766)	(2 909)
TOTAL	**14 117**	**15 891**	**14 291**	**16 027**

Cost is determined using the FIFO (first in, first out) method.

30. Derivative financial instruments

The Parent company uses jet fuel swap contracts to manage exposure to jet fuel prices. They are used to hedge the airBaltic's forecasted fuel purchases and are arranged to match forecasted fuel delivery and payment requirements as closely as possible. The hedges are designated as cash-flow hedges of forecasted fuel payments and have been determined to be highly effective in offsetting variability in future cash flows arising from fluctuations in jet fuel prices. No material ineffectiveness has been recorded on these arrangements in the current or preceding periods. The cash flows associated with derivatives are expected to occur and to impact the result of 2025.

31. Cash and Restricted cash

As of the reporting date, the Cash balance was EUR 32 893 thousand, comprising both on-hand liquidity and balances held in financial institutions accessible for immediate operational use. In addition, the Group holds EUR 13 775 thousand in a restricted cash account, designated as the Bonds Service Reserve Account (see Note 33). The total cash, including both unrestricted and restricted balances, amount to EUR 46 668 thousand.

The restricted cash is specifically earmarked for meeting the liquidity covenant of EUR 25 million as stipulated in the Trust Deed. The account's usage is governed by stringent terms that dictate maintaining a minimum balance, which is recalculated annually on an escalating scale starting from EUR 12.3 million and increasing by 25% each year to eventually reach 200% of the initial required balance. Withdrawals from this restricted account are permissible only under conditions where the balance exceeds the Required Balance, and such transactions must be executed in accordance with the stipulations of the Trust Deed. The funds are used to pay quarterly interest and the account is then topped up by the Company. It's noted that the funds in this account, while considered part of the Group's liquidity for covenant purposes, are not freely available for general corporate use due to these restrictions.

	AIR BALTIC		GROUP	
	31.12.2024 TEUR	31.12.2023 TEUR	31.12.2024 TEUR	31.12.2023 TEUR
Cash at bank and on hand	32 893	12 294	33 174	12 558
Bonds Service Reserve Account	13 775	-	13 775	-
Cash deposit	-	16 500	-	16 500
TOTAL	**46 668**	**28 794**	**46 949**	**29 058**

There has been no credit loss allowance provided at the end of the reporting year due to its insignificance (31 December 2023: no credit loss allowance).

32. Share capital

The shareholder structure as of December 31, 2024, remains unchanged from December 31, 2023:

	Participating interest*, %	Category A shares	Category B shares	Category C shares	Category D shares	Share capital TEUR
Republic of Latvia	97.97	20 531 867	74 323 152	113 164 518	38 660 300	545 319
Aircraft Leasing 1 SIA	2.03	5 115 204	-	-	-	51 152
Other	0.000084	211	-	-	-	2
TOTAL	**100**	**25 647 282**	**74 323 152**	**113 164 518**	**38 660 300**	**596 473**

* The share capital of the Company is divided into 4 categories of shares (A, B, C and D) with different nominal values (EUR 10, EUR 3, EUR 1 and EUR 0.10 respectively). Taking into account that each share of each category (regardless of the nominal value of the share) (a) grants one vote at the shareholders' meeting, (b) has the same rights to receive dividends and a share in the liquidation and (c) has the same priority rights to acquire newly issued shares in the event of a capital increase and to acquire convertible bonds in the event of a convertible bond issue, the participating interest of each shareholder is calculated on the basis of the total number of category A shares, category B shares, category C shares and category D shares.

To prepare for the initial public offering, the Parent company plans to simplify its share capital structure, reducing it from four share categories to a single category. The share capital will be decreased to EUR 25 179 525.20, comprising 251 795 252 shares with a nominal value of EUR 0.10 per share. The Shareholders' Meeting on August 30, 2024, approved the initiation of this process, which was finalized after the next Shareholders' Meeting on February 11, 2025. The new share capital was registered with the Registry of Enterprises Commercial Register Entity as of February 17, 2025.

Earnings per share

Basic/diluted earnings per share are calculated by dividing consolidated net profit by the weighted average number of shares in circulation during the financial year.

	2024	2023
Basic / diluted earnings per share (EUR)	-0.47	0.13
Net (loss) / profit for the year (TEUR)	-118 831	33 652
Weighted average number of shares (thousand)	251 795	251 795

Reorganisation reserve

In October 2015 the Parent company completed the reorganization by merging two fully owned subsidiaries and the second reorganisation by spin-off, where its fully owned subsidiary transferred the real estate and related business activities. The fair value of the assets, liabilities and the net assets merged and transferred during the reorganization resulted in the reorganization reserve recognized in the accounts of the Parent company.

Revaluation reserve

The revaluation reserve is not distributable to the shareholders.

32. Share capital (continued)

Other contributions

According to the agreement signed on 27 October 1997, the former shareholders (private founders of the Parent company) paid in cash, in proportion to each shareholder's shareholding in the Parent company, as conditional contribution to the Parent company of USD 2.8 million (EUR 2.6 million). The purpose of the conditional contribution was to financially support and ensure that airBaltic was able to operate scheduled flights to and from Russia. The conditional contribution is repayable to the former shareholders as soon as airBaltic has distributable earnings subject to the approval of the shareholders. The contribution referred to above is repayable only if and when airBaltic has distributable earnings. According to the Commercial Law distributable earnings can only be defined by the shareholders (e.g. by current shareholders meeting), after they have approved the annual report. Distribution of earnings, if any, should be subject to the shareholders' decision only. Due to the above conditions, its substance is similar to equity, and the contribution is, therefore, recorded as a part of the Parent company's equity. No shareholders' decisions have been taken until authorization of these financial statements that would indicate that the contribution would have to be classified differently.

33. Borrowings and lease liabilities

BORROWINGS		AIR BALTIC		GROUP	
		31.12.2024 TEUR	31.12.2023 TEUR	31.12.2024 TEUR	31.12.2023 TEUR
Non-current					
Eurobond		373 663	-	373 663	-
Other borrowing		16 027	19 697	16 027	19 697
Borrowings from the shareholders		-	36 141	-	36 141
	TOTAL	**389 690**	**55 838**	**389 690**	**55 838**
Current					
Eurobond and related interest		6 888	205 301	6 888	205 301
Other borrowing		3 954	3 769	3 954	3 769
Borrowings from the shareholders		-	206	-	206
Bank borrowings		-	-	-	671
	TOTAL	**10 842**	**209 276**	**10 842**	**209 947**

On 14 May 2024, airBaltic issued EUR 340 million 14.5% Secured Bonds due 2029 listed on Euronext Dublin. The Bonds were issued to refinance airBaltic's outstanding debt, to support its current liquidity requirements and to support future fleet expansion in line with its approved business plan. The new bonds have been secured with several assets, such as property, plant and equipment, inventory, real estate, receivables, trademarks, surplus proceeds from certain financed assets and others (see Note 39). The bonds are subject to several covenants, one of which requires a minimum liquidity of EUR 25 million (including Restricted cash of EUR 13.7 million (see Note 31)). As part of the issuance of the new bonds, the Parent company repaid the previously issued bonds, a loan from its shareholder as well as a bank loan of a subsidiary.

On 17 October 2024, airBaltic successfully priced a tap issue of EUR 40 million linked to its EUR 340 million outstanding high yield bonds. The transaction was priced at 112.5%.

The bonds are subject to early redemption at the issuer's option starting from May 14, 2026. Redemption can occur at 107.250% of the principal amount between May 14, 2026, and May 14, 2027, at 103.625% between May 14, 2027, and May 14, 2028, and at 100% thereafter until maturity on August 14, 2029. Early redemption includes accrued and unpaid interest.

The transfers to the restricted cash account represent in substance advance payment of the interest (actual settlement of interest from this account will represent non-cash transaction) (see Note 31).

To enhance the clarity of financial disclosures and considering the significant Eurobond transaction undertaken during the year, the Group has opted to separate Eurobond liability from the Other borrowings.

Other borrowing is repayable on the airline industry leasing terms over 8 years. The calculated and unpaid interest expense is accrued and classified within current borrowing.

LEASE LIABILITIES	AIR BALTIC		GROUP	
	31.12.2024 TEUR	31.12.2023 TEUR	31.12.2024 TEUR	31.12.2023 TEUR
Non-current	**809 139**	**797 258**	**809 139**	**797 258**
Current	**102 011**	**87 491**	**102 011**	**87 491**

33. Borrowings and lease liabilities (continued)

The following tables show the movements in main categories of borrowings and lease liabilities during the financial year.

AIR BALTIC	Lease liabilities TEUR	Borrowings from the shareholder TEUR	Eurobond, net of transaction costs TEUR	Other borrowings TEUR	Total TEUR
01.01.2023	**795 577**	**36 274**	**204 508**	**22 698**	**1 059 057**
New lease contracts	188 069	-		-	188 069
New borrowing contracts	-	-	-	4 019	4 019
Repayment, net of interest	(82 169)	-	-	(3 207)	(85 376)
Interest paid	(46 033)	(2 092)	(13 500)	(815)	(62 440)
Interest calculated	46 322	2 165	14 293	771	63 551
Currency translation difference	(17 003)	-		-	(17 003)
Transaction costs and similar expenses	(14)	-		-	(14)
31.12.2023	**884 749**	**36 347**	**205 301**	**23 466**	**1 149 863**
New lease contracts	84 757	-	-	-	84 757
New borrowing contracts	-	-	385 000	-	385 000
Interest calculated	48 950	919	42 568	869	93 306
Currency translation difference	32 338	-	-	-	32 338
Repayment settlement, net of interest	-	(36 141)	(200 000)	(3 528)	(239 669)
Principal paid	(91 084)	-	-	-	(91 084)
Interest paid	(48 560)	(1 125)	(39 880)	(826)	(90 391)
Transaction costs and similar expenses	-	-	(12 438)	-	(12 438)
31.12.2024	**911 150**	**-**	**380 551**	**19 981**	**1 311 682**

GROUP	Lease liabilities TEUR	Borrowings from the shareholder TEUR	Eurobond, net of trans-action costs TEUR	Other borrowings TEUR	Loan from bank TEUR	Total TEUR
01.01.2023	**795 577**	**36 274**	**204 508**	**22 698**	**1 761**	**1 060 818**
New lease contracts	188 069	-		-	-	188 069
New contracts	-	-	-	4 019	-	4 019
Repayment, excluding interest payments	(82 169)	-	-	(3 207)	(1 090)	(86 466)
Interest paid	(46 033)	(2 092)	(13 500)	(815)	(104)	(62 544)
Interest calculated	46 322	2 165	14 293	771	104	63 655
Currency translation difference	(17 003)	-		-	-	(17 003)
Transaction costs and similar expenses	(14)	-		-	-	(14)
31.12.2023	**884 749**	**36 347**	**205 301**	**23 466**	**671**	**1 150 534**
New lease contracts	84 757	-		-		84 757
New borrowing contracts	-	-	385 000	-	-	385 000
Interest calculated	48 950	919	42 568	869	17	93 323
Currency translation difference	32 338	-	-	-	-	32 338
Repayment settlement, net of interest	-	(36 141)	(200 000)	(3 528)	(671)	(240 340)
Principal paid	(91 084)		-	-	-	(91 084)
Interest paid	(48 560)	(1 125)	(39 880)	(826)	(17)	(90 408)
Transaction costs and similar expenses	-	-	(12 438)	-	-	(12 438)
31.12.2024	**911 150**	**-**	**380 551**	**19 981**	**-**	**1 311 682**

33. Borrowings and lease liabilities (continued)

The table below shows borrowings and lease liabilities by period that interest rates are fixed for (period until earlier of next interest rate repricing date and maturity date).

	AIR BALTIC		GROUP	
	31.12.2024 TEUR	31.12.2023 TEUR	31.12.2024 TEUR	31.12.2023 TEUR
Less than 1 year	112 853	296 768	112 853	297 439
Later than 1 year but not later than 5 years	828 818	446 710	828 818	446 710
Later than 5 years	370 011	406 385	370 011	406 385
TOTAL	**1 311 682**	**1 149 863**	**1 311 682**	**1 150 534**

Leases are payable as follows:

	AIR BALTIC		GROUP	
	31.12.2024 TEUR	31.12.2023 TEUR	31.12.2024 TEUR	31.12.2023 TEUR
Within one year	148 060	133 312	148 060	133 312
Later than 1 year but not later than 5 years	564 754	525 229	564 754	525 229
Later than 5 years	414 136	455 526	414 136	455 526
MINIMUM LEASE PAYMENTS	**1 126 950**	**1 114 067**	**1 126 950**	**1 114 067**
Future finance charges	(215 800)	(229 318)	(215 800)	(229 318)
RECOGNISED AS A LIABILITY	**911 150**	**884 749**	**911 150**	**884 749**

The present value of lease liabilities is as follows:

	AIR BALTIC		GROUP	
	31.12.2024 TEUR	31.12.2023 TEUR	31.12.2024 TEUR	31.12.2023 TEUR
Within one year	102 011	87 492	102 011	87 492
Later than 1 year but not later than 5 years	440 228	394 863	440 228	394 863
Later than 5 years	368 911	402 394	368 911	402 394
MINIMUM LEASE PAYMENTS	**911 150**	**884 749**	**911 150**	**884 749**

During 2024 and 2023 the Group has complied with the financial covenants of its borrowing facilities.

Information on pledged assets is disclosed in the Note 39 (a).

34. Provisions

	AIR BALTIC		GROUP	
	31.12.2024 TEUR	31.12.2023 TEUR	31.12.2024 TEUR	31.12.2023 TEUR
Non-current				
Aircraft redelivery provision (see Note 2 (n))	25 554	23 618	25 554	23 618
Provision for legal disputes (see Note 39 (b))	4 240	4 240	4 240	4 240
	29 794	**27 858**	**29 794**	**27 858**
Current				
Provision for carbon emissions	**32 809**	**35 950**	**32 809**	**35 950**
TOTAL	**62 603**	**63 808**	**62 603**	**63 808**

34. Provisions (continued)

The following table shows the movements in each class of provision during the financial year.

AIR BALTIC AND THE GROUP	Provision for carbon emissions TEUR	Aircraft redelivery provision TEUR	Provision for legal disputes TEUR	Provision for onerous contracts TEUR	Total TEUR
31.12.2022	**30 534**	**19 115**	**12 313**	**3 431**	**65 393**
Additional provision charged to Right-of-use assets	-	4 503	-	-	4 503
Additional charged/credited to Income statement:					
additional provisions recognised	22 257	-	-	-	22 257
unused amounts reversed	-	-	(8 073)	-	(8 073)
Amounts from prior year used/settled during the year	(16 841)	-	-	(3 431)	(20 272)
31.12.2023	**35 950**	**23 618**	**4 240**	**-**	**63 808**
Additional provision charged to Right-of-use assets	-	1 936	-	-	1 936
Additional charged/credited to Income statement:					
additional provisions recognised	18 432	-	-	-	18 432
Amounts from prior year used/settled during the year	(21 573)	-	-	-	(21 573)
31.12.2024	**32 809**	**25 554**	**4 240**	**-**	**62 603**

Provision for carbon emissions

The provision represents the expenses associated with the industry carbon dioxide (CO_2) emissions scheme. In 2024 the Parent company emitted 473 051 (2023: 468 291) CO_2 emissions and received and used 143 266 free credits (2023: 173 190). The airline is obliged to submit and settle the carbon emission allowances under the EU Emissions Trading System (ETS) in September of 2025.

As of the reporting date, the airline has hedged 11% of its outstanding 2024 liability at an average price of EUR 67.6 per tonne. The provision for carbon emissions has been calculated using the average hedge price for the hedged portion of CO_2 emissions and the market rate as of December 31, 2024, for the unhedged portion. The final cost of the settlement will depend upon the market price of the remaining emission credits the airline will need to purchase in 2025 to settle its obligations in respect of 2024.

Aircraft redelivery provision

Long-term aircraft redelivery provisions are expected to be settled in 2030 – 2036.

Provision for legal disputes

On the advice of its legal advisors, the airline has made provisions for possible costs that could arise in the event of a settlement with some of its suppliers. Specific details regarding provisions for legal disputes are not disclosed to avoid potentially prejudicing the Group's position.

Provision for onerous contracts

Following the Management decision of phasing out the Bombardier Q400 aircraft the provision for onerous lease contracts was established. The provision is made by discounting the unavoidable costs related to the lease contracts, such as redelivery costs, maintenance costs and other. The airline returned 11 of 12 Q400s by the end of 2022 and the last one in February of 2023 thus completing the phase out of Q400s from its fleet.

35. Trade and other payables

	AIR BALTIC 31.12.2024 TEUR	AIR BALTIC 31.12.2023 TEUR	GROUP 31.12.2024 TEUR	GROUP 31.12.2023 TEUR
Trade payables	71 666	31 212	71 366	30 800
Accrued liabilities	33 175	42 678	33 456	42 996
Other payables	13	31	26	32
TOTAL	**104 854**	**73 921**	**104 848**	**73 828**

The Parent Company has entered a supplier finance arrangement with one of its suppliers, allowing for extended payment terms of up to 180 days from the invoice date, covering total payables of up to USD 40 million. As of the reporting date, the outstanding balance under this arrangement is USD 38.2 million, classified as trade payables in the Balance Sheet. The arrangement does not modify the original nature of the obligations, and no additional security has been provided.

Payments under the arrangement are classified as operating and investing cash flows in the Cash Flow Statement. The arrangement impacts the Company's liquidity management by providing extended payment terms, but it does not result in a reclassification of liabilities from trade payables to borrowings.

36. Employee related tax liabilities

	AIR BALTIC 31.12.2024 TEUR	AIR BALTIC 31.12.2023 TEUR	GROUP 31.12.2024 TEUR	GROUP 31.12.2023 TEUR
State social insurance contributions	12 765	9 214	12 837	9 245
Personal income tax	7 579	5 200	7 620	5 262
Other	23	26	25	36
TOTAL	**20 367**	**14 440**	**20 482**	**14 543**

37. Contract liabilities, airport taxes and other liabilities

	AIR BALTIC 31.12.2024 TEUR	AIR BALTIC 31.12.2023 TEUR	GROUP 31.12.2024 TEUR	GROUP 31.12.2023 TEUR
Financial liabilities:				
Airport taxes collected and still payable	17 506	14 400	17 506	14 400
Amounts collected on behalf of other airlines	1 690	2 381	1 690	2 381
	19 196	**16 781**	**19 196**	**16 781**
Non-financial liabilities:				
Contract liabilities (unearned revenue) from ticket revenue, travel vouchers and ACMI contracts	60 152	51 908	60 152	51 908
Deferred income from loyalty program revenue	1 324	979	1 324	979
Other	348	147	834	633
	61 824	**53 034**	**62 310**	**53 520**
TOTAL	**81 020**	**69 815**	**81 506**	**70 301**

Contract liabilities represent the value of tickets and airport taxes paid by passengers for which the flight service is yet to be performed. It also includes the value of loyalty program points sold, but not yet redeemed and the value of travel vouchers and prepayments for future ACMI lease. The balance is classified short-term, as it either expires within the next 12 months or it is at the discretion of the customer to decide when it is used (for the remaining balances carried forward from the beginning of previous period). Based on experience, the portion typically unused within next year represents 4% of tickets sold. Amounts collected on behalf of other airlines include the value of unflown tickets sold to customers on behalf of other airlines which are usually settled between the airlines within a few months after the flight..

37. Contract liabilities, airport taxes and other liabilities (continued)

The following table shows how much of the revenue recognised by airBaltic and the Group relates to carried-forward contract liabilities balance at the beginning of the year:

	AIR BALTIC		GROUP	
	2024 TEUR	2023 TEUR	2024 TEUR	2023 TEUR
Passenger revenue	47 020	31 898	47 020	31 898
Revenue from ACMI contracts	3 939	3 676	3 939	3 676
Revenue from loyalty program	536	226	536	226

38. Related party and Government related party transactions

During 2024 the Parent company has performed the following transactions with its 100% owned subsidiaries:

Related party		Services provided TEUR	Services received TEUR	Amounts owed by related parties TEUR	Amounts owed to related parties TEUR
Aviation Crew Resources AS (under liquidation)	2024 /31.12.2024	4	-	-	52
	2023 /31.12.2023	8	1 679	-	51
Baltijas Kravu Centrs SIA	2024 /31.12.2024	142	729	123	177
	2023 /31.12.2023	167	638	157	142
Air Baltic Training SIA	2024 /31.12.2024	968	774	4 629	84
	2023 /31.12.2023	718	689	4 606	302
	TOTAL 2024 /31.12.2024	**1 114**	**1 503**	**4 752**	**313**
	TOTAL 2023 /31.12.2023	**893**	**3 006**	**4 763**	**495**

The following table provides information on dividends received and related receivable:

Related party		Dividends received TEUR	Amounts owed by related parties TEUR
Aviation Crew Resources AS (under liquidation)	2023 /31.12.2023	112	-
Baltijas Kravu Centrs SIA	2024 /31.12.2024	-	284
	2023 /31.12.2023	-	284
	TOTAL 2024 /31.12.2024	**-**	**284**
	TOTAL 2023 /31.12.2023	**112**	**284**

The Parent company has entered into transactions with Ministry of Transport of the Republic of Latvia (the holder of 97.97% of the Parent company's shares) and with other state-owned companies. The major transactions were carried out with RIGA International airport (purchase of airport infrastructure capacity and collection of passenger duty payments) amounting to EUR 27 million (2023: EUR 25 million) and VAS Latvijas Gaisa Satiksme (purchase of navigation service) amounting to EUR 3 million (2023: EUR 2.8 million). The agreements with both companies for the services described were effective at the end of each reporting year. The nature of transactions with other government related entities are related to the operating activities of the Group companies, e.g. sale of tickets, purchase of electricity, etc. The following balances are outstanding at the end of the reporting years in relation to transactions with the Government related parties:

	AIR BALTIC		GROUP	
	31.12.2024 TEUR	31.12.2023 TEUR	31.12.2024 TEUR	31.12.2023 TEUR
Payables to RIGA International airport	3 372	5 033	3 372	5 033
Payables to VAS Latvijas Gaisa Satiksme	349	324	349	324

The Group applies IAS 24 exemption and discloses only the material transactions with the Government related parties.
For transactions with the management please see Note 8.
All transactions with related parties are related to the operating activities of the Parent company and the Group companies and are carried at arm's length.

39. Commitments and contingencies

a) Guarantees and pledges

On 14 May 2024, the Parent company issued EUR 340 million 14.5% secured Bonds due 2029. On 24 October of 2024, the Parent company issued an additional EUR 40 million of its 14.50% senior secured notes, due 2029, originally issued in May 2024, bringing the total issue size to EUR 380 million. The issuance of the additional bonds was made in accordance with the Terms and Conditions of the bonds issued in May 2024.

The transaction provided that the Bonds are secured in accordance with the terms of the Trust Deed and other transaction security documents in favour of the pledgee, U.S. Bank Trustees Limited on behalf of the bondholders and other secured creditors. The bonds have been secured with a number of assets, such as plant and equipment (net book value as at 31 December 2024 – EUR 16.8 million), buildings (net book value as at 31 December 2024 – EUR 9.6 million), inventory (net book value as at 31 December 2024 – EUR 14,3 million), intangible assets (net book value as at 31 December 2024 – EUR 13 million), aircraft (net book value as at 31 December 2024 – EUR 3,9 million), receivables and deposits (net book value as at 31 December 2024 – EUR 59,5 million) and surplus proceeds from certain financed assets. The total net book value of the assets pledged as at 31 December 2024 is EUR 127,1 million.

A Group company had pledged its Property, plant and equipment and intangible assets for the total amount of EUR 4 572 thousand to a bank incorporated in Latvia as security for the loan received (see Note 33). The pledge agreement was effective until complete fulfilment of the loan agreement. The Parent company had issued a guarantee for the full amount of the loan. In May 2024, the loan was repaid, and the asset pledges were released accordingly.

The aircraft leased by the Parent company are used as a collateral to secure the rights of aircraft financiers and/or lessors. This practice is a standard component of the asset-based financing transactions which are widely used in aviation industry globally. The carrying value of such aircraft as at 31 December 2024 was EUR 853 million (31 December 2023: 909 million).

b) Legal disputes

The Parent company is involved in a number of legal proceedings in Latvia and in other countries. Typical lawsuits relate to claims arising in the ordinary course of the Parent company's business. The most common of these claims relate to disruptions to air services, including flight delays, cancellations, lost or damaged baggage, etc. In addition, the Parent company and the Group are involved in several legal proceedings relating to employment matters. Material legal claims are described below. The cases below comprise those for which legal provisions have been made to cover any expected future expenditure and others where it is considered that there is only a contingent liability and no provisions have been made. Specific details regarding provisions for legal cases are not disclosed to avoid potentially prejudicing the Group's position.

AKB Investbank

The Parent company and its former shareholder Baltijas Aviacijas Sistemas ("BAS") have been in dispute with the now bankrupt Russian AKB Investbank ("Investbank") since March 2012. Investbank sought repayment of EUR 18.4 million in relation to three loans it had entered into with BAS, which Investbank claimed were guaranteed by the Parent company. When BAS failed to repay the loans, three lawsuits were brought in Russia against the Parent company as guarantor. Two judgments were made in favour of Investbank, but the recovery was not enforceable in the Russian Federation.

After several years of litigation and several unsuccessful attempts to reinstate the time limits or reopen the proceedings, the administrators of Investbank filed a claim in Russia against the Parent company, claiming that the Parent company, and not BAS, was the real debtor under the loan agreements. This claim was rejected in the first instance but was appealed and on 30 January 2022 the Court of Appeal overturned the decision, granted the claim and decided to annul the loan and 17 guarantee agreements. In addition, the Court of Appeal ruled that the loan amounts totaling EUR 31.78 million should be recovered from the Company.

On 5 September 2023, the Court of Cassation agreed with the position of the Court of Appeal regarding the invalidity of the loan agreement between BAS and Investbank, but the Court also stated that the material part of the Court of Appeal's decision had no legal basis and dismissed part of the decision. Following this court decision, the legal representatives of Investbank filed lawsuits against both the Parent company and its former shareholder BAS for a review of all previous cases on the basis of newly discovered circumstances. These lawsuits were filed despite the fact that the limitation period for filing such lawsuits had expired. In addition to these cases, the legal representatives of Investbank filed a new substantive claim against the Parent company for repayment of all three loan agreements, calculating various late payment and penalty interest in addition to the principal (totalling EUR 16.5 million), for an aggregate total of EUR 203.15 million. This action was brought despite the fact these loan and surety agreements had already been the subject of final judgments against the Parent company and BAS but were time-barred. However, the progress of this last case was suspended on 5 March 2024 pending a review of all previous cases against the Parent company and BAS. The Parent company and its legal advisors are monitoring and actively pursuing all cases. Based on the advice of its legal advisors, the Parent company is of the opinion that there are significant uncertainties and significant legal obstacles, which, with the expiration of the limitation period, make the likelihood of a new claim limited. In addition, to enforce the judgment in Latvia, the administrator of Investbank would have to file an action for recognition of the judgment in Latvia.

39. Commitments and contingencies (continued)
(b) Legal disputes (continued)

Havas litigations

In April 2022, SIA Havas Latvia ("Havas"), a former provider of ground handling services to the Parent company at Riga airport, filed a lawsuit against the Parent company. This case was followed in August 2022 by two additional cases brought by Havas against the Parent company. The total amount claimed in these cases is EUR 4.6 million. Based on advice from its legal advisors, the Parent company considers that the claims are unfounded.

The two cases, with claims totaling EUR 4.2 million, pertain to Havas' demand for a guaranteed amount of revenue for the years 2020 and 2021, irrespective of the number of turnarounds handled. In 2020, the Parent company did not achieve the number of turnarounds projected in the ground handling agreement (dated 2016) due to flight bans stemming from the Covid–19 pandemic. The contractual provisions do not permit Havas to claim a minimum total amount of revenue. In the case which concerns 2021, Havas also argues that the Parent company could not terminate the ground handling agreement one month early due to unremedied non–performance by Havas. On 8 January 2025 the first instance court has dismissed the claim in one of the cases related to Havas' claim for the year 2020 in the amount of 2.2 million. SIA Havas Latvia has appealed the judgment. Date of hearing in the second instance court has not been scheduled. Equivalent proceedings related to the year 2021 for the amount of 2 million are pending before the Riga District Court (in Jurmala) as the court of first instance.

The third case involves a claim by Havas for payment of EUR 0.4 million that was withheld, despite Havas itself not fulfilling the contract. The amounts were withheld by the Parent company in line with the respective contractual provisions due to the failure of Havas to provide the agreed ground handling services in 2021. Non-fulfilment resulted in the Parent company having to deploy its own personnel to carry out the services contractually entrusted to Havas. On 24 January 2025 the first instance court upheld the claim in the amount of EUR 416 thousand. The Parent company has appealed the decision of this decision.

RemPro litigations

In 2022 SIA REM PRO filed a claim against the Parent Company challenging the termination of the Hangar Design Contract and seeking recovery in total of the sum of EUR 1.27 million. The Parent Company considers the claim to be unfounded and has also filed a counterclaim seeking recovery from SIA REM PRO of EUR 1.1 million for breach of contract. SIA REM PRO also sought to freeze the payment of the Performance Guarantee and Guarantee Insurance Policy issued by the co-defendants in the action, BluOr Bank and Compensa Vienna Insurance Group respectively. However, on 23 February 2023, the court issued a decision on these interim measures (i.e., on freezing the payment of the Performance Guarantee and Guarantee Insurance Policy) confirming that the Parent Company's claim for payment of the guarantee could not be frozen. In its decision on the interim measures, the court also ruled that the Parent Company's position on merits was prima facie well founded. The case on the merits is pending before the Economic Court.

In addition, SIA REM PRO has filed a claim against the Parent Company seeking prohibition to use the construction design documents prepared by SIA REM PRO. On 13 October 2023 Riga City Court dismissed the application of SIA REM PRO for interim measures (i.e., where they sought for a prohibition to use the construction design documents prepared by SIA REM PRO), and on 7 December 2023 Riga Regional Court dismissed the appeal of SIA REM PRO regarding the decision of the court of first instance. The case on the merits is pending before Riga City Court.

c) Commitments

As at 31 December 2024 airBaltic had outstanding firm orders for 41 Airbus A220-300 aircraft. The aggregate list price for the aircraft to be delivered in future years is about EUR 3.8 billion.

In September 2024 airBaltic and Pratt & Whitney signed PW1500G Engine Purchase and Support and Fleet Management Program (FMP) Agreement, which includes delivery of 15 Additional Spare Engines. The aggregate list price for the engines to be delivered in future years is about EUR 125 million.

40. Subsequent events

On 29 January 2025, airBaltic announced an agreement between the Ministry of Transport of Latvia, airBaltic, and Lufthansa Group, under which Lufthansa Group will invest EUR 14 million in airBaltic. In return for its investment, Lufthansa Group will receive a convertible share granting a 10% stake, which will be issued at a subscription price of EUR 14 million and converted into ordinary shares upon a potential IPO of airBaltic. After the IPO, the size of Lufthansa Group's stake will be determined by market pricing of the potential IPO, with Lufthansa Group's holding amounting to no less than 5% of airBaltic.

On 11 February 2025 the Shareholders' Meeting of airBaltic adopted decision on the finalisation of the share capital of the Parent company. The share capital was decreased to EUR 25 179 525.20, comprising 251 795 252 shares with a nominal value of EUR 0.10 per share. This follows the Shareholders' Meeting on August 30, 2024, in which the initiation of this process was approved.

On the same Shareholders' Meeting of 11 February 2025, the shareholders of the Parent company appointed a new Supervisory Board, which consists of Andrejs Martinovs, the Chairman of the Supervisory Board, Lars Mydland, Deputy Chairman of the Supervisory Boardand Lars Thuesen, Members of the Supervisory Board. These three members will act as the temporary Supervisory Board until the IPO. The Supervisory Board will be extended from 4 (3 at the time of signing this report) to 5 members, with Lufthansa Group appointing a Supervisory Board member upon closing of the transaction, planned for Q2 2025, subject to antitrust review.

AirBaltic continues its process to become the first airline in Europe to offer ultra high-speed internet connectivity powered by Starlink. An important milestone was reached in February 2025 when EASA certified the Starlink system for installation and use on A220-300 aircraft. Internet services for passengers will be available from the end of February and the entire fleet is scheduled to be equipped and available to all passengers in Q4 2025.

After the balance sheet date, the airline received one additional aircraft, increasing its fleet to 50.

During the period between the last day of the reporting period and the date of signing this report, there have been no other events that could materially impact the financial position of the Group as of 31 December 2024 and should be reflected in this report.

The financial statements set out on pages 158 to 206 were approved on 11 March 2025 by:

Martin Alexander Gauss	Vitolds Jakovļevs	Pauls Juris Cālītis
Chairman of the Executive Board	Member of the Executive Board	Member of the Executive Board

The Annual Report was prepared by the Chief accountant Anda Līce.

Anda Līce
Chief Accountant

Independent Auditor's Report

To the Shareholders of Air Baltic Corporation AS

Report on the audit of the separate and consolidated financial statements

Our opinion

In our opinion, the separate and consolidated financial statements give a true and fair view of the separate and consolidated financial position of Air Baltic Corporation AS (the "Company") and its subsidiaries (together the "Group") as at 31 December 2024, and of the Company's and Group's separate and consolidated financial performance and the Company's and Group's separate and consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union (EU).

Our opinion is consistent with our additional report to the Audit Committee dated 11 March 2025.

What we have audited

The Company's separate and the Group's consolidated financial statements (together the "financial statements") comprise:

- the separate and consolidated income statements for the year ended on 31 December 2024;
- the separate and consolidated statements of comprehensive income for the year ended on 31 December 2024;
- the separate and consolidated balance sheets as at 31 December 2024;
- the separate and consolidated cash flow statements for the year then ended; and
- the separate and consolidated statements of changes in equity for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company and the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Law on Audit Services that are relevant to our audit of the financial statements in the Republic of Latvia. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Law on Audit Services.

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To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Company and its subsidiaries are in accordance with the applicable law and regulations in the Republic of Latvia and that we have not provided non-audit services that are prohibited under Article 37.[6] of the Law on Audit Services of the Republic of Latvia.

The non-audit services that we have provided to the Company and its subsidiaries, in the period from 1 January 2024 to 31 December 2024, are disclosed in Note 14 to the financial statements.

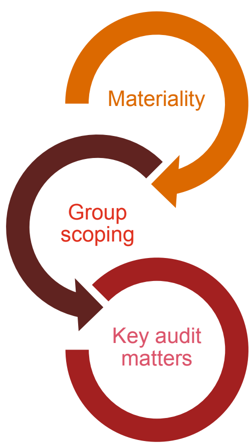
Material uncertainty related to going concern – Company and Group

We draw attention to note 2(c) "Going Concern" to the financial statements, which discusses the management's plans and uncertainties regarding a) securing Initial Public Offering (IPO) funding in 2025 to be able to execute its business plan and b) in the event IPO funding is not available in 2025, liquidity management activities, necessary for the Group to meet its ongoing liquidity requirements, including maintaining a minimum cash balance of EUR 25 million as required by the bond covenant.

This note indicates that a material uncertainty exists that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our audit approach

Overview



- Overall Company materiality: EUR 7,300 thousand.
- Overall Group materiality: EUR 7,470 thousand.

- Full scope audits were conducted for all four Group entities by the Group audit team.

- Impairment assessment of property, plant and equipment, right of use assets and intangible assets (the Company and the Group)

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Company and the Group materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the financial statements as a whole.

Overall Company and Group materiality	Overall materiality applied to the Company was EUR 7,300 thousand and to the Group was EUR 7,470 thousand.
How we determined it	Approximately 1% of revenue for 2024.
Rationale for the materiality benchmark applied	We chose revenue as the benchmark because revenue is the key performance indicator that determines the Company's and the Group's performance and is actively monitored by the management and investors. In determining this benchmark, we also considered other approaches to materiality which could have reasonably been applied including the use of threshold based on net result. We concluded that the level of materiality applied remained appropriate when considering possible alternative approaches given in particular the significant fluctuations in the Company's net result in recent years. For revenue we have chosen 1%, which, based on our judgement, is within the range of acceptable quantitative materiality thresholds for this benchmark for a public interest entity.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above EUR 730 thousand for the Company and EUR 747 for the Group, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the "Material uncertainty related to going concern – Company and Group" section of our report, we have determined the matter described below to be the key audit matter to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of property, plant and equipment, right of use assets and intangible assets (Company and Group) As outlined in Notes 20, 21 and 23 to the financial statements, in the balance sheet as at 31 December 2024, property, plant and equipment of the Company and the Group amounts to EUR 220,813 thousand and 227,477 EUR thousand, respectively, right of use assets of the Company and the Group amount to EUR 866,586 thousand, and intangible assets of the Company and the Group amount to EUR 21,246 thousand and EUR 20,438 thousand, respectively. Property, plant and equipment, right of use assets and intangible assets together represent 78% of the total assets of the Company and 79% of the total assets of the Group. The intangible assets include non-depreciable assets (trademark) and as such are required by IFRS to be tested by Management for impairment every year. All intangible assets are associated with the cash generating unit (CGU) represented primarily by the ongoing business of the Airbus 220 fleet. Given the expected impact on the current and future operations of the business arising from the geopolitical and economic situation in 2024, management has undertaken an impairment assessment of the carrying value of this CGU. This CGU also includes the vast majority of the Company's and the Group's Property, Plant and Equipment and Right of Use Assets referred to above. The key assumptions underlying this assessment are underpinned by the business plan "IPO & BEYOND" (10 February 2025, 2025 updated version) which was prepared and approved by the Management Board. In undertaking the impairment assessment management determined that the carrying value of the assets is lower than their recoverable amount. Management used value in use (VIU) to determine the recoverable amount.	We obtained the impairment assessment prepared by the management and gained an understanding of the process of the management's evaluation of the recoverable amount of property, plant and equipment, right of use assets and intangible assets. Our audit procedures included, among others, assessment of the methodologies and assumptions used by the management, in particular those related to the forecasted growth rate estimates, fuel costs and discount rates. We evaluated the future cash flow forecasts of the CGU, and the process and the assumptions used from which the cash flow forecasts were drawn up, and we checked the mathematical accuracy of the resulting VIU calculations. To assess management's ability to accurately forecast future results and cashflows, we compared management's prior year forecasts for each of 2019 to 2024 to the actual results subsequently achieved. We reviewed the key assumptions for short-term revenue from flying (in particular leasing out of excess capacity and supply chain issues) and long-term growth rates in the forecasts by comparing them to historical growth results and third party economic and industry forecasts. For the discount rate applied by management to discount the future cashflows in their model we reviewed management's methodology and inputs used, involving auditor's valuation specialists. We assessed and considered management's own sensitivity analysis of key assumptions used in the VIU assessment. We analysed the changes in the assumptions over time to assess whether the current assumptions appropriately reflect the observed changes and uncertainty in the current operating environment. We evaluated the inclusion of cash flows from all appropriate assets and liabilities and operations in the cash-generating unit, including the ability to safely defer any capital expenditures previously expected to be undertaken. We reviewed the disclosures on impairment analysis in the financial statements included in Note 20 to determine whether they meet the disclosure requirements of IFRS Accounting standards.

We focused on the risk of impairment given the limited profitability of the Company and the Group from its operations in recent periods and as the above identified intangible and tangible assets are of such significance to the Company's and the Group's balance sheet. The value in use calculation involves a number of subjective judgements and estimates by management, many of which are forward-looking, including the assumptions related to cash flow forecasts of the CGU, selection of discount rate and growth rates.

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls and the industry in which the Group operates.

We are the statutory auditors of the Company and each of its subsidiaries. We covered 100% of the Group's revenues and 100% of the Group's total assets.

Reporting on other information including the Management report

Management is responsible for the other information. The other information comprises:

- General Information on The Group's Parent Company, as set out on page 3 of the accompanying Annual Report for the year ended 31 December 2024,
- Glossary, as set out on pages 4 to 5 of the accompanying Annual Report for the year ended 31 December 2024,
- About the Report, as set out on page 6 of the accompanying Annual Report for the year ended 31 December 2024,
- Foreword, as set out on page 7 of the accompanying Annual Report for the year ended 31 December 2024,
- the Management report (including the Sustainability Statement and the Corporate Governance Statement for the year 2024), as set out on pages 8 to 133 and 138 to 157 of the accompanying Annual Report for the year ended 31 December 2024,
- Statement of Management Responsibility, as set out on page 157 of the accompanying Annual Report for the year ended 31 December 2024,

but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information, including the Management Report (including the Sustainability Statement and the Corporate Governance Statement for the year 2024), General Information on The Group's Parent company, Glossary, Foreword, About the Report and Statement of Management Responsibility.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Management report, excluding the Sustainability Statement on which a separate limited assurance report was issued by us on 11 March 2025, we also performed the procedures required by Law on Audit Services. Those procedures include considering whether the Management report is prepared in accordance with the requirements of the applicable legislation.

In accordance with the Law on Audit Services of the Republic of Latvia with respect to the Corporate Governance Statement, our responsibility is to consider whether the Corporate Governance Statement includes the information required by section (3) of Article 56.[2] of the Financial Instruments Market Law.

Based on the work undertaken in the course of our audit, in our opinion:

- the information given in the other information identified above for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Management report, excluding the Sustainability Statement, has been prepared in accordance with the requirements of the Law on Annual Reports and Consolidated Annual Reports of the Republic of Latvia; and
- the Corporate Governance Statement for the year 2024 includes the information required by section (3) of Article 56.[2] of the Financial Instruments Market Law.

In addition, in light of the knowledge and understanding of the Company and the Group and their environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Management report and other information that we obtained prior to the date of this auditor's report. Our separate limited assurance report dated 11 March 2025 on the Sustainability Statement, which forms part of the other information, includes a qualified conclusion relating to certain information disclosed within the Sustainability Statement.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the IFRS Accounting Standards as adopted by the EU and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Appointment and period of our audit engagement

We were first appointed as auditors of the Company and the Group on 14 April 2015. Our appointment has been renewed annually, since then, by shareholder's resolution. On 23 July 2019 the Company listed EUR denominated bonds on the Euronext Dublin stock exchange and accordingly the first financial year the Company qualified as an EU Public Interest Entity was the year ended 31 December 2019. Since then, the total period of uninterrupted engagement appointment was 6 years.

The engagement partner on the audit resulting in this independent auditor's report is Eva Jansen - Diener.

PricewaterhouseCoopers SIA
Certified audit company
Licence No. 5

Eva Jansen - Diener
Power of attorney Nr. 08/10/2024

Ilandra Lejiņa
Certified auditor in charge
Certificate No.168

Riga, Latvia
11 March 2025