AIR BALTIC CORPORATION AS

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2025

airBaltic

Contents

General Information on The Group's Parent Company . . . 3
Glossary . . . 4
About The Report . . . 6
Foreword . . . 7

Management Report . . . 8
Group key figures . . . 9
Network and Strategy . . . 15
Commercial Performance . . . 17
Operating Performance . . . 22
Financial performance . . . 28
Sustainability Statement . . . 40
Environmental Information . . . 66
Social Information . . . 90
Governance Information . . . 116
Appendices to Sustainability Statement . . . 121
Independent Limited Assurance Report . . . 138
Corporate Governance Statement for the year 2025 . . . 144
Statement of Management Responsibility . . . 167

Financial statements . . . 168
Income Statement . . . 169
Statement of Comprehensive Income . . . 170
Balance Sheet . . . 171
Cash Flow statement . . . 172
Statement of Changes In Equity - airBaltic . . . 173
Statement of Changes in Equity - Group . . . 174
Notes to financial statement . . . 175

Independent Auditor's Report . . . 223

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	88.37%
	Deutsche Lufthansa AG	10%
	Aircraft Leasing 1 SIA	1.62%
	Other	0.01%
Executive Board Members	Erno Kalle Ilari Hilden	Chairman of the Board as of 1 December 2025
	Pauls Juris Cālītis	Interim CEO as of 7 April 2025 until 1 December 2025 Member of the Board
	Vitolds Jakovļevs	Member of the Board
	Martin Alexander Gauss	Chairman of the Board until 7 April 2025
Supervisory Board Members	Andrejs Martinovs	Chairman of the Supervisory Board as of 11 February 2025
	Jurģis Sedlenieks	Vice-Chairman of the Supervisory Board as of 11 March 2025
	Lars Thuesen	Member of the Supervisory Board
	Ruta Amtmane	Member of the Supervisory Board as of August 21, 2025
	Alexander Feuersänger	Member of the Supervisory Board as of August 21, 2025
	Lars Mydland	Vice-Chairman of the Supervisory Board as of 11 February 2025 until 11 March 2025
	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 2025 – 31 December 2025	
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
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 Standard
DMA	Double Materiality Assessment
ETS	Emission 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 finance cost and finance income
Adjusted EBITDA	Profit / (loss) for the period adjusted for finance cost, finance income, foreign currency exchange gain / (loss), net, amortisation and depreciation
Adjusted EBITDAR	Profit / (loss) for the period adjusted for finance cost, finance income, 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	Additions to property, plant and equipment, intangible assets, and right-of-use assets during the period

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 2025, 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 2025.

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 11th of March, 2026.
The previous report was made public on 12th of March, 2025.

Foreword

2025 was a year of resilience, discipline, and strategic transition for the Latvian national airline airBaltic. Operating in a constrained environment marked by fleet limitations and cost pressures, the company demonstrated adaptability and focus while continuing to position itself for sustainable long-term growth. By carrying 8.7 million passengers and operating more than 78,000 flights, airBaltic strengthened its leadership in the Baltic aviation market and further confirmed its role as one of the leading ACMI partners in Europe.

This progress was achieved in a demanding operating environment. Persistent engine maintenance challenges limited fleet availability and required careful capacity management, while rising environmental compliance costs and higher airport and air navigation charges added further strain to financial results. Nevertheless, performance improved steadily over the course of the year, with a clear recovery in yields and overall results during the second half. Compared to 2024, the outcome reflects both the resilience of the business model and the commitment of our team.

In parallel, a defining milestone of 2025 was the strengthening of the shareholder structure. The strategic investment by Lufthansa Group, alongside the continued support of the Republic of Latvia, reflects confidence in airBaltic's long-term direction and future success. This development not only expands commercial cooperation opportunities, but also provides a solid foundation for the next phase of the company's strategic execution.

Fleet development remains central at core of our strategy. At year-end, the airline operated 51 Airbus A220-300 aircraft, maintaining one of the youngest and most fuel-efficient fleets in Europe. The A220 provides clear advantages in efficiency, passenger experience, and environmental performance, distinguishing airBaltic within the European market. As engine availability improves, airBaltic will further strengthen operational efficiency and network stability through its fleet in 2026.

Furthermore, diversification remains an important element of the business model. ACMI operations accounted for more than 20% of total revenue, supporting aircraft utilization during the winter season and balancing regional market volatility. At the same time, optimization of the core network across Riga, Tallinn, and Vilnius continued, by prioritizing reliability and commercially sustainable growth.

At the same time, sustainability also is an integral part of long-term development. While EU ETS costs increased significantly in 2025, the Airbus A220-300 fleet positions airBaltic among the most fuel-efficient carriers in Europe in terms of emissions per seat. Continued support for industry decarbonization initiatives and practical efficiency measures further contribute to reducing environmental impact over time. For our guests and customers, choosing airBaltic is therefore one of the best ways to support more sustainable air travel and contribute to positive environmental progress.

None of this progress would be possible without the dedication of our team, and I would like to extend my sincere thanks to everyone at airBaltic who contributed to these achievements. In 2025, the overall team grew to nearly 2 900 professionals, supported by improved retention and continued leadership development. Ongoing investments in training – including the Pilot Academy, Technical Academy, and Leadership Academy – strengthen the expertise required to support future growth.

Looking ahead to 2026, priorities remain clear – restoring full capacity as fleet availability improves, strengthening profitability, and advancing long-term development. Improving macroeconomic conditions in the Baltics, additional aircraft deliveries, and closer cooperation with Lufthansa Group provide a supportive foundation to accelerate progress and deliver sustainable long-term value to shareholders, customers, and employees. At the same time, we continue working to further strengthen our business model, network, and capital structure, ensuring a robust foundation for future success.

However, beyond financial and operational metrics, airBaltic continues to serve a broader purpose. By connecting the Baltic region with Europe and beyond, the airline supports mobility, business development, and international cooperation. The experience gained during demanding years for aviation has strengthened the organization and sharpened its strategic focus.

airBaltic enters 2026 focused, disciplined, and determined to build a stronger and even more resilient airline.

Erno Hildén
Chairman of the Executive Board
Chief Executive Officer

MANAGEMENT REPORT

3 March 2026

Air Baltic Corporation AS Group key figures

EUR thousands	2025	2024	Changes
Consolidated revenue			
Revenue and other income	779 344	747 572	4%
Passenger revenue	593 267	571 998	4%
Ticket revenue	548 963	527 025	4%
Ancillary revenue	44 304	44 973	(1%)
ACMI lease revenue	157 468	146 871	7%
Consolidated financial results			
Adjusted EBITDAR	143 923	184 152	(40 229)
Management EBITDAR *	150 079	184 152	(34 073)
Adjusted EBITDAR margin (%)	18.5%	24.6%	(6.2pp)
Management EBITDAR margin (%) *	19.3%	24.6%	(5.4pp)
Operating profit	(6 500)	6 148	(12 648)
Adjusted EBIT	61 208	(26 237)	87 445
Management EBIT *	6 585	46 470	(39 885)
Profit / (loss) for the year	(44 337)	(118 159)	73 822
Management profit / (loss) for the period *	(98 960)	(42 077)	(56 883)
Balance sheet and liquidity			
Total assets	1 495 992	1 415 781	6%
Non-current assets	1 367 420	1 279 700	7%
Total equity	(183 638)	(165 342)	(18 296)
Gross debt	1 315 608	1 311 682	0.3%
Eurobond	381 936	380 551	0.4%
Borrowings	79 294	19 981	297%
Lease liabilities	854 378	911 150	(6%)
Net debt	1 287 159	1 264 733	2%
Cash and cash equivalents, including restricted cash	28 449	46 949	(39%)

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

The table below shows the Group's revenue and cost streams in Q4 2025 compared to Q4 2024.

	Q4 2025 TEUR	Q4 2024 TEUR
OPERATING REVENUE		
Revenue and other income	185 041	171 750
Other income	-	479
	185 041	**172 229**
OPERATING EXPENSES AND CLAIMS COMPENSATIONS		
Personnel costs	(38 970)	(38 092)
Fuel	(38 377)	(36 805)
Airport, handling and en route charges	(37 649)	(31 896)
Amortization and depreciation	(33 495)	(30 579)
Aircraft maintenance	(14 096)	(9 733)
Aircraft and similar lease costs	(6 620)	(13 668)
Marketing and tickets sales costs	(10 785)	(10 462)
Cost of carbon emission allowances	(15 086)	(7 736)
Other operating costs	(11 362)	(8 802)
Passenger service	(3 441)	(2 677)
Claim compensations	1 709	14 026
	(208 172)	**(176 424)**
FINANCE INCOME / (EXPENSE)		
Finance costs	(26 004)	(26 536)
Foreign currency exchange gain / (loss), net	546	(39 176)
Finance income	6	243
	(25 452)	**(65 469)**
LOSS BEFORE TAX	**(48 583)**	**(69 664)**
Corporate income tax	-	8
LOSS FOR THE PERIOD	**(48 583)**	**(69 656)**

The table below presents the quarterly development of key ratios in 2025 compared with 2024.

	Q1 2025	Change vs 2024 Q1	Q2 2025	Change vs 2024 Q2	Q3 2025	Change vs 2024 Q3	Q4 2025	Change vs 2024 Q4
Airline operating statistics without ACMI-out operations								
Block hours	23 531	3.3%	27 027	(0.3%)	28 677	(1.8%)	28 243	5.7%
Flight hours	20 213	2.8%	23 256	(0.7%)	24 711	(2.1%)	24 481	6.0%
Flights	10 265	6.8%	12 575	0.9%	13 417	0.7%	12 071	3.9%
Number of passengers ('000)	995	7.4%	1 367	6.2%	1 543	(5.1%)	1 303	0.7%
Seat capacity ('000)	1 461	6.0%	1 811	1.7%	1 919	(0.4%)	1 727	3.5%
ASKs (million km)	1 967	2.6%	2 294	0.9%	2 454	(1.8%)	2 406	6.1%
Average aircraft stage length (km)	1 346	(3.2%)	1 267	(0.8%)	1 279	(1.4%)	1 393	2.5%
Load factor (%)	75.9%	0.0pp	80.2%	2.4pp	84.6%	(3.3pp)	79.3%	(2.7pp)
ACMI-out operating statistics								
Block hours	5 619	25.3%	18 327	13.5%	18 761	11.5%	10 516	30.9%
Flight hours	4 467	24.1%	14 828	13.9%	15 169	11.0%	8 465	31.8%
Flights	3 285	23.6%	10 256	9.2%	10 485	10.8%	6 030	27.6%
Number of passengers ('000)	334	16.5%	1 174	10.7%	1 262	7.9%	641	21.4%
ASKs (millions)	402	24.6%	1 370	16.0%	1 414	11.9%	775	33.5%
Airline total operating statistics								
Block hours	29 150	6.9%	45 355	4.9%	47 438	3.1%	38 760	11.5%
Flight hours	24 679	6.1%	38 083	4.5%	39 881	2.5%	32 946	11.6%
Flights	13 550	10.4%	22 831	4.5%	23 902	4.9%	18 101	10.7%
ASKs (million km)	2 369	5.8%	3 664	6.1%	3 869	2.8%	3 181	11.7%

The table below presents the quarterly development of financial performance in 2025 compared with 2024.

(EUR thousands, except where otherwise stated)	Q1 2025	Change vs 2024 Q1	Q2 2025	Change vs 2024 Q2	Q3 2025	Change vs 2024 Q3	Q4 2025	Change vs 2024 Q4
Consolidated revenue								
Total revenue	132 719	0.3%	216 929	5%	244 655	4%	185 041	7%
Passenger revenue	110 007	(2%)	155 236	5%	180 303	2%	147 721	9%
Ticket revenue	100 932	(3%)	144 198	5%	167 442	4%	136 391	9%
Ancillary revenue	9 075	3%	11 038	5%	12 861	(14%)	11 330	6%
Charter revenue	1 954	(53%)	2 655	(32%)	3 941	50%	3 888	22%
ACMI lease revenue	16 588	33%	55 232	6%	56 691	7%	28 958	(2%)
ACMI lease revenue normalized*	16 568	33%	54 377	1%	55 834	2%	30 690	19%
Consolidated financial results								
Adjusted EBITDAR	(4 327)	(21 448)	55 226	(4 200)	77 749	(3 832)	15 275	(10 751)
Adjusted EBITDAR margin	(3.3%)	(16.2pp)	25.5%	(3.2pp)	31.8%	(2.8pp)	8.3%	(6.9pp)
Adjusted EBIT	(2 646)	21 273	54 220	53 815	32 219	(32 380)	(22 585)	20 786
Profit / (loss) for the period	(29 348)	11 254	27 619	51 824	5 978	(34 278)	(48 583)	21 073
KPI without ACMI-out operations								
Ticket yield (€)	97.1	(7.7%)	100.5	(1.5%)	104.5	10.7%	100.2	11.4%
Comparable ancillary yield (€)	9.5	(4.3%)	8.5	(1.1%)	8.8	(7.8%)	9.4	7.8%
Yield (€ cents)	7.2	(4.1%)	8.1	0.4%	8.5	10.1%	7.6	9.0%
RASK (€ cents)	5.88	(5.7%)	7.02	3.4%	7.64	4.5%	6.45	1.7%
CASK (€ cents)	(6.72)	(7.3%)	(7.11)	0.5%	(7.00)	4.5%	(7.18)	8.3%
CASK ex fuel (€ cents)	(4.78)	(14.2%)	(5.01)	1.6%	(4.91)	6.0%	(4.96)	6.3%
CASK normalized (€ cents)	(6.72)	8.0%	(7.11)	5.2%	(7.00)	5.4%	(6.92)	6.4%
CASK normalized ex fuel (€ cents)	(4.78)	5.2%	(5.01)	8.5%	(4.91)	7.3%	(4.70)	3.5%

* Revenue normalized to the relevant periods

Air Baltic Corporation AS (airBaltic or the Company), together with its subsidiaries – Air Baltic Training SIA, Baltijas Kravu Centrs SIA and Aviation Crew Resources AS (the Group) – reported total revenue of EUR 779 million and Adjusted EBITDAR of EUR 144 million in 2025, representing a 4% increase in revenue and a 22% decrease in Adjusted EBITDAR compared to 2024.

2025 was characterised by operational stabilisation and gradual financial recovery following a challenging start to the year. Passenger numbers increased by 1% year-on-year to 5.2 million, while average ticket yield improved by 4%, reflecting strengthening demand conditions across the Baltic region. As a result, RASK increased by 1% to 6.79 euro cents, driven primarily by yield improvement rather than capacity expansion.

Revenue performance improved materially in the second half of the year. Following margin pressure in the first half, disciplined capacity management, targeted pricing actions and improving macroeconomic conditions enabled a significant recovery in yields during the summer season and into the fourth quarter.

The first half of 2025 was marked by substantial cost headwinds and margin compression. Operating costs increased faster than revenue, resulting in an Adjusted EBITDAR margin of 14.6%, down 8 percentage points compared to H1 2024.

Key cost pressures included:

- Navigation and government charges increasing by approximately 30% in H1 2025 compared to the prior year,
- Wage inflation driven by a tight labour market and global competition for aviation professionals, leading to salary adjustments implemented in late 2024 and early 2025,
- Competitive pressure from low-cost carriers, which contributed to a 1.5% decline in yield in H1 2025 versus H1 2024.

The second half demonstrated a meaningful recovery. Improving macroeconomic conditions and strategic pricing adjustments resulted in a 9% increase in yields in H2 2025 compared to H2 2024, lifting the Adjusted EBITDAR margin to 21.6% in the second half. Although still 4.7 percentage points below H2 2024, the trend reflected clear operational and pricing stabilisation.

Despite the second-half improvement, full-year Adjusted EBITDAR remained below 2024 levels. In addition to the cost pressures outlined above, the full-year result was further impacted by:

- Continued spare engine shortages, limiting operational capacity and requiring wet-leased aircraft during peak periods,
- Environmental compliance costs increased significantly in 2025, with EU ETS expenses rising to EUR 41.2 million (2024: EUR 18.5 million),
- Scheduled passenger revenue below expectations due to slower-than-anticipated market recovery,
- The incident involving aircraft YL-AAO, which resulted in a net negative impact of EUR 6.2 million on the Group's profit. The impact comprised impairment of the right-of-use asset and related components, variable lease expenses under the agreed value settlement, and additional provisions, partially offset by insurance recoveries recognised in accordance with IAS 37.

As a result, full-year performance fell below initial guidance of Adjusted EBITDAR between EUR 160-170 million and revenue between EUR 780-790 million. The shortfall against guidance was primarily attributable to developments in November and December, including:

- Lower-than-expected monetisation of ACMI-out capacity, particularly in November and December, as cooperation projects in the Southern Hemisphere were delayed,
- Surge in carbon allowance prices, which reached EUR 88.5 per tonne in Q4 - the highest level in over two years,
- Operational disruption in Q4 caused by recurring airspace restrictions at Vilnius Airport related to unmanned balloons entering controlled airspace, resulting in flight disruptions, reduced regularity and more than EUR 0.6 million in additional costs.

The full-year net loss amounted to EUR 44.3 million, representing an improvement of EUR 73.8 million compared to 2024. This improvement was significantly supported by EUR 67.7 million in foreign exchange gains, primarily arising from the revaluation of USD-denominated liabilities following the depreciation of the US dollar against the euro.

Although USD-denominated ACMI-out revenue increased by 12.5% in production terms (block hours), the depreciation of the US dollar against the euro limited revenue growth in EUR terms to 3.6% year-on-year.

Management expects the positive momentum observed in the second half of 2025 to continue into 2026. The outlook is supported by:

- Anticipated improvement in Pratt & Whitney engine availability, enabling full operational deployment of the fleet,
- Strengthening passenger demand driven by improving macroeconomic conditions in the Baltic region,
- Delivery of five additional aircraft in 2026.

Total deployed capacity in 2026 is expected to increase by approximately 15-20%, driven by an 8-10% increase in scheduled flying and a 30-40% increase in ACMI-out capacity.

Air Baltic Corporation AS

Key events and milestones in 2025

- On 29 January 2025, airBaltic announced a strategic investment agreement between the Republic of Latvia, airBaltic and Lufthansa Group, under which Lufthansa Group committed to invest EUR 14 million in airBaltic through a convertible share, granting a 10% stake convertible into ordinary shares upon a potential initial public offering (IPO), while securing a minimum post-IPO ownership of 5%,
- In February 2025, the European Union Aviation Safety Agency (EASA) certified the installation of Starlink ultra high-speed internet on Airbus A220-300 aircraft, enabling airBaltic to become the first airline in Europe to offer this connectivity solution to passengers. Commercial passenger internet services were launched at the end of February, with fleet-wide implementation underway,
- On 7 April 2025, following a decision of the Shareholders' Meeting, Martin Gauss stepped down from his position as Chairman of the Executive Board and Chief Executive Officer. Pauls Juris Cālītis, Member of the Executive Board and Chief Operations Officer, was appointed Interim Chief Executive Officer,
- On 21 August 2025, the strategic investment by Lufthansa Group was completed, alongside a co-investment by the Republic of Latvia on the same terms, resulting in a total equity injection of EUR 28 million into airBaltic. Following completion, Lufthansa Group gained the right to appoint a representative to airBaltic's Supervisory Board, expanding it to five members,
- On 19 August 2025, airBaltic announced the appointment of Erno Hildén as Chief Executive Officer, effective 1 December 2025, ensuring leadership continuity and supporting the execution of the Group's long-term strategy,
- On 1 December 2025, Erno Hildén commenced his duties as Chief Executive Officer of airBaltic,
- In December 2025 airBaltic received 2 new Airbus A220-300 aircraft, increasing its total fleet to 51 aircraft.

Macroeconomic environment: Market development

In 2025, airBaltic operated in a gradually improving economic environment, with the latest available data indicating that GDP growth became visible from the second quarter onward across its core markets. In Latvia, GDP returned to positive growth in Q2 2025, with full-year growth estimated at around 1.5-2.0%, following contraction in 2024. Estonia exited a prolonged period of stagnation, with GDP growth of approximately 0.5-1.0%, while Lithuania continued to outperform the region, recording GDP growth of around 2.5-3.0%, supported by stronger domestic demand. While these developments marked a clear improvement compared to the previous year, the overall pace of recovery remained moderate.

The improvement in economic conditions was only partially reflected in passenger traffic trends. In Latvia, Riga Airport served approximately 7.1 million passengers in 2025, a level largely unchanged compared to 2024. Similarly, Tallinn Airport handled approximately 3.49 million passengers, representing a stable result compared to the previous year. These outcomes indicated that, despite the return to economic growth from mid-year onwards, passenger propensity to fly in Latvia and Estonia remained low, particularly following a weak first half of the year.

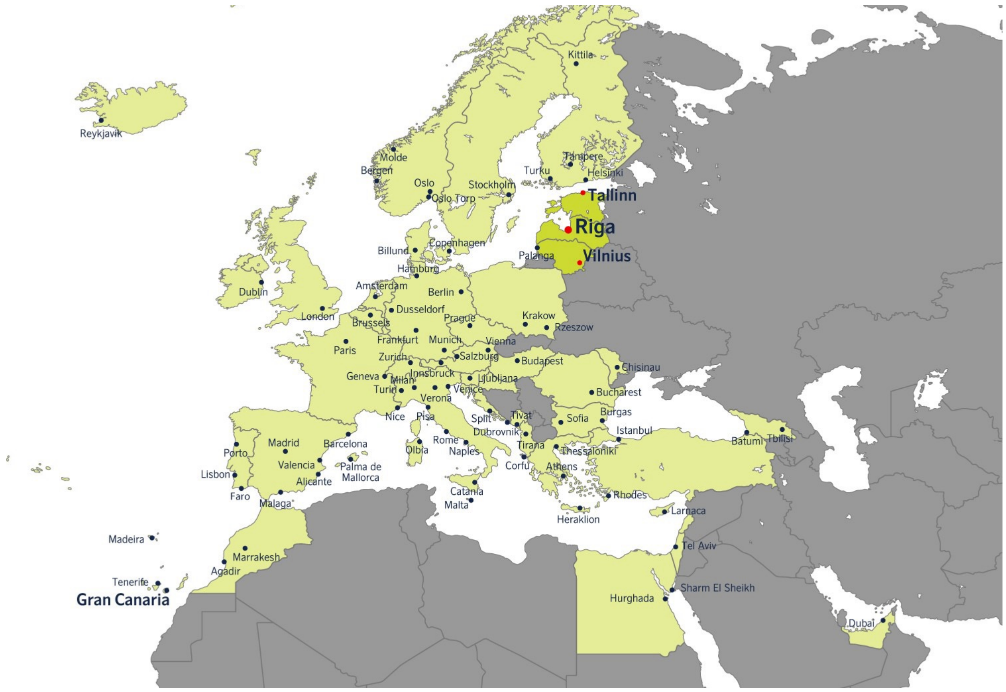
In contrast, Lithuania recorded continued growth in air travel demand. Lithuanian airports, including Vilnius and Palanga, served approximately 7.2 million passengers in 2025, representing an increase of around 8% compared to 2024. This stronger performance underscored the relationship between higher GDP growth and increased demand for air travel, as improved economic conditions translated more rapidly into higher passenger volumes in the Lithuanian market.

Overall, market developments in 2025 highlighted a lag between economic recovery and air travel demand, most evident in Latvia and Estonia.

Given the economic improvement observed during 2025, the management expects a more supportive demand environment in 2026 as higher GDP growth increasingly translates into travel activity across the Baltic markets. This expectation is underlined by the increased estimated booked revenue in Q4 2025 vs Q4 2024.

Passenger and revenue development: Network and strategy

In 2025, airBaltic continued to manage its route network under challenging operational constraints, most notably ongoing Pratt & Whitney engine availability issues that limited aircraft deployment and led to the cancellation of a significant number of flights from the summer 2025 schedule. These cancellations and related network adjustments, including the suspension of selected services and reductions in flight frequencies, meant that new route development at the Riga hub was more limited than planned and emphasized the need to prioritize stability and reliability on strategic core services.



Within this constrained operating environment, new route development in 2025 was selective and targeted. airBaltic focused on preserving connectivity on its most commercially and strategically important routes, while introducing limited new services where demand and operational considerations allowed. Capacity was prioritised on high-demand markets supporting both origin-and-destination and transfer traffic, enabling the airline to maintain schedule integrity on key routes despite reduced fleet availability.

From its hub in Riga, airBaltic launched a new direct route to Faro, expanding leisure connectivity to Southern Europe and complementing its existing seasonal network. In addition, airBaltic placed particular emphasis on established trunk routes such as Riga-Amsterdam, Riga-Munich, Riga-Zurich, Riga-Copenhagen and Riga-Brussels, which form the backbone of the network and support onward connectivity. Services linking Palanga with Amsterdam were also maintained as part of the Group's point-to-point offering, supporting regional connectivity from Lithuania.

From its operating bases, the airline introduced new point-to-point services such as Vilnius-Prague, strengthening links between the Baltic region and Central Europe. In addition, airBaltic further developed its seasonal operations from Gran Canaria, introducing winter routes including Gran Canaria-Molde and Gran Canaria-Ljubljana, tailored to leisure demand from Nordic and Central European markets.

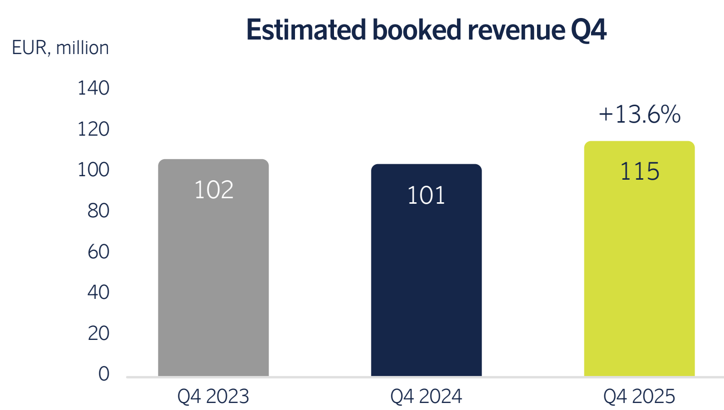
Despite capacity constraints, Tallinn was the operating base that recorded the strongest network expansion during the year. In the summer season, airBaltic launched new services from Tallinn to Barcelona, Reykjavik (Keflavik), Tirana and Palma de Mallorca, expanding both leisure and city connectivity. In addition, frequencies were increased on routes such as Tallinn-Amsterdam and Tallinn-Copenhagen, while capacity to Amsterdam was further strengthened through the addition of an extra daily frequency as part of a coordinated expansion from all three Baltic capitals.

Number of routes operated	2024 actual	2025** actual	2026 planned
Riga	85	77	81
Tallinn	23	26	27
Vilnius	19	20	20
Gran Canaria	6	6	4
Other*	10	4	2

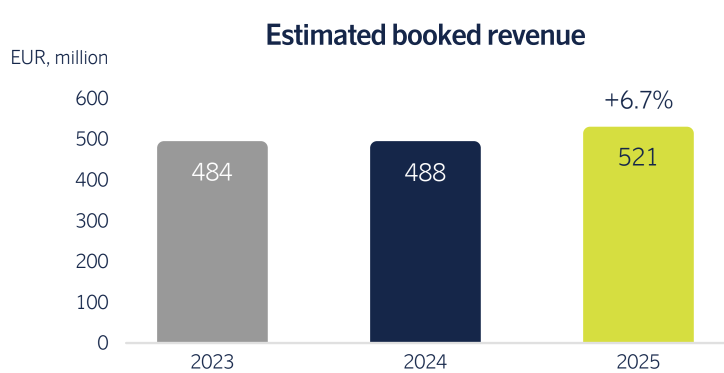
* Palanga – Amsterdam, Tampere routes
** Pop-up flights are not included

Looking ahead, network planning for 2026 reflects airBaltic's expectation of improving fleet availability and a gradual return to broader network development. During 2025, the airline announced a number of new routes planned for the Summer 2026 season, including services from Riga to Warsaw and Gothenburg, as well as additional new connections from Tallinn and Vilnius. In parallel, airBaltic has announced plans to increase frequencies on more than 30 existing routes across the Baltic capitals, further strengthening connectivity on high-demand markets as operational constraints ease

Estimated revenue from bookings (see Glossary) placed during Q4 2025 outperformed Q4 2024 by 13.6%.



In cumulative terms the booked revenue growth during 2025 reached 6.7% above 2024.



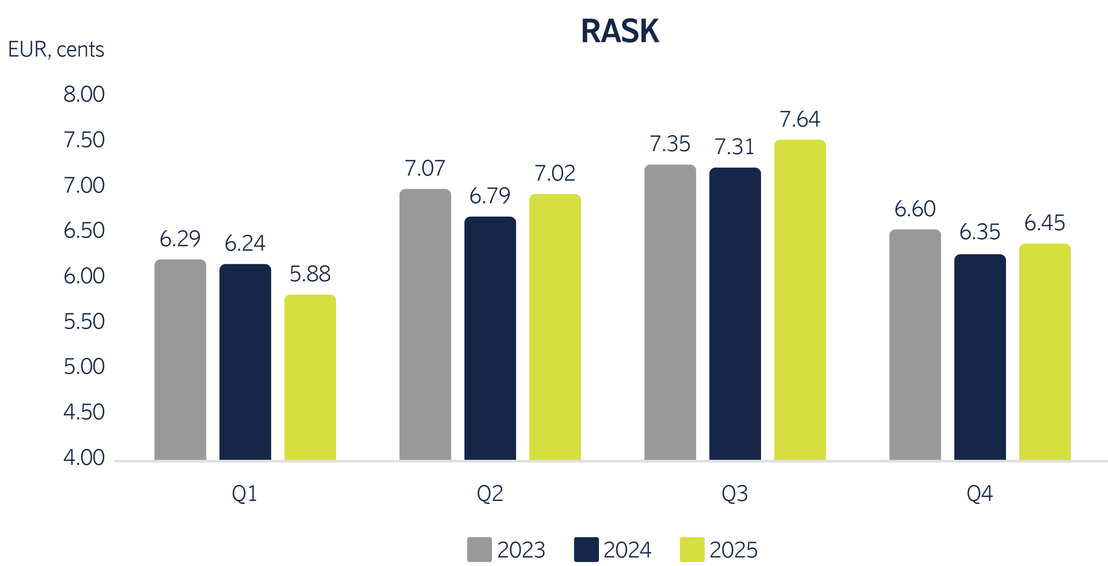
Passenger and revenue development: Commercial performance and revenues

In 2025, airBaltic's yield development reflected a gradual recovery over the course of the year, following a weak start driven by macroeconomic pressure in the airline's core markets and capacity disruptions related to engine availability. Yield performance improved sequentially as the year progressed, supported by targeted pricing actions, network optimization and strengthening demand in key markets.

In the first half of the year, yields remained under pressure compared to the prior year, reflecting subdued consumer demand in the Baltics and intensified competitive capacity. Early January uncertainty related to capacity adjustments temporarily affected booking momentum, resulting in lower ticket and passenger yields despite increasing passenger volumes and improving load factors. While yield per passenger kilometer and RASK began to stabilize toward the end of the period, overall yield levels in the first half remained below prior-year benchmarks.

In the second half of 2025, yield performance improved materially. The third quarter marked a clear recovery, supported by disciplined capacity management, targeted pricing measures and strengthening demand in key markets. Despite ongoing capacity constraints and a lower number of operated routes compared to the prior year, airBaltic achieved a notable increase in passenger and ticket yields year-on-year, with yield and RASK exceeding 2024 levels. These positive trends continued into the fourth quarter, supported by sustained pricing discipline and improved booking quality.

Overall, for the full year 2025, yield development reflected a shift toward a more balanced focus on revenue quality alongside volume growth. The improvement in yields during the second half of the year helped offset cost pressures and supported margin recovery, providing a stronger foundation heading into 2026.

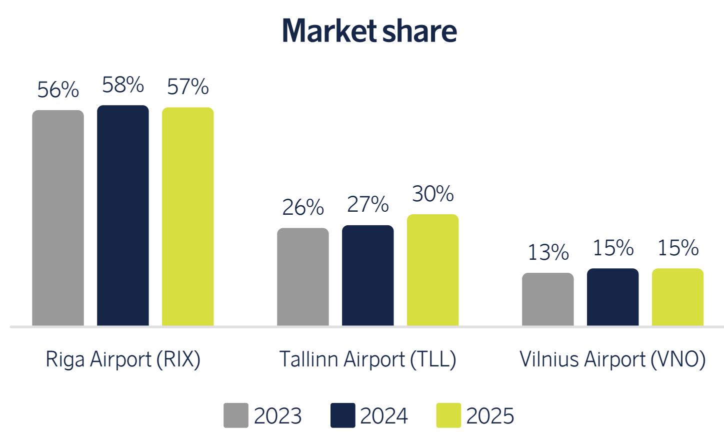


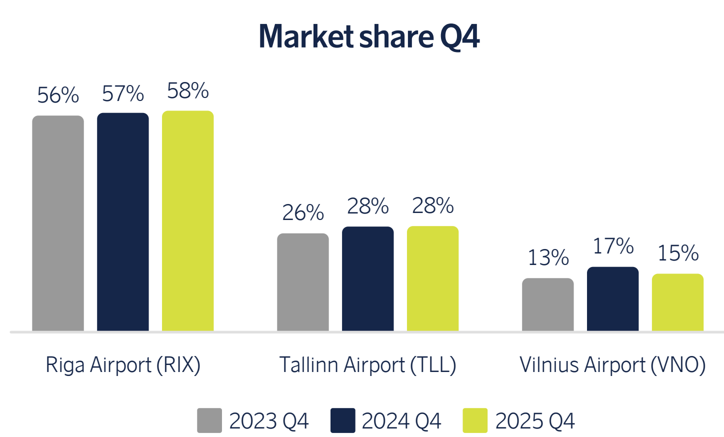
YIELD & RASK DEVELOPMENT (EUR cents)	Q4 2025	Q4 2024	Change	Q4 2023	Change
Yield	7.59	6.96	9%	7.84	(3%)
RASK	6.45	6.35	2%	6.60	(2%)

Revenue performance in 2025 was increasingly driven by yield rather than capacity expansion. The second half of the year demonstrates clear pricing recovery, supported by macroeconomic improvement and network optimisation measures.

Passenger and revenue development: Market share

As the airline was capacity constrained and also partially demand constrained in 2025, the overall market share in the Baltics remained stable with 1 percentage point decrease in Riga, stable market share in growing Vilnius market and growing market share in Tallinn.



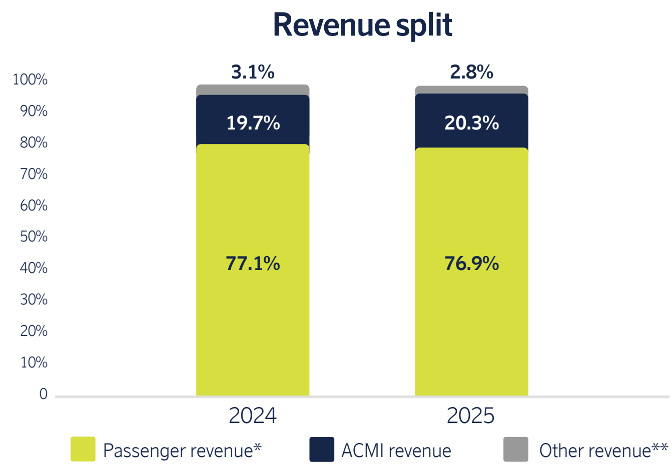


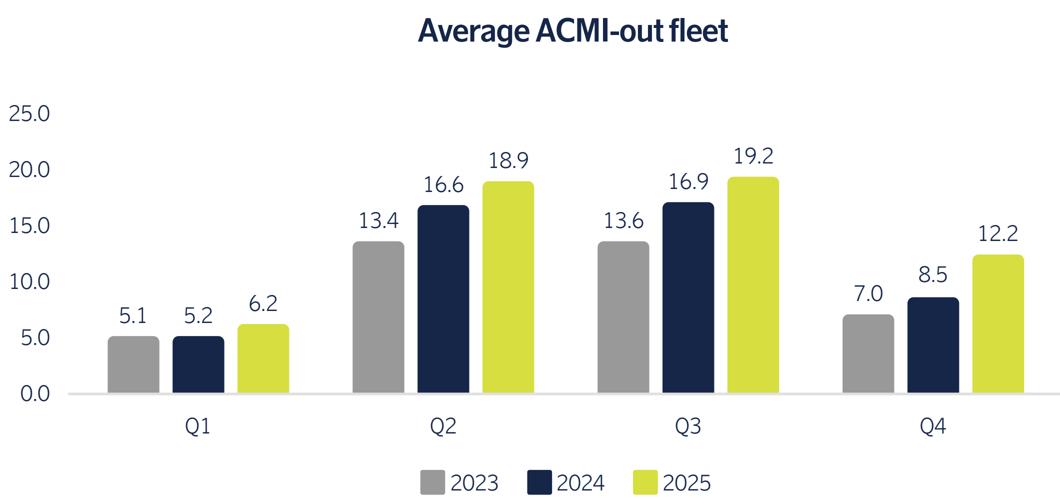
Passenger and revenue development: ACMI-out and charter operations

In 2025, ACMI-out services remained a core strategic pillar in airBaltic's business model, supporting revenue diversification, improving fleet utilization and mitigating the impact of the Russia-Ukraine war which cut off significant number of historically important scheduled direct and transfer traffic markets for airBaltic. The Group further strengthened its position as a reliable provider of high-quality ACMI services to full service European carriers, leveraging long-term partnerships and proven operational expertise.

Throughout the year, airBaltic deployed on average 14.1 aircraft under ACMI arrangements, operating its modern Airbus A220-300 aircraft for airline partners within major European airline groups. ACMI activity increased compared to the previous year in all quarters, reflecting strong market demand for wet-lease capacity and airBaltic's ability to deliver consistent operational performance. For the full year 2025, ACMI-out services accounted for approximately 20.3% of total operating revenue, underlining the growing importance of this segment within the Group's overall revenue mix. The ACMI revenues were negatively affected by the currency fluctuations, as most of the ACMI contracts are traditionally denominated in USD.

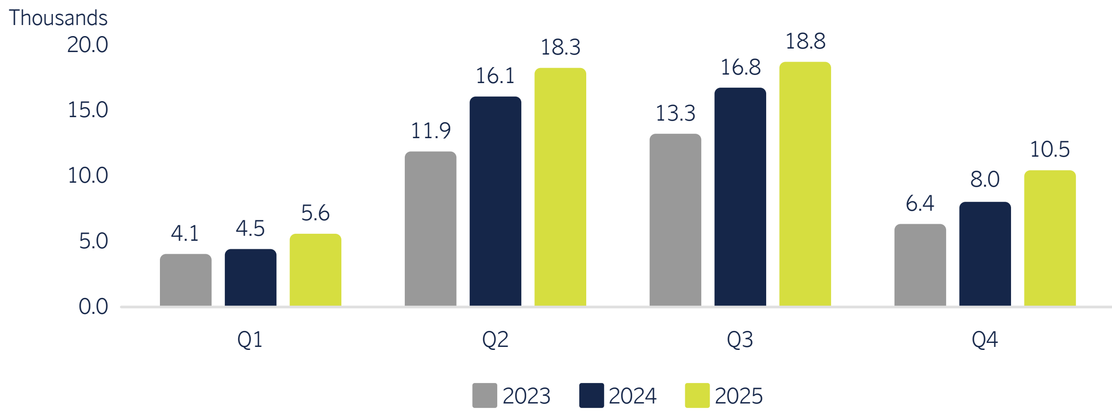
* Passenger revenue includes ticket, ancillary and other traffic revenue
** Other revenue includes charter, cargo and other revenue





During the winter season 2025/2026, airBaltic further expanded its ACMI-out activity, with increased capacity deployed compared to the previous year. In addition to existing partnerships, the Group entered into a new long term ACMI partnership with Air Serbia, further diversifying the ACMI customer base and reinforcing airBaltic's position as a trusted wet-lease provider to European carriers

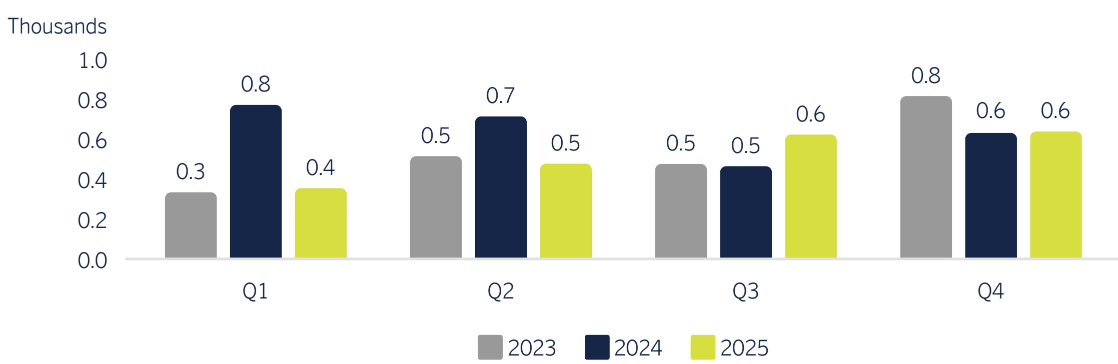
ACMI-out block hours



In line with its strategy, airBaltic also expanded its activity in the short-term and ad-hoc ACMI market, enabling the Group to capture additional opportunities during periods of elevated demand for replacement and supplementary capacity across Europe. These operations further reinforced airBaltic's reputation for operational reliability, crew quality and fleet standardization.

The Group's ability to respond quickly to short-term and ad-hoc ACMI requests also created operational synergies with its charter services. Improved response time, combined with the ability to reallocate crew resources and deploy aircraft efficiently, enabled airBaltic to react swiftly to incoming charter requests and capitalize on short-notice opportunities from tour operators, corporate customers and ad-hoc demand. This responsiveness supported an increase in charter activity during the second half of 2025, contributing additional revenue and further improving overall fleet utilization.

Charter block hours

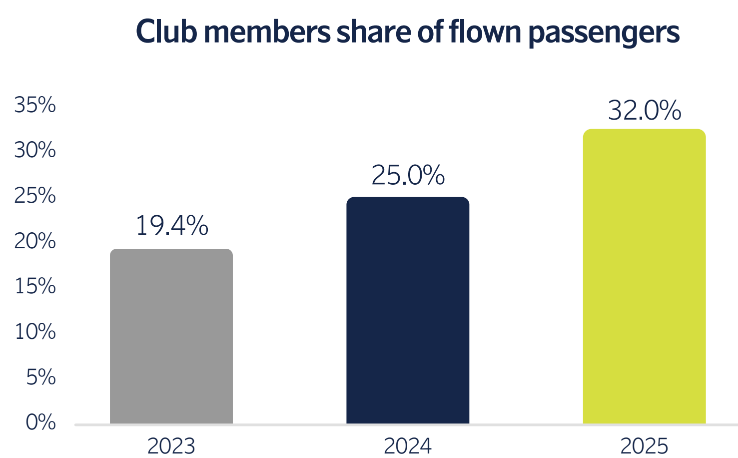


Overall, in 2025, ACMI-out services remained a key pillar of airBaltic's operational and financial strategy. The continued development of this segment enhanced revenue resilience and supported profitability, positioning the Group well to further scale ACMI activity in line with planned fleet growth in 2026 and beyond.

Passenger and revenue development: 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 2025 reached 1.74 million, a 20% increase from 2024. In total 348 thousand new members have joined airBaltic Club in 2025.

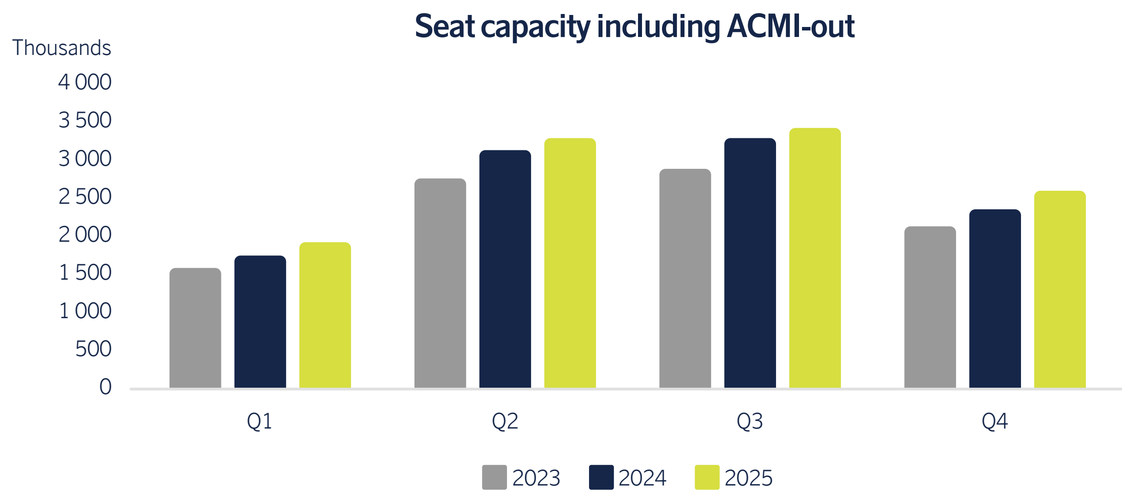
In 2025 the average penetration (program members' flown flights from all airBaltic flights) of the program has reached 32.0% (vs. 25.0% in 2024) and is the highest in the program's history.



The majority of members - 47% - are from the Baltic States, with significant representation also from Finland, Germany, the United Kingdom, Norway, Sweden, and Denmark.

Operational performance: Highlights

In Q4 2025, airBaltic (including ACMI-out operations) had a 10.5% higher seat capacity compared to the same period the year before. In terms of total 2025 seat capacity, airBaltic has set a new record of 11.28 million seats, which is 6.8% higher compared to 2024.



The seat capacity for airBaltic operations was 2.4% higher than in 2024. The incremental seat capacity was primarily deployed by increasing frequencies on the most popular routes, allowing the airline to maintain a stable load factor of 80.2% in 2025, compared to 81.2% in 2024.

Quarterly airBaltic flights	Q1	Q2	Q3	Q4	Total
2025	10 265	12 575	13 417	12 071	**48 328**
2024	9 611	12 462	13 330	11 619	**47 022**
Change	*7%*	*1%*	*1%*	*4%*	***3%***
Flights including ACMI-out					
2025	13 550	22 831	23 902	18 101	**78 384**
2024	12 268	21 855	22 795	16 345	**73 263**
Change	*10%*	*4%*	*5%*	*11%*	***7%***

The total number of flights including the ACMI-out operations reached 78.4 thousand, which was 7% above 2024 levels, driven by fleet growth and increased ACMI-out production. This resulted in higher total number of passengers being transported by airBaltic across all operations (own network, charter, ACMI-out and other), reaching an all-time high of 8.7 million (2024: 8.3 million).

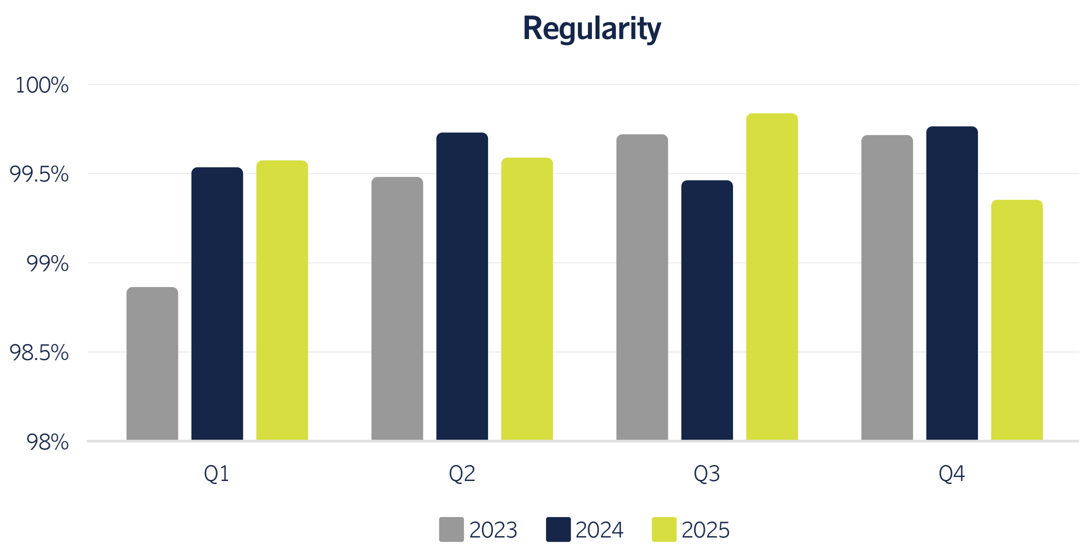
	2025	2024	Change
Airline fleet statistics			
Number of aircraft at end of period*	51	49	4%
Fleet age (years)*	4.5	3.8	18%
Airline operating statistics without ACMI-out operations			
Block hours	107 477	105 807	2%
Flight hours	92 660	91 430	1%
Flights	48 328	47 022	3%
Utilization (block hours per aircraft per day)	7.67	7.46	3%
Utilization of operating aircraft (block hours per operating aircraft per day)	10.91	10.75	2%
Number of passengers ('000)	5 207	5 133	1%
Seat capacity ('000)	6 919	6 755	2%
Average aircraft stage length (km)	1 318	1 326	(1%)
ASKs (million km)	9 121	8 958	2%
RPKs (revenue passenger kilometers) (millions)	7 317	7 278	1%
Load factor (%)	80.2%	81.2%	(1.0pp)
ACMI-out operating statistics			
Block hours	53 224	45 495	17%
Flight hours	42 928	36 709	17%
Flights	30 056	26 241	15%
Utilization of operating aircraft	10.3	10.5	(2%)
Number of passengers ('000)	3 410	3 044	12%
ASKs (millions)	3 962	3 348	18%
Airline total operating statistics			
Block hours	160 702	151 302	6%
Flight hours	135 589	128 139	6%
Flights	78 384	73 263	7%
Utilization (block hours per aircraft per day)	8.42	8.23	2%
Utilization of operating aircraft	10.70	10.68	0.2%
ASKs (million km)	13 083	12 307	6%

* Excluding the aircraft YL-AAO, which was grounded due to technical issues in Y2025 and subsequently impaired.

Operational performance: Regularity, punctuality and customer service

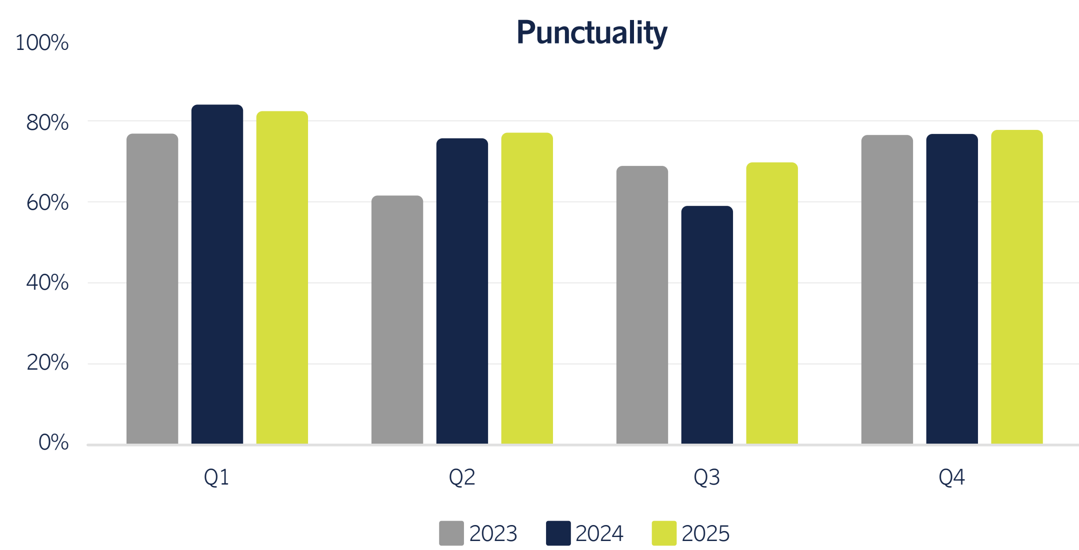
In 2025, airBaltic's flight regularity rate was 99.63% (in 2024: 99.62%). Regularity rate reached its peak in the third quarter, underlining operational excellence during the busiest season of the year.

In Q4 2025, regularity was negatively affected by recurring airspace restrictions at Vilnius Airport caused by the presence of unmanned helium/meteorological balloons entering controlled airspace and approaching critical flight paths. These incursions, widely reported by aviation authorities, prompted temporary closures of the airport's airspace for safety reasons, leading to flight reroutes, cancellations and delays. Since October 2025, such events have impacted several flights and thousands of passengers, contributing to lower-than-planned operational regularity in the period and more than EUR 550 thousand in additional costs.

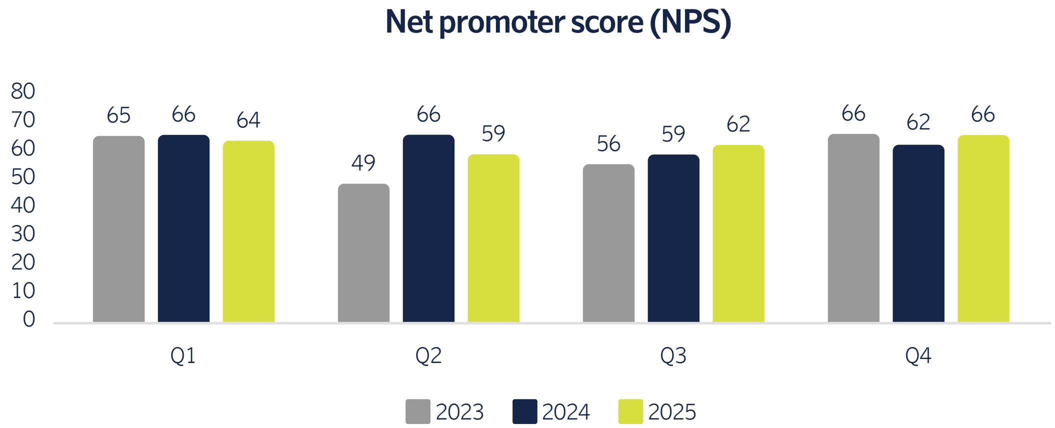


In 2025, airBaltic's 15-minute punctuality rate reached 77.10% (in 2024: 73.72%). Although punctuality remained below internal targets, performance improved materially year-on-year, demonstrating operational stabilization. The primary cause of delays was aircraft rotation due to engine availability issues, accounting for 68% of all delays, making it by far the most significant factor.

Other causes affecting punctuality were related to airport restrictions, ATC (Air Traffic Control), technical issues and ground handling.



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 Q3 and Q4 vs. the same periods in 2024. The NPS score reached its peak level of 66 at the end of the year.



Fleet development: Engine issues and related disruptions

The spare engine supply issues which started in 2022, have continued throughout 2025 and had a significant 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 7 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. 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 14 to 21 years old aircraft with larger seat capacity and previous generation engines,
- airport charges and ground handling fees were on average higher due to larger aircraft replacing A220-300s,
- during 2025 summer season up to 3 aircraft were wet-leased in at one time compared to 9 in 2024,
- lower fleet utilization,
- downwards pressure on Net Promoter Score, as a significant number of passengers were negatively affected by the disruptions.

Despite the negative impact, the Engine availability issues are showing signs of improvement, with the AOGs in Q4 at the lowest level since Q1 2024. The management expects the engine availability issues to be resolved in 2026, leading to full fleet availability for the first time in 3 years. As of the date of this report the airline did not have any AOGs due to engine shortage.

Fleet development: Aircraft YL-AAO incident

Fleet development was further impacted by the June 2025 incident involving aircraft YL-AAO, which ultimately resulted in full impairment of the asset.

When planned heavy maintenance works had been completed on the aircraft and as a part of the maintenance release process, an APU ground run was required. On 14 June 2025, during the ground run, the aircraft sustained extreme heat damage in the fuselage and wing-root area from the ozone filter.

Following an assessment process, Airbus Engineering concluded in December 2025 that the aircraft was beyond economic repair. Accordingly, as at 31 December 2025, the Company recognised a full impairment of the related right-of-use asset and associated capitalised expenditures, while the lease remains in place until settlement.

The Company initiated an insurance claim under an agreed value arrangement; insurance proceeds are recognised to the extent they are virtually certain and receivable. Settlement is expected by June 2026. The aircraft will be transferred to the insurer upon completion of the claims process, and the salvage value is being assessed.

The impairment does not affect the security package for the outstanding airBaltic bonds.

Fleet development: Utilization

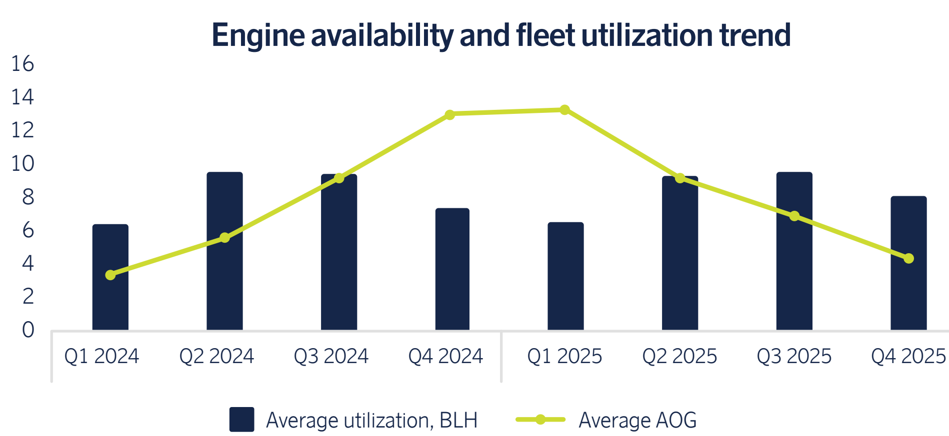
During 2025 the airline continued to improve its efficiency among capacity constraints, improving its aircraft utilization across its scheduled operations to 7.7 block hours per day, up 2.8% vs 2024. Utilization for total operations also grew, reaching 8.4 block hours, 2.4% higher than in 2024.

Significant improvement in aircraft utilization was noticeable in Q4 2025, reflecting the increase in ACMI winter production as well as adjustments to own network flying.

Aircraft utilization, block hours

Airline operations	**2025**	**2024**	**Change**	**Q4 2025**	**Q4 2024**	**Change**
Utilization	7.7	7.5	2.8%	7.8	6.8	15.9%
Utilization of operating aircraft	10.9	10.7	1.5%	10.0	10.7	(6.0%)
Total operations	**2025**	**2024**	**Change**	**Q4 2025**	**Q4 2024**	**Change**
Utilization	8.4	8.2	2.4%	8.2	7.4	11.3%
Utilization of operating aircraft	10.7	10.7	0.2%	9.8	10.6	(7.0%)

Elevated engine-related AOG levels peaked in Q1 2025, limiting fleet availability and utilization. From Q2 2025 onwards, improving engine supply and maintenance turnaround supported gradual operational recovery. The Group mitigated the engine shortage impact through network optimisation, wet-leasing arrangements and disciplined capacity management.



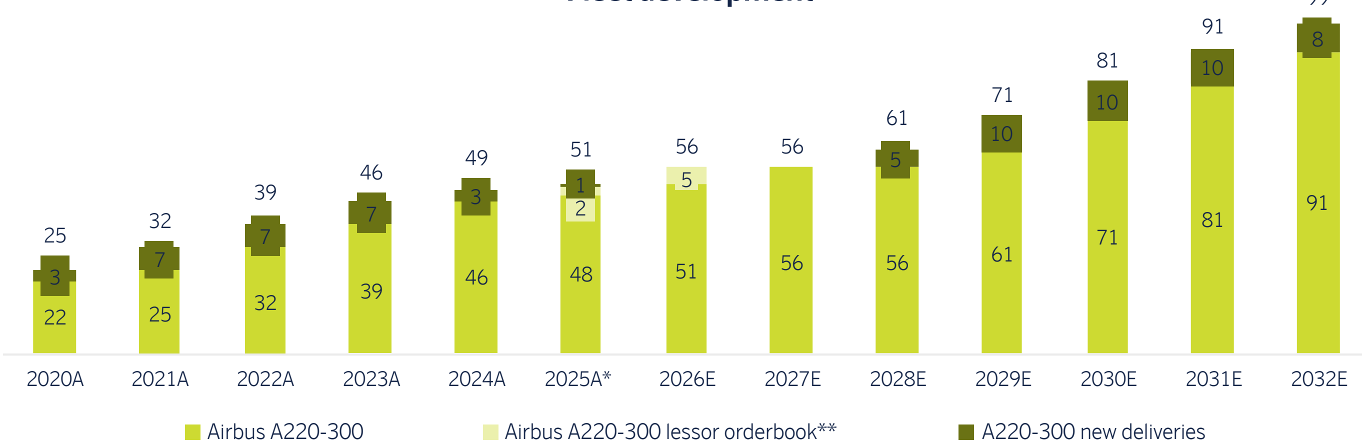
Fleet development: Fleet renewal

During 2025, the Company added three Airbus A220-300 aircraft to its fleet. Following the incident involving aircraft YL-AAO, which was subsequently deemed beyond economic repair, the operational fleet as of year-end comprised 51 Airbus A220-300 aircraft. All three A220-300 deliveries were financed through operating lease.

In 2026, airBaltic is scheduled to receive five Airbus A220-300 aircraft, which will support targeted capacity growth.

Beyond 2026, airBaltic expects to continue to manage fleet growth in a disciplined manner, aligning the timing of further aircraft deliveries with the availability of funding for growth. While the Group maintains a substantial long-term order book, the delivery schedule after 2026 has been adjusted, with additional aircraft deliveries deferred compared to the original timeline. This approach reflects management's focus on preserving financial flexibility while ensuring that fleet expansion remains aligned with operational needs and market conditions. The long-term fleet renewal and growth strategy remains unchanged and will be executed progressively as funding conditions allow.

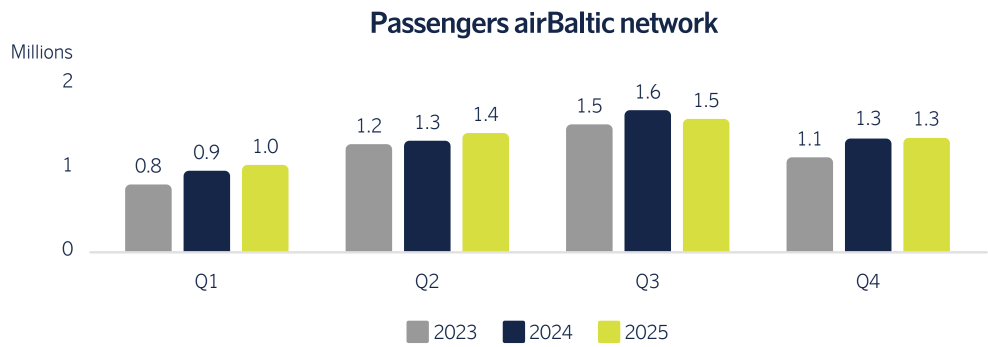
Fleet development

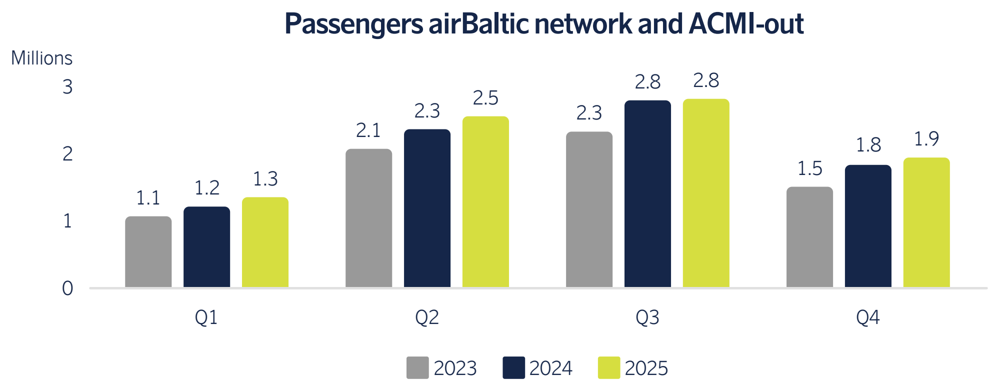


*Excluding the aircraft YL-AAO, which was grounded due to technical issues in Y2025 and subsequently impaired and derecognized
**Based on signed LOIs and discussions with lessors

Financial performance and cost development

2025 was a year of modest growth in terms of passenger numbers, as the airline transported 5.2 million passengers, which is a 1% increase from 2024. The slight increase in passenger volume, combined with a 4% rise in ticket yield, indicates stronger demand compared to the previous year and reflects improving macroeconomic conditions in the Baltic region.





Following a weaker start to 2025, ticket yields improved in the second half of the year, driven by efficient capacity deployment, targeted pricing actions and improving demand conditions in core markets. The improvement was most pronounced during the peak summer period and remained visible into the fourth quarter, reflecting better booking quality. As a result, RASK increased year-on-year by 1% to 6.79 EUR cents, supported primarily by higher ticket yields rather than volume-driven growth, contributing positively to overall revenue performance.

Since the start of the year, the Group's unit costs have increased by 6%, with normalized CASK reaching 6.94 euro cents in 2025 (2024: 6.55 euro cents). A key driver of the increase was higher government, airport and terminal charges, reflecting tariff revisions implemented across multiple European airports and air navigation service providers. The most material increases were observed in terminal navigation charges, which rose by approximately 22%, and overflight charges, which increased by up to 28% during the year.

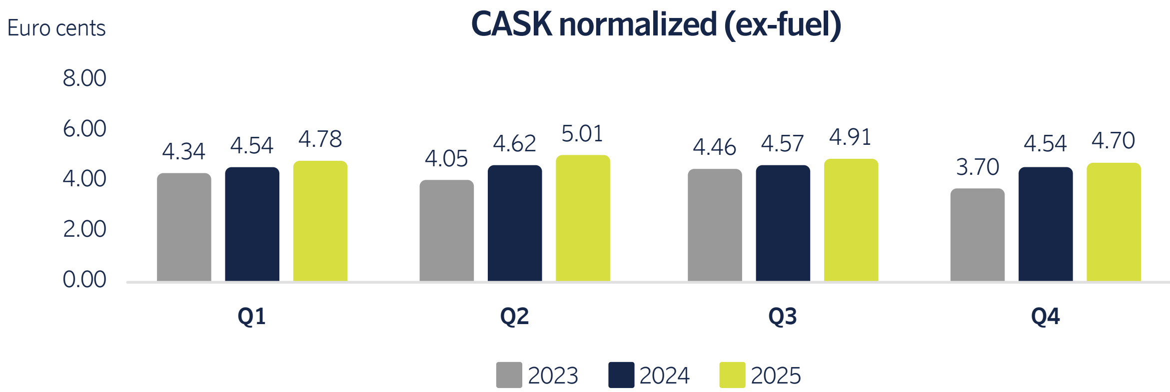
While these changes affected airlines across the European market, their impact on airBaltic was disproportionately higher due to the Group's operational footprint. The largest cost increases occurred at core airports and airspaces where airBaltic operates the highest volume of flights, including Riga, Vilnius and Tallinn airports, as well as frequently used overflight corridors in Germany, Poland, Sweden, Finland and the Netherlands. As a result, increases in airport and air navigation charges had a more pronounced effect on the Group's unit costs compared to airlines with more diversified or lower-frequency exposure in these markets.

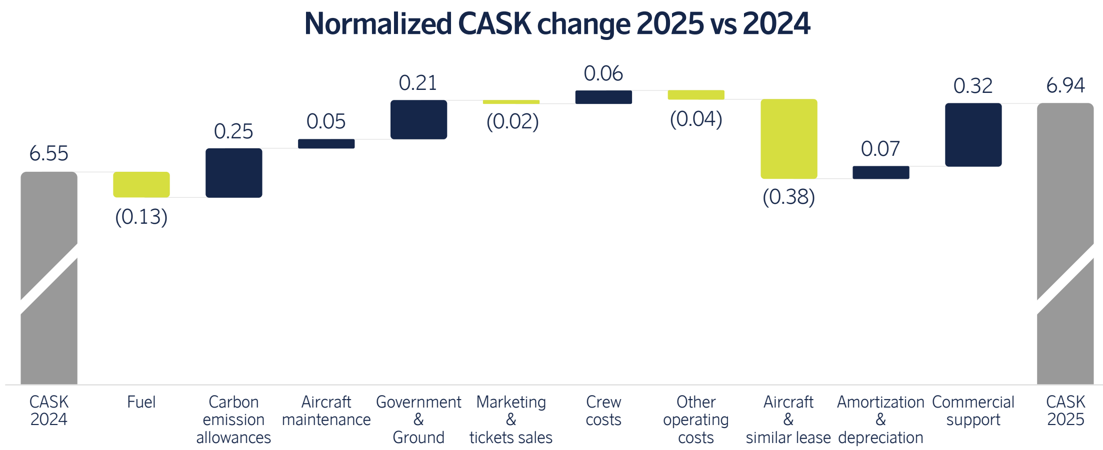
Another key driver of the increase in CASK during 2025 was higher personnel costs, reflecting the staffing and remuneration requirements associated with a growing fleet. The most significant cost impact arose from pilot remuneration, which increased year-on-year due to salary adjustments aimed at maintaining airBaltic's competitiveness in a highly international pilot labour market. Given the global demand for qualified flight crew, these adjustments were necessary to retain and attract talent. As a result, pilot personnel costs increased by 10%, reflecting revised salary levels and the full-year effect of changes introduced during the year.

Cabin crew costs also increased compared to the previous year, driven primarily by remuneration adjustments and the full-year effect of previously hired employees. These increases amounted to 12% year-on-year.

In addition, maintenance and technical personnel costs rose during the year by 20%, reflecting remuneration adjustments and continued competition for licensed technicians in the European aviation market. Given the long lead times required for recruitment, training and certification of technical personnel, maintaining sufficient staffing levels remains critical for operational readiness, particularly in light of planned fleet growth.

The management believes that a significant part of the cost escalation was a one-off event related to pent up inflationary pressures manifesting in 2024.





Normalized CASK by key cost categories (EUR cents)	**2025**	**2024**	**Change**
Carbon emission allowances (including revaluation of provisions)	(0.45)	(0.21)	119%
Overflight charges	(0.63)	(0.49)	28%
Terminal navigation charges	(0.14)	(0.11)	22%
Technical personnel remuneration	(0.14)	(0.11)	20%
Cabin crew salaries	(0.18)	(0.16)	12%
Aircraft maintenance (excluding technical personnel remuneration)	(0.28)	(0.25)	11%
Pilots' remuneration	(0.45)	(0.41)	10%
Amortization and depreciation	(0.89)	(0.83)	8%
Ground handling costs	(0.58)	(0.55)	6%
Other government charges	(0.32)	(0.30)	5%
Fuel	(1.64)	(1.77)	(7%)
Other operating costs	(1.26)	(1.36)	(8%)
Normalized CASK	**(6.94)**	**(6.55)**	**6%**

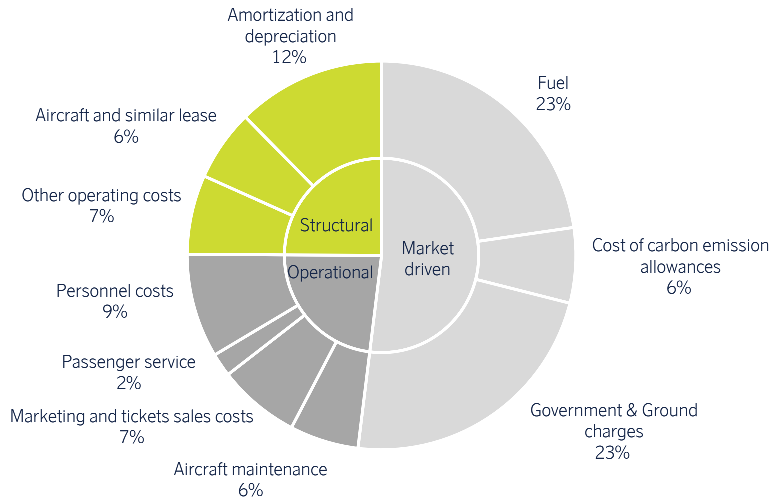
Nearly 60% of normalized CASK is driven by fuel, government charges and environmental compliance costs - all largely outside management's direct control. This underlines the structural sensitivity of airline profitability to macroeconomic, regulatory and commodity price developments.

In addition, personnel costs represent a significant portion of the cost base and are increasingly influenced by global labour market dynamics, particularly in the highly competitive aviation sector. While salary adjustments were necessary to remain competitive, the overall cost structure continues to reflect disciplined capacity management and operational efficiency.

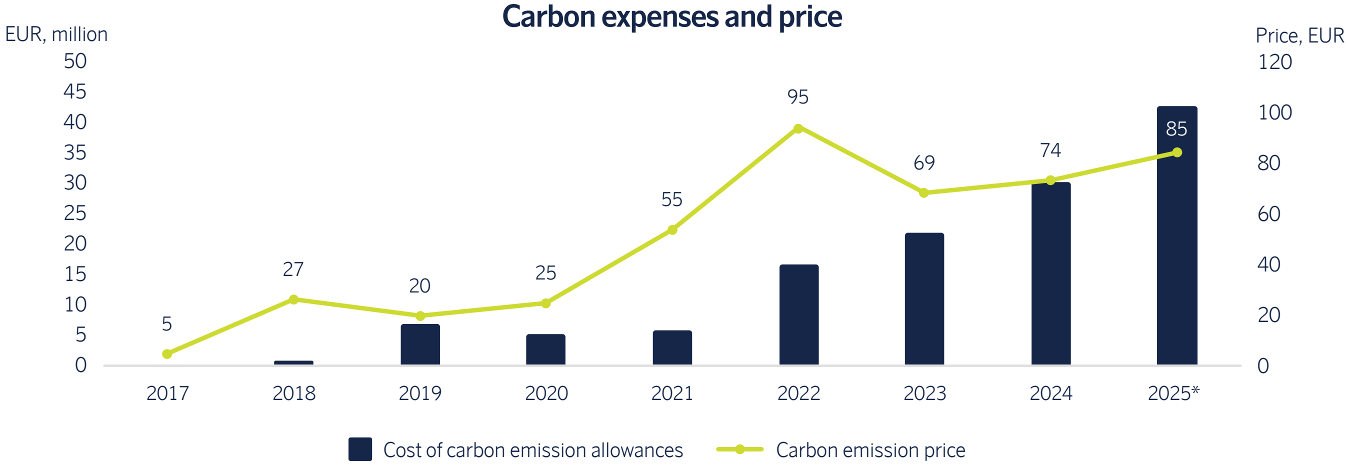
Carbon emission allowances under the EU, CH and UK Emissions Trading Systems increased by 119% year-on-year, becoming one of the most significant cost drivers in 2025 and materially impacting CASK. The increase was driven both by higher carbon allowance prices and a continued reduction in free allowances under the ETS framework. In absolute terms, the airline incurred EUR 41.2 million in emission allowance costs in 2025. These allowances, required under the EU ETS, are scheduled for submission in the third quarter of 2026. As the allowances have not yet been purchased, the related cash outflow is expected in Q3 2026.

Environmental compliance costs represent a structurally increasing and largely non-discretionary expense for the airline industry. They are determined by regulatory frameworks and carbon market pricing, both outside management's direct control, and therefore constitute an ongoing margin headwind.

Normalized CASK structure (excluding commercial support)



Carbon expenses and price



*Cost based on emission price at the end of period
Note: Carbon emission price based on settlement

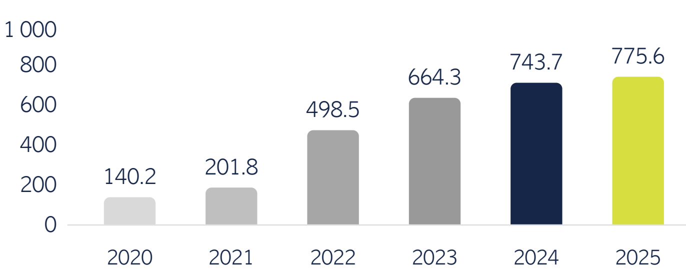
While management actions and improving revenue performance partially mitigated these pressures, overall CASK remained higher compared to the previous year and exerted significant pressure on the margins compared to 2024, particularly in the early part of the year when the higher cost base took effect. As the year progressed, airBaltic improved its margin performance through stronger ticket yields, higher RASK and a more favourable revenue mix, supported by targeted pricing actions and the growing contribution from ACMI-out operations, evidenced by margin improvement in Q3 2025.

Nevertheless, for the full year 2025, margins remained below the prior-year level, reflecting the lasting impact of higher structural costs despite improved commercial performance. Adjusted EBITDAR reached 144 EUR million (2024: EUR 183 million), with an Adjusted EBITDAR margin of 18.6% (2024: 24.6%), providing a more stable earnings base heading into 2026.

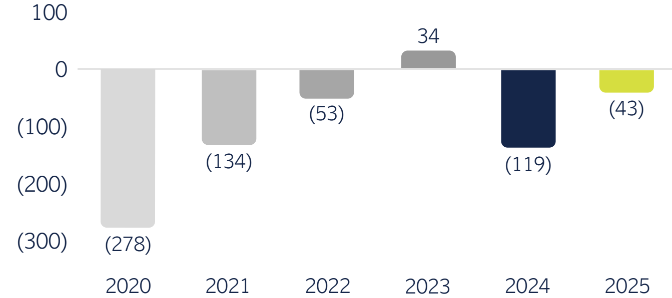
The net result for 2025 amounted to a EUR 43.2 million loss, representing a EUR 75.6 million improvement compared to 2024. The improvement was significantly supported by EUR 67.7 million in foreign exchange gains arising mostly from the revaluation of USD-denominated liabilities.

(EUR thousands, except where otherwise stated)	2025	2024	Change
Airline financial metrics			
Total revenue	775 644	743 733	4%
Passenger revenue	593 267	571 998	4%
Ticket revenue	548 963	527 025	4%
Ancillary revenue	44 304	44 973	(1%)
ACMI lease revenue	157 468	146 871	7%
Adjusted EBITDAR	143 989	182 765	(38 776)
Adjusted EBITDAR margin	18.6%	24.6%	(6.0pp)
Adjusted EBIT	62 363	(26 895)	89 258
Profit / (loss) for the period	(43 178)	(118 803)	75 625
Net debt	1 287 314	1 265 014	2%
Cash and cash equivalents	11 074	32 893	(66%)
Cash, cash equivalents and restricted cash	28 294	46 668	(39%)
KPI without ACMI-out operations			
Ticket yield (€)	100.9	97.1	4%
Comparable ancillary yield (€)	9.0	9.2	(2%)
Yield (€ cents)	7.9	7.6	4%
RASK (€ cents)	6.79	6.70	1%
CASK (€ cents)	(7.01)	(6.89)	2%
CASK ex fuel (€ cents)	(4.92)	(4.92)	0.0%
CASK normalized (€ cents)	(6.94)	(6.55)	6%
CASK normalized ex fuel (€ cents)	(4.85)	(4.57)	6%

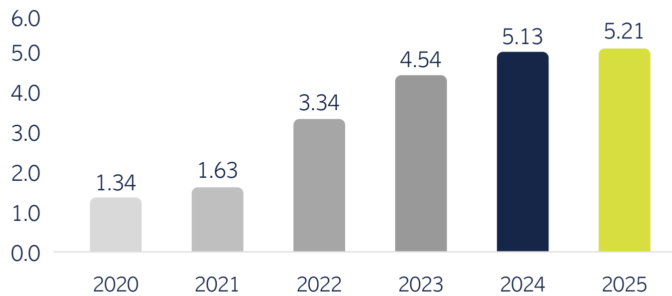
Total revenue (EUR million)



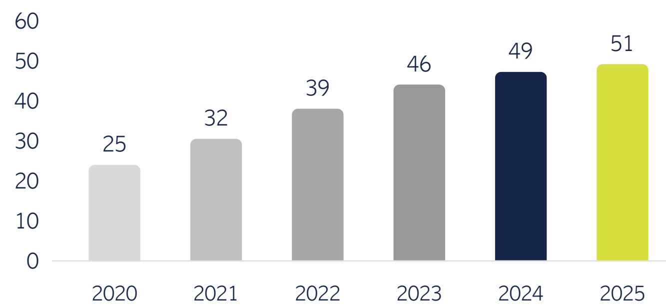
Profit/ (loss) for the year (EUR million)



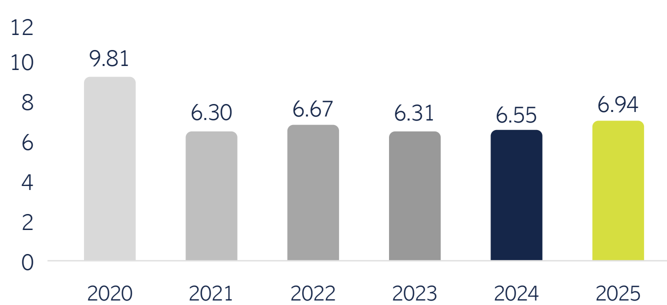
Passengers (million)



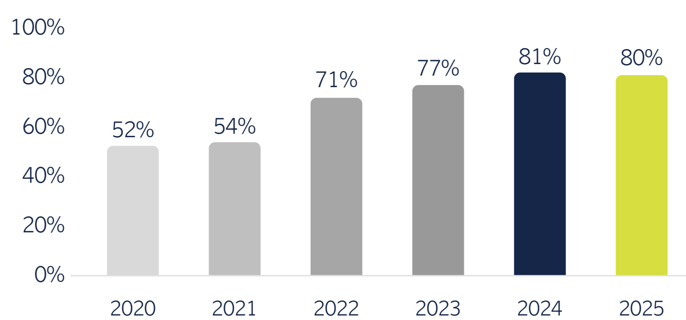
Operating year end fleet*



CASK normalized (EUR cents)

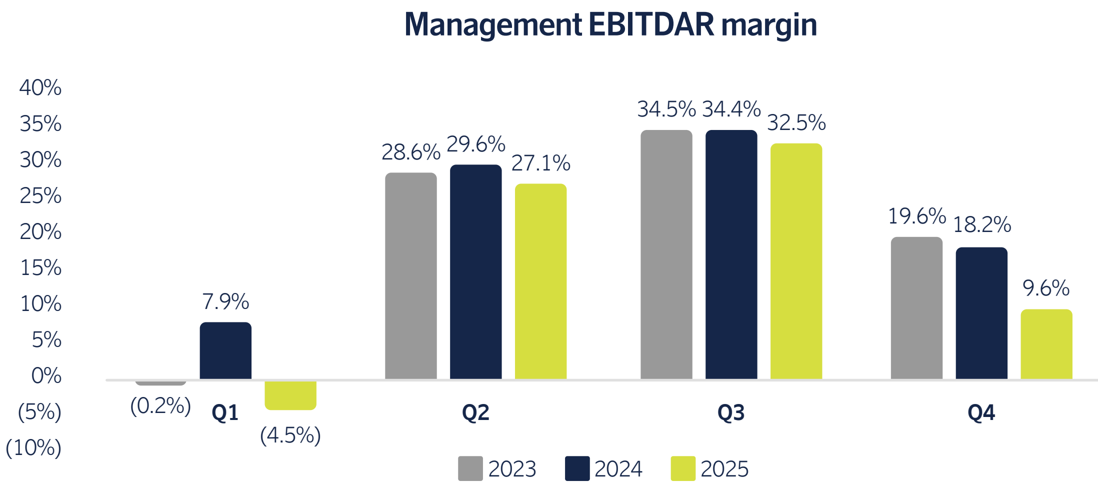


Load Factor



* Excluding the aircraft YL-AAO, which was grounded due to technical issues in Y2025 and subsequently impaired.

The quarterly margin pattern is consistent with the drivers discussed in the Management Report, highlighting seasonal strength in Q2-Q3 and pressure in Q1 and Q4.

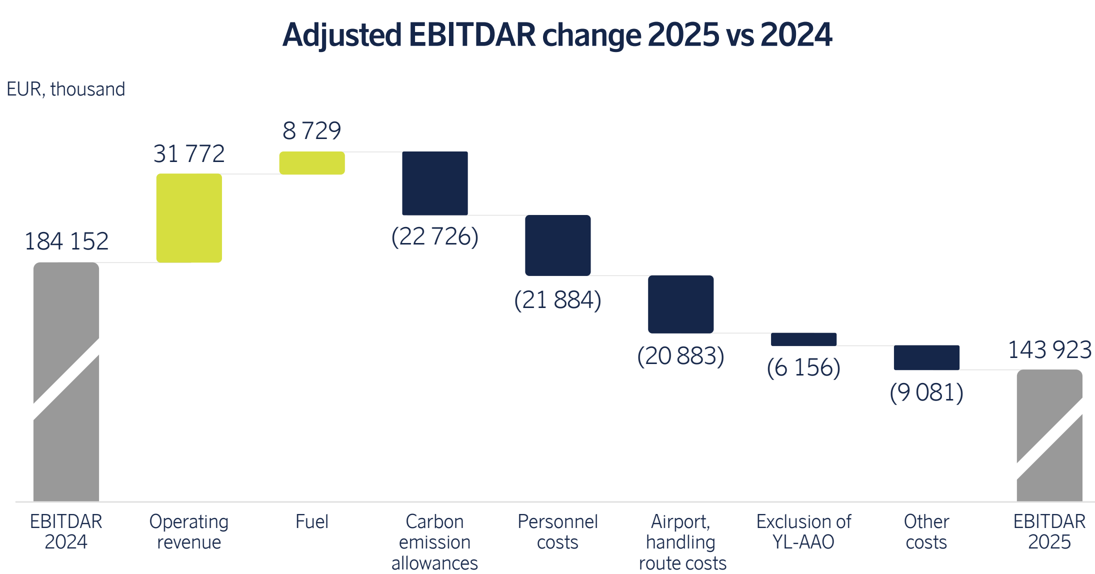


The EUR 40.2 million year-on-year decline in Adjusted EBITDAR was driven primarily by regulatory and structural cost increases. Revenue growth of EUR 31.8 million and fuel savings of EUR 8.7 million were insufficient to offset:

- EUR 22.7 million increase in EU ETS costs
- EUR 21.9 million higher personnel expenses
- EUR 20.9 million increase in airport and navigation charges

These categories represent largely non-discretionary and externally driven cost components, highlighting the sensitivity of airline margins to regulatory and labour market dynamics.

Excluding the impact of carbon emission costs, the underlying operational decline would have been materially lower.



Cash flow and liquidity

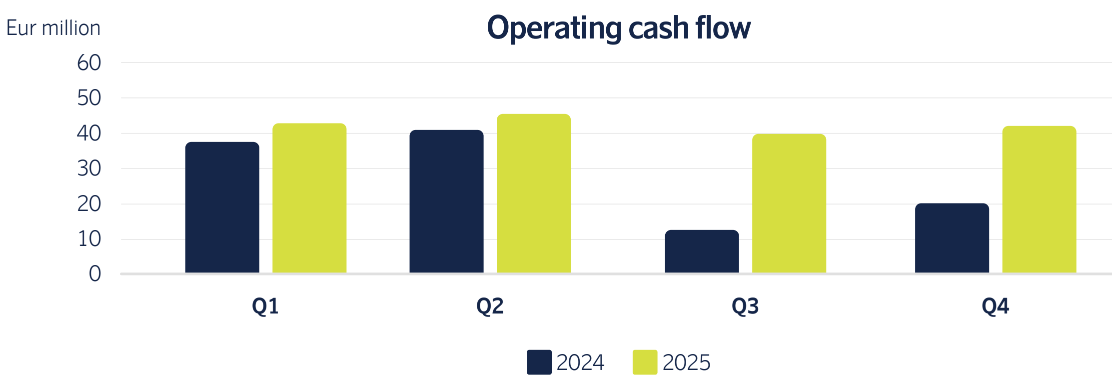
In 2025, airBaltic generated a positive operating cash flow of EUR 172 million, marking a EUR 60 million increase compared to 2024. While cash generated from operations remained broadly in line with 2024, a significant portion of the overall cash inflow in 2025 resulted from working capital management, including the successful negotiation of improved payment terms with key suppliers.

Net cash used in investing activities increased to EUR 81 million in 2025, primarily due to higher investments in aircraft maintenance, particularly engine-related overhauls and repairs.

Net cash used in financing activities increased to EUR 113 million in 2025, driven by the full-year impact of bond interest payments and lease principal repayments related to the airline's expanding fleet.

The airline ended 2025 with a cash balance of EUR 11 million, however for bond minimum liquidity calculation purposes additional EUR 17.220 million in restricted cash designated for the quarterly bond coupon payment should be added (see Note 32).

EUR thousand	2025	2024	Change
Cash and cash equivalents at the beginning of the year	**32 893**	**28 794**	**4 099**
Operating profit before working capital changes	142 257	147 339	(5 762)
Working capital changes	29 721	(35 306)	65 707
Net cash generated from operating activities	**171 978**	**112 033**	**59 945**
Net cash used in investing activities	(81 061)	(45 577)	(35 484)
Net cash used in financing activities	(112 736)	(62 357)	(50 379)
Cash and cash equivalents at the end of the year	**11 074**	**32 893**	**(21 819)**



Shareholders’ structure and equity

The shareholders structure as of 31 December 2025 was as follows:

	Participating interest, %	Number of ordinary shares	Number of MCS	Share capital TEUR
Republic of Latvia	88.37	246 679 837	1	32 988
Deutsche Lufthansa AG	10	-	1	8 320
Aircraft Leasing 1 SIA	1.62	5 115 204	-	511
Other	0.01	211	-	1
TOTAL	**100**	**251 795 252**	**2**	**41 820**

Legal Risks

As of the date of this report airBaltic is a party in several lawsuits described in detail in Note 42 (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.

Air Baltic Corporation AS Group

Taxes

In 2025, the Group and its employees contributed over EUR 72 million in taxes to the Republic of Latvia. This amount included:

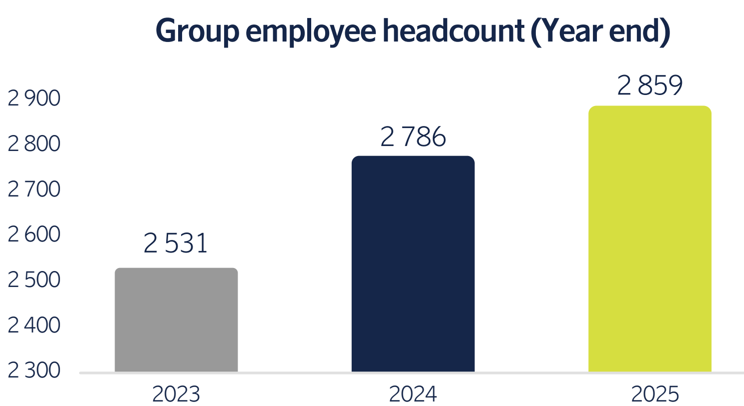
• EUR 48 million in social security contributions (employer and employee),

• EUR 23.9 million in employee personal income tax,

• EUR 0.15 million in other taxes.

Personnel

In 2025, the Group continued to strengthen workforce stability while supporting operational growth. Total employee count reached 2 859, representing a 2.6% year-on-year increase. Headcount development during the year reflected workforce planning to support future fleet growth, including the necessary lead time for hiring and training flight crew and technical personnel required to man incoming aircraft deliveries planned for 2026, as well as requirements related to ACMI-out operations and temporary base establishment.



Average length of employment increased from 5.4 to 5.9 years, reflecting improved retention, while employee turnover decreased from 12.6% to 10.8%. Gender distribution remained broadly balanced at 56% male and 44% female. The largest employee groups continued to be pilots, cabin crew and licensed technicians, reflecting the airline's operational profile and single-type Airbus A220-300 fleet strategy.

Operating in the global labour market, airBaltic employs professionals from across multiple countries. Based on the disclosed nationality data, at least 16% of the total workforce and at least 47% of pilots originate from outside the Baltic States, demonstrating the Company's ability to attract international aviation talent and underlining the importance of competitive compensation offering.

In 2025, personnel costs increased compared to the previous year by 17%. The increase was primarily driven by the full-year effect of employees hired in prior periods and targeted remuneration increases for key operational employee groups, most notably pilots. These remuneration adjustments were closely linked to the conclusion of a new Pilot Collective Labour Agreement and were necessary to ensure airBaltic remains competitive in a highly international pilot labour market, where airlines compete globally for qualified flight crew.

The Group continued to invest in employee development. Leadership capability development reached an important milestone with the graduation of the first cohort of 57 managers from the airBaltic Leadership Academy, strengthening internal leadership capacity and succession planning.

Employee relations remained stable throughout the year. A new Pilot Collective Labour Agreement was concluded with high employee participation. Other collective arrangements remained in force, ensuring continuity and stability for employees.

airBaltic maintained a strong employer position in the Latvian labour market during 2025, being ranked #20 among the Top 50 Employers in Latvia and recognized as the leading employer in Transport and Logistics for the 13th consecutive year.

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 by the Company in 2025 (and reflecting the way the Company communicates its results and performance to investors). Management data for 2021-2025 provided below is presented on a consistent and comparable basis.

GROUP EUR thousand	**2025**	**2024**	**2023**	**2022**	**2021**
PROFIT / (LOSS) FOR THE YEAR	**(44 337)**	**(118 159)**	**33 652**	**(54 219)**	**(135 718)**
Corporate income tax	2	(7)	17	1 995	1 528
Finance costs	105 694	93 517	63 855	58 961	51 519
Finance income	(151)	(1 588)	(522)	(112)	(153)
Provision for legal disputes	-	-	(8 073)	500	312
ADJUSTED EBIT	**61 208**	**(26 237)**	**88 929**	**7 125**	**(82 512)**
Foreign currency exchange (gain) / loss, net	(67 708)	32 385	(16 664)	25 379	26 855
Amortization and depreciation	130 363	152 185	91 070	74 280	51 604
ADJUSTED EBITDA	**123 863**	**158 333**	**163 335**	**106 784**	**(4 053)**
Aircraft and similar lease	45 716	59 612	76 189	22 921	4 365
Claims compensation	(25 656)	(33 793)	(80 586)	(46 789)	(691)
ADJUSTED EBITDAR	**143 923**	**184 152**	**158 938**	**82 916**	**(379)**

ITEMS AFFECTING COMPARABILITY					
PROFIT / (LOSS) FOR THE YEAR	**(44 337)**	**(118 159)**	**33 652**	**(54 219)**	**(135 718)**
Revaluation of liabilities in USD	(60 779)	32 239	(16 475)	26 546	24 738
Net impairment losses on right-of-use assets	6 156	-	-	-	-
Accelerated depreciation of engines	-	40 468	-	-	-
Interest/commission on repaid bonds	-	3 375	-	-	-
Provisions for legal disputes	-	-	(8 073)	500	312
Provision of bad debt	-	-	1 002	-	-
MANAGEMENT PROFIT / (LOSS)	**(98 960)**	**(42 077)**	**10 106**	**(27 173)**	**(110 668)**
ADJUSTED EBIT	**61 208**	**(26 237)**	**88 929**	**7 125**	**(82 512)**
Revaluation of liabilities in USD	(60 779)	32 239	(16 475)	26 546	24 738
Net impairment losses on right-of-use assets	6 156	-	-	-	-
Accelerated depreciation of engines	-	40 468	-	-	-
Provision of bad debt	-	-	1 002	-	-
MANAGEMENT EBIT	**6 585**	**46 470**	**73 456**	**33 671**	**(57 774)**
ADJUSTED EBITDA	**123 863**	**158 333**	**163 335**	**106 784**	**(4 053)**
Net impairment losses on right-of-use assets	6 156	-	-	-	-
Provision of bad debt	-	-	1 002	-	-
MANAGEMENT EBITDA	**130 019**	**158 333**	**164 337**	**106 784**	**(4 053)**

GROUP EUR thousand	2025	2024	2023	2022	2021
ADJUSTED EBITDAR	**143 923**	**184 152**	**158 938**	**82 916**	**(379)**
Net impairment losses on right-of-use assets	6 156	-	-	-	-
Provision of bad debt	-	-	1 002	-	-
MANAGEMENT EBITDAR	**150 079**	**184 152**	**159 940**	**82 916**	**(379)**
PROFIT / (LOSS) FOR THE YEAR	**(44 337)**	**(118 159)**	**33 652**	**(54 219)**	**(135 718)**
Finance (income) / expenses	37 835	124 314	46 669	84 228	78 221
Corporate income tax	2	(7)	17	1 995	1 528
OPERATING PROFIT / (LOSS)	**(6 500)**	**6 148**	**80 338**	**32 004**	**(55 969)**
Non-current borrowings	443 864	389 690	55 838	254 464	247 767
Non-current lease liabilities	716 463	809 139	797 258	718 012	602 083
Current borrowings	17 366	10 842	209 947	10 777	9 915
Current lease liabilities	137 915	102 011	87 491	77 565	77 329
Restricted cash	(17 220)	(13 775)	-	-	-
Cash	(11 229)	(33 174)	(29 058)	(37 999)	(79 314)
NET DEBT	**1 287 159**	**1 264 733**	**1 121 476**	**1 022 819**	**857 780**

Air Baltic Training SIA

Air Baltic Training SIA (ABT), established in 2010, provides aviation-related training services and is a leading Airbus A220 training provider. Its activities include training for pilots, cabin crew, maintenance personnel, and flight dispatchers, as well as general aviation maintenance services.

In the reporting year, ABT demonstrated significant growth in pilot training operations. The company operated an EASA-certified fleet of 10 aircraft and two Level D Airbus A220 full flight simulators, training approximately 120 active students annually. A record 7.9 thousand block flight hours were achieved in initial training, while the number of Pilot Academy graduates reached 48 despite volatile weather conditions. Full Flight Simulator utilisation also reached a record 8.1 thousand training hours.

The second Level D A220 Full Flight Simulator, qualified in December 2024, enabled increased capacity for the primary customer, Air Baltic Corporation AS, and supported growth in third-party training revenue. Additional income was generated from simulator maintenance services.

Revenue diversification efforts continued successfully, with increased aircraft maintenance training activities and expanded initial maintenance training programmes. Cooperation with Liepājas Valsts Tehnikums was maintained, ensuring a steady pipeline of qualified aviation maintenance specialists for the Group.

Baltijas Kravu Centrs SIA

SIA Baltijas Kravu Centrs has operated at Riga International Airport since 2001 and is the largest cargo handling company at the airport in terms of cargo turnover and handled flights.

In 2025, the subsidiary continued to provide air cargo and mail handling services to Air Baltic Corporation AS, as well as road-fed airfreight services for international carriers including SAS, Singapore Airlines, Air China and Qatar Airways.

Operations remained affected by the ongoing geopolitical situation and the continued suspension of air traffic with Ukraine and Russia.

During the reporting year, the subsidiary handled 10,379 tonnes of cargo and mail, representing a 2% increase compared to 2024. Total revenue amounted to EUR 1,218,873. The subsidiary reported a loss of EUR 1,225,741 for the year.

Construction of the new cargo handling terminal at Riga International Airport, following the 2021 tender award, was completed during the reporting year, and operations at the new terminal commenced 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. Considering the difficulties in attracting new clients, the liquidation of the subsidiary was initiated in 2023 and was ongoing in 2025.

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

In February 2025, airBaltic received another 2 A220 aircraft, bringing the total fleet to 53

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 2025 and should be reflected in this report.

Sustainability Statement

General Information

The consolidated Sustainability Statement (the Sustainability Statement) is part of the Air Baltic Corporation AS Group Management report and 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).

Basis for Preparation of the Sustainability Statement and Disclosures in Relation to Specific Circumstances

Consolidation scope	The Sustainability Statement covers the same scope of consolidation and reporting period as for the Annual Report - from January 1 to December 31, 2025.
Regulatory framework and preparation basis	The Sustainability Statement is prepared in accordance with the Sustainability Disclosure Law of Latvia, which adapts 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] .
Value chain coverage	The Sustainability Statement covers the Group's own operations as well as key elements of its upstream and downstream value chain, in line with the scope presented in the Strategy, Business Model and Value Chain chapter. The upstream value chain comprises the Group's principal suppliers and service providers identified through the annual value chain analysis. The downstream value chain encompasses the Group's customer-facing commercial and cargo operations.
Classified, sensitive, price-sensitive, and forward-looking information [4]	Due to commercially sensitive nature, the information about resources allocated to action implementation or material adjustment within the next annual reporting period is limited to the disclosures of current financial resources that are published in the Management Report and Taxonomy Disclosures. Business-related information concerning business development opportunities and plans, operational expenditures (hereinafter - OPEX) and capital expenditures (hereinafter - CAPEX), as well as financial effects on financial position, financial performance and cash flows has been designated as non-public due to its commercially sensitive nature, and non-disclosable, including information related to sustainability initiatives. Certain sustainability topics related to safety, security, and cybersecurity, have been classified as non-disclosable, as public disclosure could reasonably be expected to compromise operational safety or facilitate misuse of security procedures, thereby increasing related risks. As the Company has issued bonds and is subject to the Prospectus Regulation, it refrains from publishing any kind of financial guidance for future periods in order to minimize the risk of providing potentially misleading information to existing or prospective investors or affecting the value of its publicly traded securities (e.g. in cases of forward-looking information).
Value chain estimation	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 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 fall under the sustainability reporting requirements of Directive 2013/34/EU, • 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. While certain data gaps exist, they primarily affect the granularity of quantitative evidence, not the coverage or inclusion of value chain topics. All relevant upstream and downstream activities were assessed qualitatively through internal expertise, supplier risk mapping, and publicly available information.
Specific circumstances disclosure	Apart from the circumstances mentioned in this table and management report chapter Subsequent Events, there are no other specific circumstances to report.
Time horizons	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. Any exceptions to the applied time horizons are disclosed in the respective sections where the relevant data points are presented.
Sources of estimation and outcome uncertainty	Some metrics relating to the upstream and downstream value chain are based on estimates derived from indirect sources, including industry averages and proxy data. These metrics are identified in the Calculation Methods (Appendix 1), which also outline the basis of preparation, level of accuracy, and assumptions applied. No quantitative metrics disclosed for the reporting year are subject to high measurement or outcome uncertainty. Where applicable, underlying estimation methods, data limitations, and future improvement actions are described in the relevant topic-specific sections. GHG emissions are inherently subject to uncertainty due to limitations in measurement methods, the use of evolving emission factors, and the need to apply estimation techniques where direct data is unavailable. These factors may affect the precision of the reported figures, and the information should therefore be interpreted in light of these inherent limitations.
Assumptions & methodologies	Described in Appendix 1 Calculation Methods.
Other reporting frameworks used	Described in Appendix 2 List of data points from other EU legislation.
Incorporation by reference	None
Use of phase-in provisions	In accordance with ESRS 1, Appendix C, the Group applies a phased-in approach to the disclosure requirements set out in Appendix 3 Phased in Disclosure Requirements of the Sustainability Statement.

[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
[4] In accordance with the ESRS 1paragraph 105. the undertaking is not required to disclose classified information or sensitive information, even if such information is considered material.

SUMMARY OF CHANGES IN PREPARATION OR PRESENTATION, AND PRIOR PERIOD ERRORS

Process to identify and assess material impacts, risks and opportunities

The list of material impacts, risks, and opportunities (IROs) for 2025 was reviewed as the materiality level for several IROs has been reevaluated based on the new considerations obtained by the Group. As a result, they no longer meet the established materiality thresholds. The wording and categorization of certain IROs have been reviewed as well based on developments in the Group's perspective on material IROs, as well as ongoing communication with the relevant stakeholders (see chapter: Description of the process to identify and assess material impacts, risks and opportunities).

S1 Own Workforce

Following a review conducted in 2025, the methodology for determining the employee headcount has been revised. The current approach is fully aligned with the ESRS definition of an employee as "an individual who is in an employment relationship with the undertaking according to national law or practice", thus the members of administrative, management and supervisory bodies (AMSB) are no longer included in the headcount (see section: S1 Own Workforce). Calculation methods were revised and corrected to be in line with ESRS definitions for adjusted and unadjusted gender pay gaps (see section: S1 Own Workforce).

Disclosure Requirement	KPI / metric or disclosure	Units	As per Sustainability statement of 2024	Difference	Restated 2024 value	Explanation of the change	Impact on prior period information
ESRS 2, 40. (a) iii S1-6, 50. (a)	Number of employees (head count)	number	2 786	-10	2 776	By correcting the prior period error to align employee reporting with the ESRS definition, members of the Audit Committee, Supervisory Board and Executive Board (AMSB), were excluded from the total employee headcount. These individuals are not considered employees under the applicable legal definitions.	Reported employee headcount for year 2024 reduced by 0.4%. This change is reflected also in other data points which are based on the total number of employees, as corresponding figures adjusted
Entity specific	Adjusted Pay-gap ratio	%	1%	-0.99%	0.01%	Following the methodology revision and change, the adjusted gender pay gap is calculated as weighted (by employee counts) average of the adjusted pay gaps per each employee group. The adjusted pay gap calculation includes only employees who have a direct employment relationship with the Group. AMSB members are excluded, as their remuneration is determined by the supervisory board or shareholders' meeting and, under applicable regulation, they are not considered employees of the Group.	2025 and comparative figures for 2024 have been recalculated using the revised method to ensure consistency and comparability. Adjusted pay gap decreased by 0.99%.
S1-16, 97. (a)	Unadjusted Pay-gap ratio	%	not disclosed	32.60%	32.60%	By correcting the prior period error, the calculation has been aligned with the disclosure requirements of ESRS S1-16. The unadjusted gender pay gap is calculated as relative difference between male and female average pay, expressed as a percentage of male pay with the scope of employees in a direct employment relationship, excluding AMSB members and contractors.	The unadjusted gender pay gap was not disclosed in the reported metrics for 2024. For comparison, the unadjusted pay-gap ratio for 2024 has been included in this report.

Disclosure Requirement	KPI / metric or disclosure	Units	As per Sustainability statement of 2024	Difference	Restated 2024 value	Explanation of the change	Impact on prior period information
S1-16, 97. (a)	Annual Total Remuneration Ratio	ratio	9.00	20.21	29.21	By correcting the prior period error, the calculation was aligned for the total remuneration ratio to be determined by dividing the highest-paid individual's annual total remuneration by the median annual total remuneration of all other employees (excluding the highest-paid individual). When determining the highest-paid individual, AMSB members now are included in the scope.	The remuneration ratio for 2024 increased by approximately 225%.

Gender balance

The method for calculating gender balance of governance bodies was reviewed (see chapter: The Role of the Administrative, Management and Supervisory Bodies).

Disclosure Requirement	KPI / metric or disclosure	Units	As per Sustainability statement of 2024	Difference	Restated 2024 value	Explanation of the change	Impact on prior period information
ESRS 2, 21. (d)	Gender diversity ratio Audit Committee	ratio	not disclosed	0.50	0.50	By correcting the prior period error, the calculation of gender balance of governance bodies was added. The female-to-male ratio is calculated separately for the Supervisory Board, Audit Committee and Executive Board and together as for AMSB. Only members of these governance bodies are included; the Top Management Team is presented separately as additional information..	Figures for 2025 and prior-year figures have been recalculated using the changed methodology to ensure comparability between reporting periods.
ESRS 2, 21. (d)	Gender diversity ratio AMSB	ratio	not disclosed	0.11	0.11		
ESRS 2, 21. (d)	Percentage of AMSB members by age, 30-50	%	50%	-10%	40%	Calculation of age distribution of governance bodies changed. The disclosure covers members of the Supervisory Board, Audit Committee and Executive Board, with each individual counted once. Age groups are now reported in three bands: under 30 years, 30–50 years and over 50 years	
ESRS 2, 21. (d)	Percentage of AMSB members by age, over 50	%	50%	10%	60%		

GHG emissions calculation

The GHG emissions calculation methodology for Scopes 1, 2, and 3 was revised to align with the GHG Protocol and to correct prior year errors (see sections E1 Climate Change chapters: Actions, targets and metrics, Energy Consumption, Green-house gas emissions). Missing calculation of Scope 2 market-based emissions was added (see chapter: Green-house gas emissions).

Disclosure Requirement	KPI / metric or disclosure	Units	As per Sustainability statement of 2024	Difference	Restated 2024 value	Explanation of the change	Impact on prior period information
E1-4, 34. (c)	Total Scope 1 emissions	t of CO_2e	601 667	4 862	606 529	In 2025, the emissions calculation methodology was revised to ensure alignment with the GHG Protocol, expanding the coverage of emission sources and refining purchased and generated heating data allocation between Scope 1 and Scope 2, and adjusting application of the CO_2 and CO_2e emission factors. To maintain comparability, the 2024 baseline Scope 1 and Scope 2 emissions were revised accordingly.	The applied corrections refer to ~1% changes in 2024 reported Scope 1 emissions and 69% of reported total Scope 2 emissions. Scope 2 emissions represent minor share (0.1%) of overall target achievement therefore do not materially affect the reported results or established targets.
E1-4, 34. (c)	Total Scope 2 location-based emissions	t of CO_2e	1 347	-930	417		
E1-6, 44. (b)	Gross Scope 2 market-based GHG emissions	t of CO_2e	not disclosed	1 710	1 710	In 2025, the emissions calculation methodology was revised to ensure alignment with the GHG Protocol, expanding the coverage of emission sources and refining the allocation between Scope 1 and Scope 2. Enhanced accuracy was applied to location-based and market-based emission accounting.	Calculation review led to total Scope 2 location-based GHG emission reduction by 69% and by correcting prior year error Scope 2 market-based emission value was added.
E1-6, 44. (c)	Total Gross indirect (Scope 3) GHG emissions	t of CO_2e	134 614	137 878	272 492	In 2025, the Group by correcting the prior period error, added material categories of Scope 3 emissions that were not reported in 2024 (Purchased goods and services, Capital goods, Upstream transportation and distribution, Waste generated in operations, Employee commuting). To ensure comparability, 2024 baseline data were recalculated applying the same methodology for the material categories of Scope 3 emissions, thus the following material Scope 3 categories are reported for 2025 and comparatives provided for 2024 - Purchased goods and services (added for 2025 reporting), Capital goods (added for 2025 reporting), Fuel and energy-related Activities (not included in Scope1 or Scope 2) (reported in 2024 and 2025), Upstream transportation and distribution (added for 2025 reporting), Waste generated in operations (added for 2025 reporting), Business traveling (reported in 2024 and 2025), Employee commuting (added for 2025 reporting).	Recalculated 2024 Scope 3 emissions baseline is 202% of the value reported previously.

Disclosure Requirement	KPI / metric or disclosure	Units	As per Sustainability statement of 2024	Difference	Restated 2024 value	Explanation of the change	Impact on prior period information
E1-6, 44. (d)	Total GHG location-based emissions	t of CO_2e	737 628	141 810	879 438	By correcting the prior period error, the Group added material categories of Scope 3 emissions that were not reported in 2024, this led to material change in the total GHG emissions reported in 2024.	The total emissions calculated using revised methodologies and added missing material Scope 3 emissions has led to total GHG emissions being by19% higher than those reported in 2024. The same change applies to the GHG emissions intensity ratio.
E1-6, 44. (d)	Total GHG market-based emissions	t of CO_2e	not disclosed	880 731	880 731		
E1-6, 53.	GHG location-based emissions intensity (total GHG emissions per net revenue).	ratio	0.987	0.189	1.176	GHG location-based emissions intensity was recalculated based on the corrected total GHG emissions number. By correcting prior year error, the total market-based GHG emission value as well as GHG market-based emissions intensity ratio was added.	
	GHG market-based emissions intensity (total GHG emissions per net revenue).	ratio	not disclosed	1.178	1.178		

Energy consumption

After completing fuel, energy, and environmental audits for 2024, adjustments were made to the previously reported fuel consumption data. Also, the accuracy of the conversion factors for fuel density and volume was revised. Due to the fact that the previous conversion ratio used in 2024 was tied to density, which is variable metric and may differ depending on temperature and other factors, the convertor approved by UN Statistics division was used instead as more unified applicator (for details see Appendix 1 Calculation Methods. for calculation methods and conversion ratios to MWh used). The revised energy consumption values resulted in a subsequent change to the energy consumption ratio. (see chapter Energy Consumption, Green-house gas emissions).

Disclosure Requirement	KPI / metric or disclosure	Units	As per Sustainability statement of 2024	Difference	Restated 2024 value	Explanation of the change	Impact on prior period information
E1-5, 35	Total energy consumption	MWh	2 771 705	-310 765	2 460 940	Change of methodology was made, the previous conversion ratio used for Jet fuel in 2024 was tied to density, which is variable metric and may differ depending on temperature and other factors, the convertor approved by UN Statistics division was used instead as more unified applicator (for details see Appendix 1 Calculation Methods. for calculation methods and conversion ratios to MWh used). In addition the completion of fuel, energy, and environmental audits, in 2025, led to additional changes in previously reported energy consumption data for 2024.	The application of the changed methodology and energy consumption data corrections resulted in adjustments to most of the reported energy consumption figures. The main changes include: • Reduction in reported fuel consumption from crude oil and petroleum products, and natural gas, • Reduction in the consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources, • A slight decrease in fuel consumption from renewable sources. Overall, the implementation of these adjustments led to a 11% decrease in the total reported energy consumption for 2024.
E1-5, 37. (a)	Total energy consumption from fossil sources	MWh	2 766 640	-310 576	2 456 062		
E1-5, 38. (b)	Fuel consumption from crude oil and petroleum products	MWh	2 757 231	- 307 583	2 449 648		
E15, 38. (b)	Jet Fuel: commercial and training fleet	MWh	2 756 369	- 307 569	2 448 800		
	Ground vehicle fuel – diesel	MWh	389	-15	374		
E1-5, 38. (c)	Fuel consumption from natural gas (natural gas used for heating)	MWh	2 995	- 929	2 066		
E15, 38. (e)	Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources	MWh	6 414	-2 066	4 348		
	Heating from fossil sources	MWh	2 995	-2 067	928		
E1-5, 37. (c)	Total energy consumption from renewable sources	MWh	5 065	-187	4 878		
E1-5, 37. (c) i	Fuel consumption for renewable sources including biomass (also comprising industrial and municipal waste of biologic origin), biofuels, biogas, hydrogen from renewable sources	MWh	1 674	-187	1 487		
E1-5, 40.	Energy intensity (total energy consumption per net revenue) associated with activities in high climate impact sectors	ratio	3.7	-0.41	3.29	Revised energy consumption values resulted in a corresponding change to the energy consumption ratio.	The recalculation led to 11% reduction in the 2024 energy consumption ratio.

Waste

Waste accounting methodology revision and input data revisions were made addressing waste categorization improvements and accounting (see section E5 Resource use and Circular Economy).

Disclosure Requirement	KPI / metric or disclosure	Units	As per Sustainability statement of 2024	Difference	Restated 2024 value	Explanation of the change	Impact on prior period information
Entity specific	Amount of unsorted waste per employee	kg per employee	145.00	-46.55	98.45	Waste accounting methodology improvements and input data revisions led to reduced amount of waste accounted for 2024. Also, minor adjustments to employee headcount number lead to recalculated 2024 base value.	Reported unsorted waste per employee in 2024 reduced by 32%. Reported total amount of waste in 2024 was reduced by 10%.
E5-5, 37. (a)	Total amount of waste generated	t	680.23	-68.71	611.52	During 2025, improvements were made to the waste accounting methodology, including changes to unit conversion ratios, correction of input data calculation errors, and the elimination of double counting. As a result, the reported amounts of hazardous and sorted waste for 2024 were reduced.	The total reported hazardous waste amount for 2024 was recalculated, resulting in a 43% reduction compared to the originally reported figure. The share of 2024 reported non-recycled waste increased representing a 20.14% relative increase compared to the originally reported share.
E5-5, 37. (b)	Hazardous waste, tons	t	132.06	-56.39	75.67		
E5-5, 37. (b)	Non-hazardous waste, tons	t	548.17	-12.31	535.86		
E5-5, 37. (d)	Percentage of non-recycled waste, %	%	68.90%	20.14%	89.04%		

Sustainability Governance

THE ROLE OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

The Company is governed by the Supervisory Board, the Executive Board, and the senior level leadership - Top Management - team. The governance structure of the Company, including the Supervisory Board, Executive Board and Top Management team, is described in the Corporate Governance Statement. 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.

The members of the Supervisory and Executive Boards collectively possess extensive experience in aviation management, aircraft operations, finance, investment, and corporate governance. Their backgrounds include senior roles in European aviation and financial institutions, providing knowledge directly relevant to airBaltic's operations and growth within the Baltic region and wider European market. This combination of sector-specific and international expertise enables effective strategic oversight and supports the Company's sustainable development in a complex, highly regulated industry.

Composition and gender diversity of the Administrative, Management and Supervisory Bodies (AMSB) and Top Management team

	2024 (Restated)			2025		
	Female	Male	Gender diversity ratio	Female	Male	Gender diversity ratio
Supervisory Board	0	4	0	1	4	0.25
Audit Committee*	1	2	0.50	1	2	0.50
Executive Board	0	3	0	0	3	0
TOTAL (AMSB)	1	9	0.11	2	9	0.22
Top Management team (voluntary disclosure)[5]	5	4	1.25	4	6	0.67
TOTAL including AMSB and Top Management team (voluntary disclosure)	6	13	0.46	6	15	0.40

Data as of 2025 December 31.

*The Audit Committee consists of six members, including three Supervisory Board members and three external members.

To avoid double-counting, the two overlapping Supervisory Board members are included only once in the AMSB totals.

There are 60% independent Supervisory Board members in 2025 (50% in 2024). Calculation method for Gender diversity ratio included in Appendix 1.

	2024 (Restated)				2025			
	Under 30	30-50	Over 50	Total	Under 30	30-50	Over 50	Total
Percentage of members of the Executive Board, Supervisory Board and Audit Committee by age	0%	40% (4)	60% (6)	100% (10)	0% (0)	18% (2)	82% (9)	100% (11)

Data as of 2025 December 31.

Calculation method for Percentage of AMSB members by age included in Appendix 1.

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 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.

[5] The Top Management team is not part of the AMSB as defined under ESRS 2 GOV-1. The data are presented voluntarily to provide transparency on gender diversity across the Group's senior leadership.

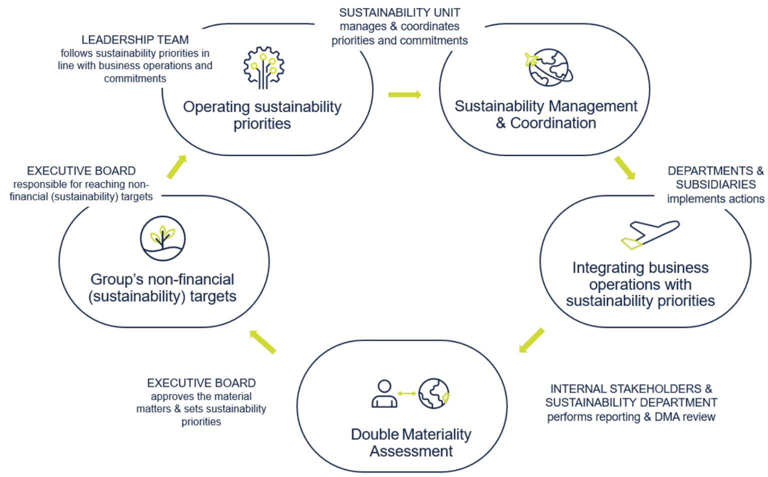
In alignment with the Group's Sustainability Policy, progress toward these priorities is monitored and reported through quarterly sustainability reports presented by the Head of Sustainability to the Top Management team and the Executive Board.

ESG 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 Group identifies material impacts, risks, and opportunities (IROs) through a Double Materiality Assessment (DMA), 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 discussed with the Top Management and approved by the Executive Board. 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.



Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

Sustainability issues such as 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 topics, including connectivity, fleet renewal, and climate transition risks, fall under the responsibility of the Top Management team and the Executive Board.

The Sustainability Unit presents sustainability topics and related performance to the Top Management team, Executive Board and Supervisory Board for review and approval on a quarterly basis. The Boards receive regular updates on sustainability-related impacts, risks, and opportunities, which are taken into account when discussing strategic developments, major investment decisions, and risk-management priorities.

The Group's material sustainability impacts, risks and opportunities (IROs), as identified in the Double Materiality Assessment, are already embedded in its business practices, and in 2025 the Executive Board approved several updates that further strengthened sustainability governance and transparency. These included the revised Sustainability Policy, which enhanced the methodology for preparing the Sustainability Statement, introduced clearer internal-control principles, and added a new annex on value-chain and supplier management, reinforcing responsible supply-chain oversight and value-chain transparency. The Group also revised its Scope 1, 2, and 3 emission calculation methodologies to support climate-change mitigation and re-approved the Climate Transition Plan, confirming decarbonization targets and adaptation measures. In addition, the Group Code of Conduct and Supplier Code of

Conduct were updated to strengthen human-rights due diligence, anti-corruption measures, and ethical business practices. Finally, the Double Materiality Assessment was re-approved, confirming that the majority of previously identified material topics remain relevant for the Group and continue to guide its sustainability priorities.

Integration of sustainability-related performance in incentive schemes

The Group's Executive Board is guided by a set of annual financial and non-financial targets established by the Supervisory Board. Remuneration of the Executive Board members currently consists of fixed and variable salary components. These targets encompass various priorities, like complying with financial KPIs, maintaining solid line of ACMI-out services and different stakeholders satisfied. No additional climate-related considerations are factored into the remuneration of the Executive Board members beyond these established goals, and no portion of remuneration is dependent on sustainability-related performance indicators.

The Supervisory Board approves and annually reviews the remuneration terms of the Executive Board and performance objectives, while remuneration of the Supervisory Board members is fixed and determined by the Shareholders' Meeting.

Statement on due diligence

Core elements of due diligence	Chapters in the Sustainability Statement	Page
Embedding due diligence in governance, strategy and business model	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	49
	Strategy, business model and value chain	51
Engaging with affected stakeholders in all key steps of the due diligence	Interests and views of stakeholders	52
Identifying and assessing adverse impacts	Strategy, business model and value chain	51
	Description of the process to identify and assess material impacts, risks and opportunities	56
Taking actions to address those adverse impacts	Interests and views of stakeholders	52
	Transition Plan for Climate Change Mitigation	75
	Secure Employment and Working Conditions	96
	Personal Safety of Consumers and/or End-users	106
Tracking the effectiveness of these efforts and communicating	Material impacts, risks and opportunities and their interaction with strategy and business model	54
	Transition Plan for Climate Change Mitigation	75
	Actions, targets and metrics chapters in each topical standards sections	65, 78, 85, 87, 94, 96, 97, 99, 101, 102, 106, 117

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 prioritizes the identification and resolution of material inconsistencies and deviations in the data collection process that could lead to corrections in next year's Sustainability Statement.

The main risks identified in connection with sustainability reporting are data accuracy and timelines. 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 consulting for complex calculations. The Sustainability Unit reviews the data for accuracy, completeness, and consistency prior to the final approval by the Executive Board.

The Supervisory Board oversees risk management and control functions to ensure an effective Enterprise Risk Management (ERM) system. The 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 subject to the limited assurance service provided by an independent practitioner.

Strategy

Strategy, business model and value chain

Given Latvia's geographical location, aviation is vital for the nation's connectivity infrastructure. The Group's strategy emphasizes operating passenger and air cargo transport business according to commercial and sustainable principles, while promoting Riga International Airport development as a major air traffic hub in Northern Europe. A key component of this strategy is to offer superior flight connectivity within Latvia. In line with this, the Group has launched 10 new routes in 2025 to broaden travel options for both leisure and business passengers.

airBaltic prioritizes ACMI-out operations, contributing 20.3% of total revenue and offering higher margins (detailed information about revenue streams included in the NOTE 7 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[6] 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 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.

	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.

Employees

As of December 31, 2025, the Group employed 2 848 individuals, reflecting a 2.6% increase compared to 2 776 employees on December 31, 2024. All Group's employees were employed in Latvia. For 148 employees (5% of total) home base is defined outside Latvia - 92 are stationed in Estonia and 56 in Lithuania.

Business model and value chain

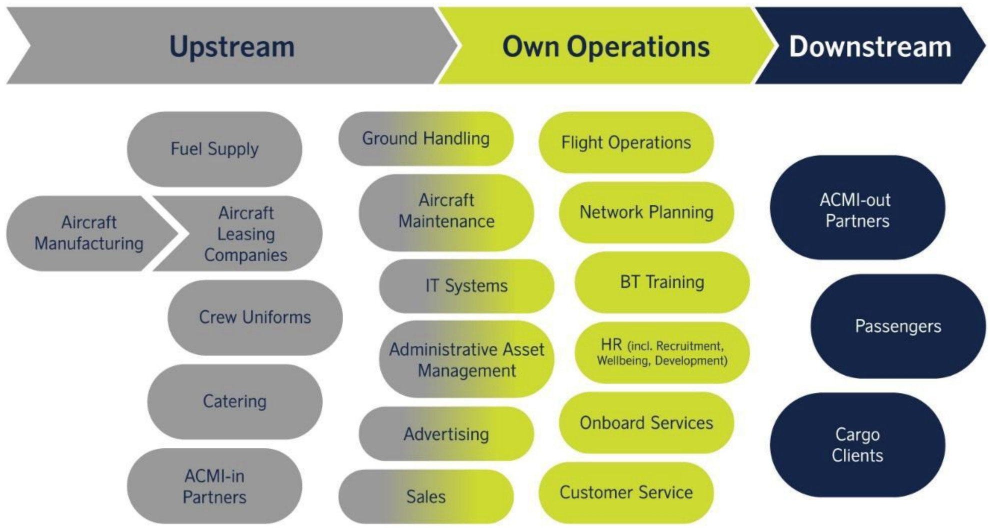
The Group's upstream relationships involve worldwide suppliers providing aircraft leasing, fuel, uniform supply, catering, and ACMI-in services. A variety of tasks like ground handling, aircraft maintenance, IT services, asset management, advertising and sales could be performed either by the Group or by 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).

[6] Prospectus of Air Baltic Corporation AS: https://investors.airbaltic.com/en/bonds-2024

The Group's own operations involve 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.



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 a 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, labor 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.

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

Interests and views of stakeholders

To understand stakeholders' concerns, identify key issues, and assess matters requiring attention, the Group has established a stakeholder engagement strategy. A description of the consideration of the interests and views of the Group's key stakeholders within the double materiality assessment is provided in section Description of the process to identify and assess material impacts, risks, and opportunities.

Information gathered through interactions with stakeholders is taken into account by the responsible senior role when improving processes and services or presenting operational business decisions to the Top Management Team, Executive Board, and Supervisory Board. Regarding sustainability matters, the views and interests of affected stakeholders are regularly communicated to the Top Management Team, Executive Board, and Supervisory Board through quarterly updates provided by the Senior Vice President (SVP) Human Resources, Vice President (VP) Customer Experience and Insights, Head of Sustainability and other senior roles (see also section Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies).

Stakeholder	Engagement method and frequency	Responsible senior role	Stakeholder interests	Engagement outcomes and consideration
DIRECTLY AFFECTED STAKEHOLDERS				
Employees	Employee Engagement Survey (twice a year) Annual performance dialogues Negotiations with employee representatives and Trade unions Employee Representatives in Occupational Health and Safety Protection (monthly) Sustainability survey and DMA assessment (periodically) Whistleblowers' system Sustainability survey and DMA assessment (periodically) Whistleblowers' system After-flight crew feedback and incident reports	SVP Human Resources	Decent working conditions and environment Work-life balance, job security, personal development, benefits and payments	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)	VP Customer Experience & Insights; SVP Ground Operations & Customer Care; VP Cabin Crew	Reliable and affordable air travel service	Prioritization of necessary service improvements Access to passenger footprint calculations, voluntary SAF options Communication channel and content review, improvements
Suppliers in value chain	Negotiations and agreements Supplier relationship management Operational feedback gained and considered by the Group's employees Sustainability survey (periodically)	Responsible employees within specific divisions; escalations to Top Management	Clear and reliable relationships Responsible business practices and compliance with ESG	Significant matters presented to management and / or Supervisory Board Supplier Code of conduct
NGOs, advocacy groups, or government authorities	Surveys addressing accessibility Discussions with NGOs and advocacy groups	Head of Sustainability; VP Customer Experience & Insights	Addressing the needs of specific consumer groups, including passengers with reduced mobility or special needs.	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
Nature (as a silent partner)	EU Green Deal regulatory framework and policy review	Head of Sustainability	Reduce negative impact on climate and environment	Implementation of Energy Management System Implementation of Environment Management System Participation in ETS and CORSIA emission schemes Group's Code of Conduct and Suppliers Code of Conduct addressing negative impact reduction on environment Compliance monitoring

INDIRECTLY AFFECTED STAKEHOLDERS AND USERS OF THE SUSTAINABILITY STATEMENT				
Shareholders	Shareholder meetings Occasionally: Sustainability survey	CEO, SVP Legal Affairs	Corporate governance and responsible business practices	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 Occasionally: Sustainability survey	SVP Finance and Control	Group's financial performance, recent developments, targets, bond allocations, ESG performance	Informing about ESG performance via Sustainability Statement
Government and international authorities	Press conferences Occasionally: Sustainability survey	SVP Legal Affairs, VP Compliance and Safety	Group's performance, recent developments, targets, ESG performance	
Media and the general public	Press releases and Group's newsroom Press conferences Occasionally: Sustainability survey	SVP Corporate Communication	Information about the Group Enhancement of regional connectivity Macroeconomic impacts	Enhancing media and public communication strategies to highlight sustainability progress and commitments Informing about sustainability via Sustainability Statement

Material impacts, risks and opportunities and their interaction with strategy and business model

The Group discloses information on its material impacts, risks, and opportunities (IROs), as well as their interaction with the Group's strategy and business model, in the relevant topical standards sections of this Sustainability Statement: E1 Climate change, E2 Pollution, E5 Resource use and circular economy, S1 Own workforce, S4 Consumers and end users and G1 Business conduct. Throughout the descriptions in topical standards, it is explained how these IROs are connected to the Group's strategy and business model, and how the outcomes of the assessment inform strategic direction and business model development. Further details on actions taken and planned to address the identified IROs are provided in the relevant topical standards sections.

Chapter Description of the process to identify and assess material impacts, risks and opportunities describes the identification and assessment of material IROs, including how the double materiality assessment was performed, the methodologies, assumptions, and analytical tools applied, the review and reapproval of results, and changes compared to the previous reporting period, the following table presents the summary of the Group's material sustainability matters:

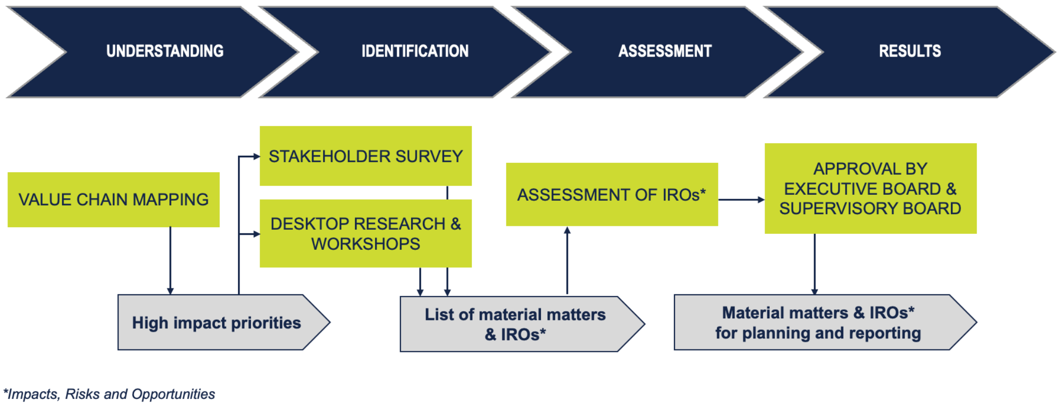
Material sustainability matters	Standard / Topic
1. Climate change mitigation (Scope 1, Scope 2, and Scope 3 emissions and non-CO_2 emissions*) 2. Climate change adaptation (Climate-related risks on Group's operations) 3. Energy (Energy accessibility and cost increase)	E1 Climate change
4. Noise (entity-specific)	E2 Pollution
5. Resource inflows 6. Waste	E5 Circular economy and waste
7. Health and safety 8. Training and skills development 9. Secure employment 10. Adequate wages and Equitable Remuneration 11. Social dialogue 12. Freedom of association (included under Social Dialogue) 13. Diversity	S1 Own workforce
14. Personal Safety of consumers and/ or end-users (Flight safety) 15. Security of a person (in digital environment) 16. Security of a person (in physical environment) 17. Privacy 18. Access to products and services 19. Responsible marketing practices 20. Continuity of operations (entity-specific) 21. Connecting Baltic States with rest of the world (entity-specific)	S4 Consumers and end users
22. Corporate culture - fair, ethical and capital market compliant governance 23. Protection of whistle-blowers 24. Animal welfare 25. Political engagement and lobbying activities 26. Anti-corruption and anti-bribery	G1 Business conduct

*Included in section Green-house gas emissions.

Impact, risk and opportunity management

Description of the process to identify and assess material impacts, risks and opportunities

The Group has conducted materiality analyses since 2019. While the methodologies have evolved, the focus has consistently centered 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 communication with stakeholders and the public.



The Group's Sustainability Policy requires a full Double Materiality Assessment (DMA) every three years, supplemented by annual reviews to maintain its relevance and accuracy.

The full DMA[7] that was performed 2023-2024, provides input for prioritization of resources and efforts on business actions with the most significant ESG impacts. In 2025, DMA results were revised and reapproved.

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 impacts, risks, and opportunities (IROs) from a stakeholder perspective. Stakeholders rated and prioritized climate, environment, labor, governance, service and community on a scale of 1 to 10. In total, over 3300 invitations were sent to participate in the online survey achieving 16% response rate. The survey validated material matters in a very high level, but a more detailed desk research, individual interviews, industry relevant analysis and evaluation in line with ESRS topical sample followed.

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 stakeholders survey addressed external partners and employees, 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. Data was categorized according to short-term, medium-term, and long-term time horizons. The DMA outlined where the material IROs were concentrated within the business model, encompassing the company's own operations as well as its upstream and downstream value chains.

[7] Conducted in alignment with the CSRD, the, ESRS and the Group's Sustainability Policy.

The Sustainability Unit coordinated the integration of the workshop results, surveys with the comprehensive ESRS topical analysis[8]

For the topics not covered during the expert workshops, the Sustainability unit performed a quantitative evaluation to ensure that all material issues were rigorously reviewed and appropriately justified.

Through the DMA process, the IROs relevant to the Group were identified and analyzed across the ESRS topical standards: Climate Change (E1), Pollution (E2), Water and marine resources (E3), Biodiversity and Ecosystems (E4), Circular Economy (E5), Own Workforce (S1), Workers in the Value Chain (S2), Consumers and End Users (S4), and Business Conduct (G1). Three entity-specific topics were defined: Noise, which is defined to be part of the E2 disclosure, and Connectivity and Continuity of operations, which are defined to be part of the S4 disclosures.

Group's internal experts evaluated the impacts and dependencies, based on the 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 defined scale and relevant criteria. (detailed assessment and scoring guidance included in Appendix 4). Financial materiality follows ERM thresholds for consistent risk and opportunities evaluation. To estimate the relative significance of IROs and to show their interrelationship, the quantitative scoring divides all IROs in 4 main groups:

- Material - addressed in business planning; and reporting,
- Notable, but not material – regularly monitored to track potential developments and are 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 are revisited annually as part of the DMA process.

Disclosures on non-material topics

As part of the Group's DMA, the Water and Marine Resources (E3) and Biodiversity and Ecosystems (E4) were screened and reviewed across all assets and activities using peer benchmarking and regulatory reporting. This was done to identify actual and potential impacts, risks, and opportunities related to water, marine resources, and biodiversity across its own operations and its upstream and downstream value chain. The assessment confirmed that water use is limited to sanitary, cleaning, and catering functions, and discharges are managed within airport-controlled systems. Additionally, it was confirmed that biodiversity interaction is confined to airport-led wildlife management. This confirmed that the Group's operational profile does not create material impacts related to these topics, nor does it rely on activities located in sensitive or high-risk water environments.

Given the nature of the Group's business model and operational footprint, no affected communities related to these topics were identified. Therefore, consultations with affected communities were not conducted, as this requirement was not applicable. Based on this information, both topics fall below the Group's materiality threshold.

[8] The 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.

DMA 2025 Review Results

The Group reviewed DMA results in line with the events happened in 2025 that might impact material matters for sustainability reporting.

DMA Review Factor	Event (2025) and required changes in sustainability reporting
1. Major mergers and acquisitions transactions, new activities, sector changes, or significant operational shifts	The investment AirBaltic Corporation received from Lufthansa in 2025 did not result in any change of control, significant influence or consolidation scope under Directive 2013/34/EU (Art. 22; Art. 2 - 20% presumption for significant influence). Accordingly, the Group's structure, boundaries and activities remained unchanged, and no reassessment of material topics was required due to this transaction. Both airlines report in accordance with the same ESRS standards.
2. Significant changes in key suppliers or supply chain practices	There have been no significant changes in groups supply chain in 2025 that might impact DMA results.
3. Global events such as pandemics or new business relationships impacting human rights	There have been no such events in 2025 that might impact DMA results.
4. Shifts in social conventions, scientific evidence, or user needs affecting issue severity	Overall, in 2025 no significant shifts occurred that would materially alter the results of the double materiality assessment. When reassessing the matter "Substances of concern and substances of very high concern", the Group confirmed that the primary affected stakeholders are environmental, health, safety and rescue authorities. Because the Group is legally required to prepare annual chemical and substance reports through the National Chemicals Database, this database already serves as the authoritative source used by all stakeholder groups responsible for substance accounting, environmental and health risk prevention, and disaster management. As this legally mandated reporting satisfies the information needs of those stakeholders, and considering that no additional impacts, risks or opportunities were identified beyond those already covered through regulatory reporting, the matter no longer meets the Group's materiality threshold for sustainability reporting. Therefore, it has been excluded from the ESRS materiality scope based on a refined assessment of positive impacts. The matter "Relationships with suppliers" received a lower materiality score in 2025 compared to previous years due to its business-as-usual nature. The reassessment confirmed that the impact is not significant enough to be considered material according to the Group's ESRS-aligned materiality methodology. As a result, it is no longer included as a material impact.

*As per Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) regulation EC 1907/2006 .

The Group's material IROs were reviewed by the relevant departments and the Sustainability Unit and subsequently approved by the Executive Board for integration into business planning processes. The DMA is aligned with the Group's ERM framework, ensuring that sustainability-related risks are appropriately identified, assessed, and incorporated into risk management practices. The chapters of this Sustainability Statement are organized by topic and provide an overview of the material IROs relevant to each matter, together with the related policies, actions, targets, and governance arrangements in accordance with the applicable ESRS requirements. The complete list of IROs is presented at the beginning of each corresponding chapter. In the result of the review several IROs have been rephrased as well as their categories have been adjusted to better reflect the nature of these IROs, the summary of the changes made presented in the table below.

<table>
<tr><th>Chapter</th><th>IRO 2024</th><th>Changes applied</th><th>IRO 2025</th></tr>
<tr><td>S1</td><td>Adequate wages
Actual Positive Impact: Fair pay and gender equity-based remuneration policy</td><td>IRO has been updated to reflect the actual operating conditions</td><td>Adequate wages and Equitable Remuneration
Actual Positive Impact: Advancing equitable and competitive remuneration</td></tr>
<tr><td>S1</td><td>Social Dialogue
Actual Positive Impact: Regular communication with employees, employee feedback, addressing matters raised by employees</td><td rowspan="2">IROs combined, considering actual operating conditions</td><td rowspan="2">Social dialogue
Actual Positive Impact
Regular communication with employees, employee feedback, addressing matters raised by employees
Actual Positive Impact
Freedom of association, the existence of works councils and the information, consultation and participation rights of workers</td></tr>
<tr><td>S1</td><td>Freedom of association
Actual Positive Impact: Freedom of association, the existence of works councils and the information, consultation and participation rights of workers</td></tr>
<tr><td>S1</td><td>Health and safety
Potential Negative Risks: Work-related accidents and health issues resulting from failure to follow job safety instructions</td><td>IRO type changed to reflect the actual operating conditions</td><td>Health and safety
Potential Negative Impact: Work-related accidents and health issues resulting from failure to follow job safety instructions</td></tr>
<tr><td>S4</td><td>Privacy
Potential Impact: Impact to individual rights and freedom in case of GDPR breach</td><td>IRO type changed to reflect the actual operating conditions</td><td>Privacy
Potential Negative Impact: Impact to individual rights and freedom in case of GDPR breach</td></tr>
<tr><td>G1</td><td>Corporate culture - fair, ethical and capital market compliant governance
Potential Opportunity: Excellent reputation advantage</td><td>IRO type changed to reflect the actual operating conditions</td><td>Corporate culture - fair, ethical and capital market compliant governance
Potential Positive Opportunity: Excellent reputation advantage</td></tr>
<tr><td>G1</td><td>Anti-corruption and anti-bribery
Potential Positive Impact: Anti-corruption and anti-bribery
Potential Risk: Corruption and fraud risk</td><td>Combined and simplified IRO type and name to Risk: Corruption and fraud risk</td><td>Anti-corruption and anti-bribery
Risk: Corruption and fraud risk</td></tr>
</table>

During the DMA review, the Group initiated a scenario analysis to assess the potential effects of climate-related physical and transition risks on its activities. The analysis provides insight into how climate change may influence the Group's strategic and operational resilience over the short, medium, and long term (see chapter E1 Climate Change, paragraphs Climate related scenario and resilience analysis and Impact, risk and opportunity management). The Group also considers its overall resilience to wider sustainability-related impacts, risks, and opportunities identified through the materiality assessment as part of its strategic and risk-management processes. This assessment is qualitative and based on management expertise and inputs from the Group's risk management systems. Measures such as fleet renewal with Airbus A220-300 aircraft, diversification of revenue sources, and established risk-management, compliance, and safety systems support the Group's ability to address material risks and pursue opportunities arising from environmental, social, and governance developments.

DISCLOSURE REQUIREMENTS IN ESRS COVERED BY THE UNDERTAKING'S SUSTAINABILITY STATEMENT

Cross-cutting standard

ESRS 2- General disclosures

Disclosure Requirement		Chapter	Page number
BP-1	General basis for preparation of Sustainability Statement	Basis for Preparation of the Sustainability Statement and Disclosures in Relation to Specific Circumstances	41
BP-2	Disclosures in relation to specific circumstances		48
GOV-1	The role of the administrative, management and supervisory bodies	The Role of the Administrative, Management and Supervisory Bodies	49
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	50
GOV-3	Integration of sustainability-related performance in incentive schemes	Integration of sustainability-related performance in incentive schemes	50
GOV-4	Statement on due diligence	Statement on due diligence	50
GOV-5	Risk management and internal controls over sustainability reporting	Risk management and internal controls over sustainability reporting	50
SBM-1	Strategy, business model and value chain	Strategy, business model and value chain	51
SBM-2	Interests and views of stakeholders	Interests and views of stakeholders	52
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Material impacts, risks and opportunities and their interaction with strategy and business model	54
IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	Description of the process to identify and assess material impacts, risks and opportunities	56
IRO-2	Disclosure requirements in ESRS covered by the undertaking's Sustainability Statement	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	60
MDR-P	Policies adopted to manage material sustainability matters	Policies adopted to manage material sustainability matters	64
MDR-A	Actions and resources in relation to material sustainability matters	Actions and resources in relation to material sustainability matters	65
MDR-M	Metrics in relation to material sustainability matters	Metrics in relation to material sustainability matters	65
MDR-T	Tracking effectiveness of policies and actions through targets	Tracking effectiveness of policies and actions through targets	65

ENVIRONMENTAL STANDARDS

E1 Climate change

Disclosure Requirement		Section	Page number
E1.GOV-3	Integration of sustainability-related performance in incentive schemes	Integration of sustainability-related performance in incentive schemes	73
E1.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Material impacts, risks and opportunities and their interaction with strategy and business model	73
E1.IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	Impact, risk and opportunity management	74
E1-1	Transition plan for climate change mitigation	Transition Plan for Climate Change Mitigation	75
E1-2	Policies related to climate change mitigation and adaptation	Policies	74
E1-3	Actions and resources in relation to climate change policies	Actions, targets and metrics	78
E1-4	Targets related to climate change mitigation and adaptation	Actions, targets and metrics	78
E1-5	Energy consumption	Energy Consumption	82
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	Green-house gas emissions	83

E2 Pollution

Disclosure Requirement		Section	Page number
E2.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Material impacts, risks and opportunities and their interaction with strategy and business model	85
E2.IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	Material impacts, risks and opportunities and their interaction with strategy and business model	85
E2-1	Policies related to pollution	Policies	85
E2-2	Actions and resources related to pollution	Actions, targets and metrics	85
E2-3	Targets related to pollution	Actions, targets and metrics	85

E5 Resource use and circular economy

Disclosure Requirement		Section	Page number
E5. SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Material impacts, risks and opportunities and their interaction with strategy and business model	86
E5.IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	Material impacts, risks and opportunities and their interaction with strategy and business model	86
E5-1	Policies related to resource use and circular economy	Policies	86
E5-2	Actions and resources related to resource use and circular economy	Actions, targets and metrics	87
E5-3	Targets related to resource use and circular economy	Actions, targets and metrics	87
E5-4	Resource inflows	Resource inflows	89

SOCIAL STANDARDS

S1 Own Workforce

Disclosure Requirement		Section	Page number
SBM-2	Interests and views of stakeholders	Interests and views of stakeholders	92
S1.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Material impacts, risks and opportunities and their interaction with strategy and business model	90
S1-1	Policies related to own workforce	Policies	94, 96, 97, 99, 101, 102
S1-2	Processes for engaging with own workforce and workers' representatives about impacts	Processes for engaging with own workforce and workers' representatives about impacts	92
S1-3	Processes to remediate negative impacts and channels for own workforce to raise concerns	Processes to remediate negative impacts and channels for own workforce to raise concerns	92
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	Actions, targets and metrics	94, 96, 97, 99-101, 103
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Actions, targets and metrics	95, 96, 98
S1-6	Characteristics of the undertaking's employees	Characteristics of the Group's employees	93
S1-8	Collective bargaining coverage and social dialogue	Social Dialogue	95
S1-9	Diversity metrics	Diversity	102
S1-10	Adequate wages	Adequate Wages and Equitable Remuneration	98
S1-11	Social protection	Secure Employment and Working Conditions	96
S1-13	Training and skills development metrics	Training and Skills Development	103
S1-14	Health and safety metrics	Health and Safety	100
S1-16	Remuneration metrics (pay gap and total remuneration)	Adequate Wages and Equitable Remuneration	98
S1-17	Incidents, complaints and severe human rights impacts	Secure Employment and Working Conditions	97

S4 Consumers and End-Users

Disclosure Requirement		Section	Page number
SBM-2	Interests and views of stakeholders	Interests and views of stakeholders and Processes for engaging with consumers and end-users about impacts	104
S4.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Material impacts, risks and opportunities and their interaction with strategy and business model	104
S4-1	Policies related to consumers and end-users	Policies	94, 96, 97, 99, 101, 102
S4-2	Processes for engaging with consumers and end-users about impacts	Interests and views of stakeholders and Processes for engaging with consumers and end-users about impacts	106
S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	106
S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	Actions, targets and metrics	94, 96, 97, 99-101, 103
S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Actions, targets and metrics	106

GOVERNANCE STANDARDS

G1 Business Conduct

Disclosure Requirement		Section	Page number
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	Material impacts, risks and opportunities and their interaction with strategy and business modelG1	116
G1.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Material impacts, risks and opportunities and their interaction with strategy and business model	116
G1.GOV-1	The role of the administrative, supervisory and management bodies	The role of the administrative, management and supervisory bodies	48
G1-1	Business conduct policies and corporate culture	Corporate Culture	118
G1-3	Prevention and detection of corruption and bribery	Corruption and Bribery	119
G1-4	Incidents of corruption or bribery	Corruption and Bribery	120
G1-5	Political influence and lobbying activities	Political Engagement and Lobbying Activities	119

Policies and actions

Policies adopted to manage material sustainability matters

Policy name	Senior level accountable for the implementation
Code of Conduct	SVP Legal Affairs
Anti-Greenwashing Guidelines.	SVP Legal Affairs
Supplier Code of Conduct	SVP Legal Affairs
Personnel Handbook	
Remuneration Policy	SVP Human Resources
Recruitment Policy	SVP Human Resources
Training Policy	SVP Human Resources
Pilot Recruitment Policy	SVP Human Resources
Diversity, Equity, and Inclusion (DEI) Policy	SVP Human Resources
Corporate Culture and Business Ethics	SVP Human Resources
Corporate Management Manual	
Sustainability Policy	SVP Legal Affairs
Security Policy	SVP Flight Operations
Security Compliance and Management Manual	SVP Flight Operations
Compliance and Safety Management Manual	SVP Flight Operations
Emergency Response Manual	SVP Flight Operations
Traffic and Fleet Planning policy	VP Network Management
The Information Security Policy (ISP)	Chief Information Officer
Policy on Personal Data Governance (Privacy Program)	Head of Data Protection Governance
Procedure on Personal Data Breach Response;	Head of Data Protection Governance
Procedure on Handling Data Subjects' Rights and Requests;	Head of Data Protection Governance
Procedure on Management of Cookies and Other Technologies within Group Websites	Head of Data Protection Governance
Whistleblowing Policy	SVP Legal Affairs
Anti-Corruption and Anti-Bribery Policy	SVP Legal Affairs
Operational Manual	
Operational Manual's Noise Abatement Procedure	COO
The Airway Manual	COO
Operational Personnel Training Manuals	COO
Safety Risk Management	COO
Safety Management	COO
Predictive Hazard Identification	COO
Continuing Air Worthiness Management and Maintenance Organization Exposition Manual	COO
Crew recurrent training policies, included in Operations Manual	COO
Cabin Crew Handbook and Service Manual	COO
Ground Operations Policies	COO
Product Group Guidelines	COO
Administrative Handbook	
Environmental Management Regulations	VP Procurement and Administration
Environmental Management System, ISO 14001 certified	SVP Legal Affairs
Energy Management System, ISO 50001 certified	VP Procurement and Administration, Administration Manager

The key content, scope, and implementation of the Group's policies, including the stakeholders to which they apply and, if applicable, also any commitments to third-party standards or initiatives, are described in the relevant sections of the ESRS topical standards of the Sustainability Statement.

The Group's policies are developed through internal governance processes and are informed by applicable legal and regulatory requirements and recognized standards. Where applicable, the involvement of stakeholders in policy development is described within the relevant topical standard sections. Stakeholder interests are addressed indirectly through the objectives and scope of the policies and their alignment with the Group's sustainability risks and impacts.

The Group is committed to upholding the human rights of its workforce, aligning policies and practices with internationally recognized 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, and ensuring respect, engagement, and, where necessary, remedies for consumers and end-users who may be negatively affected.

It also aligns with standards set by IATA, ICAO, and EASA, maintaining compliance with applicable regulations through internal controls, regular audits, and ongoing engagement with stakeholders.

The Group provides relevant stakeholders with access to its policies through clearly defined and appropriate channels:

- The Code of Conduct is published on the Group's website,
- The Supplier Code of Conduct is published on the Group's website and included in new supplier agreements,
- Customers and end-users can access relevant company policies through the airBaltic Rules and Regulations portal,
- Policies relevant to internal stakeholders are accessible via the corporate intranet and reinforced through regular training sessions to ensure continued awareness, understanding, and compliance across the organization.

Actions and resources in relation to material sustainability matters

Information on the key actions implemented during the reporting period and those planned for future periods to address the Group's material IROs are disclosed in the relevant topical ESRS sections of this Sustainability Statement, where applicable. These disclosures describe the expected outcomes of the actions, their connections to respective policies, their scope across the Group's operations and value chain, and the time horizons for execution. Where relevant, information is also provided on actions taken to provide remedy for those harmed by actual material impacts. The information regarding financial resources has been omitted due to its classification as commercially sensitive.

Metrics and targets

Metrics in relation to material sustainability matters

The metrics used to evaluate performance and effectiveness in relation to the Group's material IROs are disclosed within the relevant topical sections. Where applicable, information is provided on whether the measurement of these metrics is subject to validation by an external body. The methodologies applied and any significant assumptions underlying the metrics are described in Appendix 1.

Tracking effectiveness of policies and actions through targets

Measurable, time-bound, and outcome-oriented targets in relation to material IROs are disclosed in the relevant topical sections, including the baseline values, base years, applicable time horizons, and interim milestones, where applicable. Where relevant, the selection of scenarios, data sources, alignment with national, EU, or international policy objectives, consideration of the broader sustainable development context is described.

Environmental Information

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

The Group has identified taxonomy-eligible activities by screening the economic activities that are listed in the Climate Delegated Act[9], the Complementary Climate Delegated Act[10] , the Environmental Delegated Act[11] , and in the amendments to the Climate Delegated Act[12] . Five activities in the Climate Delegated Act have been identified as eligible for the Group:

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

[9] Commission Delegated Regulation (EU) 2021/2139
[10] Commission Delegated Regulation (EU) 2022/1214
[11] Commission Delegated Regulation (EU) 2023/2486
[12] Commission Delegated Regulation (EU) 2023/2485

To assess these activities, the EU Taxonomy Regulation[13] establishes criteria for determining whether an economic activity qualifies as environmentally sustainable (taxonomy-aligned):

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

The assessment indicates that the Group's turnover in 2025 is primarily driven by its core economic activity 6.19 Passenger and freight air transport (Air Transport (NACE code H51)). The Group operates a fleet exclusively composed of Airbus A220-300 aircraft, which aligns with the technical screening criteria[14] specified in 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 taxonomy assessment confirms the alignment of the following activities:

- 3.21 Manufacturing of aircraft (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,
- 6.20 Air transport ground handling operations (Ground Handling Equipment (NACE H52.23)): The Group has implemented ground handling operations with electric vehicles. These activities align with Taxonomy's sustainability objectives,
- 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) (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 Regulation EU 2020/852

The Group's reportable economic activities for 2025 relate to the environmental objective of climate change mitigation under Regulation (EU) 2020/852. The assessment was conducted in accordance with Article 3 of the Regulation and the relevant delegated acts, evaluating for each activity the technical screening criteria (TSC), do-no-significant-harm (DNSH) requirements, and minimum safeguards.

Passenger and freight air transport (6.19)

Compliance was assessed against the TSC for aircraft meeting ICAO CO_2e efficiency standards and EU noise and emission thresholds applicable to commercial operations. The evaluation included verification of conformity documentation provided by the manufacturer and review of operational compliance with safety and environmental regulations.

Manufacturing of aircraft (3.21)

The activity was evaluated against the TSC requirements related to maintenance of aircraft and components. Assessment covered regulatory approvals for maintenance operations and verification that environmental and safety management procedures ensure pollution control and sustainable material handling in line with DNSH and minimum-safeguard principles.

Air-transport ground-handling operations (6.20)

Assessment focused on the TSC criteria promoting low-emission ground operations through the use of electric or zero-emission equipment. DNSH compliance was confirmed through evaluation of maintenance and operational procedures that minimize emissions, waste, and other environmental impacts, consistent with the delegated-act requirements.

[13] Regulation (EU) 2020/852
[14] 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_2e emissions at least 1.5% below the New Type limit of the ICAO standard.

Installation and maintenance of EV charging infrastructure (7.4)

The activity was reviewed against the TSC for the installation and maintenance of charging infrastructure supporting low-carbon transport. The assessment confirmed alignment with the technical and DNSH criteria regarding climate resilience, safe operation, and responsible maintenance practices.

Construction of new buildings (7.1)

The activity was evaluated against the TSC for new construction requiring compliance with national nearly zero-energy building (NZEB) standards and related DNSH criteria on circularity, pollution prevention, and biodiversity protection. Documentation of design and permitting processes confirmed adherence to the applicable performance and environmental requirements.

Activities that met the relevant technical screening criteria, DNSH provisions, and minimum safeguards were classified as Taxonomy-aligned.

Taxonomy KPIs Groups accounting policies for the taxonomy KPIs are based on the Disclosures Delegated Act annex I (Commission Delegated Regulation (EU) 2021/4987) and 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 7,
- **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 21-24,
- **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).

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 numerator of the turnover KPI comprises revenues from Taxonomy-aligned activities under Section 6.19 Passenger and freight air transport, including ticket sales, cargo and mail transport, charter operations, and ACMI leasing. The denominator represents the Group's total consolidated turnover as reported in the financial statements. Revenues were derived from audited accounting data without the use of estimates or proxies.

The numerator of the **CapEx** KPI includes investments and additions to property, plant, and equipment directly attributable to Taxonomy-aligned activities, such as aircraft acquisition and modification, aircraft components, and ground-handling equipment. The denominator includes total additions to property, plant, and equipment and right-of-use assets for the reporting period. No material changes to data sources or allocation principles occurred compared to prior reporting.

The numerator of the **OpEx** KPI consists of direct expenses related to Taxonomy-aligned maintenance, repair, and servicing of aircraft, ground-support equipment, and electric charging infrastructure. The denominator represents total non-capitalized direct expenditures on maintenance, short-term leases, and related operating costs as defined in Article 8 Delegated Regulation (EU) 2021/2178. Data was sourced from the Group's financial accounting system and reviewed to ensure consistent classification across activities.

Changes in Calculation Methodology

To ensure consistency, the Group has developed an internal Taxonomy Methodology, part of its Sustainability Policy, standardizing the application of taxonomy requirements across operations. No changes were made to the calculation methodology, compared to the previous year.

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 Group's taxonomy activities. The factors are either 100% or 0%, which eliminates the possibility of double counting the resulting financial numbers.

Nuclear and fossil gas related activities

In line with Regulation (EU) 2020/852 and Delegated Regulation (EU) 2022/1214, the Group assessed its operations for economic activities related to natural gas and nuclear energy. No such activities are carried out, and therefore these categories are not applicable to the Group's Taxonomy reporting.

Nuclear energy related activities		
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
Fossil gas related activities		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

PROPORTION OF TURNOVER

from products or Services Associated with Taxonomy-Aligned Economic Activities -Disclosure Covering year 2025

				Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')										
Economic Activities	Code	Absolute turnover	Proportion of Turnover	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity and ecosystems	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Taxonomy aligned proportion of total turnover, year 2025	Taxonomy aligned proportion of total turnover, year 2024	Category (enabling activity)	Category (transitional activity)
		EUR	%	%	%	%	%	%	%		Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES			**47.57%**																	
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Passenger and freight air transport	CCM 6.19	369 066 895	47.38%	100%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	47.38%	47%		T
Construction of new buildings	CCM 7.1	1 476 753	0.19%	100%	0%	0%	0%	0%	0%		Y	N/A	Y	Y	N/A	Y	0.19%	0%		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		370 543 648	47.57%	100%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	47.57%	47%	0%	47%
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%																	
Total (A.1+A.2)		370 543 648	47.57%																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities		408 453 352	52.43%																	
Total (A+B)		778 997 000	100%																	

For 2024 reported Total TURNOVER for:

- Taxonomy-eligible activities was 354 465 799.00 EUR,
- Taxonomy-non-eligible activities was 393 106 544.00 EUR.

PROPORTION OF CapEx

from products or Services Associated with Taxonomy-Aligned Economic Activities - Disclosure Covering year 2025

Economic Activities	Code	Absolute CapEx	Proportion of CapEx	Substantial Contribution Criteria: Climate Change Mitigation*	Substantial Contribution Criteria: Climate Change Adaptation	Substantial Contribution Criteria: Water	Substantial Contribution Criteria: Pollution	Substantial Contribution Criteria: Circular Economy	Substantial Contribution Criteria: Biodiversity and ecosystems	DNSH criteria ('Does Not Significantly Harm'): Climate Change Mitigation	DNSH criteria ('Does Not Significantly Harm'): Climate Change Adaptation	DNSH criteria ('Does Not Significantly Harm'): Water	DNSH criteria ('Does Not Significantly Harm'): Pollution	DNSH criteria ('Does Not Significantly Harm'): Circular Economy	DNSH criteria ('Does Not Significantly Harm'): Biodiversity	Minimum Safeguards	Taxonomy aligned proportion of total CapEx, year 2025	Taxonomy aligned proportion of total CapEx, year 2024	Category (enabling activity)	Category (transitional activity)
		EUR	%	%	%	%	%	%	%		Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES			**52.17%**																	
A.1. CapEx of environmentally sustainable activities (Taxonomy-aligned)																				
Air transport ground handling operations (CapEx A.1)	CCM 6.20	415 959	0.19%	100%	0%	0%	0%	0%	0%		Y	Y	Y	Y	N/A	Y	0.19%	0%		
Construction of new buildings (CapEx A.1)	CCM 7.1	12 889 274	5.90%	100%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	5.90%	0%		
Manufacturing of aircraft (CapEx A.1)	CCM 3.21	60 851 608	27.84%	100%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	27.84%	18%		T
Passenger and freight air transport (CapEx A.1)	CCM 6.19	35 641 112	16.31%	100%	0%	0%	0%	0%	0%		Y	N/A	Y	Y	N/A	Y	16.31%	22%		T
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		109 797 953	50.23%	100%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	50.23%	40%	0%	44%
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned)																				
Construction of new buildings (CapEx A.2)	CCM 7.1	4 240 984	1.94%																	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		4 240 984	1.94%																	
Total (A.1+A.2)		114 038 937	52.17%																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Capex of Taxonomy-non-eligible activities		104 533 780	47.83%																	
Total (A+B)		218 572 717	100%																	

For 2024 reported Total CapEx for:

- Taxonomy-eligible activities was 59 803 284.00 EUR,
- Taxonomy-non-eligible activities 88 660 239.00 EUR.

PROPORTION OF

OpEx from products or Services Associated with Taxonomy-Aligned Economic Activities - Disclosure Covering year 2025

				Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')										
Economic Activities	Code	Absolute OpEx	Proportion of OpEx	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity and ecosystems	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Taxonomy aligned proportion of total OpEx, year 2025	Taxonomy aligned proportion of total OpEx, year 2024	Category (enabling activity)	Category (transitional activity)
		EUR	%	%	%	%	%	%	%		Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES			**51.41%**																	
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Air transport ground handling operations (OpEx A.1)	CCM 6.20	3 988 896	6.44%	100%	0%	0%	0%	0%	0%		Y	Y	Y	Y	N/A	Y	6.44%	0%		
Manufacturing of aircraft (OpEx A.1)	CCM 3.21	27 785 871	44.85%	100%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	44.85%	2%		T
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		31 774 767	51.29%	100%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	51.29%	2%	0%	23%
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Air transport ground handling operations (OpEx A.2)	CCM 6.20	73 748	0.12%																	
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		73 748	0.12%																	
Total (A.1+A.2)		31 848 515	51.41%																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-non-eligible activities		30 101 360	48.59%																	
Total (A+B)		61 949 875	100%																	

For 2024 reported Total OpEx for:

- Taxonomy-eligible activities was 15 101 507.00 EUR,
- Taxonomy-non-eligible activities 726 993 186.00 EUR.

The increase in Taxonomy-aligned OpEx in 2025 is primarily attributable to higher maintenance and engine overhaul costs related to the Airbus A220-300 aircraft fleet.

E1 Climate Change

Integration of sustainability-related performance in incentive schemes

The members of the administrative, management and supervisory bodies are not assessed against GHG emission reduction targets reported under Disclosure Requirement E1-4, nor is any portion of their remuneration in the current reporting period tied to climate-related metrics. Further details on remuneration policy are provided in section Integration of sustainability-related performance in incentive schemes.

Material impacts, risks and opportunities and their interaction with strategy and business model

The Group identified and assessed climate-related IROs by analyzing its locations, assets, and business activities (for details see chapter Description of the process to identify and assess material impacts, risks and opportunities). This assessment determined the nature of the IROs and how they interact with the Group's strategy and business model. Further details are provided in the climate-related scenario and resilience analysis below. The identified material IROs are presented in the following table.

Material Matter	IRO Type	Name	Description	Location in the Value Chain	Impact on Human Rights	Responsibility
Climate change mitigation	Actual Negative Impact	Scope 1 emissions	As an airline, the Group is a significant emitter of greenhouse gases, primarily CO_2 and other non-CO_2 emissions. In the EU, emissions are regulated under the Emissions Trading System (ETS), and the related delegated acts require airlines to monitor, report, and verify these emissions for each flight. Impacts occur in the short term through daily operations, with medium- and long-term consequences for the climate and air quality if not mitigated.	Own operations	No	Top Management Team (shared responsibility)
	Actual Negative Impact	Scope 2 emissions		Own operations	No	
	Actual Negative Impact	Scope 3 emissions		Upstream, own operations, downstream	No	
	Potential Negative Impact	Non-CO_2 emission impact on climate and air quality		Own operations	No	
Climate change adaptation	Risk	Climate-related risks on airBaltic's operations – wind shear and increased lightning strike burnouts in aircraft skin	Although the Group's activities result in greenhouse gas emissions that affect the climate, the Group is also exposed to the impacts of climate change, facing both physical and transition risks managed through its Enterprise Risk Management (ERM) system.	Own operations	No	Chief Operations Officer Risk Management Committee
Energy	Risk	Climate-related risk on airBaltic's operations: accessibility of energy and related cost increase	Risks associated with the availability and price volatility of energy sources such as aviation fuel and electricity. These factors could lead to operational disruptions, increased operational costs, and financial impacts, influencing the Group's competitiveness and profitability.	Own operations	No	Chief Operations Officer Chief Financial Officer Risk Management Committee

Climate related scenario and resilience analysis

The identification of transition events and exposure assessment have been informed by climate-related scenario analysis performed in 2025 by Enterprise Risk Manager, using IPCC-based pathways consistent with a Net Zero 2050 scenario (approximately SSP1-2.6), a Current Policies scenario (SSP2-4.5) and a High-Emissions scenario (SSP5-8.5) over short, medium and long-term horizons. The analysis covers transition risks (policy, technology, market and reputation) and physical risks (acute events and chronic trends) across all regions where the Group operates, using a structured 1–5 risk-scoring framework and heatmaps to identify the most material vulnerabilities.

The results indicate that the Group's business model remains generally resilient across the assessed scenarios, while facing increasing cost and operational exposure from carbon pricing, SAF uptake, regulatory changes and more frequent extreme weather events, which informs decarbonization, adaptation and risk-management priorities.

IMPACT, RISK AND OPPORTUNITY MANAGEMENT

The DMA analysis has been conducted to identify the Groups material impacts, risks and opportunities, and the detailed description of the approach applied is provided in section Description of the process to identify and assess material impacts, risks and opportunities.

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

The Group assessed 28 climate-related hazards as part of DMA, CSM, and ERM processes. The focus was on high-risk areas, especially airports and hubs. These hazards are integrated into the ERM system. Temperature changes may affect flight schedules in own operations, while water and soil risks impact upstream value chain - airport operations. Wind-related hazards, including turbulence and wind shear, were deemed material in own operations. Safety protocols include advanced weather monitoring and continuous communication between Group's dispatchers and pilots. Storms also raise lightning strike risks affecting own operations. There are no significant climate-related physical risks identified in downstream value chain.

Transition Risks

Transitional risks stem from the conventional aviation fuel combustion for flight operations. The Group assessed 15 events related to policy, law, technology, markets, and reputation. Three material risks were identified affecting own operations and downstream value chain: rising GHG emission costs, regulatory mandates, and pressure to shift to low-emission alternatives to limit global warming to 1.5°C. These risks affect energy accessibility and cost: fuel procurement is highly exposed due to SAF cost increases and carbon pricing under ETS and CORSIA. Passenger demand for high-emission routes is particularly vulnerable due to increased fuel and emission costs.

Risk is managed through:
- Monitoring of regulations, technologies, and markets,
- Supplier engagement and upstream risk analysis,
- Strategic planning, integrating risks into operations and investment plans.

POLICIES

The Group implements its climate commitments through its Sustainability Policy, which defines environmental, social and governance principles and establishes the framework for integrating sustainability into all business activities. The Policy's environmental section covers climate change mitigation and adaptation, pollution prevention, circular-economy principles, and efficient resource use across operations and the value chain.

Climate-change mitigation is addressed through the Group's commitment to minimize greenhouse-gas emissions and to reach carbon neutrality by 2050, in line with the international aviation industry and EU targets. The Policy requires the monitoring and reporting of Scope 1, 2 and 3 emissions, the implementation of reduction plans, and the exploration of renewable energy and sustainable-aviation-fuel opportunities.

Climate-change adaptation is ensured through the assessment of physical and transition climate risks in the Group's operations. These are incorporated into the Enterprise Risk Management, Compliance, and Safety Management Systems, which define responsibilities for identifying risks and implementing mitigation measures.

Energy efficiency is promoted under the Group's Environmental Management Regulations (Administrative Handbook 8.2) and the ISO 50001 Energy Management System. These regulations define processes and process owners for energy management and monitoring, as well as environmental risks, aspects, and objectives, while requiring the continuous improvement of energy performance in buildings and operations.

Environmental considerations are integrated into decision-making at all organizational levels, supported by decentralized sustainability management, where each department ensures the application of sustainability principles in its area of responsibility. The Executive Board and Top Management Team oversee the implementation of these policies and the achievement of climate-related targets.

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 section.

The Group does not have natural gas, coal, oil and nuclear energy related activities. The Group is not excluded from the EU Paris-aligned Benchmarks EU Paris-aligned Benchmarks[15] .

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 (i.e. heating),
- Scope 2 – emissions from purchased electricity and heating,
- Scope 3 – emissions from the Group's supply chain.

For Scope 3 calculations, the Group prioritizes supplier-specific data (primary data and emission factors). Where supplier data is unavailable, a spend-based method is applied.

Decarbonization Levers

Aligned with the EU Green Deal and IATA's Net Zero Pathways[16] , 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[17] , a goal reinforced by ICAO's 2022 Long-Term Aspirational Goal (LTAG)[18] , which aligns with the Paris Agreement.

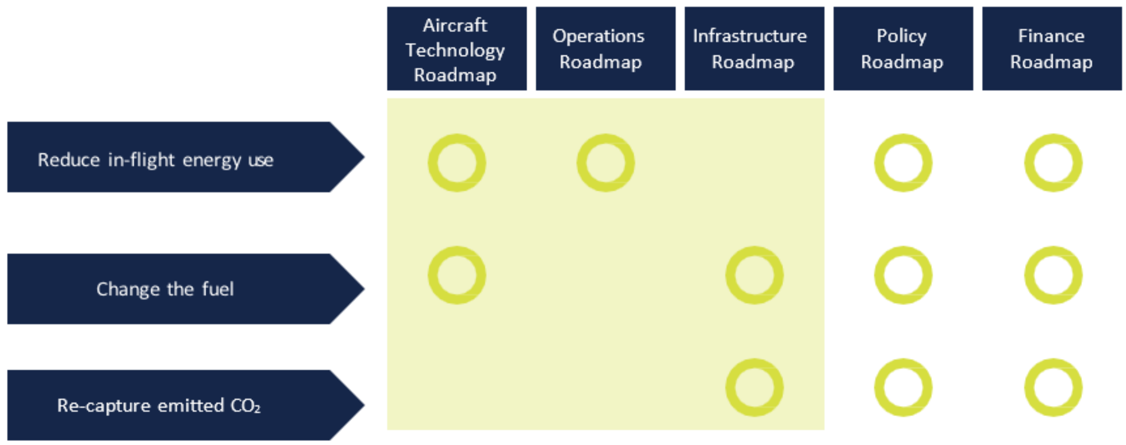
IATA points out three levers of action that the sector can use to reduce, neutralize, and eliminate its emissions:

1) Reduce aircraft energy use by exploiting more efficient aircraft leading to less CO2 even if powered by conventional aviation fuel,
2) Change the fuel and reduce its carbon footprint. Despite evolving electric and hydrogen fueled aircraft, SAF solutions are expected to provide the majority of aviation's carbon abatement through to 2050,
3) 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.

[15] Commission Delegated Regulation (EU) 2020/1818
[16] https://www.iata.org/contentassets/8d19e716636a47c184e7221c77563c93/executive-summary---net-zero-roadmaps.pdf
[17] https://www.iata.org/en/iata-repository/pressroom/fact-sheets/fact-sheet-iata-net-zero-resolution
[18] https://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

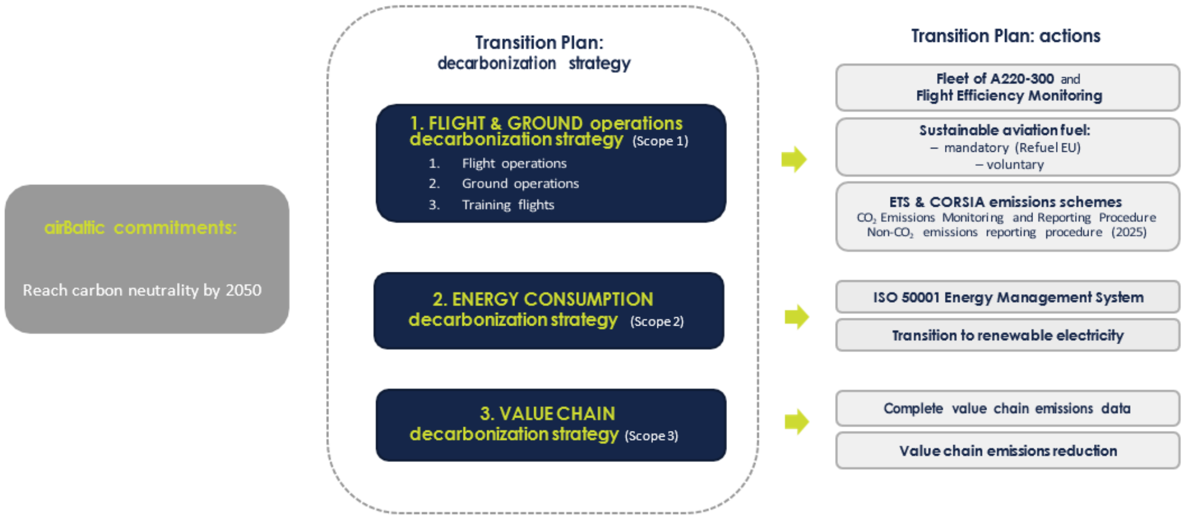
Industry's lever - IATA Net Zero Roadmaps*	Group's key decarbonization levers
The Aircraft Technology Roadmap addresses the critical issue of how new aircraft and engine technologies can deliver more efficient aircraft which use less energy. Further development milestones include revolutionary aircraft which will be operated with hydrogen or batteries.	The Group has transitioned to a single-type fleet and continues expand by adding Airbus 220-300 aircraft, selected for its lower fuel consumption and improved energy efficiency compared with previous-generation models, as verified by manufacturer data (Airbus A220 Facts & Figures, 2025)
The Operations Roadmap focus on eliminating Air Traffic Management system inefficiencies that cause unnecessary fuel burn and emissions and apply Trajectory-Based Operations.	The Group's Flight Support department continuously monitors fuel efficiency, develops optimized procedures, and conducts pilot training programs to improve operational efficiency. The Group is pioneering operational efficiency techniques like RNP AR** approach, Reduced Flaps Take-off and Landing procedures, Single Engine Taxi-in, and optimized routing to cut flown distance and fuel use.
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 incorporated a mandatory 2% SAF blend on all its EU flights, gradually increasing to 70% by 2050.

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

The Group participates in EU ETS and CORSIA schemes, which complement its decarbonization efforts by ensuring transparent monitoring, reporting, and verification of emissions across its operations. While the Group remains committed to achieving carbon neutrality by 2050, its immediate focus is on mitigating short- and mid-term impacts through actions (see section Actions, targets and metrics):

- 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 EU Taxonomy Disclosures.



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

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

Locked-In GHG Emissions

Locked-in greenhouse gas emissions arise from the Group's in-service and planned long-lived assets, primarily the Airbus A220-300 fleet and core operational infrastructure. These assets have long economic lifespans, creating future emissions that are inherent to their continued use. The Group recognizes that this lock-in may influence, but would not jeopardize the pace at which decarbonization targets can be achieved. To manage this, fleet and capital planning processes prioritize low-emission aircraft types, operational efficiency improvements, and the gradual scale-up of sustainable aviation fuel (SAF) in line with regulatory requirements and market availability. These measures are regularly reviewed through the Enterprise Risk Management and sustainability governance processes to ensure consistency with the Group's long-term climate goals.

ACTIONS, TARGETS AND METRICS

Given the slow pace of aviation technology advancements and the absence of significant alternatives to conventional aircraft, the Group's approach to carbon neutrality till 2050 prioritizes emission reductions where possible while compensating for emissions that cannot be eliminated. 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.

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_2e emissions per revenue passenger kilometer (CO_2e kg/RPK[19]) 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[20]), focusing on CO_2e 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_2e emission rate per RPK. By 2050, it is estimated that each RPK will emit approximately 0.084 kg of CO_2e. This figure aligns with the 2019 industry average of 0.090 kg of CO_2e per RPK, as reported by the International Council on Clean Transportation (ICCT)[21].

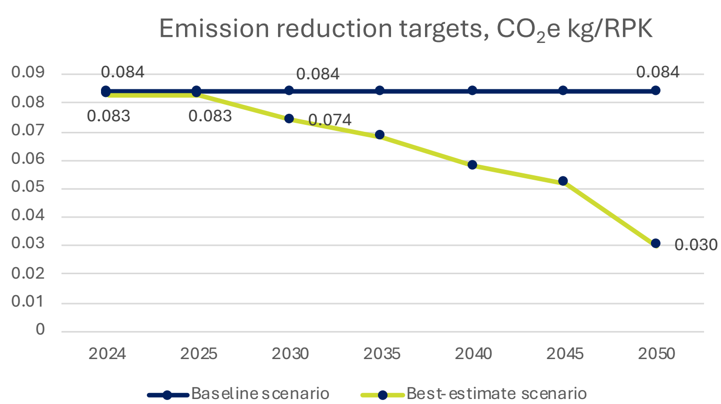
Emission forecast, Best-estimate Scenario

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.

[19] Calculation method for RPK included in Appendix 1.
[20] Calculation method for RTK included in Appendix 1.
[21] Source: ICCT CO2 Emissions from Commercial Aviation (2020)

Best - estimate scenario	2024 (base year) (Restated)		2025		2030 (target)*	2050 (target)*
	Tons of CO_2e	%	Tons of CO_2e	%		
Total Scope 1 emissions (tons of CO_2e)	606 529**	99.9%	606 695	99.9%		
Total Scope 2 location-based emissions (tons of CO_2e)	417**	0.1%	464	0.1%		
TOTAL Scope 1 and Scope 2 location-based emissions (tons of CO_2e)	**606 946****	**100%**	**607 158**	**100.0%**		
Emission reduction actions						
Scope 1 emission reduction due to flight efficiency measures, SAF deployment, transition to electric training and ground vehicle fleet (tons of CO_2e)	-5 601		-16 324		-74 055	-950 642
Scope 1 emission share in the target (%)	n/a		n/a		98.7%	99.9%
Scope 2 emission reduction due to energy efficiency measures and use of renewable electricity (tons of CO_2e)	(reduction measures not separated from Scope 2 emissions)		(reduction measures not separated from Scope 2 emissions)		-976	-1 016
Scope 2 emission share in the target (%)					1.3%	0.1%
TOTAL CO_2e reduction (tons of CO_2e)	**-5 601**		**-16 324**		**-75 030***	**-951 659***
TOTAL Scope 1 and Scope 2 location-based emissions (kg of CO_2e per RPK)	**0.083**		**0.083**		**0.073**	**0.030**
Reduction in comparison to 2024, intensity ratio (%)	n/a		0%		-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.
** The reported 2024 values were revised following a correction of error and an adjustment to the calculation methodology.
*** Calculation methods described in Appendix 1.



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 2025 GHG inventory covers Scope 1 and Scope 2 emission sources, with the same data inputs used for forecasting.

The 2024 baseline was established as the transition year for reporting under the ESRS standard, requiring alignment with revised 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_2kg/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 emission reduction target has not been validated by Science Based Target initiative. However, it aligns with the IATAs and ICAO roadmaps to limit global warming to 1.5 degrees Celsius. This alignment is supported by Group's business operation data and statistics.

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

- SAF availability and pricing: access to affordable SAF is crucial for achieving Scope 1 emission 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% in 2030), placing the responsibility on fuel suppliers. The deployment of SAF mandates has been extensively discussed among the EU, airlines, and fuel suppliers over the past few years,
- Emission compensation costs: Costs associated with emission trading schemes (ETS) and CORSIA affect the Group's financial resources (OPEX) allocated to emission reduction. The Group's business plan IPO & Beyond includes appropriate assumptions,
- Due to its location at Riga Airport, the Group's electricity is supplied exclusively by the airport's grid, resulting in an almost total dependency on the airport's decarbonization initiatives and highlighting the interdependency of the decarbonization targets. While electricity supplied by Riga Airport in 2024 included 50% electricity from renewable sources, this sourcing was not available in 2025, with the aim of returning to renewable electricity sourcing in 2026. Notably, Riga Airport has committed to achieving 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[22] ,
- Supply Chain Engagement: The effectiveness of emission data collection depends on the resources, expertise, and commitment of supply chain partners. Scope 3 disclosures are tailored to our suppliers' capacity to provide accurate emission data.

In order to achieve the emissions target of the Best-estimate scenario and reduce the Group's emissions to 0.030 kg of CO_2e per RPK[23] by 2050, the Group decides on its actions according to the Scope 1 and Scope 2, aligned with the decarbonization levers (see chapter Transition Plan for Climate Change Mitigation).

Actions	KPIs **	Scope	Period	Baseline value 2024	2025	KPIs target (level)*
Minimize Scope 1 emissions	Scope 1 emissions, kg CO_2e / RPK	All Scope 1 emissions	2024-2030	0.083 kg CO_2e / RPK	0.083 kg CO_2e / RPK	Reduction in 2030 to 0.073 kg CO2e / RPK
Minimize Scope 1 and Scope 2 emissions	Scope 1 and Scope 2 emissions, kg CO_2e / RPK	All Scope 1 and Scope 2 emissions	2024-2050	0.083 kg CO_2e / RPK	0.083 kg CO_2e / RPK	Reduction in 2050 to 0.030 kg CO2e / RPK in comparison to 2024
Obtain complete material Scope 3 emission data	Number of material categories with complete data	Category 1 (purchased goods & services)	2025-2026		Obtained	Start monitoring Scope 3 emissions
		Category 2 (capital goods)	2025-2026		Obtained	
		Category 3 (fuel- and energy related activities)	2025-2026	Obtained	Obtained	
		Category 4 (upstream logistics)	2025-2026		Obtained	
		Category 5 (waste)	2025-2026		Obtained	
		Category 6 (business travel)	2025-2026	Obtained	Obtained	
		Category 7 (employee commuting)	2025-2026		Obtained	
Minimize Scope 3	CO_2e / RPK	All material categories	After 2027		Obtained	To be defined by 2027

* 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.
** Calculation methods for KPIs included in Appendix 1.

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

[22] https://www.riga-airport.com/en/news/riga-airport-undertakes-reach-zero-co2e-emissions-2035
[23] Calculation method for RPK included in Appendix 1.

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 take-off 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 after 2030.

The Capital expenditures (CAPEX) fleet renewal is integrated into the Group's business plan IPO & Beyond and disclosed in financial and management reports to the extent deemed appropriate. The financial resources for Airbus A220-300 aircraft, which aligns with the technical screening criteria for the economic activity Manufacturing of aircraft (3.21) in accordance to Commission Delegated Regulation (EU) 2023/2485 and are disclosed to 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 2025, the airline applied several fuel efficiency initiatives:

- Optimized Fuel Planning: Calculated a separate fuel flow factor[24] 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: Utilized the Electronic Flight Bag (EFB) to replace paper materials, reducing aircraft weight, fuel consumption, and printing needs while enhancing safety and efficiency,
- Ground Fuel Savings: Applied Single Engine Taxi-In to cut fuel use on the ground.

SAF Deployment. In line with ReFuel EU mandates, airBaltic have started incorporating SAF in 2025, beginning with 2% of annual fuel consumption and progressively increasing to 70% by 2050 to all EU flights. 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.

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

The financial resources for the emission compensation ETS and CORSIA mandates are disclosed in Income Statement, NOTES No. 36 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 2025, the Group continued transition to a more energy efficient logistic centre and transition to electric vehicle fleet. The financial resources for the energy efficiency measures (OPEX and CAPEX) are disclosed to 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).

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. In 2025, the Group completed Scope 3 emission calculation for all material categories using spend-based and activity-based methods.

[24] 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 emission calculations. A higher FFF indicates greater fuel consumption under identical flight conditions, enabling targeted efficiency improvements. See methodology in Appendix 1.

ENERGY CONSUMPTION

In 2025, 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 with exception of temporary generator use and heating for own needs.

Energy consumption and mix*		2024 (Restated)**	2025
1	Fuel consumption from coal and coal products (MWh)***	-	-
2	Fuel consumption from crude oil and petroleum products (MWh)	2 449 648**	2 410 899
	Jet Fuel: commercial and training fleet (MWh)	2 448 800**	2 410 219
	Ground vehicle fuel – diesel (MWh)	374**	393
	Ground vehicle fuel – petrol (MWh)	216	222
	Diesel generator (MWh)	258	64
3	Fuel consumption from natural gas (MWh)	2 066**	2 128
4	Fuel consumption from other fossil sources (MWh)	-	-
5	Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	4 348**	4 897
	Electricity from fossil sources (MWh)	3 420	3 934
	Heating from fossil sources (MWh)	928	963
6	**Total fossil energy consumption (MWh) (1+2+3+4+5)**	**2 456 062****	**2 417 924**
Share of fossil sources in total energy consumption (%)		**99.8%**	**98.0%**
7	Consumption from nuclear sources (MWh)*	n/a	n/a
Share of consumption from nuclear sources in total energy consumption (%)		**n/a**	**n/a**
8	Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	1 487**	49 096
	Sustainable Aviation Fuel	1 487**	49 096
9	Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	3 391	0
10	The consumption of self-generated non-fuel renewable energy (MWh)	0	-
11	**Total renewable energy consumption (MWh) (8+9+10)**	**4 878****	**49 096**
Share of renewable sources in total energy consumption (%)		**0.2%**	**2.0%**
Total energy consumption (MWh) (calculated as the sum of lines 6, 7 and 11)		**2 460 940****	**2 467 020**

* See Appendix 1. for calculation methods and conversion ratios to MWh.
** The reported 2024 values were restated following an adjustment to the calculation methodology.
***The Group's operations rely primarily on jet fuel and it does not consume energy from coal, coal products or nuclear sources.

Energy intensity per net revenue	2024 (Restated)*	2025
Net revenue from activities in high climate impact sectors used to calculate energy intensity (thousand EUR)	747 572	779 344
Net revenue, other (thousand EUR)	0	0
Total net revenue as per Income Statement (thousand EUR)	747 572	779 344
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors (MWh / th.EUR)	3.29*	3.17

* Due to energy consumption value review, 2024 data restated accordingly

GREEN-HOUSE GAS EMISSIONS

The Group's consolidated GHG emissions[25] from all entities under its operational control are listed in the table below.

The total GHG location-based emissions accounted for in 2025 are 877 306 tons of CO_2e. The Scope 1 emissions account for 69.1%, location-based Scope 2 emissions for 0.1% and Scope 3 emissions for 30.8% of total emissions.

Retrospective		Milestones and target years				
Base year	**Base year and comparative 2024 (Restated)**	**2025**	**% of 2025/2024**	**2030**	**2050**	**Annual % target / Base year (2024)**
Scope 1 GHG emissions						
Gross Scope 1 GHG emissions (tCO_2e), including:	606 529*	606 695	100.03%	n/a, the Group refrains from future looking statements		n/a, targets are set for CO_2e kg/RPK
Emissions from fossil sources (tCO_2e)	606 164*	595 992	98.32%			
Emissions from biogenic sources, SAF (tCO_2e)	365*	10 702	2 932.97%**			
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	99.9%	99.32%	99.42%			
Scope 2 GHG emissions						
Gross Scope 2 location-based GHG emissions (tons of CO_2e):	417*	464	111.17%	n/a, the Group refrains from future looking statements		n/a, targets are set for CO_2e kg/RPK
Emissions from fossil sources (tCO_2e)	417**	464	111.17%			
Emissions from renewable sources (tCO_2e)	0	0	-			
Share of electricity purchased from 100% renewable sources (%)	50%	0%	0% ***			
Gross Scope 2 market-based GHG emissions (tCO_2e)	1 710*	1 951	114.10%			

Material scope 3 GHG emissions						
Total Gross indirect (Scope 3) GHG emissions (tCO_2e)	272 492*	270 148	99.14%	n/a, the Group refrains from future looking statements		n/a
1. Purchased goods and services (tCO_2e)	55 024*	59 392	107.94%			
2. Capital goods (t CO_2e)	9 749*	10 387	106.55%			
3. Fuel and energy-related Activities not included in Scope1 or Scope 2 (tCO_2e)	124 238*	123 726	99.59%			
4. Upstream transportation and distribution (tCO_2e)	386*	315	81.64%			
5. Waste generated in operations (tCO_2e)	80 990*	74 587	92.09%			
6. Business traveling (tCO_2e)	1 412*	1 031	72.98%			
7. Employee commuting (tCO_2e)	693*	709	102.38%			
8. Upstream leased assets	n/a	n/a	n/a	n/a	n/a	n/a
9. Downstream transportation	n/a	n/a	n/a	n/a	n/a	n/a

[25] Since the annual Sustainability Statement is typically prepared prior to fuel (ETS/CORSIA), energy (ISO 50001), and environment (ISO 14001) audits, the verified 2025 fuel, energy consumption and waste data were not available during the preparation of the report, and results might slightly vary based on recommendation from the auditors.

10. Processing of sold products	n/a	n/a	n/a	n/a	n/a	n/a
11. Use of sold products	n/a	n/a	n/a	n/a	n/a	n/a
12. End-of-life treatment of sold products	n/a	n/a	n/a	n/a	n/a	n/a
13. Downstream leased assets	n/a	n/a	n/a	n/a	n/a	n/a
14. Franchises	n/a	n/a	n/a	n/a	n/a	n/a
15. Investments	n/a	n/a	n/a	n/a	n/a	n/a
Share of emissions calculated using primary data (%)****	75.43%*	73.47%	97.41%			
Total GHG emissions						
Total GHG location-based emissions (tons of CO_2e)	**879 438***	**877 306**	**99.76%**			
Total GHG market-based emissions (tons of CO_2e)	**880 731***	**878 793**	**99.78%**			

* The reported 2024 values were restated following a correction of error and adjustment to the calculation methodology.
** In 2025, mandatory 2% blend of sustainable aviation fuel (SAF) was introduced.
*** In 2025, 100% of the electricity supplied originated from non-renewable sources.
**** Emissions are calculated using primary activity data for categories 3, 5 and partially 6 and secondary data for categories 1, 2, 4, partially 6 and 7 and emission factors sourced from recognized databases and industry developed methodologies. Calculation methods described in Appendix 1.

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

	2024 (base value) (restated)	2025	% of base value
Net revenue (thousand EUR)**	747 572	779 344	104.25%
GHG emissions* intensity (tons of CO_2e / thousand EUR)			
of which – location-based	1.176***	1.126	95.69%
of which – market-based	1.178***	1.128	95.71%

* Includes Scope 1, location-based Scope 2 or market-based Scope 2, and material Scope 3 categories
**Based on consolidated net revenue reflecting the Group's total operations.
*** The reported 2024 values were restated following a correction of error and an adjustment to the calculation methodology.

For 2025 reporting and for 2024 comparatives, total GHGs are expressed in CO_2e, with CO_2 currently representing the primary quantified component. Other gases (CH_2, N_2O, etc.) will be progressively included as EU ETS and ICAO CORSIA methodologies for non-CO_2 effects are implemented.

The information about significant financial resources regarding emission compensation is disclosed in the Management Report: Financial Performance, Income Statement, and EU Taxonomy Disclosures. Cost of carbon emission allowances are included in the Financial statement Note 36. Provisions.

EU Support for Sustainable Aviation

Group's progress toward decarbonizing air transport is supported by the European Union's Emissions Trading System (EU ETS), which provides dedicated funding for the uptake of sustainable aviation fuel (SAF). In 2025, airBaltic received 162 EU Allowances (EUAs) for 2024 emissions under this program.

E2 Pollution

Material impacts, risks and opportunities and their interaction with strategy and business model

The Group identified pollution-related IROs by screening its sites and business activities across its operations and the upstream and downstream value chains. The assessment was conducted using defined methodologies and informed by consultations, including those with affected communities (for details see chapter Description of the process to identify and assess material impacts, risks and opportunities). A single category of material pollutants has been identified, as outlined in the table below.

Material Matter	IRO Type	Name	Description	Location in the Value Chain	Impact on human rights	Responsi-bilities
Noise	Actual Negative Impact	Noise	The Group has a negative impact on air pollution through the noise impact of their airplanes in take-off and landing. Although airBaltic has already invested in one of the most silent aircraft A220-300 fleet, several noise breaches due to i.e. avo-idance of storms happen annually. Noise impacts occur in the short-term during flight operations, with cumulative medium- to long-term effects on surrounding communities if not mitigated. The Groups business model is rather resilient to negative impacts from noise. The noise breaches are rare cases, as the Group has already switched to the single type of Airbus A220-300 fleet that states the aircraft noise level below noise limits[26]. Same noise level compliance applies to ACMI-in partners.	Own opera-tions	Yes	Chief Ope-rations Officer

NOISE

Aircraft noise is considered a type of environmental pollution because it can affect human health, local communities, and wildlife, especially near airports. The ICAO noise certification standards for subsonic jet aircraft set maximum allowable noise levels measured during lateral, flyover, and approach phases, based on the plane's maximum takeoff weight. These standards help reduce aviation noise impacts by requiring planes to meet limits at key points in flight, supporting sustainable practices by addressing noise at its source.

Policies

The compliance with the piloting procedures requiring adherence to noise abatement practices at every location served are detailed in the Group's Operational 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.

Actions, targets and metrics

As flight safety takes precedence over noise exceedance considerations, the Group does not set specific targets. Adherence to the Noise Abatement Approach Procedure and/or Air Traffic Service requests must never compromise safe operations. Factors such as adverse weather conditions, runway conditions, or the Stabilized Approach Concept, are prioritized to ensure flight safety.

The Group monitors the number of noise breach cases received from airports and included in the quality management system, using 2024 as the baseline reporting year.

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

KPIs	2024	2025
Noise breach cases*, number	8	17
Noise breach rate per 1000 flights**	0.109	0.36

* All airBaltic performed flights (including ACMI-in) and ACMI-out flights.
** Calculation method for noise breach rate per 1000 flights included in Appendix 1.

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.

[26] ICAO Annex 16/I, Amendment 13, Volume 1, Chapter 14

E5 Resource use and Circular Economy

Material impacts, risks and opportunities and their interaction with strategy and business model

The Group assessed its assets and business activities to identify actual and potential IROs related to resource inflows, outflows, and waste generation (see chapter Description of the process to identify and assess material impacts, risks and opportunities). Based on this assessment, material impacts related to resource use and the circular economy were identified and presented below.

Material matter	IRO Type	Name	Description	Location in the Value Chain	Impact on human rights	Responsibi-lities
Waste	Actual Negative Impact	Generating waste	While the circularity approach has an overall positive impact, current resource usage has rather potentially negative effects, particularly considering the resources required for aircraft production, maintenance, catering, and other operations. 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. 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. Impacts from resource use and resulting waste occur in the short term through daily operations, with medium- to long-term effects linked to the overall resource intensity of aviation activities. The Groups business model is rather resilient to negative impacts from resource inflows and waste generation. 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.	Own operations	No	Chief Operations Officer
Resource inflows	Potential Negative Impact	Circular economy practice application to resource inflows including resource use		Own operations	No	Chief Financial Officer ISO 14001 Work Group

WASTE

Policies

The Group's Sustainability Policy focuses on minimizing environmental and climate impacts while upholding economic and quality standards. The Group's environmental commitments refer to implementing waste management practices, managing waste according to the waste-hierarchy model, and controlling the handling of hazardous substances.

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 establish the framework for proper waste classification, accounting, and shipment control.

Waste management and pollution-prevention are implemented through the ISO 14001 certified Environmental Management System (EMS), audited annually by an accredited certification body, the Supplier Code of Conduct, and supported by the ISO 50001 certified Energy Management System.

The EMS involves Group's sites, offices, training centers, cargo facilities, technical buildings, hangars, and aircraft. In-flight waste is handled via service agreements with ground handling partners. The EMS assesses resource flows, infrastructure, impacts, risks, and opportunities, standardizes processes, responsibilities, and monitoring across all entities, emphasizing waste minimization, resource optimization, and recycling. It covers procurement, waste and chemical management, regulatory compliance, environmental risks, energy efficiency, emergency response, employee training, and external awareness campaigns. Administration Manager is responsible for overseeing and maintaining the EMS.

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.

Actions, targets and metrics

The Group targets a 1% annual reduction in unsorted waste per employee as well as 1% annual reduction in unsorted waste per passenger, 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 waste KPIs and targets for mid- and long-term goals.

The EMS framework defines responsibilities, resources, timelines, and monitoring measures for each target. In target setting process, the Group analyses environmental data, waste statistics, and feasible waste reduction options. Until full data accuracy and analytical precision are achieved by 2030, waste management targets are not based on conclusive scientific evidence.

Setting waste management targets requires a thorough understanding of the Group's operations. As a result, stakeholders are not directly involved in target setting but are informed afterward.

The EMS focuses on reducing unsorted waste, minimizing hazardous waste, increasing packaging reuse, container labelling, employee education, and waste collection efficiency. The Group improves chemical management by creating catalogues, maintaining a structured database for monitoring and reporting, ensuring timely compliance with legal requirements and chemical substance control.

The 2025 EMS action plan included the following accomplishments:

- **Waste Management** arrangements and processes - covering waste storage, packaging material reuse, waste sorting, and resource efficiency - were maintained under ongoing operational control.
- **Flight Operations** - material inflow continues to be optimized through the Meal Preorder system, reducing food waste.
- **Chemical Management**[27] - the Group continues to maintain the chemical register, chemical transfer procedures in line with strict environmental protection requirements.

The Group monitors waste management's effectiveness through the EMS framework. Each year a separate Environmental Management Report is prepared and externally audited by certified verifier.

In 2025, no actual material impacts requiring remediation were identified within the Group's operations or value chain.

Actions	Waste hierarchy	KPIs	KPIs target (level)	Scope	Period	Results in 2024 (baseline value) (Restated)	2025
Minimize the use of materials through the principles of reduce, reuse and recycle (where applicable) in ground operations and home base	All	Amount (kg) of unsorted waste peremployee[28]	Reduce by at least 1% annually	All Group (except inflight) waste	2024-2030	98.45* kg per employee	88.48 kg per employee
Minimize 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[29]	Reduce by at least 1% annually	Inflight waste	2024-2030	0.038 kg per passenger	0.041 kg per passenger

* The reported 2024 value was restated following a correction of error and an adjustment to the calculation methodology.

[27] Chemical management and EMS action plan are aligned with the legislative requirements: Cabinet of Ministers Regulation No. 1907, Cabinet of Ministers Regulation No. 1272, PIC regulation, and Cabinet of Ministers Regulation No. 795
[28] Calculation methodology included in Appendix 1.
[29] Calculation methodology included in Appendix 1.

Metrics

The Group's primary waste streams originate from:

- Aircraft Parts and Maintenance: Waste generated during aircraft servicing and repair,
- Household Goods and Products: Waste from daily operations and consumables,
- Other Sources: Additional waste streams contributing to overall output.

The main composition of waste is enclosed in the Appendix 5. Calculation methods for amounts of waste included in Appendix 1.

Waste type*	Amount of waste, 2024, tons (Restated)	Amount of waste, 2025, tons
Total Waste generated, tons (1 + 2)	**611.52*** **	**672.76**
1. HAZARDOUS WASTE, TONS (1.1. + 1.2)	75.67***	119.59
1.1. Ground waste, tons		
Total amount of hazardous waste, tons	75.67***	119.59
Hazardous waste diverted from disposal, tons	n/a**	n/a**
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	0.00
2. NON-HAZARDOUS WASTE, tons (2.1 + 2.2)	535.86***	553.17
2.1. Ground waste, tons	339.72***	339.35
Sorted waste – diverted from disposal, tons	66.43	87.36
Waste diverted from disposal due to preparation for reuse, tons	n/a**	n/a**
Waste diverted from disposal due to recycling, tons	66.43	87.36
Waste diverted from disposal due to other recovery operations, tons	N/A**	N/A**
Non-sorted waste - directed to disposal, tons	273.29	251.99
Waste directed to disposal by incineration, tons	n/a**	n/a**
Waste directed to disposal by landfilling, tons		
Waste directed to disposal by other disposal operations, tons		
Non-recycled waste, tons	273.29	251.99
2.2. Inflight waste, tons	196.13	213.82
Sorted waste – diverted from disposal, tons	0.58	2.03
Non-sorted waste – directed to disposal, tons	195.55	211.79
Percentage of non-recycled waste, %****	89.04%***	86.71%
3. RADIOACTIVE WASTE		
Total amount of radioactive waste, tons	0	0

* The waste data is collected from the billing system and reports provided by waste management operators.
** The Group does not have information on hazardous and non-hazardous waste management by disposal type because this data is not included in invoices, reports provided by waste management operators or agreements, or its communication with waste management companies.
*** The reported 2024 values were restated following a correction of error and an adjustment to the calculation methodology.
****Calculation methodology for percentage of non-recycled waste is included in Appendix 1.

RESOURCE INFLOWS

Policies, Targets and Actions

The Group's Sustainability Policy, EMS, and Supplier Code of Conduct incorporates circular-economy principles, including the minimization of material use to address challenges and opportunities in the Group and across its value chain. The EMS targets promotes responsible material use, prioritizing recycled materials where feasible, and includes waste sorting for recycling in collaboration with waste management partners.

EMS circularity targets are not directly tied to renewable resource depletion. 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 Environmental Product Declaration (EPD), providing transparent life-cycle impact data. These uniforms, made from recycled PET bottles and organic cotton, contribute to sustainability.

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.

Currently, no measurable outcome-oriented targets have been set for resource inflows. As part of its DMA, the Group has identified resource use as a material sustainability topic. Although resource use has been assessed as a material sustainability topic for the Group, particularly given the material inflows associated with aviation services - including aircraft and vehicle components, chemicals, packaging, furniture, office supplies, infrastructure equipment, food and medical supplies - the specific quantitative datapoints required under ESRS E5 4 (such as total material weight, proportion of recycled or secondary materials and share of biological or renewable materials) have not been determined to be material at datapoint level. This is due to the nature of the Group's service based operating model, where material outflows are minimal and impacts arise primarily from short term operational consumption rather than production processes, as well as the current lack of reliable, weight based supplier data needed to calculate these indicators. Accordingly, for the reporting period the Group provides qualitative disclosures on material inflows, while continuing to develop data collection and supplier reporting processes to enable quantitative disclosures in future reporting cycles.

Social Information

S1 Own Workforce

Material impacts, risks and opportunities and their interaction with strategy and business model

The Group assessed IROs related to its workforce, as well as how these IROs interact with the Group's strategy and business model. This includes risks and opportunities arising from the impacts and dependencies of its own workforce (for details see chapter Description of the process to identify and assess material impacts, risks and opportunities). The outcomes of the assessment inform operational priorities and strategic decision-making. Its interaction with strategy and operational resilience is described in the further sections. The Group's business operations and strategy for resiliency in responding to its material IROs are incorporated into the descriptions of actions taken to address the impacts and targets to assess progress.

Material matter	IRO Type	Name	Description	Location in the Value Chain	Impact on Human Rights	Responsi-bility
Secure employ-ment	Actual Positive Impact	Continuous opera-tions and predictable planning	Aviation services are labor-intensive processes, where employment stability and predictable planning create positive impacts by supporting employees' sense of security, work–life balance, and long-term enga-gement. Predictable scheduling and continuity of operations enhance trust, satisfaction, and retention, representing benefits that go beyond preventing potential harm. Employee feedback confirms that stability and predictability are valued aspects of the working environment, rein-forcing the Group's view of these conditions as a positive social impact. At the same time, non-compliance with scheduling or working hours may have adverse effects, such as reduced work–life balance or health concerns. Therefore, secure employment is considered from both positive and potentially negative aspects, where stability and regularity generate long-term well-being and resilience, while any short-term risks are managed under working conditions and health and safety processes.	Own operations	Yes	Top Mana-gement - SVP Human Resources
	Potential Negative Impact			Own operations	Yes	
Adequate Wages and Equitable Remune-ration	Actual Positive Impact	Advancing equitab-le and competitive remunera-tion	The Group's remuneration practices go beyond legal and statutory requirements, ensuring that all employees receive at least the minimum wage and most earn above national average levels. The adjusted gender pay gap in 2025 has been reduced to around -0.9%, demonstrating measurable progress toward pay equity. . The likelihood of adverse impacts like unfair payment practices, non-inclusive environment or workforce are considered low, rendering these potential negative impacts rather informative than material. Fair remuneration generates positive effects in the short term and sustains long-term workforce stability and equity.	Own opera-tions	Yes	
Training and skills develop-ment	Actual Positive Impact	High per-formance personnel	Robust training and skills development initiatives enhance employee performance, satisfaction, and retention, contributing to the Group's long-term success and resilience. The benefits materialize in the me-dium to long term, as training and skills development support retention and future readiness.	Own opera-tions	Yes	
Social dialogue	Actual Positive Impact	Regular communi-cation with employees, employee feedback, addressing matters raised by employees	Proactive communication strategies, structured employee feedback, and responsive action enhance employee engagement, trust, and work-place satisfaction. Positive effects are realized in the short term through employee engagement and maintained in the long term through trust and cooperation.	Own opera-tions	Yes	
	Actual Positive Impact	Freedom of association, the existen-ce of works councils and the information, consulta-tion and participa-tion rights of workers	Maintaining and supporting employee representation, and freedom of association ensures transparent, inclusive, and productive labor relations, promoting workplace harmony and respect for human rights. Impacts are both immediate and long term, supporting ongoing social dialogue and protection of employee rights.	Own opera-tions	Yes	
Diversity	Actual Positive Impact	Innovative, inclusi-ve, and productive workforce	Promoting diversity fosters personal and professional growth. Policy fostering an inclusive environment attract diverse talent and positi-vely influence company culture. The positive impact is long term, as diversity strengthens innovation, competitiveness and inclusive culture over time.	Own opera-tions	Yes	

Material matter	IRO Type	Name	Description	Location in the Value Chain	Impact on Human Rights	Responsibility
Health and safety	Potential Negative Impact	Work-related accidents and health issues resulting from failure to follow job safety instructions	The main work-related accident risks arise from untimely health checks and non-compliance with safety protocols. Unmanaged health issues, such as vision deterioration or back pain, can impact employees' ability to work, potentially leading to job loss. Failure to follow safety instructions increases the risk of workplace accidents, resulting in absences, sickness leave, and role incapacity for employees. For the Group, these incidents lead to knowledge loss, operational disruptions, resulting also in increased costs. Negative impacts may occur in the short term if safety protocols are not followed, with long-term consequences for employee health and operational continuity	Own operations	Yes	SVP Human Resources Risk Management Committee
	Risk	Disruptions and operational setbacks caused by health and mental health challenges		Own operations	Yes	SVP Human Resources Risk Management Committee

All people in its own workforce who could be materially impacted by the Group are included in the scope of disclosures under ESRS 2 IRO-1 disclosures due to the material impact of the Group's workforce policies, while non-employees, such as contractors and outsourced personnel, are minimally affected.

Interests and views of stakeholders

The Group has established policies that promote open communication, fairness, and collaboration among its own workforce. These policies ensure alignment with organizational priorities, regulatory requirements, and stakeholder interests. These policies apply to employees, contractors, and business partners and emphasize integrity, transparency, and accountability. Employee engagement is promoted through biannual surveys, grievance mechanisms, dedicated HR and occupational safety teams, and digital communication platforms. These platforms ensure that concerns are addressed and that workplace practices comply with EU and national labor legislation. The process for engaging with own workforce about impacts is outlined in the section Interests and Views of Stakeholders in the General Information chapter.

Processes for engaging with own workforce and workers' representatives about impacts

The Group engages with employee representation bodies, including trade unions and occupational health and safety representatives, to identify and address workplace-related issues. Regular monitoring and transparent reporting help maintain trust and continuously improve workforce engagement practices. A more detailed description is provided in the section Social Dialogue.

Processes to remediate negative impacts and channels for own workforce to raise concerns

Employee concerns are addressed through an "Open Door" policy, an Internal Reporting System, and Whistleblowers Channel. These mechanisms are complemented by employee engagement surveys, enabling systematic feedback collection and policy improvements. Grievances are investigated independently by the Compliance and Safety Department to ensure objectivity and confidentiality, in line with the Group's Whistleblowing Policy. The policy guarantees protection against retaliation. Workforce awareness and trust in these structures are reinforced through mandatory onboarding and biennial refresher trainings, while effectiveness is tracked via measurable indicators such as Employee Net Promoter Score (NPS) and formal feedback analysis. Trade unions and employee representatives are actively engaged to ensure that workforce voices are integrated into decision-making and continuous improvement processes.

Actions (S1-4) and targets (S1-5) related to specific material matters are addressed within each section dedicated to those matters.

Characteristics of the Group's employees

	Number of employees (head count)	
Gender	**2024 (Restated)**	**2025**
Male	1 513*	1 600
Female	1 263*	1 248
Other	0	0
Not reported	0	0
Total Employees	**2 776***	**2 848**

Data as of 2025 December 31.

All Group's employees are employed in Latvia. For 148 employees (5% of total), the home base is located outside Latvia, with 92 stationed in Estonia and 56 in Lithuania.

	2024 (Restated)				2025			
	FEMALE	**MALE**	**Other**	**TOTAL**	**FEMALE**	**MALE**	**Other**	**TOTAL**
Number of employees (head count)	1 263*	1 513*	0	2 776	1 248	1 600	0	2 848
Number of permanent employees (head count)	1 256*	1 508*	0	2 764	1 242	1 594	0	2 836
Number of temporary employees (head count)	7	5	0	12	6	6	0	12
Number of non-guaranteed hours employees (head count)	0	0	0	0	0	0	0	0
Number of full-time employees (head count)	1 166*	1 464*	0	2 630	1 139	1 559	0	2 698
Number of part-time employees (head count)	97	49	0	146	109	41	0	150

Data as of 2025 December 31.

Employee Turnover	**2024**	**2025**
Total number of employees who left the Group	329	305
Turnover rate (%)**	12.4%	10.8%

Data as of 2025 December 31.

* The reported 2024 values were restated following a correction of error and an adjustment to the calculation methodology.
**Calculation method for employee turnover described in Appendix 1.

SOCIAL DIALOGUE

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 labor legislation, ensuring legal compliance and protection of employee rights.

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 include:

- Employee engagement surveys – conducted twice per year to assess employee satisfaction, morale, and workplace experience,
- Grievance mechanisms and fair labor practices – established to ensure compliance with local and EU labor 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 and training programs – enhance real-time interaction, information sharing, and employee participation in decision-making processes.

There are no specific actions or measurable targets to ensure freedom of association other than implementing the existing procedures for internal communications and mechanisms for addressing grievances.

Targets on material sustainability matters to assess progress

Actions	KPIs	KPIs target (level)	Scope	Period	Results 2024 (baseline value)	Results 2025
Maintain high Employee NPS	Employee NPS score*	In upper "positive" range (≥ 20)	All employees	Annually	25	23

*Calculation method for NPS score described in Appendix 1.

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.

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 Collective Labor Agreement (CLA). Monthly meetings are held between union representatives and Group representatives to discuss employment-related matters. The HR Compliance and Labor Relations Manager serve 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 Labor Relations Manager oversee employee relations and trade union coordination,
- The Senior Vice President (SVP) of Human Resources ensures workforce engagement insights inform strategic decision-making.

To gain insight into the perspectives of 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.

Collective bargaining coverage and social dialogue

	2024 EEA*	2025 EEA*
Collective Bargaining and Workers' Representation		
Collective Bargaining Coverage, %	Latvia, 100%	Latvia, 100%
Workers' representation, %	Latvia . 100%	Latvia, 100%
European-Level Representation		
European Works Council (EWC)	No	
Societas Europaea (SE) Works Council	No	
Societas Cooperativa Europaea (SCE) Works Council	No	

* Data includes countries with >50 employees representing >10% of total employees

SECURE EMPLOYMENT AND WORKING CONDITIONS

Policies

The Group maintains a structured policy framework to ensure fair treatment, secure employment, and safe working conditions in line with regulatory requirements:

- The Corporate Management Manual outlines corporate governance principles, business ethics, and company values,
- The Personnel Handbook sets out Group-wide policies on employee rights, responsibilities, and people management. It includes the Recruitment Policy, which ensures fair and transparent hiring with equal opportunity, and the Training Policy, which promotes continuous professional development and career growth,
- Operational Personnel Training Manuals define procedures for occupational safety and role-specific skill development (see Training and Skills Development).

Actions, targets and metrics

The Group allocates financial and human resources to implement initiatives on job security, professional growth, and long-term employability, aligning with its commitment to a stable, engaged, and future-ready workforce:

- Workforce stability and planning enhance scheduling predictability, resource efficiency, and work-life balance through expanded fixed rosters, part-time and hybrid work options, and increased crew days off,
- Employee engagement and workplace experience strengthens retention and inclusion through employee surveys, structured feedback, and engagement programs (see section Social Dialogue),
- Reskilling and upskilling provide structured, industry-aligned training to improve adaptability and long-term employability (see section Training and Skills Development),
- Workplace well-being and safety promotes a safe and supportive environment through preventive health measures, safety protocols, and well-being initiatives (see section 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 labor policies, and compliance with regulatory standards. Where tensions arise between business pressures and workforce well-being, decisions are guided by CLA, regulatory frameworks, and structured social dialogue with employee representatives to mitigate risks and uphold fair working conditions.

Targets on material sustainability matters to assess progress

Actions	KPIs*	KPIs target (level)	Scope	Period	Results 2024 (baseline value)	Results 2025
Enhance employee retention	Retention rate	> 85%	All employees	Annual	88%	89%
Improve employer branding	Recognition as TOP employer in home market in Transport industry	Achieve recognition	Home market	Annual	Rank No. 1.	n/a, rank for 2025 published in Q2 2026
Conduct employee engagement surveys	Commitment Index	> 70 points	All employees	Bi-Annual	77	71

*Calculation methods for KPIs described in Appendix 1.

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. To exemplify, the Commitment Index is an outcome-based measure of employee engagement that reflects commitment, motivation, and a sense of belonging. It is aligned with the evaluation of secure employment and working conditions, and enables consistent monitoring of employee sentiment and retention risk over time. Targets are set in alignment with recognized standards, labor regulations, and employer branding guidelines, providing a structured framework for monitoring and evaluating progress based on measurable data and established benchmarks.

Human Rights Policy Commitments and Alignment with International Standards

Safe and healthy working conditions are governed by the Latvian Labor Protection Law which also prohibits forced, compulsory, and child labor. The Group 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.

To address and remedy potential human rights impacts related to its workforce, established processes include regular workplace risk assessments, job-specific safety instructions, and wellbeing programs. In the event of a work-related accident or health issue, causes are investigated and corrective actions are implemented to prevent recurrence. The reporting system is also available to employees to raise concerns related to working conditions or human rights.

In 2025, no violations of the UN Guiding Principles, the ILO Declaration, or the OECD Guidelines, nor any incidents connected to own workforce (including incidents of discrimination and harassment), were identified in airBaltic's operations; accordingly, no remedial action was required. Number of complaints filed through channels for the own workforce to raise concerns in 2025 – 0 (the same as for 2024).

ADEQUATE WAGES AND EQUITABLE REMUNERATION

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 Executive 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 and 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. 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 applies defined remuneration systems to its core employee groups – Pilots, Cabin Crew, Technicians, and others – to ensure compensation is fair, consistent, and performance-based. These systems are designed to minimize bias, support internal equity, and align pay with role complexity, qualifications, and experience. A formal job grading structure supports cross-functional consistency in job valuation and pay ranges.

Key elements of the remuneration framework include:

- Defined compensation frameworks for key employee groups, detailing salary levels, calculation methodologies, and eligibility criteria to ensure uniform application across the organization,
- Remuneration policies are applied consistently, without bias relating to gender, age, or other personal attributes. Pay differentiation is based exclusively on objective criteria such as role requirements, experience, qualifications, and performance,
- Regular reviews of internal salary data and external market benchmarks are conducted to identify and address any unintentional disparities. 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. This process ensures continued alignment with best practices, internal equity standards, and relevant regulatory requirements.

Remuneration planning is integrated with the Group's broader financial budgeting cycle. This enables proactive resource allocation, ensures compliance with internal governance and external standards, and mitigates risks of material negative impacts on the workforce.

Targets on material sustainability matters to assess progress

Actions	KPIs	KPIs target (level)	Scope	Period	Results 2024 (baseline value)	Results 2025
Maintain equitable pay	Adjusted Pay-gap ratio*	< 5% difference	All employees	Annual	0.01%	-0.9%
Provide employee benefits	Insurance coverage	Comprehensive health and accident insurance	All employees	Annual	100%	100%

* Calculated as weighted (by employee counts) average of the adjusted pay gaps per each employee group. Calculation method for Adjusted pay gap described in Appendix 1.

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.

Adequate wages (whole Group)*

	2024	2025
National statistics		
Statuary minimum in LV, euro	700	740
Group's characteristics		
Employees earning below the statutory minimum wage for full-time work, %	0%	0%
Employees earning above the statutory minimum wage for full-time work, %	100%	100%

Pay gap and total remuneration*

	2024 (Restated)	2025
Unadjusted Pay-gap ratio as per ESRS, %	32.6%**	44.1%
Annual Total Remuneration Ratio	29.21**	12.00

*Calculation methods for adequate wages, unadjusted pay gap and total remuneration described in Appendix 1.
** The reported 2024 value was restated following a correction of error and an adjustment to the calculation methodology.

HEALTH AND SAFETY

Policies

The Group's health and safety framework ensures compliance with national and EU regulations while actively managing workplace risks and supporting employee well-being. The Occupational Health and Safety Management System is developed in line with the National Labor Protection Law, EU Directive 89/391/EEC, and EU Regulation 376/2014 on safety reporting and follow-up.

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 Program 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 Group's Occupational Health and Safety (OHS) targets are centered on workplace injury prevention, risk reduction, and strict adherence to regulatory requirements. A proactive and systematic approach to safety management is embedded across operations, with a strong emphasis on hazard prevention, employee well-being, and continuous compliance with occupational health standards.

Key initiatives supporting these objectives include:

- Regular workplace evaluations are conducted, supported by the analysis of incident reports and trend identification to proactively reduce hazards,
- Identified risks are addressed at their source to reduce the potential for work-related injuries and accidents,
- Mandatory safety training is provided to all employees, tailored by role and operational context, to ensure awareness, preparedness, and regulatory compliance,
- Employee health and well-being measures, including:
  - Peer Support Program: Confidential mental health assistance, particularly for Pilots and Cabin Crew,
  - Comprehensive health insurance: Full coverage for all employees, including access to medical and mental health services,
  - Stebby wellness platform: Access to a range of health and fitness services, including gym memberships and wellness initiatives,
  - OHS representatives: Designated individuals from various departments who support safety awareness, compliance, and risk mitigation across the organization.

Targets on material sustainability matters to assess progress

Actions	KPIs*	KPIs target (level)	Scope	Period	Results 2024 (baseline value)	Results 2025
Ensure zero fatalities resulting from work-related injuries	Number of fatalities	0	All employees	Short-, mid, long-term	0	0
Ensure zero disabilities caused by accidents[30]	Number of disabilities	0	All employees	Short-, mid, long-term	0	0
Maintain zero occupational disease rate[31]	Occupational disease rate (cases per 1 000 employees)	0	All employees	Mid-term (up to 5 years)	0.36	0

* Calculation method for KPIs described in Appendix 1.

Health and safety targets apply across all employee roles, focusing on occupational health, workplace safety, and mental well-being throughout all operations. The Group follows a structured risk identification and mitigation process that includes incident analysis, regular workplace evaluations using the Finnish Five-Point Method, and continuous employee feedback to identify safety concerns and inform action plans.

Targets are set using data-driven methodologies based on historical trends and prioritized risk areas. They are developed in collaboration with employee representatives, occupational health experts, and management, ensuring alignment with both operational needs and workforce well-being. Progress is regularly evaluated through audits, reviews, and performance monitoring to drive continuous improvement.

Health and safety metrics

Employees	2024	2025
Covered by Health & Safety Management System, %	100%	100%
Fatalities from work-related injuries	0	0
Fatalities from work-related ill health	0	0
Recordable work-related accidents – number	4	11
Recordable work-related accidents – rate*	1.44	3.86

*Calculation method for work-related accidents rate included in Appendix 1.

[30] Work-related disability is a permanent or long-term loss of working ability caused by an occupational accident, confirmed by medical documentation and reported in the company's health and safety records.
[31] Occupational disease refers to illnesses that have been formally diagnosed and acknowledged as work-related by a competent authority, in accordance with applicable legislation.

DIVERSITY

Policies

To eliminate discrimination and ensure fair treatment, the following policies apply:

- 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,
- 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.

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 – by implementing and enforcing policies that 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 Group's headquarters and facilities are adapted to accommodate employees and visitors with disabilities, ensuring their health, safety, and comfort.

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 2020), or up to a minimum of 25%.

Targets on material sustainability matters to assess progress

Actions	KPIs*	KPIs target (level)	Scope	Period	Baseline value 2020**	Results 2025**
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%	23%
	Number of men in cabin crew positions, %	25% increase or minimum 25% representation	Cabin crew roles	2020–2025	12%	21%

* Calculation methods for KPIs described in Appendix 1.
** Base line value and results for 2025 shown as representation %.
*** With regard to diversity, the Group sets specific targets for gender diversity in key roles. For other diversity and inclusion topics, including the elimination of discrimination and support for employees with disabilities, the Group does not establish separate targets, as these areas are governed by strict legal requirements, human rights commitments, and international standards.

Dedicated HR and DEI 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 25 by 2025 goals.

Diversity metrics

Distribution of employees by age group*	2024		2025	
Age Category	**Number**	**Percentage**	**Number**	**Percentage**
Under 30	1 202	43%	1 146	40%
30-50	1 384	50%	1 470	52%
Over 50	190	7%	232	8%

The Top Management team consists of ten members from various operational fields who oversee daily operations, provides the Executive Board with insights and recommendations, and ensures effective communication across the Group, and ensures the swift implementation of plans and decisions to drive both short- and long-term profitability. The Top Management team reports directly to the Executive Board, positioned one level below the Group's administrative and supervisory bodies.

The gender distribution in number and percentage at top management level*	2024		2025	
	Female	**Male**	**Female**	**Male**
Top Management team	5	4	4	6
Percentage	56%	44%	40%	60%

*Calculation methods for diversity metrics described in Appendix 1.

TRAINING AND SKILLS DEVELOPMENT

Policies

The company's approach to training and skill 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 skill enhancement,
- Continuing Air Worthiness 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 skill 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.

Targets on material sustainability matters to assess progress

The Group has not set publicly disclosed targets for these material sustainability matters. These targets will be disclosed in alignment with the KPIs developed for these matters in upcoming reporting years. In the meantime, progress is 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.

S4 Consumers and End-Users

Material impacts, risks and opportunities and their interaction with strategy and business model

The DMA identifies the group's material IROs, including those affecting consumers and end-users across its operations and value chain (for details see chapter Description of the process to identify and assess material impacts, risks and opportunities). These impacts include health and privacy risks for users, effects on fundamental rights, reliance on accurate information, and impacts on vulnerable groups. The Group distinguishes between systemic impacts and isolated cases. Where positive impacts are identified, the Group highlights relevant initiatives, such as service or design improvements, as well as the consumer groups that benefit. The assessment outlines how consumer-related risks and opportunities are integrated into strategic and operational decision-making processes and linked to specific consumer segments based on differentiated risk profiles. The DMA also assesses how identified IROs interact with the Group's strategy and resilience, as further described in the sections on actions, policies, and the treatment of material IROs.

Material matter	IRO Type	Name	Description	Location in the Value Chain	Relation with Human Rights	Responsibility
Personal safety of consumers and/or end-users Security of persons in physical environment	Actual Positive Impact	Flight safety and security: fundamental pillars of airline operations	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. Positive impacts are immediate during travel and sustained in the long term through continuous safety and security management.	Downstream	Yes	Chief Operations Officer Safety and Security Review Board
	Risk	Flight safety and security risks		Downstream	Yes	Chief Operations Officer Safety and Security Review Board
Privacy	Actual Positive Impact	Compliance with GDPR	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. Beyond GDPR compliance, our data governance integrates ethical considerations such as AI use, reflecting our commitment to responsible digital 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. Impacts are immediate in the short term—positive through strong GDPR compliance, or negative if a breach occurs—with long-term consequences for trust, rights, and potential misuse of data.	Downstream	Yes	Top Management Team (shared responsibility) Head of Data Protection Governance
	Potential Negative Impact	Impact to individual rights and freedom in case of GDPR breach		Downstream	Yes	
	Risk	Risk of breach or non-compliance with GDPR		Downstream	Yes	Top Management Team (shared responsibility) Head of Data Protection Governance Risk Management Committee

Security of persons in digital environment	Actual Positive Impact	Compliance with National Cybersecurity Laws derived from the NIS II Directive (Network Security Directive (EU) 2022/2555)	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 Information security policy. Impacts occur in the short term through effective protection or, if breached, through immediate harm. Over the long-term, these impacts influence sustained data security, organizational trust, and resilience.	Downstream	No	Chief Information Officer
	Risk	Risk of breach or non-compliance with National Cybersecurity Laws derived from the Network Security Directive		Downstream	No	Chief Information Officer Risk Management Committee
Connecting Baltic States with rest of the world (entity-specific)	Actual Positive Impact	Social and business connectivity	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. Positive impacts are long term, as connectivity supports enduring social and economic development.	Downstream	No	Top Management - SVP Network Management
Access to products and services	Actual Positive Impact	Delivering high-quality, consistent service with efficient passenger self-service and digitalization for all travelers across all destinations	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. Positive impacts occur in the short term through service delivery and continue into the long term through improved accessibility and fairness.	Downstream	No	Top Management Team (shared responsibility)
Continuity of operations (entity-specific)	Actual Negative Impact	Disruption of operations (including ACMI-in) causes customer non-satisfaction	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. Negative impacts are short term when disruptions occur, with medium- to long-term effects on customer trust and satisfaction.	Downstream	No	Top Management - SVP Network Management
Responsible marketing practices	Potential Positive Impact	Responsible, transparent, and fair communication	The Group ensures responsible, transparent, and fair communication, aligning all environmental claims with EU and national legislation on fair marketing and green claims. It also complies with the European Accessibility Act, ensuring marketing and digital services are accessible to all. These practices have a positive impact by strengthening consumer trust, supporting informed decision-making, promoting inclusivity, and enhancing the Group's long-term brand value and social responsibility. Positive impacts arise in the short term by enabling informed choices and are reinforced over the long term by sustained consumer trust.	Downstream	No	SVP Corporate Communication, VP Revenue Management

Interests and views of stakeholders and Processes for engaging with consumers and end-users about impacts

Passengers and crew members face the highest physical risks during operations, accidents, or security incidents. Thus, safety and security measures prioritize these groups. Regulatory bodies and airport authorities primarily face operational and reputational risks in such incidents.

Cybersecurity risks and safeguards equally affect all consumers and end-users, with uniform measures protecting personal data across all digital services. However, minors, individuals with disabilities, and digital users are identified as particularly vulnerable due to complex privacy terms, cross-border data transfers, and cyber threats.

The Group ensures inclusive and accessible travel services through digital self-service platforms for managing bookings and travel details, and by providing special assistance services for passengers with disabilities or reduced mobility. Services include accessible booking methods, dedicated in-flight support, and ground assistance. Feedback from consumers and cooperation with accessibility-focused NGOs help improve services and ensure compliance with international accessibility standards and national regulations.

The process for engaging with consumers and end-users about impacts is outlined in the section Interests and Views of Stakeholders.

Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

The Group ensures remedy for material negative impacts on consumers and end-users through established claim procedures, incident management, and targeted assistance for vulnerable groups. Effectiveness is monitored via structured feedback, daily tracking of complaints, and the Net Promoter Score (NPS). Consumers and end-users can raise concerns through the multilingual Call Centre, social media, digital self-service channels, and a dedicated claims platform. Although there is no explicit formalized non-retaliation policy for consumers, the Group's Customer Service Commitment emphasizes the fair, confidential, and respectful handling of all complaints.

Actions, targets and metrics

There are no specific actions or measurable targets other than complying with international and national laws and regulations, as well as implementing appropriate policies and procedures for treating IROs related to consumers and end users.

PERSONAL SAFETY OF CONSUMERS AND/OR END-USERS

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 program, 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.

Human rights standards relevant to consumers and end-users are embedded through policies and procedures such as a Safety Management System to safeguard passengers and crew, GDPR compliance to protect data privacy, and initiatives ensuring equal access and protection for passengers with reduced mobility, unaccompanied minors, and other vulnerable groups. Ongoing employee training, including GDPR compliance and anti-trafficking measures, support effective implementation.

To prevent and address potential human rights risks affecting consumers and end-users, the Group maintains accessible claims and complaint procedures, tailored assistance for vulnerable passengers, and an incident-management framework.

In 2025 (the sames as for 2024), no violations of the UN Guiding Principles, the ILO Declaration, or the OECD Guidelines, nor any incidents connected to consumers or end-users, were identified in airBaltic's operations; accordingly, no remedial action was required.

Actions, targets and metrics

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 organization. Current accreditation is valid till December, 2026.

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 Program, mandated by EASA's Air Operations regulations. In 2025, 62 safety assessments were conducted by 41 different aviation authorities. The number of inspections is the same as in 2024; however, they were conducted by 44 authorities in 2024. These assessments review flight deck procedures, cabin safety, aircraft condition, and cargo handling to ensure compliance with international safety requirements.

Targets on material sustainability matters to assess progress

Actions	KPIs*	KPIs target (level)	Scope	Period	Baseline value (2024)	Results 2025
Evaluation of data received from FDM	Data capture rate for the Airbus A220-300 fleet	100% with acceptable deviation of 3%	Group's fleet	Annually	98.6%	99.6%

*Calculation method for KPI described in Appendix 1.

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.

SECURITY OF PERSONS IN THE DIGITAL ENVIRONMENT

Policies

The Group's Information Security Policy (ISP) defines all aspects of the Information Security Management System (ISMS) to uphold:

- Safety - health and well-being of individuals are main priorities,
- 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's, or those storing Group's data,
- Equipment attached to the Group's network, or those storing Group's data,
- Infrastructure used for information asset processing and protection.

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 supplier management, employee security awareness trainings, identity and access management, and incident response protocols, ensuring compliance with evolving regulatory expectations and best practices.

Actions, targets and metrics

To mitigate material risks arising from impacts and dependencies on consumers and end-users, the Group has implemented 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,
- Regular IT Security audits – annual audits are conducted to evaluate the effectiveness of security controls, identify gaps, and ensure continuous improvement in line with regulatory and internal standards.

Targets on material sustainability matters to assess progress

Actions	KPIs*	KPIs target (level)	Scope	Period	Baseline value (2024)	Results 2025
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 material breaches	All digital operations within the Group	Annually	0	0

*Calculation method for KPI described in Appendix 1.

SECURITY OF PERSONS IN THE PHYSICAL ENVIRONMENT

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:

- Security Policy: Ensures compliance with security regulations and internal standards, defines security objectives and performance benchmarks, and promotes a security-aware organizational culture. Reviewed at least annually, applicable to all assets, restricted information, and proprietary knowledge,
- Security Compliance and Management Manual: Integrates Security Operations, Training, and Quality Control Programs, approved by relevant Civil Aviation Authorities (CAA). Outlines specific security procedures complying with international, EU, and national laws. Applicable to all Group personnel and subcontractors,
- Emergency Response Manual: Provides guidelines on emergency definitions, roles, responsibilities, and communication protocols; includes preparation, response, recovery, and continuity procedures; outlines agreements with external agencies; and details regular training and updates. Coordinates emergency plans with external organizations and sets training requirements for emergency personnel.

Actions, targets and metrics

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 (IATA Operational Safety Audit), CARA (Civil Aviation Risk Assessment), and CAA (Civil Aviation Authority) 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 Center personnel, including online trainings for outstation agents.

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.

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 international 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.

Targets on material sustainability matters to assess progress

Actions	KPI*	KPIs target (level)	Scope	Period	Baseline value (2024)	Results 2025
Regular security and travel document training is provided to all relevant operational personnel in accordance with international aviation security standards, regulations, and best practices. This includes classroom and web-based (ABLE) training for gate and check-in agents, airBaltic and RIX staff, outstation agents, and the travel document competence unit within the call center.	Non-compliance cases per 5 000 passengers	Reduce non-compliance cases per 5 000 passengers to 0.015 or fewer	All operational personnel, gate agents, check-in agents, and RIX staff	Annually	0.018 non-compliance cases per 5 000 passengers	0.014 non-compliance cases per 5 000 passengers

* Calculation methods for KPI described in Appendix 1.

CONNECTING BALTIC STATES WITH REST OF THE WORLD (ENTITY-SPECIFIC)

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[32], 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 2025, airBaltic operated flights to 84 destinations in 43 countries (in 2024 – 89 destinations in 43 countries), carrying over 5.2 million (in 2024 – 5.1 million) passengers.

Policies

The Group's Traffic and Fleet Planning policy ensures that commercial and operational teams coordinate to make consistent decisions on network planning, including route selection, flight frequencies, and aircraft allocation, balancing market demand with operational capabilities. 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.

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

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 airBaltic Rules and Regulations.

Actions, targets and metrics

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.

Route planning aligns with medium-term fleet expansion commitments and short-term operational requirements, ensuring a balance between strategic growth and immediate service needs.

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 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.

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.

Targets on material sustainability matters to assess progress

Actions	KPIs*	KPIs target (level)	Scope	Period	Baseline value (2024)	Results 2025
1. Route (destination) adjustments; 2. Introduction of new routes; 3. Discontinuation of existing routes.	Number of destinations	n/a**	All operations	Annually	89	84
	Number of passengers served	n/a**	All operations	Annually	5 132 573	5 206 852

*Calculation methods for KPIs described in Appendix 1.
**There are no set target KPIs for number of destinations and passengers served.

PRIVACY

Policies

The Group has several policies to proactively prevent any incidents that could affect persons privacy:

- Policy on Personal Data Governance (Privacy Program) - establishes personal data governance across the Group and subsidiaries. Defines employee roles, privacy principles (incl. GDPR compliance), key processes (rights management, breach response, vendor oversight), Data Register maintenance, DPIAs, data security, training, and other privacy matters. Sets minimum standards for personal data processing,
- Procedure on Personal Data Breach Response - regulates handling of data breaches. Defines breaches, assigns roles, establishes breach response team and decision process, outlines risk assessment and reporting. Covers all GDPR requirements for breach management,
- Procedure on Handling Data Subjects' Rights and Requests - sets the process for managing data subjects' rights. Explains rights and requests, subject identification, roles, request registration, and information flow. Applies only to personal data-related requests; others are handled separately,
- Procedure on Management of Cookies and Other Technologies within Group Websites - describes management of cookies and similar technologies. Covers data collection, user information, assigned responsibilities, and cookie oversight for all Group and subsidiary websites.

Actions, targets and metrics

The Group complies with GDPR, NIS II, and national data protection laws through defined procedures, active risk monitoring, and regular staff training. Data governance is led by the Data Protection Officer (DPO), supported by a structured Privacy Program and an incident response protocol for managing personal data breaches.

Short-term priorities include regulatory compliance, annual GDPR and IT security training, and risk tracking. Mid-term goals focus on improving data classification, updating third-party agreements, and reinforcing employee awareness. Long-term actions target regulatory adaptation, system security reviews, and governance sustainability.

To address GDPR 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.

Targets on material sustainability matters to assess progress

Actions	KPIs*	KPIs target (level)	Scope	Period	Baseline value (2024)	Results 2025
Ensure compliance with GDPR and data protection regulations	Number of substantiated complaints resulting in fines	Zero substantiated complaints	All personal data processing activities	Annual	0	0
Prevent high-risk data breaches with significant material impact	Number of high-risk data breaches	Zero high-risk breaches	All consumer and end-user interactions	Annual	0	0

*Calculation methods for KPIs described in Appendix 1.

ACCESS TO PRODUCTS AND SERVICES

Policies

The Group approaches accessibility and inclusivity by aiming to deliver high-quality, consistent service with efficient passenger self-service and digitalization for all travelers across all destinations. It is governed by several internal policies and manuals, ensuring compliance with regulatory requirements and best practices:

- Cabin Crew Handbook and Service Manual defines in-flight service standards focused on safety, security, processes efficiency, sustainability and passenger satisfaction,
- Ground Operations Policies establish procedures for passenger handling and regulatory compliance,
- Product Group Guidelines sets standards for passenger service design and delivery,
- Operational Manual 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 via training and manuals; externally, accessibility information is available in airBaltic website: https://www.airbaltic.com/en/special-assistance.

In 2025, updates were completed 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, targets and metrics

Group's actions focus on enhancing digital platforms, complying with accessibility regulations, and integrating customer feedback into service improvements. In the short term, efforts focus on complying with the Law on Accessibility of Goods and Services and improving digital access. Mid-term goals include expanding self-service tools and refining customer service. Long-term objectives aim at real-time service monitoring and sustained accessibility improvements.

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,
- The Customer Relations Department and Call Center 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 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.

Targets on material sustainability matters to assess progress

Actions	KPIs*	KPIs target (level)	Scope	Period	Baseline value (2024)	Results 2025
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	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%)	n/a, rank for 2025 will be published in Q1-Q2 of 2026
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	Accessibility Act compliance achieved for main digital platforms; continuous monitoring in place, no critical gaps identified

*Calculation methods for KPIs described in Appendix 1.

RESPONSIBLE MARKETING PRACTICES

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 through this code, ensuring that communication is clear, accurate, and truthful. This commitment is further reinforced by the Group’s Anti-Greenwashing Guidelines, which serves as a primary resource for employees to ensure accurate and responsible communication, ensuring compliance with ethical advertising standards.

Actions, targets and metrics

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.

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.

Targets on material sustainability matters to assess progress

Actions	KPIs*	KPIs target (level)	Scope	Period	Baseline value (2024)	Results 2025
Conduct digital information audit and implement ani-greenwashing guidelines for employees	Number of greenwashing or miscommunication cases resulting with fines	Zero cases	All customer communication channels	Annual (ongoing)	0	0
Consistent information throughout all customers touchpoints	Compliance with Unfair Commercial Practices Prohibition Law and Advertising Law					

*Calculation method for KPI described in Appendix 1.

CONTINUITY OF OPERATIONS (ENTITY SPECIFIC)

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 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.

Actions, targets and metrics

The Group is focused on ensuring operational continuity, improving punctuality, and maintaining service reliability across its network. 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.

Targets on material sustainability matters to assess progress

Actions	KPIs*	KPIs target (level)	Scope	Period	Baseline value (2024)	Results 2025
Perform safe and timely operations	15-minute punctuality	90%	All flight operations	Annual	73.7%	77.1%
	Regularity rate	99%	All flight operations	Annual	99.6%	99.6%
Ensure operational continuity	Percentage of flights performed by ACMI-in partners	n/a	ACMI-in partnerships	Annual	8.3%	6.28%

*Calculation methods for KPIs described in Appendix 1.

Governance Information

G1 Business Conduct

The role of the administrative, management and supervisory bodies

Information disclosed in section The Role of the Administrative, Management and Supervisory Bodies.

Material impacts, risks and opportunities and their interaction with strategy and business model

The Group identified and assessed material IROs for business conduct matters using defined criteria, including the location of operations and business relationships, the nature of activities, the aviation-sector context, and contractual and transactional arrangements (see chapter Description of the process to identify and assess material impacts, risks and opportunities). This assessment considers how these IROs interact with the Group's strategy and business model.

Material matter	IRO Type	Name	Description	Location in the Value Chain	Relation with Human Rights	Responsibility
Corporate culture - fair, ethical and capital market compliant governance	Potential Positive Impact	Fair, ethical and capital market compliant governance	The Group operates on an international scale, has issued public bonds, and is strategically focused on achieving a stock exchange listing, which necessitates regular audits and would not be achieved without capital market compliant governance. In its 2025 evaluation of compliance with the principles of the Corporate Governance Code, the Company concludes that it is fully compliant with sixteen principles, partially compliant with one, and non-compliant with one principle (see Corporate Governance Statement). For this reason, most of the IROs identified as material are associated with actual or potentially positive impacts. Positive impacts are medium- to long-term, as consistent compliance and ethical practices build sustained trust and reputation.	Own operations	No	Top Management team (shared responsibility)
	Potential Positive Opportunity	Excellent reputation advantage		Own operations	No	
Protection of whistle-blowers	Actual Positive Impact	Protection of whistle-blowers	The Group goes beyond the minimum requirements of the EU Whistleblower Directive, which mandates internal reporting channels, by also maintaining an external whistleblowing system accessible to third parties such as suppliers and contractors. This strengthens accountability and transparency across the value chain and enables earlier identification of unethical conduct. Political engagement activities are conducted in a transparent manner to ensure consistency with responsible business principles. Supplier relationships are managed through contractual clauses that promote ethical conduct, compliance with labor standards, and fair payment practices. These measures result in demonstrable positive impacts on governance transparency and responsible business conduct. Impacts are immediate in the short term when protections and controls function effectively, with long-term significance for preventing misconduct and safeguarding rights.	Upstream, own operations, downstream	Yes	Top Management - SVP Legal Affairs
Political engagement and lobbying activities	Potential Positive Impact	Transparent political engagement and lobbying activities		Own operations	No	Top Management - SVP Legal Affairs
Anti-corruption and anti-bribery	Risk	Corruption and fraud risk	At the corporate risk management, the main risk and prevention measures refers to corruption and fraud, and the leakage of confidential data prevention. 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. In the short term, risks are generally low given that anti-corruption measures protect integrity, build trust, and ensure sustainable operations. The Group should remain vigilant in the medium and long term, as conditions may shift. Continued implementation is essential for risk management.	Own operations	No	Risk Management Committee
Animal welfare	Actual Positive Impact	Fair animal transportation	Fair animal transportation is an actual positive impact because it results in improved animal welfare during transit through humane handling, minimized stress, and compliance with high welfare standards. These practices contribute directly to the ethical treatment of animals and support responsible logistics aligned with sustainability goals. Positive impacts occur in the short term through humane transport practices and extend into the long term by supporting high welfare standards.	Upstream, own operations, downstream	No	Chief Operations Officer Top Management - SVP Network Management (cargo)

Actions, targets and metrics

Due to the strong governance framework established by EU and national regulations, and the Group's compliance with applicable international and national laws, governance-related IROs are primarily addressed through existing policies, procedures, and oversight mechanisms. As these matters are managed as part of established business-as-usual governance processes, no separate measurable targets have been defined at this stage.

The Group will assess the need to introduce specific actions and measurable targets in future reporting periods to further strengthen governance oversight and responsiveness.

CORPORATE CULTURE

Group's corporate culture is built on its mission to provide vital 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. 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.

An experienced Executive Board and Top Management lead corporate governance, with support from the Supervisory Board. For information on the functions of 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 Supervisory Board and reviewed annually by the Executive Board, establishes ethical and responsible business practices. The Personnel Handbook provides internal guidelines for workplace behavior and business relationships, with implementation overseen by the Human Resources Department.

Mechanisms for addressing business conduct concerns include the Whistleblowers Channel and Internal Reporting System. Investigations, conducted independently by the Compliance and Safety Department, ensure objectivity and confidentiality, with protection 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 WHISTLE-BLOWERS

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. In 2025, the Group expanded its whistleblowing mechanism to external stakeholders, enabling business partners, suppliers, and other third parties to report potential misconduct, ethical breaches, or safety concerns directly. This enhances trust, strengthens ethical supply chain management, and supports early identification and prevention of potential risks.

The Internal Auditor and Vice President Compliance and Safety oversee whistleblowing reports. The policy establishes measures to safeguard 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 unfavorable treatment (excluding anonymous reports).

The Executive Board approves the policy, which is available on the Company's internal 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 passenger and cargo compartments through established procedures in the Ground Operations Manual (GOM) and the Cargo Operations Manual (COM), complying with IATA (International Air Transport Association) Live Animal Regulations. The policy covers handling, container requirements, and measures like ventilation, spacing, heating, and weather protection. Animals without proper documentation, in non-compliant containers, or belonging to restricted species under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) or other regulations are strictly not accepted for carriage. Preventive controls, including documentation checks and staff training, are implemented to prevent any illegitimate or concealed transport attempts. The Head of Ground Operations and the Vice President of Cargo Operations oversee implementing animal welfare procedures, ensuring compliance with international standards and internal procedures: The Head of Ground Operations and the Vice President of Cargo Operations oversee implementing 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. It is available in the Ground Operations Manual (GOM) and the Cargo Operations Manual (COM) for all relevant employees. 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 ethical 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 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.

airBaltic is a member of various organizations 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, Latvian Employers Confederation, Latvian Chamber of Commerce and Industry, American Chamber of Commerce in Latvia, Association of Latvian Travel Agents And Operators.

Under Latvian law, the Group has managing and supervising bodies, with no lobbying oversight positions. Members of the Executive Board cannot hold public administration roles. Supervisory Board members, particularly those appointed by the Ministry of Transport, may hold such positions, with compliance ensured through conflict of interest declarations.

CORRUPTION AND BRIBERY

Group's Anti-Corruption and Anti-Bribery Policy, approved by the Executive Board, sets 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 United Nations Convention Against Corruption (UNCAC) and the OECD (Organization for Economic Co-operation and Development) 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 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, guaranteeing protection for whistleblowers. Findings are documented and communicated to the Executive Board and 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 external whistleblowing channel or compliance@airbaltic.com.

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

- Zero-tolerance policy, bribery risk identification, and legal compliance,
- Ethical decision-making, reporting mechanisms, gift policies, and facilitation payments prohibitions,
- Scenario-based exercises to enhance employees awareness.

	2024	2025
Training coverage		
Mandatory for all Group's employees and Supervisory board, Executive board and Audit committee members.	2 786	2 859
Delivery method and duration		
Computer-based training	Up to 1 hour (for the whole Code of Conduct training)	Up to 1 hour (for the whole Code of Conduct training)
Frequency		
How often training is required	Bi-annually	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 Group's administrative, supervisory, and management bodies are also included to ensure top-level compliance oversight.

In 2025 the Group has had no confirmed incidents of corruption or bribery, nor any convictions or fines related to anti-corruption and anti-bribery laws (the same as for 2024).

APPENDICES

1 Calculation Methods

KPI/metric	Calculation methodology
General Information	
Composition of the Supervisory board, Audit Committee and Executive Board (AMSB) and diversity ratio	The gender diversity ratio is calculated by dividing the total number of unique female AMSB members by the total number of unique male AMSB members. An individual is counted only once in the overall AMSB totals if they hold membership in more than one of these bodies.
Percentage of members of the AMSB by age	The percentage of AMSB members in each of the three age groups (under 30, 30 - 50, and over 50) is calculated by dividing the number of members in each group by the total number of unique AMSB members and multiplying by 100.
Percentage of ACMI-out operations of total revenue	Calculated by dividing the revenue generated from ACMI-out operations - providing aircraft, crew, maintenance, and insurance services to other airlines - by the total revenue for the reporting year and multiplying by 100.
Headcount of employees by geographical areas	Employee headcount is disclosed by geographical area according to the location specified in the employee's official employment contract as of 31 December of the reporting year. Temporary staff, agency workers, and outsourced personnel are excluded where they do not meet the ESRS definition of the "own workforce". The percentage of employees with a home base outside Latvia is calculated as: (Number of employees in other geographical areas ÷ Total own workforce headcount) x 100.
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 1 000 kilometers, it generates 100 000 RPKs.
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 tons (including passengers, cargo, and mail) by the distance flown in kilometers. For instance, transporting 10 tons of cargo over 500 kilometers results in 5 000 RTKs.
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.
Flight Efficiency	To examine jet fuel and CO_2e reduction in 2025, 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 Take-Off, Single Engine Taxi-In, and Extra Fuel Reduction.
Total Scope 1 emissions, t CO_2e	Scope 1 emissions include direct CO_2e emissions from the combustion of fuel in aircraft and ground vehicles natural gas used for heating and are calculated as of December 31. These emissions are determined by multiplying the amount of fuel consumed by predefined emission factors. For example, jet fuel is multiplied by 3.16 (tons of CO_2 per ton of fuel), diesel by 0.267 (tons of CO_2e per MWh) and petrol by 0.261 (tons of CO_2e per MWh).
Total Scope 2 location-based emissions, t CO_2e	Location-based Scope 2 emissions are calculated as the indirect CO_2e emissions from purchased electricity and heat. The respective emission factors are as follows: 0.109 tons of CO_2e per MWh for grid electricity; 0.0363 tCO_2e per MWh for heat from natural gas and diesel generators; and 0 tons of CO_2e per MWh for renewable sources. Total location-based Scope 2 emissions = consumption x emission factor.
Total Scope 2 market-based emissions, t CO_2e	Scope 2 market-based emissions are calculated as the indirect CO_2e emissions from purchased electricity, by multiplying the amount of electricity consumed by the respective emission factors: 0.487 tCO_2e/MWh for electricity from the grid.
Scope 1 emission reduction from flight-efficiency measures, SAF use, and electrification, t CO_2e	The reduction in Scope 1 emissions is calculated by comparing actual emissions with a baseline scenario. This calculation accounts for fuel savings from flight efficiency measures, the use of sustainable aviation fuel (SAF) with certified reduction factors and avoided emissions from electrification.
Scope 1 share in reduction target, %	Scope 1 share of the reduction target is calculated as the percentage of the total expected CO_2e reduction resulting from Scope 1 emission reduction measures.
Scope 2 emission reduction from energy-efficiency measures / renewable electricity, t CO_2e	Calculated by comparing actual electricity-related emissions to a baseline scenario and accounting for electricity savings from energy efficiency measures and avoided emissions from purchasing renewable electricity.

KPI/metric	Calculation methodology
Scope 2 share in reduction target, %	Calculated as the percentage of the total expected reduction in CO_2 emissions resulting from measures to reduce Scope 2 emissions.
Total CO_2 reduction, t CO_2e	Total CO_2 reduction is calculated by summing the actual reductions in Scope 1 and Scope 2 emissions relative to the reporting year.
Emissions intensity – Scope 1 + 2 per RPK, kg CO_2 / RPK	Emissions intensity (Scope 1 + Scope 2 per RPK) is calculated by dividing the total combined Scope 1 and Scope 2 CO_2 emissions by the total RPK for the reporting year.
Intensity reduction vs 2024, %	The intensity reduction versus the base year of 2024 is calculated by comparing the emissions intensity in a reporting year to that of the base year. The percentage change is determined using the following formula: [Current year intensity x 2024 intensity] / 2024 intensity x 100.
Material Scope 3 categories	Category 1 Purchased goods & services: all non-capital purchases of goods and services, including airport and ATC charges, ground handling, maintenance services, catering, uniforms, IT and professional services. Method - spend-based using supplier invoice data and NAICS-mapped sector emission factors from USEEIO (U.S. Environmentally-Extended Input-Output model) [33].
	Category 2 Capital goods: Aircraft and engines, ground equipment, IT hardware, construction and fit-out of facilities. Method - spend-based using supplier invoice data and NAICS-mapped sector emission factors from USEEIO model.
	Category 3 Fuel- and energy-related activities (WTT): Well-to-tank emissions of jet fuel and other fuels used in Scope 1 and 2, for fuel emission factors the ICAO CORSIA lifecycle methodology [34] is used. Emissions (kg CO_2e) = Fuel quantity (kg or litre) x WTT EF (kg CO_2e/kg or litre)
	Category 4 Upstream transportation & distribution: Third-party transport of parts, spares, catering and baggage/cargo logistics. Method - spend-based using supplier invoice data and NAICS-mapped sector emission factors from USEEIO model.
	Category 5 Waste generated in operations: Waste from hub operations in Riga and other locations. Calculation based on waste data as reported in E5 and with only total waste amounts available and detailed segregation or treatment data is missing, assumptions based on national statistics, industry averages were applied to select the most representative emission factors from DEFRA emission factor library [35]
	Category 6 Business travel: Business travel on non-airBaltic flights, rail, rental cars, taxis and hotels. For flights - distance-based emissions are calculated using route-specific factors from DEFRA emission factor library. For hotel stays, taxis - spend-based method was utilized using supplier invoice data and NAICS-mapped sector emission factors from USEEIO model.
	Category 7 Employee commuting: Travel of employees between home and workplace. Calculated utilizing activity-based method using the following structure: Calculated utilizing activity-based method using the following structure: • Number of employees by group (e.g. operational vs office); • Average one-way commuting distance (km); • Average commuting days per week and working weeks per year; • Modal split (% car, bus, rail, cycling, walking, etc.); • Mode-specific emission factors (kg CO_2e/km). DEFRA emission factor library. Example formula: Emissions_car (kg) = Employees x %car x Distance_round_trip_km x Days_year x EF_car (kg/km)
Scope 1 emissions, kg CO_2 / RPK Scope 1 and Scope 2 emissions, kg CO_2 / RPK Scope 3 emissions, kg CO_2 / RPK	Calculated by dividing the total Scope 1, the sum of Scope 1 and Scope 2 and total quantified Scope 3 CO_2 emissions by the total RPK for the reporting year.

[33] Published by the U.S. Environmental Protection Agency: https://catalog.data.gov/dataset/supply-chain-greenhouse-gas-emission-factors-v1-3-by-naics-6
[34] Published by ICAO: https://www.icao.int/sites/default/files/environmental-protection/CORSIA/Documents/CORSIA%20Eligible%20Fuels/ICAO-document-07-Methodology-for-Actual-Life-Cycle-Emissions-June-2025.pdf
[35] Published by the UK Department for Environment, Food & Rural Affairs: https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2025

KPI/metric	Calculation methodology
Fuel consumption from crude oil and petroleum products, MWh	Calculated by converting volumes of jet fuel, diesel, and petrol into MWh using Group-specific factors.
Jet Fuel: commercial and training fleet (MWh)	Calculated by converting consumed jet fuel using ETS factors: 1 galon =0.0395 MWh 1 galon = 3.785l
Ground vehicle fuel – diesel, MWh	Calculated by converting diesel volume to energy using: Fuel density, kg/l – 0.84 1 ton of diesel fuel – 42.49 GJ Unit conversion coefficient – 0.2778
Ground vehicle fuel – petrol, MWh	Calculated using: Fuel density, kg/l – 0.74 1 ton of petrol – 43.97 GJ Unit conversion coefficient – 0.2778
Diesel generator, MWh	Calculated using the same diesel conversion as for ground vehicle fuel.
Natural gas for heating, MWh	Calculated from gas volume using the factor: 1 thousand m^2 of natural gas – 34.57 GJ Unit conversion coefficient – 0.2778
Electricity from fossil sources, MWh	Reported in MWh based on energy supplier data.
Heating from fossil sources, MWh	Measured directly in MWh based on supplier data for heat sourced from fossil fuels.
Share of fossil sources in total energy consumption, %	Calculated as (Fossil energy / Total energy) x 100, based on fossil energy consumption expressed in MWh.
Fuel consumption for renewable sources, including biomass (MWh) / Scope 1 (sustainable aviation fuel)	Calculated using same method as fossil jet fuel.
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)/ Scope 2 (electricity for renewable sources)	Measured in MWh based on supplier data confirming renewable origin (e.g. certified green electricity).
Total renewable energy consumption, MWh	Sum of SAF and other renewable fuels plus purchased renewable electricity or heat, all measured in MWh.
Share of renewable sources in total energy consumption, %	Calculated as (Renewable energy / Total energy) x 100, based on energy measured in MWh.
Total energy consumption, MWh	Sum of all fossil and renewable energy consumed from fuels and purchased electricity, heat, steam, and cooling, in MWh.
Energy intensity per net revenue	Calculated as total energy consumption (MWh) divided by net revenue in thousand euros.
Gross Scope 1 GHG emissions, including emissions from fossil and biogenic sources (SAF), t CO_2e	Calculated as the total CO_2 emissions from combustion of fossil fuels (jet fuel, diesel, petrol) and biogenic fuels (SAF). SAF emissions are included as biogenic emissions per ETS.

KPI/metric	Calculation methodology
Percentage of Scope 1 GHG emissions from regulated emission trading schemes, %	Calculated as the share of Scope 1 emissions covered under the EU ETS and CORSIA schemes, based on emissions reported in the verified ETS declarations.
Gross location-based Scope 2 GHG emissions, including emissions from fossil and renewable sources, t CO_2e	Calculated by multiplying purchased electricity and heat consumption (MWh) by location-based emission factors: 0.109 tCO_2/MWh for fossil-based electricity, 0.036 tCO_2/MWh for heating from natural gas, and 0 tCO_2/MWh for renewable energy.
Percentage of electricity purchased from 100% renewable sources	Calculated as the share of purchased electricity (in MWh) that is sourced from certified renewable supply (e.g., backed by guarantees of origin).
Total Gross indirect (Scope 3) GHG emissions, t CO_2e	Scope 3 GHG emissions are calculated using category-specific approaches in accordance with GHG Protocol Corporate Value Chain (Scope 3) Standard. Priority is given to primary (supplier-specific) data and activity-based information obtained from suppliers and business partners. Where primary data are not available, a spend-based method using relevant emission factors is applied. All assumptions, emission factors, data sources, and estimation methods used in the calculation are documented in Scope 3 GHG Calculation Model to ensure transparency and traceability, as required by ESRS.
% of Scope 3 emissions calculated using primary data	Calculated as the proportion of Scope 3 emissions for which primary data (e.g., actual fuel or travel activity data) was used rather than estimates.
Total GHG emissions	Sum of Scope 1, Scope 2 (location based), and Scope 3 emissions, expressed in tCO_2e and calculated using the Group's documented emission factors and sources of activity data.
GHG Intensity based on net revenue	Calculated as total GHG emissions (Scope 1 + Scope 2 + Scope 3) divided by net revenue in thousand euros. Formula: GHG intensity = Total emissions (tCO_2e) / Net revenue (thousand, EUR).
E2 Pollution	
Noise breach rate per 1000 flights	Noise breach cases refer to flights performed by airBaltic, including ACMI-in and ACMI-out operations. These cases are registered in the internal system. The rate is calculated by dividing the total number of noise breach cases by the total number of airBaltic, ACMI-in, and ACMI-out flights and multiplying the result by 1000.
E5 Resource use and Circular Economy	
Amount (kg) of unsorted waste per employee	The total amount of Group's unsorted waste (except waste from flights) is divided by the number of employees. Unsorted waste means waste that has not been separated by type (e.g., paper, plastic, metal) before disposal, consistent with ESRS definitions and applicable local waste regulations.
Amount (kg) of unsorted waste per passenger	The total amount of the Group's unsorted inflight waste is divided by the number of passengers.
Total Waste generated, tons	This includes all types of waste (hazardous and non-hazardous, sorted and unsorted) measured in tons and calculated based on invoices from waste service providers.
Hazardous waste, tons	The total amount of hazardous waste, as defined by applicable legislation (e.g., chemicals and batteries), is measured in tons and is based on the segregation and reporting of authorized waste handlers.
Non-hazardous waste, tons	The total amount of non-hazardous waste, including packaging, office, and inflight catering waste, is calculated and reported in tons based on collection records from contracted waste operators.
Ground waste, tons (sorted and non-sorted)	This includes waste generated at ground facilities, such as offices, hangars, and terminals, and it is categorized by sorting status. Quantities are based on contractor data and internal facility tracking.
Inflight waste, tons (sorted and non-sorted)	The waste collected on-board during flight. Data is collected from catering and waste collection partners and recorded by sorting status (e.g., food waste, plastic waste) and is reported in tons.
Percentage of non-recycled waste, %	Calculated by dividing the total amount of non-recycled (unsorted household and hazardous) waste by the total amount of waste generated, then multiplying by 100.

KPI/metric	Calculation methodology
S1 Own Workforce	
Characteristics of the Group's employees	The total number of employees is reported as of December 31 of the reporting year by headcount, with each individual counted once based on their primary employment contract. The scope includes all individuals who are part of the undertaking's workforce, as defined by ESRS S1. This includes employees with a direct employment relationship with the Group, including those with permanent and fixed-term. The total headcount is disaggregated by contract type and gender. The members of the Audit Committee, Supervisory Board, and Executive Board are excluded, as these individuals are not considered employees under applicable legal regulations. Additionally, employees are classified by working time status, distinguishing between full-time and part-time employees, regardless of contract type
Employee Turnover	The total number of employee departures includes all employees who left the Group during the reporting year, regardless of whether the departure was voluntary or involuntary. Turnover rate is calculated by dividing the number of leavers during the reporting year by the average number of employees and multiplying by 100. The average number of employees is defined as the mean headcount on January 1 and December 31 of the reporting year. This calculation includes only employees who have commenced employment effectively (i.e., worked more than four days) and excludes internal rotations within the Group, expired temporary contracts, and voided terminations.
Employee NPS score	Measured annually through an anonymous employee survey, respondents assess their likelihood of recommending airBaltic as an employer on a scale from 0 to 10. The share of Promoters is calculated as the number of respondents assigning a score of 9–10 divided by the total number of valid responses, multiplied by 100. The share of Detractors is calculated as the number of respondents assigning a score of 0–6 divided by the total number of valid responses, multiplied by 100. The employee Net Promoter Score (eNPS) is determined as the difference between the share of Promoters and the share of Detractors and is reported as of year-end.
Collective Bargaining and Workers' Representation	Collective bargaining coverage is calculated by dividing the number of employees covered by a valid Collective Labor Agreement (CLA) by the total number of employees and multiplying the result by 100. An employee is considered covered if their employment terms are governed by an applicable CLA. Coverage may apply regardless of trade union membership, as in the case of sector-wide agreements.
Retention rate	The retention rate is calculated as the percentage of employees who remain employed throughout the reporting year, determined by dividing the number of employees at the start of the year minus leavers during the year by the total number of employees at the start of the year, multiplied by 100 This calculation includes all employees who are part of the company's workforce, as defined by ESRS S1. This includes individuals who are in a direct employment relationship with the group, including both full-time and part-time employees. Leavers include voluntary and involuntary terminations. Internal transfers within the group are excluded from leavers. Non-employees, such as self-employed contractors or agency-supplied staff, are excluded from the calculation.
Commitment Index	Based on the results of the annual employee survey, employees respond to a series of statements on a Likert scale assessing organizational commitment. Each response is converted to a standardized 0–100 scale. First, an average score is calculated for each respondent. Then, the Commitment Index is determined as the arithmetic mean of these individual scores across all respondents.
Adjusted Pay-gap ratio	The Adjusted pay gap for the Group is calculated as weighted (by employee counts) average of the Adjusted pay gaps per each group. The adjusted pay gap calculation includes only employees who have a direct employment relationship with the Group. Executives, supervisory board members, and audit committee members are excluded, as their remuneration is determined by the supervisory board or shareholders' meeting and, under applicable regulation, they are not considered employees of the company. The adjusted pay gap ratio is calculated by comparing the average remuneration of male and female employees within the same position group and grade, provided that both genders are represented in that group. Employees are therefore categorized by position group, grade, and gender, and an adjusted pay gap figure is determined for each eligible group. Due to the exclusion of groups with representation of only one gender, the calculation covers 94.3% of all Group employees. For each group, the adjusted pay gap is expressed as a percentage of the average annual total remuneration on a full time equivalent basis using the formula: (Average male remuneration – Average female remuneration) ÷ Average male remuneration x 100 The overall Group adjusted pay gap is then calculated as a weighted average of the adjusted pay gap values across all eligible groups, using employee counts in each group as weights.
Insurance coverage	Measured as the proportion of employees as of year-end who are covered by employer-sponsored insurance schemes providing both general healthcare services and protection against work-related accidents. The percentage is calculated as the number of employees enrolled in such plans at year-end divided by the total number of employees in the own workforce at year-end, multiplied by 100.

KPI/metric	Calculation methodology
Adequate wage	The indicator reflects the proportion of employees whose total remuneration (base salary plus regular benefits) is equal to or greater than the applicable statutory minimum wage in their country of employment as of the end of the year. Members of the Supervisory Board and Audit Committee, as well as apprentices, trainees, and Pilot Academy cadets in training positions, are excluded. The statutory minimum wage used for the assessment corresponds to the legally established minimum wage rate in the country.
Unadjusted Pay-gap ratio as per ESRS, %	The gender pay gap is calculated as the percentage difference between the average gross hourly earnings of male and female employees using the following formula: ((Average gross hourly pay of male employees – average gross hourly pay of female employees) / average gross hourly pay of male employees) x 100. The calculation covers employees forming part of the own workforce in a direct employment relationship and excludes Executives, Supervisory Board members, and Audit Committee members, whose remuneration is determined by the Supervisory Board or the Meeting of Shareholders.
Annual Total Remuneration Ratio	The total remuneration ratio is determined by dividing the highest-paid individual's annual total remuneration by the median annual total remuneration of all other employees (excluding the highest-paid individual). When determining the highest-paid individual, AMSB members are included in the scope in accordance with ESRS requirements. According to ESRS S1-16 AR 101, annual total remuneration includes base salary, variable pay, bonuses, share- and option-based awards, non-equity incentive plan compensation, changes in pension value, and other recurring monetary benefits. It excludes non-cash benefits such as insurance, company cars, and other benefits in kind, which are not available for extraction from internal data systems. This calculation is based on employees who are part of the company's workforce, i.e., individuals who have a direct employment relationship with the company, and it reflects full-year remuneration data.
Occupational disease rate (cases per 1 000 employees)	This indicator represents the number of officially recognized occupational disease cases for every 1000 workers. It is calculated as follows: (Number of occupational disease cases recorded during the reporting year ÷ Total workforce headcount) x 1000. Occupational disease cases refer to illnesses that have been formally diagnosed and acknowledged as work-related by a competent authority, in accordance with applicable legislation.
Recordable work-related accidents – rate	Calculated by first identifying the total number of recordable incidents involving employees, then computing the rate per 1000 individuals using: (Number of recordable accidents / Total headcount) x 1000, based on cases documented in the internal Accident Register.
Number of women in pilot positions, %	This indicator reflects the proportion of women in pilot positions at the end of the year. It is calculated by dividing the number of female employees in certified and active pilot roles on the reporting date by the total number of employees in these roles (both female and male) on the same date. This calculation is based on gender-disaggregated HR system data. The result is presented as a percentage.
Number of women in operations and maintenance positions, %	This indicator measures the percentage of women in operations and maintenance roles at the end of the year. It is calculated by dividing the number of female employees in technical, engineering, and maintenance-related roles on the reporting date by the total number of employees in those roles (including both women and men), based on a role-based classification system and gender data extracted from the HR system. The outcome is reported as a percentage.
Number of men in cabin crew positions, %	This indicator represents the proportion of men in cabin crew roles as of year-end. It is determined by dividing the number of male employees assigned to cabin crew functions at the reporting date by the total number of employees in cabin crew functions (both women and men), based on current role classifications and gender information from the HR database. The result is expressed as a percentage.
Distribution of employees by age group	The indicator is calculated by categorizing the total number of employees as of the end of the year into three age groups - under 30 years, 30 - 50 years, and over 50 years - and presenting the number of employees in each category as a percentage of the total workforce. This classification is based on the date of birth data recorded in the HR system as of the reporting date.
The gender distribution in number and percentage at top management level	This indicator is calculated by identifying employees designated as top management at the end of the reporting year and analyzing their gender distribution. The total number of top managers is disaggregated by gender, and each category is presented as both an absolute figure and a percentage of the total top management population. This assessment is based on gender data recorded in the HR system as of the reporting cutoff date.

KPI/metric	Calculation methodology
S4 Consumers and End-Users	
Data capture rate for the Airbus A220-300 fleet	Calculated as the percentage of flights operated by Airbus A220-300 aircraft during the reporting period for which a complete and usable set of operational safety and performance data has been recorded. The data capture rate is calculated as: (Number of A220-300 flights with valid data in the Flight Data Monitoring (FDM) system ÷ Total number of A220-300 flights in the reporting period) x 100
Full compliance with the National Cybersecurity Law and other regulations derived from NIS II Directive	It is assessed by verifying that all applicable digital systems and infrastructure adhere to regulatory cybersecurity requirements. Compliance is evidenced through the internal system's records, which indicate the absence of unresolved non-conformities. Material breaches are confirmed breaches of applicable regulations that result in a fine, financial penalty or formal written warning from a competent authority and are recorded.
Total number of cases of non-compliance with regulations resulting in fines, penalties or warnings	A non-compliance case is defined as a confirmed breach of applicable regulations, resulting in a fine, financial penalty, or formal written warning issued by a competent authority. These cases are recorded in the internal system. The rate is reported per 5000 passengers. The rate is calculated as follows: (Number of noncompliance cases ÷ Total number of passengers) x 5000.
Number of destinations	Reported as the total number of unique destinations that the airline scheduled flights to during the reporting period.
Number of passengers served	This is the total number of passengers who boarded all eligible flight segments operated by airBaltic during the reporting period. This includes both scheduled and charter services and is counted per flown segment.
Number of substantiated GDPR and data protection complaints resulting in fines	This captures the number of GDPR or data protection complaints that were investigated and officially concluded with a regulatory fine during the reporting year. Only complaints resulting in monetary sanctions by a supervisory authority are included. The count is the total number of complaints that were fined and finalized within the reporting period.
Number of high-risk data breaches	Counts all confirmed data breaches classified as "high risk" to data subjects under GDPR Article 34, which typically require notification to affected individuals. The breach risk classification follows an internal risk assessment methodology that is aligned with GDPR guidelines. The count is the number of high-risk data breaches confirmed during the reporting year.
Net Promoter Score (NPS)	Passengers rate their likelihood of recommending the airline on a 0–10 scale, categorized as Promoters (9-10), Passives (7-8), and Detractors (0-6). The NPS score is calculated as (% of Promoters) - (% of Detractors).
Sustainable Brand Index score	The ranking is based on consumer perception surveys conducted by SB Insight that evaluate 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)
Accessibility compliance with Accessibility Act	An internal working group assessed current practices against regulatory requirements. The evaluation includes internal testing, expert reviews, and benchmarking against accessibility standards.
Number of greenwashing or miscommunication cases resulting with fines and compliance with Unfair Commercial Practices Prohibition Law and Advertising Law	This indicator represents the number of confirmed cases during the reporting period in which a competent authority or court found airBaltic to be guilty of greenwashing, misleading representation, or noncompliance with the Unfair Commercial Practices Prohibition Law, the Advertising Law, or other relevant legislation, resulting in a fine, penalty, or other official sanction.
15-minute punctuality	The percentage of airBaltic passenger flights (including ACMI-in partners) that departed or arrived within 15 minutes of their scheduled time during the reporting period. Cancelled flights were excluded from the calculation.
Regularity rate	The percentage of airBaltic's (including ACMI-in partners) scheduled passenger flights that were operated as planned (i.e., not canceled) during the reporting period. Flights canceled for any reason are considered irregular.
Percentage of flights performed by ACMI-IN partners	This is the percentage of all regular passenger flights operated during the reporting period that were flown by partner airlines under wet lease arrangements. This percentage is derived by dividing the total number of such flights by the total number of flights operated, as recorded in fleet and operations records.

2. List of data points from other EU legislation

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 number 13 of Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816, Annex II		Material	48
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		Material	48
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex 1				Material	50
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicators number 4 Table #1 of 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		n/a	
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		n/a	
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818, Article 12 Delegated Regulation (EU) 2020/1816, Annex II		n/a	
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		n/a	
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	Material	75
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		Material	75

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material/ not material	Page
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of 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	79
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1				Material	82
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex 1				Material	82
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex 1				Material	82
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of 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	83
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicators number 3 Table #1 of 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	84
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	Not material	
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	

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material/ not material	Page
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 collateralized 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 number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1				Not material	
ESRS E3-1 Water and marine resources paragraph 9	Indicator number 7 Table #2 of Annex 1				Not material	
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table 2 of Annex 1				Not material	
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex 1				Not material	
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex 1				Not material	
ESRS E3-4 Total water consumption in m 3 per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of 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 (a) i	Indicator number 7 Table #1 of Annex 1				Not material	
ESRS 2- SBM 3 - E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1				Not material	
ESRS 2- SBM 3 - E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex 1				Not material	
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex 1				Not material	
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex 1				Not material	
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex 1				Not material	
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex 1				Material	88
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex 1				Material	88
ESRS 2- SBM3 - S1 Risk of incidents of forced labor paragraph 14 (f)	Indicator number 13 Table #3 of Annex I				Not material	
ESRS 2- SBM3 - S1 Risk of incidents of child labor paragraph 14 (g)	Indicator number 12 Table #3 of Annex I				Not material	
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				Material	65, 97
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	65, 97
ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I				Material	106

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material/ not material	Page
ESRS S1-1 workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I				Material	99
ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I				Material	92
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Material	100
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I				Material	100
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Material	100
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I				Material	98
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I				Material	98
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines paragraph 104 (a)	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		Material	97
ESRS 2- SBM3 – S2 Significant risk of child labor or forced labor in the value chain paragraph 11 (b)	Indicators number 12 and n. 13 Table #3 of Annex I				Not material	
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1				Not material	
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicator number 11 and n. 4 Table #3 of 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 S2-1Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table #1 of 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 Organization Conventions 1 to 8, paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II		Not material	
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex 1				Not material	
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1				Not material	
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines paragraph 17	Indicator number 10 Table #1 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 number 14 Table #3 of Annex 1				Not material	
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				Material	106, 108-110, 112-115
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 Table #1 of 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 number 14 Table #3 of 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 G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex 1				Not material	
ESRS G1-1 Protection of whistle- blowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex 1				Material	118
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II)		Material	120
ESRS G1-4 Standards of anti- corruption and anti- bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1				Material	119

3. Phased in Disclosure Requirements

In accordance with Annex I to Delegated Regulation (EU) 2023/2772, ESRS 1, Appendix C the Group is postponing the application of the following disclosure requirements:

ESRS	Disclosure Requirement	Full name of the Disclosure Requirement	Paragraph	Phased in period
ESRS 2	SBM-1	Strategy, business model and value chain	40(b)- 40(c)	Until adoption of Delegated Act till 30 June 2026
ESRS 2	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	48(e)	2025 and 2026 financial years
ESRS E1	E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	AR 67-AR 81	2025 and 2026 financial years
ESRS E5	E5-6	Anticipated financial effects from resource use and circular economy-related risks and opportunities	42-43	2025 and 2026 financial years
ESRS S1	S1-7	Characteristics of non-employee workers in the undertaking's own workforce	53-57	2025 and 2026 financial years
ESRS S1	S1-8	Collective bargaining coverage and social dialogue	60 (c)	2025 and 2026 financial years
ESRS S1	S1-11	Social protection	72-76	2025 and 2026 financial years
ESRS S1	S1-12	Persons with disabilities	77-80	2025 and 2026 financial years
ESRS S1	S1-13	Training and skills development	81-85	2025 and 2026 financial years
ESRS S1	S1-14	Health and safety	88 (d-e)	2025 and 2026 financial years
ESRS S1	S1-14	Health and safety	88 (only for non-employees)	2025 and 2026 financial years
ESRS S1	S1-15	Work-life balance	91-94	2025 and 2026 financial years
ESRS S2	All disclosure requirements	Workers in the value chain	All paragraphs	2025 and 2026 financial years

4. DMA calculation guidance

The Group applies 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 (based on the scale, scope and irremediable character of negative impacts), and the scale and scope of positive impacts. 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 are 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 are 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 double materiality assessment scored each topic for impact and financial materiality, and the results were consolidated into a single outcome that determines the final list of material IROs. The thresholds for both impact and financial materiality are stipulated in the Sustainability Policy.

5. Waste categories

The materials present in waste involve:

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 cm2
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

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 2025 and for the year then ended.

Based on the procedures we have performed and the evidence we have obtained, 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 the subsection Description of the process to identify and assess material impacts, risks and opportunities; 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 conclusion

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.

PricewaterhouseCoopers SIA
Marijas iela 2A, Rīga, LV-1050, Latvia, LV40003142793
T: +371 6709 4400, F: +371 6783 0055, www.pwc.lv

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Our responsibilities under this standard are further described in the Practitioner's responsibilities section of our report.

Our independence and quality management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour and the ethical requirements of the Law on Audit Services of the Republic of Latvia.

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 the subsection Description of the process to identify and assess material impacts, risks and opportunities 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 the Taxonomy Regulation;
- designing, implementing and maintaining such internal control 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

Greenhouse gas emissions quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

In reporting forward-looking information in accordance with the ESRS, the 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 the subsection Description of the process to identify and assess material impacts, risks and opportunities.

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 the subsection Description of the process to identify and assess material impacts, risks and opportunities.

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.

PricewaterhouseCoopers SIA
Certified audit company
Licence No. 5

Ilandra Lejiņa
Chairperson of the Board
Certified auditor in charge
Certificate No. 168

Riga, Latvia
3 March 2026

Corporate Governance Report of 2025

Air Baltic Corporation AS, unified registration number: 40003245752 (hereinafter referred to as the Company), Corporate Governance Report of 2025 (hereinafter referred to as the Report) has been prepared in accordance with the requirements of Article 56^{2} of the Financial Instruments Market Law and the Corporate Governance Code updated in December 2025 by the Corporate Governance Advisory Council of the Ministry of Justice of the Republic of Latvia (hereinafter referred to as the Code). The principles and criteria contained in the Code are based on the recommendations of the European Union and the Organisation for Economic Co-operation and Development (OECD) on corporate governance of public and private companies.

Having assessed its compliance with the principles of the Code in 2025, the Company concludes that it fully complies with sixteen principles, does not comply with one principle, and partially complies with one principle included in the Code.

The report is published simultaneously with the Company's audited consolidated annual report for year 2025 and is available on the Company's website.

Corporate Governance Structure

The Company's corporate governance structure is based on the requirements of the Commercial Law in respect of a structure of joint stock companies. The Company is managed by the Shareholders' Meeting, Supervisory Board and Executive Board.

Company's Shareholders

Shareholders exercise their rights to participate in the management of the Company through the Shareholders' Meetings. The Company convenes Ordinary Shareholders' Meetings at least once a year and Extraordinary Shareholders' Meetings as necessary. The Company ensures equal treatment of all shareholders of the same category. All shareholders have equal opportunities to participate in the management of the Company, i.e., to attend meetings and receive information necessary for decision-making.

Decisions at the Shareholders' Meetings are usually taken by a majority of votes of the shareholders present and entitled to vote, unless otherwise specified in the Articles of Association or the Commercial Law, or unless the decision requires the support of at least three-quarters of the shareholders present and entitled to vote (e.g., amendments to the Articles of Association, increase or decrease of share capital, etc.).

Please refer to the section Notes, Share Capital, in the Annual Report for the Company's shareholders structure as at 31 December 2025.

The Company's Supervisory Board

The Supervisory Board represents the interests of shareholders between meetings and supervises activities of the Executive Board in accordance with the law and the Company's Articles of Association. The Supervisory Board is obliged to act on the basis of full information, in good faith, with due care and caution, ensuring that decisions are in the interests of the Company and its shareholders. The Supervisory Board is responsible for ensuring that its activities are in line with the commercial interests of the Company, are effective, independent of political or other considerations unrelated to normal business activities, and in accordance with sound financial and business practices.

The Supervisory Board operates in accordance with the Company's Articles of Association and the Supervisory Board's regulations. In certain matters falling within the competence of the Supervisory Board, its members must comply with the Shareholders' Agreement and the procedures set out therein. Once a year, shareholders are presented with the Company's financial and non-financial targets, including their performance in the previous year and the planned performance indicators for the coming year, which are reviewed by the Supervisory Board beforehand. In addition, the Supervisory Board evaluates the performance of the Executive Board and submits a report on its performance to the Shareholders' Meeting, together with the reports for the previous year.

For information on the members of the Supervisory Board, please refer to the section General Information on the Group's Parent Company in the Annual Report.

The Company's Executive Board

The Executive Board is the Company's executive body, which manages and represents the Company in its daily operations. The Company must ensure that the Executive Board is effective, prudent and focused on maximising the Company's value by clearly defining its duties and responsibilities.

The Executive Board is responsible for achieving the Company's objectives, strategies and policies, operating under the supervision of the Supervisory Board and reporting to both the Supervisory Board and the Shareholders' Meeting. In performing its duties, the Executive Board acts in the interests of the Company in accordance with its regulations, Articles of Association and relevant legislation. In addition, it reports to the Supervisory Board on the development of the internal risk management and control system.

The Executive Board regularly monitors the implementation of the Company's strategy, business objectives, annual budget, business plan and risk control, ensuring that its objectives are achieved. Once a year, the Executive Board presents the Company's financial and non-financial objectives and achievements for the previous year to the shareholders, together with the planned performance indicators for the coming year. These issues are discussed by the Executive Board before being considered at the Shareholders' Meeting.

In order to strengthen the day-to-day management of the Company, a management team has been set up, consisting of nine management representatives from various areas of activity. In accordance with the Executive Board's regulations, the management team is responsible for the Company's daily business activities, provides the Executive Board with necessary information and recommendations, and ensures effective communication about decisions, challenges and successes to increase employee engagement. It ensures that plans and decisions are implemented quickly to promote both short-term and long-term profitability.

For information on the members of the Executive Board, please refer to the section General Information on the Group's Parent Company in the Annual Report.

The following sections of this Report provide a detailed explanation of compliance with the principles and criteria of the Code, using the following legend:

Green: fully compliant / **Orange**: partially compliant **Red:** non-compliant / **Grey:** not applicable

Principles and criteria of the Corporate Governance Code

Company strategy

Principle #1

The company has developed a current strategy that sets out the company's goals and direction for long-term value growth.

Implementation	Criteria	Facts
Green	The company has an up-to-date strategy, the draft of which is developed by the Executive Board.	On 20 July 2023, the Company's Supervisory Board approved the Company's Business Plan developed by the Executive Board. The Business Plan envisages continued development in key business areas, focusing on the Baltic markets and expanding the existing base and fleet. Since then, the guidelines of the Business Plan have remained unchanged - growth to a fleet of 100 aircraft and continued development in two directions - development of the existing route network and expansion of the wet lease segment. However, practical updates to the Initial Business Plan have been made to reflect current market situation. In view of the events of 2025, the existing business plan is currently being revised.
Green	The Supervisory Board is involved in the strategy development process and approves the strategy at a Supervisory Board meeting.	The Company's Business Plan is developed by the Executive Board; it is reviewed and approved in cooperation with the Supervisory Board, which approves the final version of the Company's Business Plan[1].
Green	The Supervisory Board monitors the implementation of the strategy.	The Company's Executive Board is responsible for implementing the Business Plan; therefore, it follows the objectives and directions set out in the Business Plan and regularly informs the Company's Supervisory Board thereof. The Supervisory Board is informed about the implementation and execution of the Business Plan at each regular meeting of the Supervisory Board[2.]
Green	The company's Executive Board implements the strategy and reports regularly to the Supervisory Board on its implementation.	The Board informs the Supervisory Board about the results and achievements of the Company's Business Plan (as well as any other relevant issues, including any challenges) at each regular Supervisory Board meeting.

[1] In addition, before the Business Plan is approved, it must be reviewed and agreed upon with state institutions, such as the Ministry of Transport and the Interdepartmental Coordination Department of the State Chancellery, in accordance with the requirements of the second part of Article 22 of the Law on the Management of Public Capital Shares and Capital Companies.

[2] Twelve regular Supervisory Board meetings were held in 2025. In addition, nineteen extraordinary Supervisory Board meetings were held to discuss urgent operational issues.

Internal culture and ethical conduct
Principle #2

The company develops internal cultural and ethical behaviour policies that serve as behavioural standards for the company's management and employees.

Implementation	Criteria	Facts
Green	The Supervisory Board defines the company's core values.	On 24 September 2020, the Supervisory Board approved the revised airBaltic brand values: **We deliver.** We are committed to delivering the highest level of quality in everything we do. **We care.** We love what we do, and our passion for aviation inspires others. We build lasting relationships with our passengers by understanding their needs and offering the best possible service. **We are growing.** We see challenges as opportunities for development. We introduce innovative new products, improve ourselves and move forward to be at the forefront of the industry's development.
Green	The Executive Board prepares and the Supervisory Board approves policies that include principles of internal culture and ethical behaviour.	The Executive Board has developed two Company's codes of ethics – the airBaltic Code of Ethics (providing a clear and concise set of guidelines and principles that define the Company's commitments and working methods) and the Company's Code of Ethics for Cooperation Partners (promotes ethical and sustainable business practices throughout the supply chain and ensures that all suppliers comply with Company's values and requirements). Both codes of ethics were developed by the Executive Board in April 2023 and approved by the Supervisory Board at subsequent meetings. The codes are reviewed annually and revised as necessary. In 2025, the Company's Code of Ethics for Cooperation Partners was revised and editorial improvements were made to the Company's Code of Ethics. For example, in 2025, the following sections of the Code of Ethics for Cooperation Partners were updated: Section IV "Employment Standards and Human Rights"; Chapter V "Data Protection and Confidential Information"; Chapter VI "Ethics and Business"; Chapter VII "Compliance and Monitoring". In addition, the Company's Personnel Handbook, which includes a section on business ethics and corporate culture, has been in force for several years. It defines the Company's principles and guidelines for both employee relations at work and business relationships.
Green	The Executive Board ensures compliance with the principles of internal culture and ethical behaviour in the Company's daily operations and responds if any violations are detected.	The Company encourages reporting of possible violations and provides all information about reporting options on the intranet and in the internal whistleblowing policy. All means of communication are acceptable for reporting, and reports can be submitted confidentially or anonymously through several internal reporting channels. In certain types of reports, such as whistleblowing reports or confidential reports, it is possible to remain anonymous for legal protection purposes. In 2025, the Company established an external whistleblowing channel for cooperation partners, customers and the wider public. Whistleblowing reports and statistics are reported annually to the Executive Board, the Audit Committee and the Supervisory Board.

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.

Implementation	Criteria	Facts
Green	The company has a documented internal control system, which is the responsibility of the Executive Board.	This principle is implemented using various external and internal control tools. External control is performed by external auditors. The Company's financial statements and the Group's financial statements are audited by independent auditors. Internal control is ensured by a number of measures to ensure the following risk management of the Company: 1) Risk Management Committee, chaired by the Executive Board – the main tasks of the committee are to review financial and strategic risks, monitor and make appropriate decisions to ensure the ability to follow global trends that may significantly affect cash flows. 2) Internal Audit Department – On 15 February 2024, the Supervisory Board appointed the Company's new internal auditor. On 8 September 2025, an additional employee joined the Internal Audit Department. The main responsibilities of the internal auditor include examining objective evidence to provide an independent assessment to the Supervisory Board, the Audit Committee, the management team and third parties on the adequacy and effectiveness of the Company's governance, risk management and control processes. 3) Audit Committee – The committee's task is to ensure the protection of the Company's shareholders interests by performing internal audit functions, monitoring operations, and reviewing the preparation of annual reports and consolidated annual reports, their audit and the effectiveness of internal control, risk management and internal audit systems. On 12 November 2025, the Shareholders' Meeting approved the new composition of the Audit Committee, which currently consists of members of the Supervisory Board and three independent external auditors.
Green	The internal auditor assesses the effectiveness of the internal control system using a risk-based approach and reports the results of the assessment to the Supervisory Board.	The internal auditor performs internal audits in accordance with the risk-based annual audit plan approved by the Audit Committee and the Supervisory Board. The internal auditor reports monthly to the Audit Committee (during committee meetings)[3] on the progress of the annual internal audit plan, the risks and control system deficiencies identified during the audits, and the progress of the implementation of the recommended measures.
Green	The Supervisory Board evaluates the effectiveness of the internal control system.	The internal auditor prepares an assessment of the Company Group's internal control system based on the audits performed and the reports prepared by the second line of defence, and reports on this to the Audit Committee and the Supervisory Board once a year. In addition, the internal auditor reports to the Audit Committee meetings, which consist of three members of the Supervisory Board, thus ensuring that any issues can be referred to the Supervisory Board for consideration.

[3] Nine Audit Committee meetings were held in 2025.

Principle #4

The company identifies, assesses and monitors the risks associated with its activities.

Implementation	Criteria	Facts
Green	The Executive Board develops and the Supervisory Board approve the company's risk management policy.	Process and document management and control systems ensure controlled and transparent document and process flow, thus ensuring internal risk management in accordance with the Company's policies and manuals. Risk management is carried out in accordance with internal policies and manuals regulating processes – Corporate Governance Manual, Financial Manual, Personnel Manual, etc., as well as as well as international documents regulating industry procedures, such as OMA (Operational Manual), CAMMOE (Continuing Airworthiness Management and Maintenance Organisation Manual), etc. Most policies are approved by the Executive Board, and only in very specific cases, when the policy defines the functions of the Executive Board or is related to strategies, it is approved by the Supervisory Board. The updated airBaltic Company Risk Management Policy and Company risk management procedures were approved by the Executive Board on 30 January 2025 and subsequently by the by the Supervisory Board on 31 January 2025.
Green	The Executive Board develops and the Supervisory Board approves the material risk appetite – the risks that the company is willing to take in order to achieve its operational objectives.	The risk appetite is part of the Company's risk management policy and determines the level of risk in the most significant risk categories that the Company is prepared to take in order to achieve its operational objectives and in the decision-making process. The risk appetite document was developed and approved by the Executive Board on 30 January 2025 and subsequently approved by the Supervisory Board on 31 January 2025.
Green	Based on the identified risk assessment, the Executive Board implements risk management measures.	On 30 January 2025, the Executive Board approved the updated Company Risk Management a procedure that defines the process for ensuring risk identification and mitigation measures for managing these risks. The Company has a Risk Register, which is regularly reviewed and updated in accordance with the developed risk.
Green	At least once a year, the Supervisory Board reviews the Executive Board's reports on risk management measures and risk management policies implementation.	The Executive Board shall regularly report to the Supervisory Board, at each regular meeting[4] , on any risks, including critical risks and their management, and provides immediate feedback to the Supervisory Board, if necessary and if there is an action that requires immediate attention.

[4] Twelve regular Supervisory Board meetings were held in 2025. In addition, seventeen extraordinary Supervisory Board meetings were held to address urgent operational issues.

Principle #5

The company has an internal auditor who independently and objectively evaluates the company's operations.

Implementation	Criteria	Facts
Green	The company has an internal auditor (structural unit or specialist) who is functionally independent from the Executive Board and reports to the Supervisory Board.	On 15 February 2024, the Supervisory Board appointed a new internal auditor for the Company. On 8 September 2025, an additional auditor joined the internal audit department. The employment contract is concluded with the Company, but the internal audit department is independent and reports to the Supervisory Board.
Green	The internal auditor is appointed and dismissed by the Supervisory Board.	The internal auditor was appointed by the Supervisory Board on 15 February 2024.
Green	The internal auditor develops and implements a risk-based internal audit strategy and plan, which is approved by the Supervisory Board.	In 2025, the Internal Audit Department conducted audits in accordance with the risk-based annual audit plan approved by the Audit Committee and the Supervisory Board.
Green	The internal auditor informs the Executive Board and the Supervisory Board about the internal audit work, implementation of the strategy and plan, audit results and the recommended actions to remedy any deficiencies identified.	In 2025, the Internal Audit Department reported the audit results and recommendations in summary form to the Executive Board, the Supervisory Board and the Audit Committee.

External auditor

Principle #6

The company has an independent external auditor.

Compliance	Criteria	Facts
Green	The Supervisory Board and the Audit Committee, if established, shall determine the criteria for selecting the external auditor.	The Audit Committee proposes the selection criteria for the external auditor and the Company carries out the selection process. Prior to the shareholders' meeting approving the external auditor, the Board and the Supervisory Council review and decide on the recommendation of the external auditor to the shareholders' meeting for approval.
Green	The company has an independent external auditor with appropriate qualifications and reputation.	The external auditor of the Company for 2025 is: PricewaterhouseCoopers, SIA, legal address: Marijas iela 2A, Riga, LV-1050, Latvia, with a valid licence, and the responsible auditor is Ilandra Lejiņa, certificate No. 168.
Green	The term of office of a single external auditor shall not exceed five years, thereby ensuring the rotation of auditor representatives.	The Company's Shareholders' Meeting appoints the external auditor for one year. The term of office of each responsible external auditor of the Company is less than five years (most often one to two years). In cases where the Company chooses the same external auditor for several years in a row, PricewaterhouseCoopers, SIA and other international audit firms adhere to international practice and ensure that the lead auditor for the Company is changed, thus ensuring an independent and objective view of the Company even if the audit firm remains unchanged.

Election of the Supervisory Board members

Principle #7

The company ensures a transparent procedure for the election and dismissal of the Supervisory Board members.

Implementation	Criteria	Facts
Grey	The company has approved procedures for the selection and dismissal of the Supervisory Board members.	Not applicable, as the procedure for nominating members of the Supervisory Board is fully regulated by regulatory enactments and the Shareholders' Agreement. Three Supervisory Board members are nominated by the majority shareholder – the Latvian state – in accordance with the regulatory framework applicable to state institutions[5], while two Supervisory Board members are nominated by minority shareholders in accordance with the terms of the Shareholders' Agreement. Given that the process for nominating the Supervisory Board members in case of the Company is directly specified in the law and the Shareholders Agreement, the Company does not develop a separate internal policy on this issue.
Grey	The company provides timely and sufficient information to its shareholders about the Supervisory Board members who are nominated for election or re-election.	Not applicable for the following reasons: the Supervisory Board selection process is determined by law[6] and the Shareholders Agreement.
Green	The size of the Supervisory Board is appropriate with the specific nature of the company's activities.	The Commercial Law stipulates that a joint stock company must have at least three (3) Supervisory Board members. The Company's Articles of Association stipulate that the Company's Supervisory Board shall have five (5) members, and the Company complies with this legal requirement. According to an assessment by independent external auditors KPMG, the optimal size of the Company's Supervisory Board would be five to seven members. At the same time, the Company notes that between 1 January 2025 and 21 August 2025, when the new Shareholders Agreement was concluded, there were three changes in the composition of the Supervisory Board – one permanent and two temporary Supervisory Boards. At the beginning of 2025, the Company's Supervisory Board had four members, but later two temporary Supervisory Boards were established, each with three members, ensuring the minimum composition of the Supervisory Board as stipulated in the Commercial Law.
Green	Supervisory Board members are elected for a term of no more than five years.	In accordance with the Company's Articles of Association and the Shareholders Agreement, the Supervisory Board members are generally elected for a term of three years. At the same time, the Company's Supervisory Board currently includes three temporary Supervisory Board members nominated by the Latvian state, whose term of office is set until permanent members of the Supervisory Board from the state are elected as a result of an open competition in accordance with the procedure laid down in regulatory enactments.

[5] The selection process for candidates for the position of Supervisory Board member is organised in accordance with the requirements of Article 31 of the Public Capital Share and Capital Company Management Law, and the Company has no influence on this process. Similar to the principles of the Code, the aforementioned law also provides for the establishment of a nomination committee and a nomination procedure for selecting board members.

[6] Article 31 of the Law on the Management of Public Capital Shares and Capital Companies and Cabinet Regulation No. 20 of 7 January 2020, "Procedure for the Nomination of Members of the Board and Supervisory Board in Capital Companies in which Capital Shares are Owned by the State or a Derivative Public Person".

Principle #8

The members of the Supervisory Board shall have the appropriate experience and competence.

Compliance	Criteria	Facts
Green	The Supervisory Board as a whole possesses the skills, experience and knowledge, including knowledge of the relevant sector, to perform its duties effectively.	The Supervisory Board has the skills, experience and knowledge, including knowledge of the aviation sector, to perform its tasks. When announcing the selection process for the position of Supervisory Board member, the Ministry of Transport invited candidates to apply for specific areas of expertise, such as finance, corporate governance and aviation. Detailed information about the board members is available here: investors.airbaltic.com/lv/korporativa-parvaldiba/padome
Green	When forming the composition of the Supervisory Board, principles of diversity are taken into account.	The Supervisory Board consists of four men and one woman. In 2025, both women and men applied for the new Supervisory Board selection process. After careful consideration, the majority shareholder's selection committee chose two male candidates and one female candidate. As the Company's goal is to ensure gender equality, it hopes that the principle of diversity can be fully respected in the next selection of the Supervisory Board.
Green	Both genders are represented at the Supervisory Board.	The Supervisory Board consists of four men and one woman.
Green	The Executive Board develops an induction training programme and provides induction training for new Supervisory Board members.	New Supervisory Board members are always introduced to procedural issues and requirements within the Company by the Supervisory Board secretariat, while the Human Resources Department introduces them to administrative items, and members of the Executive Board provide guidance on the Company's daily operations, history, current situation and strategic objectives. Introduction to the Company is the first step for newly appointed Supervisory Board members so that they can perform their duties.

Principle #9

The company's Supervisory Board has independent members. [7]

Implementation	Criteria	Facts
Grey	The company assesses and shareholders determine the proportion of independent Supervisory Board members.	Not applicable for the following reasons: the Supervisory Board selection process is organised and the proportion of independent members is determined by the majority shareholder in accordance with the law[7] applicable to public institutions, and due to the requirements of the legislation in force, the Company has no influence on the process or scope of the appointment of independent members. Nevertheless, the relevant law stipulates that the majority of Supervisory Board members must be independent.
Green	At least half of the Supervisory Board members are independent.	According to the law[8], most Supervisory Board members must be independent, and the criteria for independence are set out in the applicable law and are almost identical to those set out in the Code, with some criteria being stricter and some slightly different. The Company has five Supervisory Board members. All three Supervisory Board members as nominated by the state are independent members within the meaning of the said law. Minority shareholders have delegated their own Supervisory Board members, who have specific 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 majority shareholder, the Ministry of Transport, are required to report to the Ministry of Transport and provide information on the decisions taken and the results achieved once a quarter.
Green	Candidates for independent Supervisory Board members submit a statement confirming their compliance with the independence criteria, and Supervisory Board members are required to report any changes in their independence status during their term of office.	Separate confirmations are requested and received from the Supervisory Board members nominated by the state.
Grey	Prior to Supervisory board elections, the company assesses the independence of board members based on available information.	Not applicable for the following reasons: the Supervisory Board selection process is organised and the proportion of independent members is determined by the majority shareholder in accordance with the law[9] applicable to state institutions, and due to the requirements of the legislation in force, the Company has no influence on the process or scope of the appointment of independent members.

[7] The selection process for candidates for the position of Supervisory Board member is organised in accordance with the requirements of Article 31 of the Public Capital Share and Capital Company Management Law, and the Company has no influence on this process. Similar to the principles of the Code, the aforementioned law also provides for the establishment of a nomination committee and a nomination procedure for selecting Supervisory Board members

[8] The selection process for candidates for the position of Supervisory Board member is organised in accordance with the requirements of Article 31 of the Public Capital Share and Capital Company Management Law, and the Company has no influence on this process. Similar to the principles of the Code, the aforementioned law also provides for the establishment of a nomination committee and a nomination procedure for selecting Supervisory Board members.

[9] The selection process for candidates for the position of Supervisory Board member is organised in accordance with the requirements of Article 31 of the Public Capital Share and Capital Company Management Law, and the Company has no influence on this process. Similar to the principles of the Code, the aforementioned law also provides for the establishment of a nomination committee and a nomination procedure for selecting Supervisory Board members.

Principles for determining the remuneration of the Supervisory Board and the Executive Board

Principle #10

The company has implemented a remuneration policy for the Executive Board and Supervisory Board.

Implementation	Criteria	Facts
Orange	The company has implemented a remuneration policy developed by the Executive Board, reviewed by the Supervisory Board and approved by the Shareholders' Meeting.	The Remuneration Policy was developed in 2024 and adopted by the Shareholders' Meeting in 2025 with several conditions, and since these conditions did not come into force, the approved remuneration policy itself did not come into force either. Nevertheless, during 2025, the Company's Executive Board developed a new Remuneration Policy and remuneration principles, which were reviewed by the Supervisory Board. Despite the fact that this item has not yet been approved at the Shareholders' Meeting, the Supervisory Board follows the prepared Remuneration Policy when determining the remuneration of the Executive Board. Currently, the remuneration principles for members of the Executive Board are set out in their contracts, in accordance with the objectives set by the Supervisory Board, but the remuneration of the Supervisory Board members is determined and approved by the Shareholders' Meeting when appointing them to office.
Orange	Once a year, the Supervisory Board sets financial and sustainability targets for the Executive Board, including for each member of the Executive Board, and their impact on the variable part of remuneration, and monitors their implementation.	The Supervisory Board sets financial and non-financial targets for the Executive Board once a year and monitors their implementation. Non-financial targets do not affect the variable part of the Executive Board's remuneration (due to applicable EU Covid-19 state aid restrictions).
Green	Members of the Supervisory Board are not entitled to a variable component of their remuneration, nor are they entitled to any compensation in the event of dismissal or resignation.	The remuneration of the Supervisory Board members is determined and approved by the Shareholders' Meeting as a fixed salary without compensation mechanisms in the event of dismissal or resignation.
Orange	The Executive Board prepares an annual report on the remuneration awarded or paid to each current and former member of the Executive Board and the Supervisory Board.	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.

Organisation of the Supervisory Board's work and decision-making

Principle #11

The company has a defined and understandable organisation of the work of the Supervisory Board.

Implementation	Criteria	Facts
Green	The Supervisory Board organises its work in accordance with the Supervisory Board's Regulations and work calendar.	The Supervisory Board operates in accordance with the Company's Articles of Association and the Supervisory Board's Regulations. With regards to certain matters falling within the competence of the Supervisory Board, the Supervisory Board must comply with the Shareholders' Agreement and the procedure set out therein. In 2025, the Supervisory Board held 12 regular monthly meetings and 19 extraordinary meetings. Regular meetings are planned for the entire year in advance, and all relevant materials are submitted at least seven days in advance. Extraordinary meetings are held to address ad hoc operational issues that cannot be postponed until the next regular meeting (usually related to the approval of transactions that require a prior consent of the Supervisory Board).
Green	The Supervisory Board holds at least one separate Supervisory Board meeting per year to discuss the company's strategy and its implementation.	In 2025, the Company's Supervisory Board regularly discussed the review and implementation of the Company's business plan, which sets out the Company's strategic objectives, at its meetings.
Green	The company's budget provides for adequate funding for the Supervisory Board's activities.	The Company's annual budget provides for the necessary funding to ensure the full functioning of the Company's Supervisory Board.
Green	The Supervisory Board conducts a self-assessment of its work once a year and reviews the results at a Supervisory Board meeting.	The Supervisory Board conducts a self-assessment each year, and the results are reviewed at a Supervisory Board meeting and presented at the Shareholders' Meeting for their information.
Green	Each year the Supervisory Board assesses whether its members have the appropriate experience and competence, including whether it has sufficient capacity and complies with the principles of diversity.	The Supervisory Board conducts a self-assessment each year, and the results are reviewed at a Supervisory Board meeting and presented at the Shareholders' Meeting for their information. Once a year, usually before the Ordinary Shareholders' Meeting, the Supervisory Board conducts an annual assessment of the Executive Board's performance during the previous financial year. At the same time, new independent performance indicators for the coming year are approved. The Executive Board's independent performance indicators include the Company's impact on the economy, the environment and people. The previous and new independent performance indicators are also presented at the current shareholders' meeting, where they are acknowledged by the Shareholders' Meeting. In recent years, the Company's Executive Board' performance has been assessed as good.
Green	The Supervisory Board has assessed the need to establish committees (if a committee has been established, see principle #12.1).	The Remuneration Committee ceased its activities in the second half of 2025, given that the issues considered by the Remuneration Committee are in any case also considered by the Supervisory Board.

Principle #12

The Supervisory Board makes informed and considered decisions.

Implementation	Criteria	Facts
Green	The Supervisory Board has timely and sufficient access to information prepared by the Executive Board for decision-making.	The Supervisory Board Regulations stipulate that the Executive Board shall provide the Supervisory Board with all necessary information in a timely manner so that it can perform its duties. Accordingly, all materials and information relating to issues to be considered at a Supervisory Board meeting shall be sent out one week before the scheduled meeting.
Green	The Supervisory Board determines the procedure for the circulation of information, including the Supervisory Board's right to request information from the Executive Board that is necessary for the Supervisory Board to make decisions.	The Supervisory Board Regulations set out the procedure for requesting and distributing the necessary information in order that the Supervisory Board can make informed decisions.
Green	The Supervisory Board member analyses the information and prepares proposals for the Supervisory Board to make decisions.	At the same time, the Supervisory Board complies with the competition law and information exchange requirements set out in the new Shareholders Agreement, which aim to prevent competition-related risks. In accordance with these requirements, the representatives of other shareholders are not provided with information that could be considered sensitive in terms of competition law if they operate in the air transport market. Supervisory Board members receive meeting materials a week in advance, thus ensuring sufficient time to analyse the information and make informed decisions.
Green	When making decisions, the Supervisory Board assesses the risks and short-term and long-term impact on the company's value, sustainability and responsible development.	The Company's Supervisory Board makes decisions taking into account both the short-term and long-term strategic impact on the Company's values, sustainability and growth.

Principle #12.1

The Committee prepares proposals for decision-making by the Supervisory Board.

Implementation	Criteria	Facts
Green	The Supervisory Board determines the tasks of the committee and the procedure for organising its activities.	During 2025, the Company's Audit Committee was active, its operating principles being set out in its regulations.
Green	The Supervisory Board shall establish a committee consisting of at least three Supervisory Board members who have relevant experience and knowledge in the specified area of the committee's activities (remuneration, nominations, audit or other areas).	In the second half of the year, the Shareholders' Meeting approved the new version of the regulations, stipulating that the committee shall consist of six members, at least one of whom shall also be a member of the Supervisory Board. The Remuneration Committee ceased its activities in the second half of year 2025.
Green	The committee analyses information and prepares proposals for decision-making by the Supervisory Board, as well as informs the Supervisory Board about the committee's work.	The Company's Audit Committee analyses information and submits proposals for decisions to the Company, including the Supervisory Board, and informs the Supervisory Board about the work of the committees.

Prevention of conflicts of interest

Principle #13

Members of the Executive Board and Supervisory Board are clearly aware of the manifestations of conflicts of interest and are informed about the necessary actions to be taken in the event of a conflict of interest.

Compliance	Criteria	Facts
Green	The Supervisory Board defines signs that indicate a conflict of interest and establishes procedures for preventing and managing conflicts of interest.	The Conflict of Interest Policy stipulates that members of the Executive Board and state-appointed members of the Supervisory Board shall comply with the provisions of the Law on the Prevention of Conflict of Interest in the Activities of Public Officials. Decisions on the conclusion of transactions involving conflicts of interest with members of the Executive Board, that are of significant importance to the Company and/or the relevant members of the Executive Board, require the approval of the Supervisory Board. Such transactions shall be published in the Annual Report together with a statement of conflict of interest and confirmation that the provisions of the Conflict of Interest Policy have been complied with.
Green	Members of the Supervisory Board and the Executive Board shall not participate in decision-making on matters where the interests of the company conflict with the interests of members of the Supervisory Board or the Executive Board or persons related to them.	The Conflict of Interest Policy stipulates that a member of the Executive Board or Supervisory Board who has a personal interest in a contract or decision to be decided by the Executive Board or Supervisory Board shall disclose such personal interest to the Executive Board or Supervisory Board before the relevant agenda item is discussed, and shall not have the right to vote on such a decision.
Green	Persons subject to the obligation to prevent conflicts of interest shall regularly participate in training on how to act in situations of conflict of interest.	Employees are required to read and comply with the rules on conflicts of interest as set out in the Personnel Handbook and any updates thereto. Senior Company officials (members of the Executive Board and Supervisory Board, as well as the management team) receive annual training on the conflict of interest issues.

Shareholders' Meeting
Principle #14

The company provides shareholders with timely information about the proceedings of the Shareholders' Meeting, providing all the information necessary for decision-making.

Compliance	Criteria	Facts
Green	The company informs shareholders in a timely manner about the agenda of the Shareholders' Meeting, participation options and voting procedures, as well as any changes related to them.	The Company shall inform its shareholders about the agenda, proceedings, voting procedure and any other matters relating to the relevant Shareholders' Meeting within the time limits specified in the law and the Shareholders' Agreement. Notice on the convening of Ordinary and Extraordinary Shareholders' Meetings shall be sent to shareholders no later than 21 days before the scheduled meeting, and the Company shall ensure electronic access to the documents to be considered at the Shareholders' Meeting as of the date the Company announces on the Shareholders' Meeting.
Green	The company shall ensure that shareholders have the opportunity to familiarise themselves with draft decisions and accompanying documents in a timely manner, including through the use of digital tools.	Simultaneously with announcing on the Shareholders' Meeting, the Company submits draft resolutions to the shareholders. The Company immediately informs the shareholders of any additional draft resolutions.
Green	The company shall provide shareholders with the opportunity to submit questions regarding the items on the agenda and draft resolutions prior to the Shareholders' Meeting.	Shareholders are entitled to ask questions in accordance with the provisions of the Commercial Law.
Green	Draft resolutions and accompanying documents provide detailed, clear and complete information on the agenda item under consideration.	Draft resolutions and accompanying materials provide detailed, clear and complete information on the agenda item to be considered at the Shareholders' Meeting.

Principle #15

The company promotes effective shareholder involvement in decision-making and the highest possible shareholder participation in the Shareholders' Meetings.

Compliance	Criteria	Facts
Green	The company provides shareholders with the opportunity to participate in Shareholders' Meetings in person or remotely, subject to the necessary security and technical measures.	Shareholders' Meetings are held in a hybrid format, i.e., in person at the legal address of the Company with the option to join the meeting online, allowing shareholders to choose either of the two options. The notice is sent no later than 21 days before the scheduled meeting. 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 allows shareholders to express their opinions during the meeting and obtain the information necessary for decision-making.	The duration of the Shareholders' Meeting is planned taking into account the items on the agenda, but shareholders are not limited in the number of questions they can ask for each item on the agenda and are always encouraged to ask questions. In 2025, there were no Shareholders' Meetings where all issues were not considered due to lack of time.
Green	The company invites members of the Executive Board and Supervisory Board, candidates for the Supervisory Board, auditors and internal auditors, as well as other persons to participate in the Shareholders' Meeting in accordance with the issues to be discussed.	The Company invites members of the Executive Board and Supervisory Board, candidates for the Supervisory Board, external auditors and other persons to participate in the Shareholders' Meeting in accordance with the items on the agenda. In 2025, none of the items on the agenda required the participation of the internal auditor.
Green	The Shareholders' Meeting makes decisions in accordance with the previously announced draft decisions.	At all Shareholders' Meetings of 2025, the agenda items announced prior to the meeting were reviewed, with most of them being approved, but the adoption of some draft resolutions being postponed to a later time.

Principle #16

The company promotes effective shareholder involvement in decision-making and the highest possible shareholder participation in the Shareholders' Meetings.

Implementation	Criteria	Facts
Red	The company has developed and published a current dividend policy.	The Company has developed a dividend policy that has not yet been approved and is therefore not publicly available.
Red	The dividend policy has been discussed with shareholders at the Shareholders' Meeting.	The Company has developed a separate dividend policy, which has not yet been approved. At the same time, the Company is subject to restrictions related to Covid-19 state aid and is currently not allowed to pay dividends.

Transparency of the company's operations

Principle #17

The company provides shareholders with timely information about the proceedings of the Shareholders' Meeting, providing all the information necessary for decision-making.

Compliance	Criteria	Facts
Green	The company discloses complete, accurate, objective, relevant and truthful information in a timely manner.	The Executive Board is responsible for the accuracy, completeness and timely disclosure of information. The Company does everything possible to ensure that the information published is verified, accurate, unambiguous and prepared in accordance with high and internationally recognised quality standards.
Green	The company provides information to all shareholders at the same time and in the same amount, using pre-agreed means of communication, taking into account both technological capabilities and shareholder needs.	The Company provides information to all shareholders simultaneously and in equal measure. In addition, the Company publishes available financial indicators and announcements on the Euronext Dublin event page, the stock exchange where the Company's bonds are traded, as well as on its website. The Supervisory Board members nominated by the state are required to report to the Ministry of Transport, and once a quarter they provide information on the decisions taken and the results achieved.
Green	The company discloses information about its management, strategy or business lines and publishes financial statements and other information in accordance with Annex 1 to the Code.	The Company has created a section for investors on its website, which provides information to any third party who wishes to familiarise themselves with the Company's operating results. The section includes a Financial Information subsection with quarterly financial statements, half-yearly financial statements and audited annual consolidated financial statements, which are published in a timely manner to provide comprehensive information on all significant developments, including the Company's financial position, results, ownership structure, etc. The Company has also published its values and strategy as part of its annual report. In addition, the Company has published its main internal policies on the Investors section. The Company has a separate Investor Relations Manager who responds to investor inquiries.
Green	The company provides information in Latvian and at least one other official language of the European Union.	Information is published in Latvian and English. To ensure consistent dissemination of information, the Company has also provided contact details in the Press Releases section of its website.

CORPORATE GROUP MANAGEMENT

Principle #18

A transparent management system has been established for corporate groups, ensuring the implementation of corporate governance principles in subsidiaries.

Compliance	Criteria	Facts
Green	The members of the Executive Board and Supervisory Board of a subsidiary belonging to the group of companies act primarily in the interests of the subsidiary.	The Company's subsidiaries are relatively small companies (Air Baltic Training, SIA and SIA BALTIJAS KRAVU CENTRS), whose day-to-day operations are managed by a two-person Executive Board for each of them with joint representation rights, thus ensuring that they work according to a unified strategy and in the best interests of their company. The members of Executive Board act in accordance with the Articles of Association and the principles of Commercial Law, as well as the Corporate governance policy of the subsidiaries.
Green	The group of companies has implemented a transparent procedure for the implementation of group-level strategies, financial objectives and policies.	The Company plays a decisive and leading role in the group of companies, having set and operating in accordance with its strategy, financial objectives and policies. The roles and financial influence of the subsidiaries in this group are not decisive, and they pursue their own objectives while endeavouring to provide the Company with the necessary resources, for example, by providing the Company with trained crews and cargo ground handling services, in accordance with mutually agreed contracts and at market prices.
Green	The company provides comprehensive and transparent information about its activities within the group of companies.	The Company provides comprehensive and transparent information about its activities within the group of companies and its subsidiaries.

Information 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.
Company statutes	X			
Information on the corporate governance structure of the company	X			investors.airbaltic.com/lv/korporativa-parvaldiba
Company Code of Internal Culture and Ethics	X			
Information about the company's compliance with current standards of good business practice (e.g. in the areas of sustainability, the environment and information technology)	X			
Key company policies	X			The company has published its Code of Ethics and Code of Ethics for Cooperation Partners. Other significant policies are available to relevant employees via 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 majority shareholder of the company is the state, and this is also indicated, therefore the indication of the beneficial owner is not applicable
Number of shares, bonds or other financial instruments issued, paid up and carrying voting rights	X			Information about bonds, including the prospectus and other details, is published on the website. However, information about shares is not published because the Company is not listed on the stock market.
Supervisory Board and Executive Board				
Structure of the Executive Board and Supervisory Board	X			
Information about each member of the Company's Supervisory and Executive Board	X			
Information on independent Supervisory Board members	X			Information on the independence of Supervisory Board members is published in the Corporate Governance Statement with explanations and is published with the annual report.

Category / Criteria	Complied with	Not applicable	Not complied with	Explanation
Remuneration policy and remuneration report for the Executive Board and Supervisory Board			X	The policy has been developed but has not yet been approved by the Shareholders' Meeting.
Company-approved procedure for the selection and dismissal of members of the Supervisory Board and Executive Board		X		Not published, as the Executive Board selection committee is established and convened as needed, but the selection of the Supervisory Board is organized by the majority shareholder.
Information on the Supervisory Board committees and Audit Committee	X			
Financial and Non-Financial Reports and Information				
Company's financial reports and statements for at least last three financial years	X			
Company's sustainability reports for at least last three financial years, if available	X			
Corporate governance statements for at least last three financial years, if available	X			
Company's financial calendar or other significant and planned communication events	X			
Information for Shareholders and Investors				
Information on planned Shareholders' Meetings		X		The Company's shares are not listed, therefore notices of Shareholders' Meetings are not published.
Information on past Shareholders' Meetings	X			
Company's dividend policy and information about dividends paid		X		No dividends are currently being paid.
Announcements published by the Company and material information for investors, including presentations to investors, video recordings of events for investors, forecasts, if any, announcements of mergers or acquisitions, etc.	X			
Person responsible for communication with the company (e.g. investor relations specialist)	X			

Statement of Management Responsibility

Based on the information available to the Executive Board, these financial statements for 2025 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.

Erno Kalle Ilari Hilden	Vitolds Jakovļevs	Pauls Juris Cālītis
Chairman of the Executive Board	Member of the Executive Board	Member of the Executive Board

3 March 2026

FINANCIAL STATEMENTS

	Note	AIR BALTIC 2025 TEUR	AIR BALTIC 2024 TEUR	GROUP 2025 TEUR	GROUP 2024 TEUR
OPERATING REVENUE					
Revenue	7	775 297	742 114	778 997	745 953
Other income	8	347	1 619	347	1 619
		775 644	**743 733**	**779 344**	**747 572**
OPERATING EXPENSES AND CLAIM COMPENSATIONS					
Personnel costs	9	(149 776)	(128 484)	(153 242)	(131 358)
Fuel		(149 612)	(158 341)	(149 612)	(158 341)
Airport, handling and en route charges		(147 715)	(126 790)	(146 967)	(126 084)
Amortization and depreciation	21,22,24	(129 277)	(151 459)	(130 363)	(152 185)
Aircraft maintenance	12	(46 972)	(35 236)	(46 972)	(35 236)
Aircraft and similar lease costs	10	(45 716)	(59 612)	(45 716)	(59 612)
Marketing and tickets sales costs	13	(44 794)	(46 303)	(44 794)	(46 303)
Cost of carbon emission allowances	11	(41 245)	(18 519)	(41 245)	(18 519)
Other operating costs	14	(39 329)	(36 535)	(40 377)	(36 819)
Passenger service		(12 212)	(10 760)	(12 212)	(10 760)
Claim compensations	16	25 656	33 793	25 656	33 793
		(780 992)	**(738 246)**	**(785 844)**	**(741 424)**
FINANCE INCOME / (EXPENSES)					
Finance costs	17	(105 691)	(93 494)	(105 694)	(93 517)
Foreign currency exchange gain / (loss), net	18	67 711	(32 382)	67 708	(32 385)
Finance income	19	150	1 586	151	1 588
		(37 830)	**(124 290)**	**(37 835)**	**(124 314)**
LOSS BEFORE TAX		**(43 178)**	**(118 803)**	**(44 335)**	**(118 166)**
Corporate income tax	20	-	-	(2)	7
LOSS FOR THE YEAR		**(43 178)**	**(118 803)**	**(44 337)**	**(118 159)**

The notes on pages 175 to 222 form an integral part of these financial statements.

	AIR BALTIC		GROUP	
	2025 TEUR	2024 TEUR	2025 TEUR	2024 TEUR
LOSS FOR THE YEAR	**(43 178)**	**(118 803)**	**(44 337)**	**(118 159)**
ITEMS THAT ARE OR MAY BE SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS				
Gain on cash flow hedges	767	240	767	240
Hedging gains reclassified to profit or loss	(240)	(482)	(240)	(482)
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS				
Revaluation of buildings	-	1 274	-	1 522
Depreciation of revaluation reserve	(332)	(326)	(413)	(318)
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR	**195**	**706**	**114**	**962**
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(42 983)**	**(118 097)**	**(44 223)**	**(117 197)**

The notes on pages 175 to 222 form an integral part of these financial statements.

ASSETS	Note	AIR BALTIC 31.12.2025 TEUR	AIR BALTIC 31.12.2024 TEUR	GROUP 31.12.2025 TEUR	GROUP 31.12.2024 TEUR
NON-CURRENT ASSETS					
Property, plant and equipment	21	292 902	220 813	314 707	227 477
Right-of-use assets	22	841 875	866 586	841 875	866 586
Investment properties	23	18 092	2 020	-	-
Intangible assets	24	21 317	21 246	20 617	20 438
Investments in subsidiaries and other investments	25	410	410	3	3
Prepayments for maintenance	26	141 124	110 555	141 124	110 555
Prepayments for acquisition of property, plant and equipment		19 544	29 598	19 544	29 601
Trade and other receivables	29	32 185	25 040	29 550	25 040
		1 367 449	**1 276 268**	**1 367 420**	**1 279 700**
CURRENT ASSETS					
Inventories	30	12 438	14 117	12 635	14 291
Prepayments for maintenance	26	22 028	21 845	22 028	21 845
Prepaid expenses	27	4 767	10 832	4 975	10 926
Trade and other receivables	29	60 196	44 732	59 718	41 830
Derivative financial instruments	31	767	240	767	240
Restricted cash	32	17 220	13 775	17 220	13 775
Cash	32	11 074	32 893	11 229	33 174
		128 490	**138 434**	**128 572**	**136 081**
TOTAL ASSETS		**1 495 939**	**1 414 702**	**1 495 992**	**1 415 781**
EQUITY AND LIABILITIES					
EQUITY					
Share capital	33	41 820	596 473	41 820	596 473
Share premium		11 360	-	11 360	-
Other contributions	33	2 399	2 715	2 399	2 715
Reserves	34	6 042	5 847	5 078	4 964
Accumulated loss:					
accumulated loss brought forward		(201 323)	(652 056)	(199 958)	(651 335)
loss for the year		(43 178)	(118 803)	(44 337)	(118 159)
TOTAL EQUITY		**(182 880)**	**(165 824)**	**(183 638)**	**(165 342)**
LIABILITIES					
NON-CURRENT LIABILITIES					
Lease liabilities	35	716 463	809 139	716 463	809 139
Borrowings	35	443 864	389 690	443 864	389 690
Provisions	36	31 056	29 794	31 056	29 794
Deferred obligation – asset supply agreement	37	14 649	-	14 649	-
		1 206 032	**1 228 623**	**1 206 032**	**1 228 623**
CURRENT LIABILITIES					
Lease liabilities	35	137 915	102 011	137 915	102 011
Trade and other payables	38	146 090	104 854	146 046	104 848
Contract liabilities, airport taxes and other liabilities	40	98 956	81 020	99 670	81 507
Provisions	36	46 772	32 809	46 772	32 809
Employee-related tax liabilities	39	17 434	20 367	17 575	20 483
Borrowings	35	17 366	10 842	17 366	10 842
Deferred obligation – asset supply agreement	37	8 254	-	8 254	-
		472 787	**351 903**	**473 598**	**352 500**
TOTAL LIABILITIES		**1 678 819**	**1 580 526**	**1 679 630**	**1 581 123**
TOTAL EQUITY AND LIABILITIES		**1 495 939**	**1 414 702**	**1 495 992**	**1 415 781**

The notes on pages 175 to 222 form an integral part of these financial statements.

	Note	AIR BALTIC 2025 TEUR	AIR BALTIC 2024 TEUR	GROUP 2025 TEUR	GROUP 2024 TEUR
CASH FLOWS FROM OPERATING ACTIVITIES					
LOSS BEFORE TAX		**(43 178)**	**(118 803)**	**(44 335)**	**(118 166)**
Adjustments for:					
Depreciation and amortization	21,22,24	129 277	151 459	130 361	152 185
Interest expense	17	103 695	88 096	103 695	88 113
Foreign exchange (loss) / profit, net	18	(61 335)	32 266	(61 335)	32 266
Change in provisions	36	13 962	(3 140)	13 962	(3 140)
Profit on sale and leaseback transactions	8	(347)	(1 619)	(347)	(1 619)
(Profit) / Loss on disposal of property, plant and equipment		333	(2 709)	336	(3 372)
Interest income		(150)	(1 586)	(150)	(1 588)
Other finance costs		-	3 375	-	3 375
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**142 257**	**147 339**	**142 187**	**148 054**
Increase in payables		45 136	10 094	45 352	10 206
Increase in receivables and prepayments		(18 655)	(46 482)	(18 557)	(46 015)
Decrease / (increase) in deposits		1 561	(692)	1 561	(692)
Decrease in inventories		1 679	1 774	1 656	1 736
Corporate income tax paid		-	-	-	(1)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**171 978**	**112 033**	**172 199**	**113 288**
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of property, plant and equipment and intangible assets		(85 221)	(52 760)	(85 568)	(53 309)
Issued loan		(1 784)	(2 406)	(1 784)	(2 406)
Refund of advances paid for aircraft		3 363	14 572	3 363	14 572
Proceeds from sale of property, plant and equipment		1 552	3 482	1 552	3 482
Repaid loans		532	256	532	256
Profit received from sales and leaseback transactions		347	1 619	347	1 619
Interest received		150	1 753	150	1 753
Advances paid for aircraft		-	(12 093)	-	(12 093)
NET CASH USED IN INVESTING ACTIVITIES		**(81 061)**	**(45 577)**	**(81 408)**	**(46 126)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Lease principal payments	35	(93 337)	(91 084)	(93 337)	(91 084)
Bonds interest	35	(55 100)	(36 505)	(55 100)	(36 505)
Interest paid	35	(47 810)	(50 511)	(47 810)	(50 528)
Repayment of borrowings	35	(6 626)	(239 669)	(6 626)	(240 341)
Restricted cash	32	(3 445)	(13 775)	(3 445)	(13 775)
Commitment fees	35	(1 757)	(12 438)	(1 757)	(12 438)
Borrowings received	35	67 339	385 000	67 339	385 000
Proceeds from increase in share capital	33	28 000	-	28 000	-
Interest/commission on repaid bonds	35	-	(3 375)	-	(3 375)
NET CASH USED IN FINANCING ACTIVITIES		**(112 736)**	**(62 357)**	**(112 736)**	**(63 046)**
(Decrease) / increase in cash and cash equivalents		(21 819)	4 099	(21 945)	4 116
Cash at the beginning of the reporting year		32 893	28 794	33 174	29 058
CASH AT THE END OF THE REPORTING YEAR *	32	**11 074**	**32 893**	**11 229**	**33 174**

The notes on pages 175 to 222 form an integral part of these financial statements.

* In addition, the Group holds EUR 17.2 million in a restricted cash account, designated as the Bonds Service Reserve Account. The total cash, including both unrestricted and restricted balances, amount to EUR 28.4 million at the end of the period (see Note 32).

	Share capital TEUR	Share premium TEUR	Other contributions TEUR	Reserves TEUR	Accumu-lated loss TEUR	Period result TEUR	Total TEUR
1 JANUARY 2024	596 473	-	2 553	5 141	(685 908)	33 852	(47 889)
COMPREHENSIVE INCOME:							
Loss for the year	-	-	-	-	-	(118 803)	(118 803)
Other comprehensive income:							
Revaluation reserve	-	-	-	948	-	-	948
Cash flow hedging reserve	-	-	-	(242)	-	-	(242)
	-	-	-	**706**	**-**	**(118 803)**	**(118 097)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:							
Currency translation difference	-	-	162	-	-	-	162
Allocation of prior year result	-	-	-	-	33 852	(33 852)	-
31 DECEMBER 2024	**596 473**	**-**	**2 715**	**5 847**	**(652 056)**	**(118 803)**	**(165 824)**
COMPREHENSIVE INCOME:							
Loss for the year	-	-	-	-	-	(43 178)	(43 178)
Other comprehensive income:							
Revaluation reserve	-	-	-	(332)	-	-	(332)
Cash flow hedging reserve	-	-	-	527	-	-	527
	-	**-**	**-**	**195**	**-**	**(43 178)**	**(42 983)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:							
Increase in share capital (Note 33)	16 640	11 360	-	-	-	-	28 000
Share capital decrease (Note 33)	(571 293)	-	-	-	571 293	-	-
Transaction costs arising on share issuance (Note 33)	-	-	-	-	(1 757)	-	(1 757)
Currency translation difference	-	-	(316)	-	-	-	(316)
Allocation of prior year result	-	-	-	-	(118 803)	118 803	-
31 DECEMBER 2025	**41 820**	**11 360**	**2 399**	**6 042**	**(201 323)**	**(43 178)**	**(182 880)**

The notes on pages 175 to 222 form an integral part of these financial statements.

	Share capital TEUR	Share premium TEUR	Other contributions TEUR	Reserves TEUR	Accumu-lated loss TEUR	Period result TEUR	Total TEUR
1 JANUARY 2024	596 473	-	2 553	4 002	(684 987)	33 652	(48 307)
COMPREHENSIVE INCOME:							
Loss for the year	-	-	-	-	-	(118 159)	(118 159)
Other comprehensive income:							
Revaluation reserve	-	-	-	1 204	-	-	1 204
Cash flow hedging reserve	-	-	-	(242)	-	-	(242)
	-	-	-	**962**	**-**	**(118 159)**	**(117 197)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:							
Currency translation difference	-	-	162	-	-	-	162
Allocation of prior year result	-	-	-	-	33 652	(33 652)	-
31 DECEMBER 2024	**596 473**	**-**	**2 715**	**4 964**	**(651 335)**	**(118 159)**	**(165 342)**
COMPREHENSIVE INCOME:							
Loss for the year	-	-	-	-	-	(44 337)	(44 337)
Other comprehensive income:							
Revaluation reserve	-	-	-	(413)	-	-	(413)
Cash flow hedging reserve	-	-	-	527	-	-	527
	-	**-**	**-**	**114**	**-**	**(44 337)**	**(44 223)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:							
Increase in share capital (Note 33)	16 640	11 360	-	-	-	-	28 000
Share capital decrease (Note 33)	(571 293)	-	-	-	571 293	-	-
Transaction costs arising on share issuance (Note 33)	-	-	-	-	(1 757)	-	(1 757)
Currency translation difference	-	-	(316)	-	-	-	(316)
Allocation of prior year result	-	-	-	-	(118 159)	118 159	-
31 DECEMBER 2025	**41 820**	**11 360**	**2 399**	**5 078**	**(199 958)**	**(44 337)**	**(183 638)**

The notes on pages 175 to 222 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. As of the reporting date, the principal shareholders of airBaltic are the Republic of Latvia (88.37%), Deutsche Lufthansa AG (10%), and Aircraft Leasing 1 SIA (1.62%).

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 25):

- 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 2025 were approved by a resolution of the Parent company's Executive Board on 3 March 2026.

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 2025

- **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.

Except for the disclosures required under IAS 7 and IFRS 7, the adoption of new or amended standards effective from 1 January 2025 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 2026 or not yet endorsed by the EU

- **Amendments to the Classification and Measurement of Financial Instruments** - Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026). 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** (effective from 1 January 2026). 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. In order 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). 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.

- **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 (effective for annual periods beginning on or after 1 January 2027, not yet endorsed by the EU). The International Accounting Standard Board (IASB) has issued a new IFRS Accounting Standard for subsidiaries. IFRS 19 permits eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures. Applying IFRS 19 will reduce the costs of preparing subsidiaries' financial statements while maintaining the usefulness of the information for users of their financial statements. Subsidiaries using IFRS Accounting Standards for their own financial statements provide disclosures that maybe disproportionate to the information needs of their users. IFRS 19 will resolve these challenges by: enabling subsidiaries to keep only one set of accounting records – to meet the needs of both their parent company and the users of their financial statements; reducing disclosure requirements – IFRS 19 permits reduced disclosure better suited to the needs of the users of their financial statements.

The Group is currently evaluating the impact of IFRS 18 on the presentation of its financial statements. Based on the assessment performed to date, the standard is expected to affect the presentation and disclosure of items in the Income statement, but it is not expected to have an impact on the Group's recognition or measurement of assets, liabilities, income, or expenses.

The Group is not eligible to apply IFRS 19, as it has public accountability. Accordingly, this standard is not expected to have an impact on the Group's financial statements.

c) Going concern

As of 31 December 2025, airBaltic had negative equity of EUR 183 million (2024: EUR 166 million), the Company's current liabilities exceeded its current assets by EUR 344 million (2024: EUR 213 million) and the cash balance (including restricted cash designated for the bond interest payment) at the end of the year was EUR 28.2 million (31 December 2024: EUR 46.7 million).

Business outlook and strategic developments

The Group's forward-looking performance is supported by several positive operational developments expected to strengthen the investment case and profitability in 2026:

- Fleet and capacity growth: the Group expects improved economies of scale driven by fleet growth from 51 to 56 aircraft in 2026. This expansion, combined with the expected resolution of Pratt & Whitney engine availability issues (on average there were 8 aircraft AOG during 2025 due to engine), is expected to increase operational capacity in terms of total flight hours by approximately 15-20% year-on-year,
- Operational efficiency: The expected resolution of engine shortages will allow for the elimination of ACMI-in operations, which is expected to reduce operating costs and improve the Net Promoter Score (NPS). The Group also plans to further improve the winter season utilization of its fleet through expanded ACMI-out operations during Q4 of 2026,
- Commercial improvements: the implementation of Starlink high-speed onboard connectivity across the fleet is expected to enhance the customer experience (NPS), supporting growth in passenger ticket and ancillary yields,
- Market context: the management observes strengthening macroeconomic indicators in the Baltics, which are expected to support demand growth. Additionally, the Group continues to enhance its cooperation with Lufthansa Group following its investment in 2025.

Financing and capital adequacy

Despite the expected improvements in operational and commercial performance, the airline is expected to operate in 2026 with negative free cash flow, and on the basis of the current forecasts Management expects to require an additional cash injection of EUR 100-150 million by the end of 2026 in order to finance operations through the 2026/2027 winter season.

Until the new financing (equity or otherwise) is received, the airline expects to continue to operate under a cash conservation framework throughout 2026 and the management will continue focusing on:

- further enhancement of short-term revenue, including ad hoc charters and ACMI-out contracts – during the summer season up to 26 aircraft expected to be fully dedicated to ACMI-out flying of which 25 have been already contracted,
- increasing passenger revenue in line with or above the planned capacity growth for 2026, targeting improved load factors and yields through network optimization, fare management and enhanced ancillary revenue initiatives,

- further optimization of operating costs, with a particular focus on improving crew and pilot utilization and productivity and reducing unit costs through higher aircraft utilization rates,
- financing P&W spare engine acquisition with sale and leaseback transaction which provide surplus cash,
- continue taking advantage of the tax postponement option available to Latvian companies,
- negotiating more favorable payment terms with Original Equipment Manufacturers (OEMs) and key suppliers and customers.

The bond covenants require the airline to maintain a minimum liquidity of EUR 25 million. Liquidity is calculated by reference to the most recent quarterly financial period, as defined in the bond terms. In a downside scenario, should no additional funding be obtained and liquidity fall below the required threshold, the Company would be required to notify the Trustee and restore compliance within a 90-day cure period in accordance with the bond documentation.

In light of the Group's financial performance in 2025 and prevailing market conditions, the management has paused the Initial Public Offering (IPO) process and does not currently view it as a potential source of equity capital for 2026. With the approval of its majority shareholder, the Government of Latvia, the Group is seeking to raise new equity capital from alternative sources, including through an M&A (mergers & acquisition) transaction. To support this process, the Group is planning to engage and has started a selection process to appoint an international financial advisory firm with relevant experience in the aviation sector. The financial advisor will be tasked with identifying and evaluating potential investors and structuring an appropriate equity raising transaction.

In parallel, the Group has engaged a strategic industry advisory firm to conduct a comprehensive review of its commercial strategy and operations, aiming to develop a revised business plan that accelerates the return to profitability.

If there is no new outside financing available in 2026, the management will approach its current shareholders to seek additional financing from them. The Government of Latvia, as the Group's majority shareholder, has historically demonstrated its commitment to the Group, however additional investment would be possible only if it is in line with the EU state aid rules.

If no additional financing is available from any new investors or shareholders, the management will engage with OEMs, key suppliers, financiers and lessors with the aim to agree on extending the payment terms or deferring payments in order to maintain adequate liquidity levels for its operations through Q4 of 2026 and Q1 of 2027 with the aim to extend the operating runway and seek additional financing in 2027.

Going concern conclusion

The Executive Board has assessed the Group's ability to continue as a going concern over a period of at least 12 months from the date of approval of these financial statements. While the Management has a reasonable expectation that the necessary financing will be secured, the absence of committed funding at the date of this report indicates the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. If additional financing from outside investors or current shareholders is not available in 2026, and no sufficient extension of payment terms can be agreed with suppliers and lessors, Group might be unable to realize their assets or discharge their liabilities in the normal course of business.

These financial statements have been prepared on a going concern basis and do not include the adjustments to the carrying amounts and classification of assets, liabilities, and reported expenses that might be necessary should the Group be unable to continue as a going concern.

d) Consolidation (Group)

The financial statements of the Group comprise the financial statements of Air Baltic Corporation AS, Baltijas Kravu Centrs SIA, AiBaltic 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 latest business plan. See Notes 21, 22 and 24 for more information.

Recognition and revaluation of provisions

As at 31 December 2025, airBaltic has set up provisions for aircraft redelivery costs (see Note 36). 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 of 31 December 2025, airBaltic has set up provision for carbon emissions. The provision represents the costs of the industry carbon dioxide (CO2) emissions scheme The liability is measured based on the number of emission allowances required to settle the obligation and the market price of allowances at the reporting date. Accordingly, the provision reflects the year-end market value of emission allowances.

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.

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 2025 the Parent company has recognised a profit of EUR 347 thousand (2024: EUR 1 619 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.

	31.12.2025	31.12.2024
	USD	USD
1 EUR	1.1750	1.0389
The average EUR/USD rate in the year	1.1300	1.0824

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 measured in accordance with IFRS 15 and recognised as a reduction of revenue and as contract liabilities at the time the points-earning event (e.g., when a 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. 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.

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 2025 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.

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. Revaluations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the balance sheet date. Increase in the carrying amount arising on revaluation is credited to Reserves 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.

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.

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.

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.

The net USD exposure during 2025 reached a net outflow of USD 111 million which is net of revenues from ACMI-out operations, ticket sales and financing received minus USD denominated expenses related to fuel, aircraft lease, maintenance, insurance and capital expenditures.

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 2025. 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	31.12.2025		31.12.2024	
	TUSD	equivalent to TEUR	TUSD	equivalent to TEUR
Trade and other receivables	17 222	14 657	20 440	19 675
Borrowings and lease payments	607 970	517 421	551 285	530 643
Trade and other payables	70 758	60 220	45 382	43 682

GROUP	31.12.2025		31.12.2024	
	TUSD	equivalent to TEUR	TUSD	equivalent to TEUR
Trade and other receivables	17 222	14 657	20 440	19 675
Borrowings and lease payments	607 970	517 421	551 285	530 643
Trade and other payables	70 758	60 220	45 382	43 682

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.

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 2025 was 6% (2024: 20%). As at 31 December 2025, 20 400 jet fuel tonnes had been hedged for the year 2026 (31 December 2024: 12 000 jet fuel tonnes for 2025).

In addition to jet fuel, significant attention will be directed towards the carbon market, which also represents a substantial expense. As of the date of the report, the airline had around 14.5% of its total exposure hedged at the average price of 72.52 EUR. The airline is monitoring market movements with intent of securing favorable pricing using future contracts for EUAs.

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	31.12.2025	31.12.2024	2025	2024
	Difference in equity	Difference in equity	Difference in result for the year	Difference in result for the year
	TEUR	TEUR	TEUR	TEUR
USD/EUR rate sensitivity				
USD/EUR rate increase 5%	(31 289)	(30 565)	(31 289)	(30 565)
USD/EUR rate decrease 5%	34 582	33 782	34 582	33 782
Interest rate sensitivity				
Interest rate is higher by 0.5 pp	(49.92)	(0.33)	(49.92)	(0.33)
Interest rate is lower by 0.5 pp	49.92	0.33	49.92	0.33

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 2025 with the cash balance of EUR 11 million and EUR 17.2 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	Between 3 months and 1 year	Between 1 and 5 years	More than 5 years	Total contractual cash flows	Carrying amount of liabilities
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Contractual maturities of financial liabilities at 31.12.2025						
Trade payables	100 789	-	-	-	100 789	100 789
Accrued liabilities	38 133	-	-	-	38 133	38 133
Borrowings	16 644	52 421	593 490	36 352	698 907	461 230
Lease liabilities and variable lease expense	43 555	136 468	518 465	336 320	1 034 808	854 378
Airport taxes collected and still payable	10 074	7 801	-	-	17 875	17 875
Amounts collected on behalf of other airlines	1 399	222	863	-	2 484	2 484
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

GROUP	Within 3 months	Between 3 months and 1 year	Between 1 and 5 years	More than 5 years	Total contractual cash flows	Carrying amount of liabilities
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Contractual maturities of financial liabilities at 31.12.2025						
Trade payables	100 335	-	-	-	100 335	100 335
Accrued liabilities	38 380	-	-	-	38 380	38 380
Borrowings	16 644	52 421	593 490	36 352	698 907	461 230
Lease liabilities and variable lease expense	43 555	136 468	518 465	336 320	1 034 808	854 378
Airport taxes collected and still payable	10 074	7 801	-	-	17 875	17 875
Amounts collected on behalf of other airlines	1 399	222	863	-	2 484	2 484
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

Lease liabilities include variable lease liability of EUR 28 453 thousand recognised due to the total loss of the aircraft (see Note 21). This liability is to be settled within the insurance policy.

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.

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	A+	B+	BBB+	Other	Unrated	Total
31.12.2025	**TEUR**	**TEUR**	**TEUR**	**TEUR**	**TEUR**	**TEUR**
Financial instruments						
Trade receivables, security deposits and other receivables	213	1 818	-	1 833	45 796	49 660
Restricted cash	17 220	-	-	-	-	17 220
Cash	9 980	37	422	-	635	11 074
Derivative financial instruments	767	-	-	-	-	767
TOTAL FINANCIAL ASSETS	**28 180**	**1 855**	**422**	**1 833**	**46 431**	**78 721**
31.12.2024						
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**

GROUP	A+	B+	BBB+	Other	Unrated	Total
31.12.2025	**TEUR**	**TEUR**	**TEUR**	**TEUR**	**TEUR**	**TEUR**
Financial instruments						
Trade receivables, security deposits and other receivables	213	1 818	-	1 833	40 043	43 907
Restricted cash	17 220	-	-	-	-	17 220
Cash	10 135	37	422	-	635	11 229
Derivative financial instruments	767	-	-	-	-	767
TOTAL FINANCIAL ASSETS	**28 335**	**1 855**	**422**	**1 833**	**40 678**	**73 123**

31.12.2024						
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**

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 29.

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.

During the year, the airline and its main shareholder, the Government of Latvia, completed an agreement with Lufthansa Group for an equity investment of EUR 14 million in airBaltic, following receipt of the required competition authority approvals. The Government of Latvia also participated in the capital increase on equivalent terms.

4. 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 2025.

AIR BALTIC	**Level 1**	**Level 2**	**Level 3**	**Total**
	TEUR	**TEUR**	**TEUR**	**TEUR**
Buildings	-	-	6 558	6 558
Investment property	-	-	18 092	18 092
Derivative financial instruments	-	767	-	767

GROUP	**Level 1**	**Level 2**	**Level 3**	**Total**
	TEUR	**TEUR**	**TEUR**	**TEUR**
Buildings	-	-	24 440	24 440
Diamond DA40NG aircraft	-	-	3 572	3 572
Derivative financial instruments	-	767	-	767

The following table presents airBaltic's and the Group's assets and liabilities that are measured at fair value at 31 December 2024.

AIR BALTIC	Level 1	Level 2	Level 3	Total
	TEUR	TEUR	TEUR	TEUR
Buildings	-	-	7 216	7 216
Investment property	-	-	2 020	2 020
Derivative financial instruments	-	240		240

GROUP	Level 1	Level 2	Level 3	Total
	TEUR	TEUR	TEUR	TEUR
Buildings	-	-	9 637	9 637
Diamond DA40NG aircraft	-	-	3 891	3 891
Derivative financial instruments	-	240	-	240

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 21 and Note 22 on the principles of setting the fair value of buildings and Note 21 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 2025. The valuation was performed by discounting the remaining cash flow with the market rate of 14.9% as of 31 December 2025. According to the calculations performed the fair value of the bonds on 31 December 2025 - EUR 383 598 thousand - was lower than their carrying amount of EUR 386 888 thousand (as of December 31, 2024, using a market rate of 10.1%, the fair value of the bonds was EUR 439 431 thousand, which was higher than their carrying amount of EUR 386 888 thousand).

The fair values of other financial assets and other financial liabilities are based on discounted cash flows using a current borrowing rate.

5. Segment information

As of 31 December 2025, 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-out 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-out fleet designation: the number of aircraft considered part of the ACMI-out 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 6 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 are based on the segment's performance during the period and aimed at optimising the Group's financial performance.

Segment revenue and result

2025	Own network operations	ACMI out business	Total reportable operating segments	Other segments	Intersegment elimination	Group
External revenue	616 076	157 468	773 544	5 800	-	779 344
Revenues from transactions with other operating segments	2 100	-	2 100	1 570	(3 670)	-
Adjusted EBITDAR	74 575	69 414	143 989	-	(66)	143 923
Adjusted EBITDAR margin	12.1%	44.1%	18.6%	-	-	18.5%
Amortization and depreciation	(81 122)	(48 155)	(129 277)	(647)	(439)	(130 363)
Interest revenue	91	59	150	1	-	151
Interest expense	(63 033)	(40 677)	(103 710)	-	-	(103 710)
2024						
External revenue	595 731	146 871	742 602	4 970	-	747 572
Revenues from transactions with other operating segments	1 131	-	1 131	1 503	(2 634)	-
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)

Segment assets and liabilities

31 December 2025	Own network operations	ACMI out business	Total reportable operating segments	Other segments	Intersegment elimination	Group
Segment assets	916 507	579 432	1 495 939	8 334	(8 281)	1 495 992
Segment liabilities	1 052 546	626 273	1 678 819	7 337	(6 526)	1 679 630
Capital expenditure	126 450	81 601	208 051	348	-	208 399
31 December 2024						
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

Entity-wide disclosures

Revenue from external customers can be analysed by geographic area as follows:

	AIR BALTIC		GROUP	
	2025 TEUR	2024 TEUR	2025 TEUR	2024 TEUR
Europe	742 477	702 170	746 103	706 110
Other	33 167	41 563	33 241	41 462
TOTAL	**775 644**	**743 733**	**779 344**	**747 572**

Revenue was allocated to geographical areas based on the location of the destination airport.

All of the Group's facilities are located in Latvia, which is considered the Group's sole geographic area of operations.

6. 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	
	2025 TEUR	2024 TEUR	2025 TEUR	2024 TEUR
Loss for the period	(43 178)	(118 803)	(44 337)	(118 159)
Finance costs	105 691	93 494	105 694	93 517
Finance income	(150)	(1 586)	(151)	(1 588)
Corporate income tax	-	-	2	(7)
Adjusted EBIT	**62 363**	**(26 895)**	**61 208**	**(26 237)**
Foreign currency exchange (gain) / loss, net	(67 711)	32 382	(67 708)	32 385
Amortization and depreciation	129 277	151 459	130 363	152 185
Adjusted EBITDA	**123 929**	**156 946**	**123 863**	**158 333**
Aircraft and similar lease	45 716	59 612	45 716	59 612
Claims compensation	(25 656)	(33 793)	(25 656)	(33 793)
Adjusted EBITDAR	**143 989**	**182 765**	**143 923**	**184 152**
Operating revenue	**775 644**	**743 733**	**779 344**	**747 572**
Adjusted EBITDAR margin	**18.56%**	**24.6%**	**18.47%**	**24.6%**

7. Revenue

	AIR BALTIC		GROUP	
	2025 TEUR	**2024 TEUR**	**2025 TEUR**	**2024 TEUR**
Ticket revenue	548 963	527 025	548 963	527 025
ACMI lease revenue (non-lease component)	105 085	95 522	105 085	95 522
Ancillary revenue	44 304	44 973	44 304	44 973
Charter revenue	12 438	13 913	12 438	13 913
Cargo revenue	5 715	5 688	6 181	6 114
Other revenue	4 932	3 092	9 543	6 913
Revenue from contracts with customers	***721 437***	***690 213***	***726 514***	***694 460***
ACMI lease revenue (lease component)	52 383	51 349	52 383	51 349
Rental income from Investment Properties	1 477	552	100	144
TOTAL	**775 297**	**742 114**	**778 997**	**745 953**

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, Other revenue primarily comprises crew training services provided to external customers and other ancillary commercial services

Ticket revenue and ancillary revenue are recognized at a point in time. ACMI lease revenue, charter revenue and cargo revenue are recognized over time. Revenue from crew training services is recognised over time as the training services are delivered. The recognition of Other revenue depends on the nature of the revenue stream.

8. Other income

Other income represents profit from sale and leaseback transactions.

9. Personnel costs

	AIR BALTIC		GROUP	
	2025 TEUR	**2024 TEUR**	**2025 TEUR**	**2024 TEUR**
Remuneration	120 578	102 697	123 367	105 008
State social insurance contributions	27 838	24 202	28 498	24 744
Other personnel expense	1 360	1 585	1 377	1 606
TOTAL	**149 776**	**128 484**	**153 242**	**131 358**

Remuneration of the members of the Executive Board and Supervisory Board for the current year

	AIR BALTIC		GROUP	
	2025 TEUR	2024 TEUR	2025 TEUR	2024 TEUR
Executive Board members				
Remuneration	1 336	1 930	1 336	1 930
State social insurance contributions	315	456	315	456
Supervisory Board members				
Remuneration	149	166	149	166
State social insurance contributions	34	38	34	38
TOTAL	**1 834**	**2 590**	**1 834**	**2 590**
Average number of employees during the reporting year, including:	2 772	2 593	2 841	2 656
Executive Board members	2.3	3	2.3	3
Supervisory Board members	3.9	4	3.9	4

10. Aircraft and similar lease costs

	AIR BALTIC		GROUP	
	2025 TEUR	2024 TEUR	2025 TEUR	2024 TEUR
ACMI-in lease costs	26 807	35 847	26 807	35 847
Short term engine lease	18 909	23 765	18 909	23 765
TOTAL	**45 716**	**59 612**	**45 716**	**59 612**

ACMI-in lease costs include payments for lease, related maintenance, insurance, and crew.

11. Cost of carbon emissions allowances

The Cost of carbon emissions allowances is the cost of the industry CO2 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.

The planned SAF (Sustainable Aviation Fuel) support for 2025, in the form of free emission allowances, has been recognized under the Carbon Crediting Programs line. The amount represents an estimate based on the free emission allowances measured at market rates at the end of the period. The support is granted for the use of eligible aviation fuel in accordance with the decision of the Ministry of Climate and Energy, adopted pursuant to Directive 2003/87/EC of the European Parliament and of the Council.

	AIR BALTIC		GROUP	
	2025 TEUR	2024 TEUR	2025 TEUR	2024 TEUR
Current period cost	37 565	22 640	37 565	22 640
(Gain) / loss on revaluation of provisions (see Note 36)	5 590	(4 121)	5 590	(4 121)
Carbon Crediting Programs (see Note 36)	(1 910)	-	(1 910)	-
TOTAL	**41 245**	**18 519**	**41 245**	**18 519**

12. 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.

13. Marketing and tickets sales costs

	AIR BALTIC		GROUP	
	2025 TEUR	**2024 TEUR**	**2025 TEUR**	**2024 TEUR**
Tickets sales costs	21 050	22 288	21 050	22 288
Marketing costs and agents' commissions	17 944	18 151	17 944	18 151
Other sales costs	5 800	5 864	5 800	5 864
TOTAL	**44 794**	**46 303**	**44 794**	**46 303**

14. Other operating costs

	AIR BALTIC		GROUP	
	2025 TEUR	**2024 TEUR**	**2025 TEUR**	**2024 TEUR**
Crew duty trip expenses	13 723	11 725	13 723	11 725
IT maintenance services	8 292	7 330	8 375	7 377
Professional costs	6 820	10 618	6 501	10 333
Other costs	5 811	3 069	6 937	4 275
Insurances	2 814	2 941	2 932	3 041
Utilities	1 869	1 550	1 909	1 596
Net financial result from real estate sale and write-off	-	(698)	-	(1 528)
TOTAL	**39 329**	**36 535**	**40 377**	**36 819**

15. Auditor's remuneration

	AIR BALTIC		GROUP	
	2025 TEUR	**2024 TEUR**	**2025 TEUR**	**2024 TEUR**
Capital market transaction related services	232	555	232	555
Audit fees	251	281	274	301
Tax and other consulting services	15	13	15	13
TOTAL	**498**	**849**	**521**	**869**

16. 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 had a major impact on airBaltic's operations in 2025. This once again prevented the airline from flying its own fleet at full capacity. During the Summer season airBaltic had on average 7.7 aircraft on the ground due to the shortage of spare engines (the Summer of 2024: 8.0 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 Executive 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.

17. Finance costs

	AIR BALTIC		GROUP	
	2025 TEUR	**2024 TEUR**	**2025 TEUR**	**2024 TEUR**
Interest expense on borrowings	57 509	39 437	57 509	39 454
Interest expense on lease	46 201	48 659	46 201	48 659
Interest/commission on repaid bonds	-	3 375	-	3 375
Other similar expenses	1 981	2 023	1 984	2 029
TOTAL	**105 691**	**93 494**	**105 694**	**93 517**

18. Foreign currency exchange gain / (loss), net

	AIR BALTIC		GROUP	
	2025 TEUR	**2024 TEUR**	**2025 TEUR**	**2024 TEUR**
Exchange gain / (losses) on assets and liabilities, net	61 335	(32 266)	61 335	(32 266)
Exchange gain on foreign currency settlements, net	6 376	(116)	6 373	(119)
TOTAL	**67 711**	**(32 382)**	**67 708**	**(32 385)**

19. Finance income

	AIR BALTIC		GROUP	
	2025 TEUR	**2024 TEUR**	**2025 TEUR**	**2024 TEUR**
Interest income on bank deposits	150	1 586	151	1 588

20. Corporate Income tax

	AIR BALTIC		GROUP	
	2025 TEUR	**2024 TEUR**	**2025 TEUR**	**2024 TEUR**
Reversed accruals for Corporate income tax on conditionally distributed profit	-	-	-	8
Corporate income tax on conditionally distributed profit	-	-	(2)	(1)
TOTAL	**-**	**-**	**(2)**	**7**

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.

21. 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					
31.12.2023	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**
Cost or revalued amount					
31.12.2024	16 183	30 964	207 693	37 153	291 993
Additions	-	1 098	50 864	72 006	123 968
Reclassifications	-	-	75 911	(75 911)	-
Transfer to Investment property *	-	-	-	(13 523)	(13 523)
Disposals	-	(341)	(3 710)	(1 243)	(5 294)
Impairment due to total loss of leased aircraft **	-	-	(1 345)	-	(1 345)
31.12.2025	**16 183**	**31 721**	**329 413**	**18 482**	**395 799**
Accumulated depreciation					
31.12.2024	8 967	10 588	51 625	-	71 180
Charge for 2025	326	2 756	32 808	-	35 890
Charge on revalued amount	332	-	-	-	332
Disposals	-	(331)	(3 428)	-	(3 759)
Impairment due to total loss of leased aircraft **	-	-	(746)	-	(746)
31.12.2025	**9 625**	**13 013**	**80 259**	**-**	**102 897**
Net book value 31.12.2025	**6 558**	**18 708**	**249 154**	**18 482**	**292 902**
Net book value 31.12.2024	**7 216**	**20 376**	**156 068**	**37 153**	**220 813**

* During the year, the Parent company completed construction of its cargo building. The capitalised amount comprises directly attributable construction and engineering costs incurred to bring the asset to its intended use. Following completion, the building is leased to a Group company and is recognised as Investment property (see Note 23).
** During the year, following the declaration of an aircraft as a total loss, the related right-of-use asset and associated capitalised expenditures were fully impaired, and their net carrying amount was recognised in the income statement. Further information is provided below in this note.

GROUP	Buildings (revalued amount)	Fixtures and fittings (at cost)	Aircraft (revalued amount)	Aircraft equipment (at cost)	Assets under construction	Total
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
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**
Cost or revalued amount						
31.12.2024	20 274	32 063	5 889	207 705	37 153	303 084
Additions	2 549	1 177	260	50 873	72 006	126 865
Reclassifications	13 523	-	-	75 911	(89 434)	-
Disposals	-	(539)	(191)	(3 710)	(1 243)	(5 683)
Impairment due to total loss of leased aircraft	-	-	-	(1 345)	-	(1 345)
31.12.2025	**36 346**	**32 701**	**5 958**	**329 434**	**18 482**	**422 921**
Accumulated depreciation						
31.12.2024	10 637	11 345	1 998	51 627	-	75 607
Charge for 2025	921	2 834	577	32 752	-	37 084
Charge on revalued amount	348	-	-	65	-	413
Disposals	-	(526)	(189)	(3 429)	-	(4 144)
Impairment due to total loss of leased aircraft	-	-	-	(746)	-	(746)
31.12.2025	**11 906**	**13 653**	**2 386**	**80 269**	**-**	**108 214**
Net book value 31.12.2025	**24 440**	**19 048**	**3 572**	**249 165**	**18 482**	**314 707**
Net book value 31.12.2024	**9 637**	**20 718**	**3 891**	**156 078**	**37 153**	**227 477**

Impairment test

At the end of 2025, 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 geopolitical risks 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 2025 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 2026 – 2030 of the current aircraft fleet of the Parent company. The expected future cash flows were discounted using a discount rate of 12.0% (2024: 12.0%). 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).

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 2026 would increase by 5% compared to 2025 (10% in 2024 impairment test, adjustment driven by decreased yield of reported year) and 2% in 2027 compared to 2026. Further assumed 2% to 3% 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 20% of the total revenue is generated by ACMI operations from 2026 till 2029 (20% in 2025). Passenger growth assumed 11% in 2026 compared to 2025. Compounded annual passenger increase assumed 6% in 2027 compared to 2026 and between 1% and 2% from 2028 to 2030.

The EUR/USD exchange rate forecasted based on relevant forward prices until 2030 and in the model exchange rate reduced by 0%-2% to use conservative assumption. Rates vary from EUR/USD 1.18 to 1.20.

The market price of jet fuel forecasted based on relevant forward prices and for the impairment test purpose decreased average by 1%. Rates vary from 685 to 650 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 2.9%
USD exchange rate	Decrease 9.1%
WACC	Increase 13.7%

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 other geopolitical risks 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 2026, 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 2025 include fully depreciated assets with a total cost of EUR 4.9 million (31 December 2024: EUR 4.2 million) for the Group and EUR 4.4 million (31 December 2024: EUR 3.5 million) for airBaltic.

Pledged assets

Information on pledged assets and commitments is disclosed in the Note 42 (a) and Note 42 (c) respectively.

Revalued assets

In 2024 and 2025, the buildings and training aircraft of the Parent Company and the Group were revalued by certified independent valuers applying the income approach. In accordance with the Group's accounting policy, the carrying amounts of these assets were adjusted to the revalued amounts, with the resulting gains recognised in the Revaluation reserve. Based on management's assessment, there is no indication that the market values of the buildings and training aircraft have changed significantly during 2025 compared to the most recent revaluation, and accordingly no further revaluation has been recognised.

If assets were recorded at cost less accumulated depreciation, their net book value would be as follows:

	AIR BALTIC		GROUP	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
Buildings	TEUR	TEUR	TEUR	TEUR
Cost	6 804	6 804	8 725	8 725
Accumulated depreciation	(2 972)	(2 645)	(3 823)	(3 495)
NET BOOK VALUE	**3 832**	**4 159**	**4 902**	**5 230**
Aircraft Diamond				
Cost	-	-	5 263	5 127
Accumulated depreciation	-	-	(2 194)	(1 844)
NET BOOK VALUE	-	-	**3 069**	**3 283**

Impairment of the aircraft and related assets and liabilities

On 14 June 2025, aircraft YL-AAO sustained extreme heat damage during release from maintenance, while conducting an APU ground run procedure. Following a detailed assessment, Airbus Engineering concluded in December 2025 that the aircraft was beyond economic repair. Accordingly, as at 31 December 2025, the Company fully impaired the related right-of-use asset and associated capitalised expenditures.The Company submitted an insurance claim under an agreed value arrangement. Insurance proceeds are recognised to the extent they are virtually certain and receivable, with settlement expected by June 2026. The aircraft will be transferred to the insurer upon completion of the claims process, and the salvage value is being assessed.

Following the assessment of the incident and related recoveries, the Company recorded the following accounting entries:

	Note	Balance sheet	Income statement
		TEUR	TEUR
Impairment of owned aircraft equipment, net	21	(599)	
Impairment of assets under construction	21	(1 243)	
Impairment of right-of-use asset, net	22	(12 447)	
Recognition of insurance receivable	29	28 453	
Derecognition of redelivery provision	36	(616)	
Derecognition of lease liabilities	35	(12 420)	
Recognition of lease expense – variable lease liabilities	35	30 122	
Recognition of additional provisions	36	3 234	
		6 156	
Recognition of additional provisions	36		(3 234)
Gain/(loss) on lease termination (additional lease vs insurance receivable)	35		(1 669)
Impairment loss on assets under construction	21		(1 243)
Impairment loss on owned aircraft equipment, net	21		(599)
Net loss on lease derecognition (ROU vs lease liability)	22,35		(27)
Derecognition of redelivery provision	36		616
Net impact on Income statement			**(6 156)**

EUR 5 076 thousand has been recognised within Aircraft maintenance in the Income statement, and EUR 1 080 thousand has been recognised within Other operational expenses.

Non-cash investing activities

During 2025, the Group recognised property, plant and equipment of EUR 23 million and a corresponding liability under contractual arrangements. As no cash consideration was paid at inception, this transaction represents a non-cash investing activity in accordance with IAS 7.

22. Right-of-use assets

The table below shows the movement in each class of right-of-use assets for airBaltic and the Group:

	Buildings and land TEUR	Aircraft TEUR	Total TEUR
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**
Cost			
31.12.2024	24 020	1 233 350	1 257 370
Additions – new lease contracts	-	74 252	74 252
Modifications	4 604	-	4 604
Terminated contracts and derecognition	(271)	(409)	(680)
31.12.2025	**28 353**	**1 307 193**	**1 335 546**
Accumulated depreciation			
31.12.2024	10 905	379 879	390 784
Charge for 2025	2 808	88 129	90 937
Terminated contracts and derecognition	(265)	(232)	(497)
31.12.2025	**13 448**	**467 776**	**481 224**
Impairment due to total loss of leased aircraft (see Note 21)	-	(12 447)	(12 447)
Net book value 31.12.2025	**14 905**	**826 970**	**841 875**
Net book value 31.12.2024	**13 115**	**853 471**	**866 586**

During the year, following the declaration of an aircraft as a total loss, the impairment was recognised on the related right-of-use asset. The net carrying amount of the asset and associated capitalised expenditures were recognised in Income statement (see Note 21).

In 2024, accelerated depreciation was recognised for certain engine components following revised maintenance requirements issued by the engine manufacturer, reflecting the earlier replacement of affected parts. In 2025, the impact of accelerated depreciation was immaterial, as the majority of the engines had already been repaired. 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	
	2025 TEUR	**2024 TEUR**	**2025 TEUR**	**2024 TEUR**
Depreciation charge for the right-of-use assets by class of assets				
Aircraft	88 129	124 414	88 129	124 414
Land and buildings	2 808	2 861	2 808	2 861
Total depreciation charge	90 937	127 275	90 937	127 275
Interest expense on lease liabilities (Finance cost)	46 201	48 665	46 201	48 665
Expense relating to short-term leases (Aircraft and similar lease expenses)	45 716	59 612	45 716	59 612
TOTAL EXPENSES RELATED TO LEASES	**182 854**	**235 552**	**182 854**	**235 552**

The following amounts related to the right-of-use assets are recognized in the Cash flow statement:

	AIR BALTIC		GROUP	
	2025 TEUR	**2024 TEUR**	**2025 TEUR**	**2024 TEUR**
Principal	93 337	91 084	93 337	91 084
Interest paid	46 616	48 560	46 616	48 560
Payments relating to short-term leases (Aircraft and similar lease expenses)	29 966	32 687	29 966	32 687
Payments relating to low value assets (Aircraft and similar lease expenses)	768	-	768	-
TOTAL CASH OUTFLOWS	**170 687**	**172 331**	**170 687**	**172 331**

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.

23. Investment properties (the Parent company)

Fair value	**TEUR**
31.12.2023	**2 850**
Disposal	(830)
31.12.2024	**2 020**
Transfer from Assets under construction	13 523
Additions	2 549
31.12.2025	**18 092**

Information on pledged assets is disclosed in Note 42 (a).

During the year, the Parent company completed construction of its cargo building. The capitalised amount comprises directly attributable construction and engineering costs incurred to bring the asset to its intended use. Following completion, the building is leased to a Group company and is recognised as Investment property. As at the reporting date, the carrying amount of the building amounts to EUR 16 072 million.

In 2024, one investment property located near Riga International Airport was expropriated by the state for public infrastructure development, resulting in a gain recognised in Other income.

No material changes in the fair values of other assets were identified 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:

	2025 TEUR	2024 TEUR
Rental income	1 477	552
Direct operating expenses of the Investment property	(620)	(435)

24. Intangible assets

	AIR BALTIC			GROUP		
	Trademarks TEUR	Licences, software and other TEUR	Total TEUR	Trademarks TEUR	Licences, software and other TEUR	Total TEUR
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**
Cost						
31.12.2024	13 000	25 952	38 952	13 000	24 834	37 834
Additions	-	2 678	2 678	-	2 678	2 678
Disposals	-	(2 074)	(2 074)	-	(2 094)	(2 094)
31.12.2025	**13 000**	**26 556**	**39 556**	**13 000**	**25 418**	**38 418**
Accumulated amortization						
31.12.2024	-	17 706	17 706	-	17 396	17 396
Charge for 2025	-	2 450	2 450	-	2 342	2 342
Disposals	-	(1 917)	(1 917)	-	(1 937)	(1 937)
31.12.2025	**-**	**18 239**	**18 239**	**-**	**17 801**	**17 801**
Net book value 31.12.2025	**13 000**	**8 317**	**21 317**	**13 000**	**7 617**	**20 617**
Net book value 31.12.2024	**13 000**	**8 246**	**21 246**	**13 000**	**7 438**	**20 438**

Information on pledged assets is disclosed in the Note 42 (a).

Intangible assets on 31 December 2025 include fully amortized assets with a total cost of EUR 12.8 million (31 December 2024: EUR 13.8 million) for Parent company and EUR 12.9 million (31 December 2024: EUR 13.9 million) for the Group.

Several trademarks of the Parent company are with indefinite useful life. As of 31 December 2025 the net book value of such trademarks was EUR 13 million (31 December 2024: 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 21).

25. Investments in subsidiaries and other investments (the Parent company)

	Investments in subsidiary undertakings TEUR	Other investments TEUR	Total TEUR
31.12.2024	**407**	**3**	**410**
31.12.2025	**407**	**3**	**410**

Financial information on subsidiary undertakings

		Equity		(Loss) / Profit	
Name	**Address**	**31.12.2025 TEUR**	**31.12.2024 TEUR**	**2025 TEUR**	**2024 TEUR**
Aviation Crew Resources AS (under liquidation)	Pilotu Street 6, Riga, Latvia, LV-1053	148	146	1	31
Air Baltic Training SIA	Pilotu Street 6, Riga, Latvia, LV-1053	2 314	1 808	569	190
Baltijas Kravu centrs SIA	Mazā Gramzdas street 9B, International airport “Riga”, Latvia, LV-1053	(1 352)	(126)	(1 226)	64

	Carrying value of investments in subsidiary undertakings		Participating interest in share capital of subsidiary undertakings	
Name	**31.12.2025 TEUR**	**31.12.2024 TEUR**	**31.12.2025 %**	**31.12.2024 %**
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**		

26. Prepayment for maintenance

Prepayments for maintenance comprise advance payments made to certain lessors under aircraft and engine lease agreements as security for future heavy maintenance events. These amounts are recognised as prepayments until the relevant maintenance work is performed and reimbursement with the lessor is finalised. Given the relatively young and expanding fleet, major maintenance activities commenced only in the first half of 2024, while advance payments have been made on an ongoing basis, resulting in an increase in this balance. Reimbursements for maintenance works began in the first half of 2024 and have since been occurring regularly in the normal course of business.

27. Prepaid expenses

	AIR BALTIC		GROUP	
	31.12.2025 TEUR	**31.12.2024 TEUR**	**31.12.2025 TEUR**	**31.12.2024 TEUR**
Prepaid airport and handling charges	869	1 974	869	1 974
Lease interest	508	2 898	508	2 898
Aircraft maintenance related prepaid expenses	265	3 122	265	3 122
Other prepaid expenses (services)	3 125	2 838	3 333	2 932
TOTAL	**4 767**	**10 832**	**4 975**	**10 926**

28. Division of financial instruments by category

		AIR BALTIC		GROUP	
	Note	**Fair Value TEUR**	**Amortised cost TEUR**	**Fair Value TEUR**	**Amortised cost TEUR**
As at 31 December 2025					
Trade receivables, security deposits and other receivables	29	-	49 660	-	43 909
Restricted cash	32	-	17 220	-	17 220
Cash	32	-	11 074	-	11 229
Derivative financial instruments	31	767	-	767	-
TOTAL FINANCIAL ASSETS		**767**	**77 954**	**767**	**72 358**
As at 31 December 2024					
Trade receivables, security deposits and other receivables	29	-	66 259	-	61 475
Restricted cash	32	-	13 775	-	13 775
Cash	32	-	32 893	-	33 174
Derivative financial instruments	31	240	-	240	-
TOTAL FINANCIAL ASSETS		**240**	**112 927**	**240**	**108 424**
As at 31 December 2025					
Borrowings, lease	35	-	1 315 608	-	1 315 608
Trade and other payables	38	-	146 090	-	146 046
Contract liabilities, airport taxes and other liabilities	40	-	20 358	-	20 358
TOTAL FINANCIAL LIABILITIES		**-**	**1 482 056**	**-**	**1 482 012**
As at 31 December 2024					
Borrowings and lease	35	-	1 311 682	-	1 311 682
Trade and other payables	38	-	104 854	-	104 848
Contract liabilities, airport taxes and other liabilities	40	-	19 196	-	19 196
TOTAL FINANCIAL LIABILITIES		**-**	**1 435 732**	**-**	**1 435 726**

29. Trade and other receivables

	AIR BALTIC		GROUP	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	TEUR	TEUR	TEUR	TEUR
Non-current				
Security deposits	20 784	20 370	20 785	20 370
Loans to employees	4 453	3 501	4 453	3 501
Other receivables	2 636	-	-	-
Financial assets	**27 873**	**23 871**	**25 238**	**23 871**
Prepayments for acquisition of intangible assets	4 312	1 169	4 312	1 169
Non-financial assets	**4 312**	**1 169**	**4 312**	**1 169**
	32 185	**25 040**	**29 550**	**25 040**
Current				
Trade receivables	13 528	20 637	11 705	16 322
Security deposits	5 625	8 909	5 625	8 909
Other receivables	2 634	12 842	1 341	12 373
Financial assets	**21 787**	**42 388**	**18 671**	**37 604**
Insurance claim	28 453	-	28 453	-
Accrued revenue	9 956	2 344	12 594	4 226
Non-financial assets	**38 409**	**2 344**	**41 047**	**4 226**
	60 196	**44 732**	**59 718**	**41 830**
TOTAL	**92 381**	**69 772**	**89 268**	**66 870**

The Parent company provides loans to employees to finance pilot training, with repayment obligations in accordance with the equal terms.

Following an incident during the year in which an aircraft was declared a total loss, the Group recognised an insurance receivable in respect of the related claim. Based on information available at the reporting date, including correspondence with the insurer and confirmation of coverage, management concluded that recovery of the insured amount was virtually certain. Accordingly, the insurance claim receivable was recognised in the Balance sheet, see Note 21.

The insurance claim is presented as a non-financial asset as it constitutes a right to reimbursement under an insurance policy, which is to be paid directly to the lessor.

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 2024: 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	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	TEUR	TEUR	TEUR	TEUR
Trade receivables, gross	15 186	22 285	13 323	17 873
Expected credit loss allowance	(1 658)	(1 648)	(1 618)	(1 551)
TRADE RECEIVABLES, NET	**13 528**	**20 637**	**11 705**	**16 322**
Current	10 825	13 961	10 748	13 901
1 - 30 days past due	949	2 283	873	2 227
31 - 60 days past due	207	123	27	63
61 – 90 days past due	227	89	5	38
3 - 6 months past due	562	222	53	36
More than 6 months past due	2 416	5 607	1 617	1 608
TRADE RECEIVABLES, GROSS	**15 186**	**22 285**	**13 323**	**17 873**
Credit loss allowance made				
Current	(135)	(70)	(134)	(70)
1 - 30 days past due	(20)	(18)	(18)	(18)
31 - 60 days past due	(4)	(2)	-	(1)
61 – 90 days past due	(5)	(1)	-	-
3 - 6 months past due	(11)	(3)	(2)	-
More than 6 months past due	(1 483)	(1 554)	(1 464)	(1 462)
TRADE RECEIVABLES, NET	**13 528**	**20 637**	**11 705**	**16 322**

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 2025 and 31 December 2024 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 December 2025	**TEUR**	**TEUR**	**TEUR**	**TEUR**	**TEUR**	**TEUR**
Expected loss rate	1.25%	2.11%	1.93%	2.20%	1.96%	61.38%
Gross carrying amount	10 825	949	207	227	562	2 416
Loss allowance	135	20	4	5	11	1 483
As at 31 December 2024						
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

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 December 2025	**TEUR**	**TEUR**	**TEUR**	**TEUR**	**TEUR**	**TEUR**
Expected loss rate	1.25%	2.06%	0.0%	0.0%	3.77%	90.54%
Gross carrying amount	10 748	873	27	5	53	1 617
Loss allowance	134	18	-	-	2	1 464
As at 31 December 2024						
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

30. Inventories

	AIR BALTIC		GROUP	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	TEUR	TEUR	TEUR	TEUR
Spare parts	15 211	16 883	15 408	17 057
Allowance for slow moving and obsolete inventory	(2 773)	(2 766)	(2 773)	(2 766)
TOTAL	**12 438**	**14 117**	**12 635**	**14 291**

The cost of inventory is determined by using the FIFO (first in, first out) method.

31. 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 2026.

32. Cash and Restricted cash

As of the reporting date, the Cash balance was EUR 11 229 thousand, comprising both on-hand liquidity and balances held in financial institutions accessible for immediate operational use. In addition, the Group holds EUR 17 220 thousand in a restricted cash account, designated as the Bonds Service Reserve Account (see Note 35). The total cash, including both unrestricted and restricted balances, amount to EUR 28 449 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	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	TEUR	TEUR	TEUR	TEUR
Cash at bank and on hand	11 074	32 893	11 229	33 174
Bonds Service Reserve Account	17 220	13 775	17 220	13 775
TOTAL	**28 294**	**46 668**	**28 449**	**46 949**

There has been no credit loss allowance provided at the end of the reporting year (31 December 2024: no credit loss allowance).

33. Share capital

To prepare for the initial public offering, the Parent company simplified its share capital structure by reducing it from four share categories to a single category. On 11 February 2025, the Shareholders Meeting of airBaltic finalized the share capital reduction to EUR 25,179,525.20 comprising 251,795,252 shares with a nominal value of EUR 0.10 per share. The new share capital was registered with the Registry of Enterprises on 17 February 2025.

Further changes in share capital occurred in 2025. Deutsche Lufthansa AG joined as a new shareholder, and the Shareholders' Meeting approved a joint investment by the Republic of Latvia and Deutsche Lufthansa AG on 21 August 2025. The new share capital was registered with the Register of Enterprises on 28 August 2025. The share capital was increased by two Mandatory Convertible Shares (MCS). Each MCS was issued at a total subscription price of EUR 14,000,000, comprising EUR 8,320,000 as nominal value and EUR 5,680,000 as share premium. Together, the two MCS issued to the State and the new shareholder amount to a total of EUR 28,000,000, of which EUR 16,640,000 represents share capital and EUR 11,360,000 represents share premium. Each MCS constitutes a separate class of shares within the Company's share capital structure and grants 10% of the total voting rights in the Company.

Each MCS will mandatorily convert into 31,474,410 ordinary shares of the Parent Company upon the initial public offering (IPO) of the Parent Company or on the longstop date, in accordance with the terms approved by the Shareholders' Meeting and defined in the Shareholders' Agreement. Following conversion, the MCS will be cancelled and replaced by the corresponding number of ordinary shares.

The MCS entitle their holders to dividends and priority rights on the same basis as if each MCS already represented 31,474,410 ordinary shares.

Dividends, if declared, are distributed proportionately based on the total number of shares held, irrespective of nominal value.

Accordingly, the MCS holders participate in distributions on terms equivalent to those of existing shareholders.

Upon conversion, the newly issued ordinary shares will rank pari passu in all respects with existing ordinary shares, including voting, dividend, and liquidation rights. Management has assessed that, in accordance with IFRS, the MCS do not meet the definition of equity instruments, as they are convertible into a variable number of ordinary shares in the future. Accordingly, they would not qualify for equity classification from a technical perspective. However, in management's judgment, presentation of the investment within equity more appropriately reflects the substance of the transaction.

Transaction costs directly attributable to the issuance of new shares have been recognised as a reduction of retained earnings.

Consequently, on 31 December 2025, the shareholder structure of the Parent company was as follows:

	Participating interest, %	Number of ordinary shares	Number of MCS	Share capital TEUR
Republic of Latvia	88.37	246 679 837	1	32 988
Deutsche Lufthansa AG	10	-	1	8 320
Aircraft Leasing 1 SIA	1.62	5 115 204	-	511
Other	0.01	211	-	1
TOTAL	**100**	**251 795 252**	**2**	**41 820**

On 31 December 2024, the shareholder structure of the Parent company 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**

The share capital structure as at 31 December 2025 is not directly comparable with that as at 31 December 2024 due to the capital restructuring that became legally effective on 17 February 2025 upon registration of the new share capital with the Register of Enterprises.

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.

34. Reserves

	AIR BALTIC		GROUP	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	TEUR	TEUR	TEUR	TEUR
Revaluation reserve	3 344	3 676	4 311	4 724
Reorganization reserve	1 931	1 931	-	-
Cash flow hedging reserve	767	240	767	240
TOTAL	**6 042**	**5 847**	**5 078**	**4 964**

During the reporting period, the Company reclassified the Revaluation reserve, Reorganisation reserve and Cash flow hedging reserve within equity by merging them into a single component titled "Reserves" in the equity section of the Balance Sheet. This change is a presentation reclassification only, with no change in accounting policies. Management considers that this reclassification provides more reliable and relevant information to users of the financial statements.

Reorganisation reserve

In October 2015, the Parent company completed a reorganisation involving the merger of two wholly owned subsidiaries and a separate spin-off transaction, under which another wholly owned subsidiary transferred real estate and related business activities. The fair values of the assets and liabilities transferred as part of these transactions resulted in the recognition of a Reorganisation reserve in the Parent company's accounts.

Revaluation reserve

The Revaluation reserve is not distributable to the shareholders.

35. Borrowings and lease liabilities

BORROWINGS	AIR BALTIC		GROUP	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	TEUR	TEUR	TEUR	TEUR
Non-current				
Eurobond	375 048	373 663	375 048	373 663
Other borrowing	61 537	16 027	61 537	16 027
Bank borrowings	7 279	-	7 279	-
TOTAL	**443 864**	**389 690**	**443 864**	**389 690**
Current				
Eurobond, related interest	6 888	6 888	6 888	6 888
Other borrowing	8 346	3 954	8 346	3 954
Bank borrowings	2 132	-	2 132	-
TOTAL	**17 366**	**10 842**	**17 366**	**10 842**

In May 2024, airBaltic issued EUR 340 million of 14.5% secured bonds due 2029, listed on Euronext Dublin, to refinance existing indebtedness, support liquidity requirements, and finance future fleet expansion. The bonds are secured by certain assets of the Group and are subject to customary covenants, including a minimum liquidity requirement. In October 2024, airBaltic completed a tap issue of EUR 40 million linked to the outstanding bonds.

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 represents non-cash transaction) (see Note 32).

Other borrowings relate to the financing of engines and a simulator. The repayment terms follow standard airline industry leasing practices, with contractual maturities ranging from 7 to 12 years. Accrued but unpaid interest is recognised as interest expense and classified within current borrowings.

In August 2025, the Parent Company received a loan facility amounting to EUR 10 million for the refinancing of investment in the construction of a cargo hangar. The loan is repayable over a five-year period through monthly instalments and bears interest at a variable rate of six-month EURIBOR plus a fixed margin. The loan is secured by collateral comprising the building rights (land use rights for construction), including the non-residential building (engineering structure) constructed on the basis of those building rights see (Note 42 (a)).

LEASE LIABILITIES	**AIR BALTIC**		**GROUP**	
	31.12.2025	**31.12.2024**	**31.12.2025**	**31.12.2024**
	TEUR	**TEUR**	**TEUR**	**TEUR**
Non-current	716 463	809 139	716 463	809 139
Current	137 915	102 011	137 915	102 011

Lease settlement current liabilities

In addition, the Group recognised the liabilities for lease payments expected to be incurred during the period required to complete the settlement of the total loss event, including finalisation of insurance and contractual arrangements. The liabilities cover an estimated six-month period following the reporting date, during which the lease agreement is expected to remain contractually in force, and represents unavoidable lease payments arising from the existing lease terms.

The following table shows the movements in main categories of borrowings and lease liabilities of airBaltic during the financial year.

AIR BALTIC	**Lease liabilities**	**Eurobond, net of transaction costs**	**Other borrowings**	**Loan from bank**	**Borrowings from the shareholder**	**Total**
	TEUR	**TEUR**	**TEUR**	**TEUR**	**TEUR**	**TEUR**
31.12.2023	**884 749**	**205 301**	**23 466**	**-**	**36 347**	**1 149 863**
New lease contracts	84 757	-	-	-	-	84 757
New borrowing contracts	-	385 000	-	-	-	385 000
Interest calculated	48 950	42 568	869	-	919	93 306
Currency translation difference	32 338	-	-	-	-	32 338
Repayment settlement, net of interest	-	(200 000)	(3 528)	-	(36 141)	(239 669)
Principal paid	(91 084)	-	-	-	-	(91 084)
Interest paid	(48 560)	(39 880)	(826)	-	(1 125)	(90 391)
Transaction costs and similar expenses	-	(12 438)	-	-	-	(12 438)
31.12.2024	**911 150**	**380 551**	**19 981**	**-**	**-**	**1 311 682**

New lease contracts	74 199	-	-	-	-	74 199
New borrowing contracts	-		57 339	10 000		67 339
Modifications	4 292	-	-	-	-	4 292
Interest calculated	46 488	56 485	2 145	327		105 445
Lease expense – variable lease liabilities, net (see Note 21)	17 702	-	-	-	-	17 702
Principal paid	(93 337)	-	(6 109)	(517)	-	(99 963)
Interest paid	(45 501)	(55 100)	(2 061)	(248)	-	(102 910)
Currency translation difference	(59 537)	-	(1 397)	-	-	(60 934)
Repayment settlement, net of interest	(1 078)	-	-	-	-	(1 078)
Transaction costs and similar expenses	-	-	(16)	(150)	-	(166)
31.12.2025	**854 378**	**381 936**	**69 882**	**9 412**	**-**	**1 315 608**

The following table shows the movements in main categories of borrowings and lease liabilities of the Group during the financial year.

GROUP	Lease liabilities	Eurobond, net of transaction costs	Other borrowings	Loan from bank	Borrowings from the shareholder	Total
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
31.12.2023	**884 749**	**205 301**	**23 466**	**671**	**36 347**	**1 150 534**
New lease contracts	84 757		-		-	84 757
New borrowing contracts	-	385 000	-	-	-	385 000
Interest calculated	48 950	42 568	869	17	919	93 323
Currency translation difference	32 338	-	-	-	-	32 338
Repayment settlement, net of interest	-	(200 000)	(3 528)	(671)	(36 141)	(240 340)
Principal paid	(91 084)	-	-	-		(91 084)
Interest paid	(48 560)	(39 880)	(826)	(17)	(1 125)	(90 408)
Transaction costs and similar expenses	-	(12 438)	-	-	-	(12 438)
31.12.2024	**911 150**	**380 551**	**19 981**	**-**	**-**	**1 311 682**
New lease contracts	74 199	-	-	-	-	74 199
New borrowing contracts	-		57 339	10 000		67 339
Modifications	4 292	-	-	-	-	4 292
Interest calculated	46 488	56 485	2 145	327		105 445
Lease expense – variable lease liabilities, net (see Note 21)	17 702	-	-	-	-	17 702
Principal paid	(93 337)	-	(6 109)	(517)	-	(99 963)
Interest paid	(45 501)	(55 100)	(2 061)	(248)	-	(102 910)
Currency translation difference	(59 537)	-	(1 397)	-	-	(60 934)
Mutual set-off of liabilities, net of interest	(1 078)	-	-	-	-	(1 078)
Transaction costs and similar expenses	-	-	(16)	(150)	-	(166)
31.12.2025	**854 378**	**381 936**	**69 882**	**9 412**	**-**	**1 315 608**

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	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	TEUR	TEUR	TEUR	TEUR
Less than 1 year	155 281	112 853	155 281	112 853
Later than 1 year but not later than 5 years	828 577	828 818	828 577	828 818
Later than 5 years	331 750	370 011	331 750	370 011
TOTAL	**1 315 608**	**1 311 682**	**1 315 608**	**1 311 682**

Leases are payable as follows:

	AIR BALTIC		GROUP	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	TEUR	TEUR	TEUR	TEUR
Within one year	180 023	148 060	180 023	148 060
Later than 1 year but not later than 5 years	518 465	564 754	518 465	564 754
Later than 5 years	336 322	414 136	336 322	414 136
MINIMUM LEASE PAYMENTS	**1 034 810**	**1 126 950**	**1 034 810**	**1 126 950**
Future finance charges	(180 432)	(215 800)	(180 432)	(215 800)
RECOGNISED AS A LIABILITY	**854 378**	**911 150**	**854 378**	**911 150**

The present value of lease liabilities is as follows:

	AIR BALTIC		GROUP	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	TEUR	TEUR	TEUR	TEUR
Within one year	137 915	102 011	137 915	102 011
Later than 1 year but not later than 5 years	415 573	440 228	415 573	440 228
Later than 5 years	300 890	368 911	300 890	368 911
MINIMUM LEASE PAYMENTS	**854 378**	**911 150**	**854 378**	**911 150**

During 2025 and 2024 the Group has complied with the financial covenants of its borrowing facilities.

Information on pledged assets is disclosed in the Note 42 (a).

36. Provisions

	AIR BALTIC		GROUP	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	TEUR	TEUR	TEUR	TEUR
Non-current				
Aircraft redelivery provision (see Note 21)	26 816	25 554	26 816	25 554
Provision for legal disputes (see Note 42 (b))	4 240	4 240	4 240	4 240
	31 056	**29 794**	**31 056**	**29 794**
Current				
Provision for carbon emissions	43 538	32 809	43 538	32 809
Provision for aircraft maintenance (see Note 21)	3 234	-	3 234	-
	46 772	**32 809**	**46 772**	**32 809**
TOTAL	**77 828**	**62 603**	**77 828**	**62 603**

The following table shows the movements in each class of provision during the financial year.

AIR BALTIC AND THE GROUP	Provision for carbon emissions	Aircraft redelivery provision	Provision for legal disputes	Provision due to total loss of leased aircraft	Total
	TEUR	TEUR	TEUR	TEUR	TEUR
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:					
- provisions recognised/(released)	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**
Additional provision charged to Right-of-use assets	-	1 878	-	-	1 878
Additional charged/credited to Income statement:					
- provisions recognised/(released)	41 245	(616)	-	3 234	43 863
Amounts from prior year used/settled during the year	(30 516)	-	-	-	(30 516)
31.12.2025	**43 538**	**26 816**	**4 240**	**3 234**	**77 828**

Provision for carbon emissions

The provision represents the expenses associated with the industry carbon dioxide (CO_2) emissions scheme. In 2025 the Parent company emitted 537 075 (2024: 473 051) tonnes of CO_2 emissions and received and used 97 461 free allowances (2024: 143 266). The airline is obliged to submit and settle the carbon emission allowances under the EU Emissions Trading System (ETS) in September 2026.

As of the date of the report, the airline had around 14.5% of its total exposure hedged at the average price of 72.52 EUR (2024: 11% of the outstanding liability was hedged at an average price of EUR 67.6 per tonne). The provision for carbon emissions has been measured using the market price at the end of the year for the unhedged portion. The final settlement cost will depend on the market price of the remaining emission allowances to be purchased in 2026 to settle the obligations relating to 2025.

Aircraft redelivery provision

Long-term aircraft redelivery provisions are expected to be settled between 2030 and 2037. During 2025, a portion of the provision was released to reflect the write-off of redelivery obligations previously recognised in respect of an aircraft declared a total loss (see Note 21).

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 due to total loss of leased aircraft

During the year, following the total loss of an aircraft, the Group recognised a provision. Certain spare parts and other significant aircraft components were redeployed within the fleet. The provision reflects management's best estimate of the costs associated with the resulting contractual obligations. See note 21

37. Deferred obligation – asset supply agreement

During 2025, the Group received certain assets under contractual arrangements that include both consideration-free and paid components. A liability was recognized upon receipt of the consideration-free assets, reflecting a deferred obligation arising from the overall contractual arrangement.

The total capitalized cost of the assets reflects the average expected consideration over the term of the arrangement. The liability will be reduced in future periods as assets acquired under paid terms are delivered. The assets are recognized under Property, Plant and Equipment, and the related liability is presented within Non-current liabilities in the Balance sheet.

38. Trade and other payables

	AIR BALTIC		GROUP	
	31.12.2025	**31.12.2024**	**31.12.2025**	**31.12.2024**
	TEUR	**TEUR**	**TEUR**	**TEUR**
Trade payables	100 789	71 666	100 335	71 366
Accrued liabilities	38 133	33 175	38 380	33 456
Salaries payables	6 428	-	6 586	-
Other payables	740	13	745	26
TOTAL	**146 090**	**104 854**	**146 046**	**104 848**

39. Employee related tax liabilities

	AIR BALTIC		GROUP	
	31.12.2025	**31.12.2024**	**31.12.2025**	**31.12.2024**
	TEUR	**TEUR**	**TEUR**	**TEUR**
Personal income tax	9 640	7 579	9 686	7 620
State social insurance contributions	7 787	12 765	7 874	12 837
Other	7	23	7	25
TOTAL	**17 434**	**20 367**	**17 567**	**20 482**

40. Contract liabilities, airport taxes and other liabilities

	AIR BALTIC		GROUP	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	TEUR	TEUR	TEUR	TEUR
Financial liabilities:				
Airport taxes collected and still payable	17 875	17 506	17 875	17 506
Amounts collected on behalf of other airlines	2 483	1 690	2 483	1 690
	20 358	**19 196**	**20 358**	**19 196**
Non-financial liabilities:				
Contract liabilities (unearned revenue) from ticket revenue, travel vouchers and ACMI contracts	76 784	60 152	76 784	60 152
Deferred income from loyalty program revenue	1 339	1 324	1 339	1 324
Other	475	348	1 189	834
	78 598	**61 824**	**79 312**	**62 310**
TOTAL	**98 956**	**81 020**	**99 670**	**81 506**

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 3.5% (till 2024 included – 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.

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	
	2025	2024	2025	2024
	TEUR	TEUR	TEUR	TEUR
Passenger revenue	51 663	47 020	51 663	47 020
Revenue from ACMI contracts	2 426	3 939	2 426	3 939
Revenue from loyalty program	719	536	719	536

41. Related party and Government related party transactions

During 2025 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
Baltijas Kravu Centrs SIA	2025 /31.12.2025	1 122	753	1 593	245
	2024 /31.12.2024	142	729	407	177
Air Baltic Training SIA	2025 /31.12.2025	971	818	4 388	230
	2024 /31.12.2024	968	774	4 629	84
Aviation Crew Resources AS	2025 /31.12.2025	4	-	-	52
(under liquidation)	2024 /31.12.2024	4	-	-	52
	TOTAL 2025 /31.12.2025	**2 097**	**1 571**	**5 981**	**527**
	TOTAL 2024 /31.12.2024	**1 114**	**1 503**	**5 036**	**313**

The Parent company has entered into transactions with Ministry of Transport of the Republic of Latvia (the holder of 88.37% 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 25 million (2024: EUR 27 million) and VAS Latvijas Gaisa Satiksme (purchase of navigation service) amounting to EUR 3.1 million (2024: EUR 3 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	
	2025	2024	2025	2024
	TEUR	TEUR	TEUR	TEUR
Payables to RIGA International airport	5 980	3 372	5 980	3 372
Payables to VAS Latvijas Gaisa Satiksme	498	349	498	349

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 9.

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.

42. Commitments and contingencies

a) Guarantees and pledges

On 14 May 2024, the Parent company issued EUR 340 million of 14.5% senior secured bonds due 2029. On 24 October 2024, the Parent company issued an additional EUR 40 million of the same series under a tap issuance, increasing the total outstanding amount to EUR 380 million. The additional issuance was made in accordance with the terms and conditions of the bonds originally issued in May 2024.

The transaction provides that the Bonds are secured in accordance with the Trust Deed and related security documents in favour of the pledgee, U.S. Bank Trustees Limited, acting on behalf of the bondholders and other secured creditors. The Bonds are secured with a number of assets, with the following net book values as of 31 December 2025:

- Property, plant and equipment - EUR 14.8 million (31 December 2024: 17 million),
- Buildings - EUR 8.9 million (31 December 2024: 9.6 million),
- Inventory - EUR 12.4 million (31 December 2024: 14.3 million),
- Intangible assets - EUR 13 million (31 December 2024: 13 million),
- Aircraft and components - EUR 220 million (31 December 2024: 235.3 million),
- Receivables and deposits - EUR 56 million (31 December 2024: 59.5 million),
- Surplus proceeds from certain financed assets.

The total net book value of pledged assets amounted to EUR 325.1 million as of 31 December 2025 (31 December 2024: 348.7 million).

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 of 31 December 2025 was EUR 827 million (31 December 2024: 853 million).

The bank loan received by the Parent company is secured by collateral comprising the building rights (land use rights for construction), including the non-residential building (engineering structure) constructed on the basis of those building rights. The net book value of the respective pledged assets amounted to EUR 15.6 million as of 31 December 2025.

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 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 (totaling 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, and it was postponed several times. At the next hearing on 3 March 2026 we expect the court to consider, whether Russian court has a jurisdiction in this case. 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, and significant lack of solid legal grounds, which make the likelihood of a success of the new claim very 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.

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.

One of the cases involves a claim by Havas for payment of EUR 0.4 million that was withheld, for Havas not fulfilling the contract. The amounts were withheld by the Parent company in line with the respective contractual and statutory 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. The first instance court awarded EUR 0.4 million to Havas in January 2025, and following an appeal by the Parent company the case is now pending before a second instance court. Havas requested the latest hearings to be postponed and the next hearing will take place in May 2026.

The other two cases, with claims totalling 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 and 2021, 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. In January 2025, the first instance court dismissed the case pertaining to 2020. Havas appealed, and the case is pending before a second instance court. Following Havas' two postponement requests, a hearing has been scheduled for May 2026. The case which concerns 2021 is still pending before the first instance court. Hearings had been scheduled for February 2026, and here too Havas has filed two postponement requests, and they are likely to be granted but new hearing dates have not yet been scheduled.

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. Pursuant to the decision of Riga City Court dated 15 November 2024, the proceedings in the case were suspended pending the final judgment in the case concerning challenge of the termination of the Hangar Design Contract.

c) Commitments

As at 31 December 2025 airBaltic had outstanding firm orders for 39 Airbus A220-300 aircraft. The aggregate list price for the aircraft to be delivered in future years exceeds EUR 3 billion.

In September 2024, airBaltic signed a PW1500G Engine Purchase and Support and Fleet Management Program Agreement with Pratt & Whitney, subsequently amended to cover 17 additional spare engines. Four engines were received in 2025, and the aggregate list price of engines to be delivered in future years is approximately EUR 122 million.

43. Subsequent events

After the balance sheet date, the airline received two additional aircraft, increasing its fleet to 53.

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 2025 and should be reflected in this report.

The financial statements set out on pages 168 to 222 were approved on 3 March 2026 by:

Erno Kalle Ilari Hilden
Chairman of the Executive Board

Vitolds Jakovļevs
Member of the Executive Board

Pauls Juris Cālītis
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 qualified opinion

In our opinion, except for the effect of the matter described in the Basis for qualified opinion section of our report, 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 2025, and of the Company's and the Group's separate and consolidated financial performance and 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 3 March 2026.

What we have audited

The Company's separate and the Group's consolidated financial statements comprise:

- the separate and consolidated income statements for the year ended 31 December 2025;
- the separate and consolidated statements of comprehensive income for the year ended on 31 December 2025;
- the separate and consolidated balance sheets as at 31 December 2025;
- the separate and consolidated cash flow statements for the year then ended;
- the separate and consolidated statements of changes in equity for the year then ended; and
- the notes to the separate and consolidated financial statements, comprising material accounting policy information and other explanatory information.

PricewaterhouseCoopers SIA
Marijas iela 2A, Rīga, LV-1050, Latvia, LV40003142793
T: +371 6709 4400, F: +371 6783 0055, www.pwc.lv

www.pwc.lv

Basis for qualified opinion

As at 31 December 2025, the Company's and the Group's equity includes proceeds from the issuance of two mandatory convertible shares ("MCS") in the total amount of EUR 26,243 thousand, presented as share capital of EUR 16,640 thousand, share premium of EUR 11,360 thousand, and transaction costs of EUR 1,757 thousand presented in retained earnings. The MCS do not meet the conditions of IAS 32 to be classified as equity instruments, as they will be converted into a variable number of the Company's ordinary shares upon certain future conditions outside the Company's control. Accordingly, the MCS should have been classified as a liability measured at fair value. Management did not provide us with a valuation as at 31 December 2025, and it was impracticable for us to determine the fair value. As a result, while, as at 31 December 2025, share capital is overstated by EUR 16,640 thousand and share premium is overstated by EUR 11,360 thousand, we were unable to determine the understatement of liabilities, the profit or loss impact of the year-end fair value revaluation, and the resulting impact on shareholders' equity.

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 separate and consolidated 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 qualified opinion.

Independence

We are independent of the Company and the Group in accordance with the ethical requirements of Regulation (EU) No 537/2014 that are relevant to audits of financial statements of public interest entities, the ethical requirements of the Law on Audit Services that are relevant to audits of financial statements in the Republic of Latvia and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the ethical requirements of the Regulation (EU) No 537/2014, the ethical requirements of the Law on Audit Services and the IESBA Code.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Company and its controlled entities within the European Union 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.

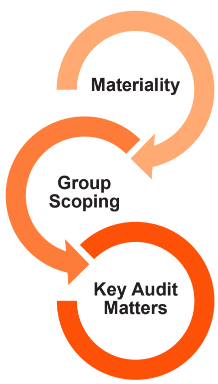
The non-audit services that we have provided to the Company and its controlled entities, in the period from 1 January 2025 to the date of issuing this report, are disclosed in the Note 15 to the separate and consolidated financial statements.

Material uncertainty related to going concern – Company and Group

We draw attention to Note 2c) to the separate and consolidated financial statements, which discusses the management's plans and uncertainties regarding securing funding for the Company and the Group in 2026 to be able to finance operations through the 2026/2027 winter season. 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 further modified in respect of this matter.

Our audit approach

Overview



Overall Company materiality: EUR 7,700 thousand.

Overall Group materiality: EUR 7,790 thousand.

- Full scope audits were conducted for three Group entities by the Group audit team.
- We covered 100% of the Group's revenues and 100% of the Group's total assets.

- 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 separate and consolidated 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.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the separate and consolidated 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 separate and consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Company and Group materiality for the separate and consolidated 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 separate and consolidated financial statements as a whole.

Overall Company and Group materiality	Overall materiality applied to the Company was EUR 7,700 thousand and to the Group was EUR 7,790 thousand.
How we determined it	Approximately 1% of revenue for 2025.
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 770 thousand, 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 separate and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the separate and consolidated 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, we have determined the matters described below to be the key audit matters 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 21, 22 and 24 to the separate and consolidated financial statements, in the balance sheet as at 31 December 2025, property, plant and equipment of the Company and the Group amounts to	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 cash flow forecasts, growth rates and

EUR 292,902 thousand and 314,707 EUR thousand, respectively, right of use assets of the Company and the Group amount to EUR 841,875 thousand, and intangible assets of the Company and the Group amount to EUR 21,317 thousand and EUR 20,617 thousand, respectively. Property, plant and equipment, right of use assets and intangible assets together represent 77% 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 Accounting Standards 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 macroeconomic situation in 2025, 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 planned and approved Budget for 2026 and business plan "IPO & BEYOND" (28 October 2025, Interim Update version) which was prepared and approved by the management. 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 focused on the risk of impairment given the limited profitability of the Company and the Group from their 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.

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 2025 to the actual results subsequently achieved. We evaluated the key assumptions for revenue 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 the management to discount the future cashflows in their model we assessed 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 evaluated the disclosures of impairment analysis in the financial statements included in Note 21 to determine whether they meet the disclosure requirements of IFRS Accounting Standards.

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 its main subsidiaries, except for Aviation Crew Resources AS, which is under liquidation. We covered 100% of the Group's revenues and 100% of the Group's total assets.

Reporting on other information including 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 2025,
- Glossary, as set out on pages 4 to 5 of the accompanying Annual Report for the year ended 31 December 2025,
- About the Report, as set out on page 6 of the accompanying Annual Report for the year ended 31 December 2025,
- Foreword, as set out on page 7 of the accompanying Annual Report for the year ended 31 December 2025,
- the Management Report (including the Sustainability Statement, the Corporate Governance Statement for the year 2025 and the Statement of Management Responsibility), as set out on pages 8 to 137 and 144 to 167 of the accompanying Annual Report for the year ended 31 December 2025,

but does not include the separate and consolidated financial statements and our auditor's report thereon.

Our opinion on the separate and consolidated financial statements does not cover the other information, including the Management report (including the Sustainability Statement, the Corporate Governance Statement for the year 2025 and the Statement of Management Responsibility), General Information on The Group's Parent Company, Glossary, About the Report and Foreword.

In connection with our audit of the separate and consolidated 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 separate and consolidated 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 3 March 2026, we also performed the procedures required by the Law on Audit Services of the Republic of Latvia. Those procedures include considering whether the Management Report includes the disclosures required by the Law on Annual Reports and Consolidated Annual Reports of the Republic of Latvia.

In accordance with the Law on Audit Services of the Republic of Latvia with respect to the Statement of Corporate Governance, our responsibility is to consider whether the Statement of Corporate Governance 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, in all material respects:

- the information given in the other information identified above for the financial year for which the separate and consolidated financial statements are prepared is consistent with the separate and consolidated 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 2025 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 other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the separate and consolidated financial statements

Management is responsible for the preparation of the separate and consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated 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 separate and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated 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 separate and consolidated 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 separate and consolidated 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 separate and consolidated 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 separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated 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 purposes 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 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 separate and consolidated 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

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 nominated bonds on 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 7 years.

The engagement partner on the audit resulting in this independent auditor's report is Ilandra Lejiņa.

PricewaterhouseCoopers SIA
Certified audit company
Licence No. 5

Ilandra Lejiņa
Chairperson of the Board
Certified auditor in charge
Certificate No.168

Riga, Latvia
3 March 2026