AIR BALTIC CORPORATION AS

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 JANUARY – 31 MARCH 2026

PREPARED IN ACCORDANCE WITH
IAS 34 INTERIM FINANCIAL REPORTING

CONTENTS

GENERAL INFORMATION ON THE GROUP'S PARENT COMPANY

Name of the Parent company	Air Baltic Corporation	
Legal status of the Parent company	Joint stock company	
Registration number, place and date	40003245752 Riga, 8 February 1995	
Main activities	Passenger and cargo aviation transportation	
Registered office	Riga International airport, Tehnikas Street 3, Marupe municipality, Latvia, LV-1053	
Shareholders	Republic of Latvia	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
	Vitolds Jakovļevs	Member of the Board
	Pauls Juris Cālītis	Member of the Board until April 30, 2026
Supervisory Board Members	Andrejs Martinovs	Chairman of the Supervisory Board
	Jurģis Sedlenieks	Vice-Chairman of the Supervisory Board
	Lars Thuesen	Member of the Supervisory Board
	Ruta Amtmane	Member of the Supervisory Board
	Alexander Feuersänger	Member of the Supervisory Board
Financial period	1 January 2026 – 31 March 2026	

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
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) divided by available seat kilometres
CASK normalized	Represents operating expenses excluding ACMI-out related costs and reversal of accrued liabilities divided by available seat kilometres
RASK	Calculated as total revenue excluding ACMI-out lease revenue, divided by available seat kilometres
Yield	Average traffic revenue per unit of output, calculated as passenger and charter revenue per revenue passenger kilometre
Utilization (block hours per aircraft per day)	Average block hours per fleet aircraft per day. Calculated as total block hours flown divided by weighted average of aircraft and number of days in period, excluding operations performed by ACMI-in
Utilization of operating aircraft	Average block hours per operating aircraft (without aircraft on ground) per day. Calculated as total block hours flown divided by weighted average of operating aircraft and number of days in period, excluding operations performed by ACMI-in
Estimated booked revenue	Estimated revenue attributable to passenger bookings made during the reporting period, recorded at the time of booking. In accordance with IFRS 15 *Revenue from Contracts with Customers*, revenue is recognised only upon satisfaction of the performance obligation - when the flight has been operated and the transportation service delivered to the passenger. Booked revenue is therefore an estimate and may differ from recognised revenue, as certain reservation types may be cancelled prior to departure
SAF	Sustainable Aviation Fuel

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 revaluation of liabilities in USD, revaluation of provision for carbon emissions, insurance proceeds and reversal of accrued liabilities
Management EBIT	Adjusted EBIT adjusted for revaluation of liabilities in USD, revaluation of provision for carbon emissions, insurance proceeds and reversal of accrued liabilities
Management EBITDA	Adjusted EBITDA adjusted for revaluation of provision for carbon emissions, insurance proceeds and reversal of accrued liabilities
Management EBITDAR	Adjusted EBITDAR adjusted for revaluation of provision for carbon emissions, insurance proceeds and reversal of accrued liabilities
Capital expenditure	Additions to property, plant and equipment, intangible assets, and right-of-use assets during the period

MANAGEMENT REPORT

May 13, 2026

REVENUE AND RESULTS (EUR thousand, unless otherwise stated)	**Q1 2026**	**Q1 2025**	**Change**
Operating revenue	149 086	132 719	12.3%
Passenger revenue	119 038	110 007	8.2%
Ticket revenue	108 817	100 932	7.8%
Ancillary revenue	10 221	9 075	12.6%
ACMI lease revenue	21 349	16 588	28.7%
Adjusted EBITDAR	7 010	(4 327)	11 337
Adjusted EBITDAR margin (%)	4.7%	(3.3%)	8.0pp
Management EBITDAR*	(5 088)	(5 978)	890
Management EBITDAR margin (%)*	(3.4%)	(4.5%)	1.1pp
Adjusted EBIT	(43 316)	(2 646)	(40 670)
Management EBIT*	(41 135)	(26 515)	(14 620)
Loss for the period	(70 064)	(29 348)	(40 716)
Management loss for the period*	(67 883)	(53 217)	(14 666)

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

OPERATING DATA FOR OWN NETWORK OPERATIONS			
Routes	101	95	6.3%
Block hours	25 227	23 531	7.2%
Flight hours	21 568	20 213	6.7%
Flights	10 697	10 265	4.2%
Utilization (block hours per aircraft per day)	6.6	6.0	9.2%
Utilization of operating aircraft (block hours per operating aircraft per day)	8.5	9.7	(12.9%)
Number of passengers ('000)	1 044	995	4.9%
Seat capacity ('000)	1 529	1 461	4.6%
ASKs (millions)	2 111	1 967	7.3%
Average aircraft stage length (km)	1 381	1 346	2.6%
Passenger Load factor (%)	74.8%	75.9%	(1.1pp)
Passenger yield (€)	110.8	106.6	3.9%
Ticket yield (€)	100.1	97.1	3.1%
Ancillary yield (€)	10.6	9.5	12.0%
Yield (€ cents)	7.51	7.17	4.8%
RASK (€ cents)	6.03	5.88	2.4%
CASK (€ cents)	(6.67)	(6.72)	(0.7%)
CASK excl. fuel & CO_2 emissions (€ cents)	(5.01)	(4.78)	4.9%
CASK normalized (€ cents)	(6.74)	(6.72)	0.3%
CASK normalized excl. fuel & CO_2 emissions (€ cents)	(5.08)	(4.78)	6.3%

ACMI-OUT OPERATIONS DATA			
Block hours	7 533	5 619	34.1%
Flight hours	5 957	4 467	33.4%
Flights	4 385	3 285	33.5%
Utilization of operating aircraft (block hours per operating aircraft per day)	8.9	10.1	(11.5%)
Number of passengers ('000)	430	334	28.7%
ASKs (millions)	541	402	34.4%

MANAGEMENT REPORT

TOTAL OPERATING DATA	Q1 2026	Q1 2025	Change
Total block hours	32 761	29 150	12.4%
Total flight hours	27 525	24 679	11.5%
Total flights	15 082	13 550	11.3%
Utilization (block hours per aircraft per day)	7.0	6.5	7.2%
Utilization of operating aircraft (block hours per aircraft per day)	8.6	9.8	(12.5%)
ASKs (millions)	2 652	2 369	11.9%

Throughout these financial statements, percentage changes are calculated using unrounded figures accurate to four decimal places, while amounts presented are rounded to two decimal places

KEY HIGHLIGHTS

In Q1 2026, airBaltic continued its top line growth, increasing operating revenue by 12.3% year-on-year to EUR 149.1 million, driven by growth in both passenger revenue and ACMI lease revenue. Passenger revenue increased by 8.2%, while ACMI lease revenue increased by 28.7%, reflecting stable demand in the airline's own network and continued strong contribution from aircraft leasing operations. At the same time, Q1 remained a seasonally weaker quarter for the airline and profitability continued to be affected by cost pressure and non-operating items.

Commercial performance improved compared to the same period last year. Passenger yield and RASK both increased supported by stronger ticket and ancillary revenue development. The improvement in revenue quality contributed to Adjusted EBITDAR of EUR 7.0 million, compared to negative EUR 4.3 million in Q1 2025, representing an EUR 11.3 million year-on-year improvement.

ACMI-out operations continued to support the Group's revenue base and winter-season capacity deployment. Production in the ACMI-out segment increased substantially year-on-year, reflecting continued demand for airBaltic's aircraft wet leasing services and supporting the airline's strategy of balancing the seasonality of own-network operations through external capacity contracts.

Cost pressure remained a key challenge in Q1 2026. While reported CASK improved slightly year-on-year, normalized CASK excluding fuel increased, reflecting continued inflationary pressure in several non-fuel cost categories. The main drivers included higher personnel-related expenses, passenger service costs and navigation and terminal charges

Overall, Q1 2026 demonstrated stronger revenue generation and improved operating performance at EBITDAR level. Nevertheless, the Group's net loss increased to EUR 70.1 million, primarily reflecting the impact of foreign exchange movements, financing-related effects and continued cost inflation, rather than a deterioration in underlying operational performance. The outbreak of the war in Iran in late February 2026 introduced additional uncertainty for the aviation industry during the quarter, with broader market impacts expected from higher fuel prices, airspace restrictions, longer routings and increased operating cost pressure.

On the positive side, the Pratt & Whitney engine availability situation continued to improve at the start of the year. Throughout Q1 2026, the airline had no aircraft unavailable due to engine-related issues, compared to an average of 13 aircraft in Q1 2025, contributing to improved fleet availability and greater operational stability. This reflects continued progress in resolving the engine-related constraints that had affected deployed capacity and operating costs in previous years.

The first quarter of 2026 was marked by important events for the airline:

- in February 2026, airBaltic received another 2 A220 aircraft, bringing the total fleet to 53,
- on 31 March 2026, the Latvian government supported the granting of a short-term state loan of up to EUR 30 million to airBaltic, intended to mitigate the impact of increased fuel prices and additional industry uncertainty following the escalation of the conflict in the Middle East. The loan was subsequently approved by the Latvian Parliament in April 2026 and is repayable by 31 August 2026.

TAXES

In Q1 2026, the Group and its employees contributed over EUR 9.7 million in taxes to the Republic of Latvia. This amount included:

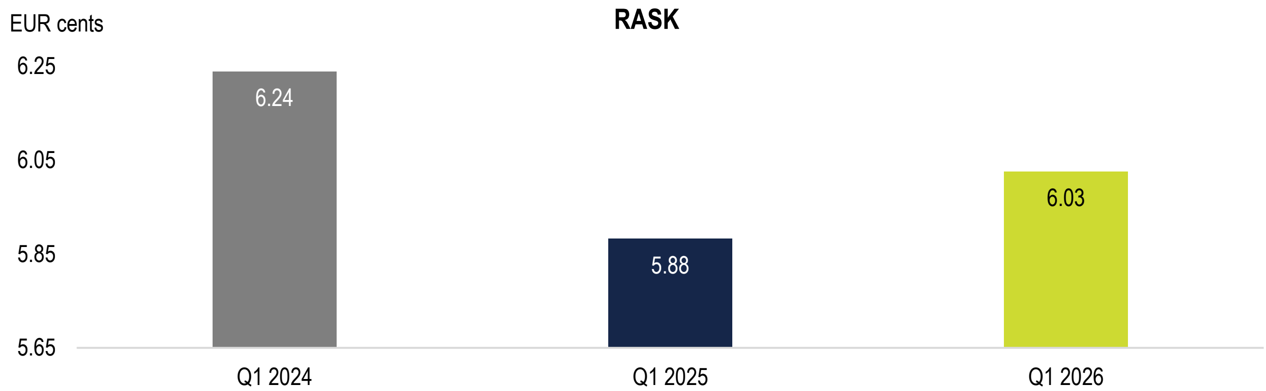
- EUR 4.6 million in social security contributions (employer and employee),
- EUR 5.1 million in employee personal income tax,
- EUR 0.04 million in other taxes.

MANAGEMENT REPORT

COMMERCIAL PERFORMANCE AND REVENUES

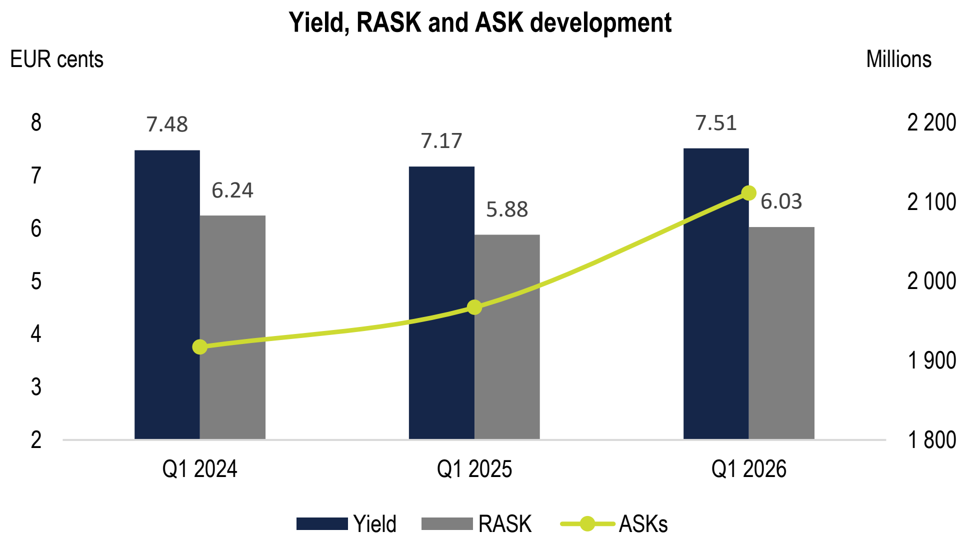
In Q1 2026, improved Pratt & Whitney engine availability enabled airBaltic to deploy more capacity across its own network, with ASKs increasing by 7.3% year-on-year. The additional capacity supported passenger revenue growth, and yield recovered to EUR 7.51 euro cents from 7.17 euro cents in Q1 2025, reflecting improved pricing conditions.

Despite the competitive environment, the airline achieved better revenue generation per available seat kilometer. RASK increased to 6.03 euro cents, compared to 5.88 euro cents in Q1 2025, supported by improved ancillary revenue growth and more effective capacity deployment. As a result, passenger revenue increased by 8.2% year-on-year to EUR 119.0 million, compared to EUR 110.0 million in Q1 2025.



YIELD & RASK DEVELOPMENT (euro cents)	**Q1 2026**	**Q1 2025**	**Change**	**Q1 2024**	**Change**
Yield	7.51	7.17	4.8%	7.48	0.5%
RASK	6.03	5.88	2.4%	6.24	(3.4%)

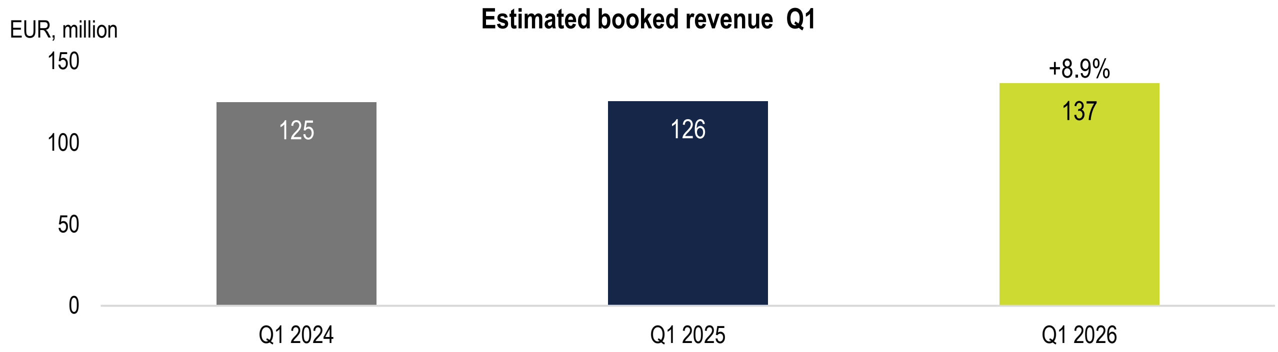
Compared to Q1 2025, yield, RASK and ASK all improved, demonstrating stronger capacity monetisation and positive commercial momentum. Notably, yield surpassed Q1 2024 levels for the first time, indicating improved pricing power. RASK continues its recovery trajectory toward the 6.24 euro cents recorded in Q1 2024 which is especially notable considering significant capacity increase vs. the previous periods.



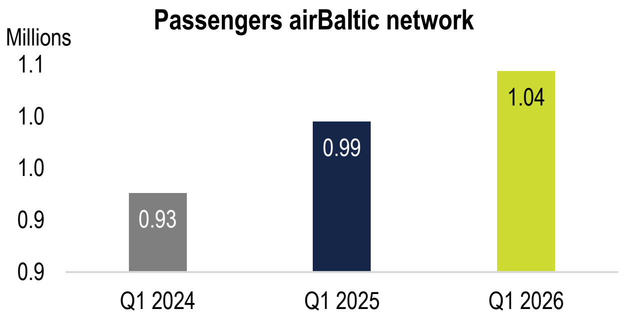
MANAGEMENT REPORT

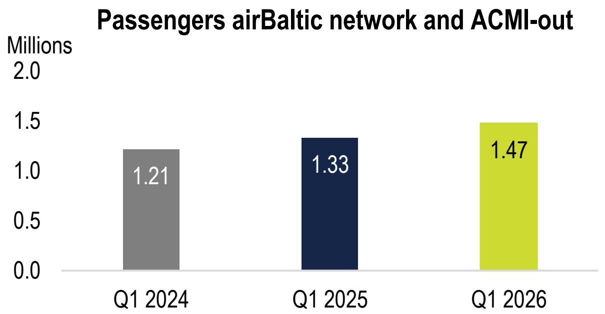
COMMERCIAL PERFORMANCE AND REVENUES

Estimated booked revenue continued to strengthen in Q1 2026, increasing by 8.9% year-on-year to EUR 137 million, compared to EUR 126 million in Q1 2025 and EUR 125 million in Q1 2024. The increase indicates larger capacity deployed, stronger booking momentum and improved demand during the first quarter.

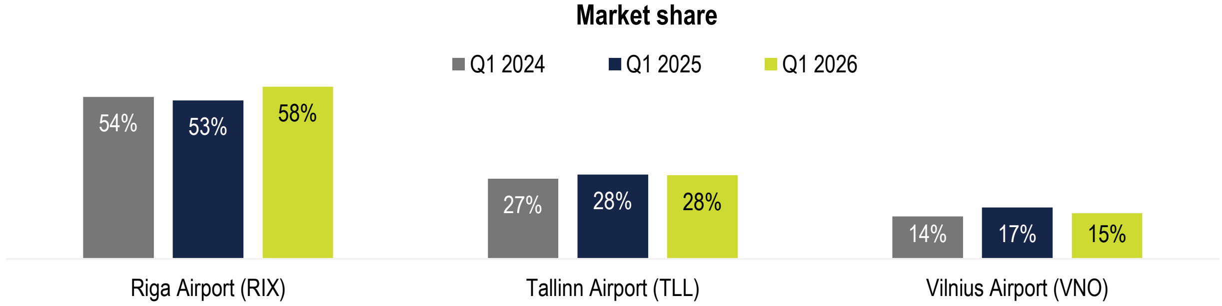


Passenger volumes also continued to grow in Q1 2026. The number of passengers carried on airBaltic's own network increased to 1.04 million compared to 0.99 million in Q1 2025 and 0.93 million in Q1 2024. The growth was supported by higher deployed capacity and stable demand across the airline's network during the winter season. Including ACMI-out operations, total passengers carried increased to 1.47 million, compared to 1.33 million in Q1 2025 and 1.21 million in Q1 2024. The increase was driven by growth in both own-network passenger traffic and ACMI-out activity, where production expanded substantially year-on-year. This highlights the continued role of ACMI-out operations in supporting total traffic volumes and balancing the seasonality of airBaltic's own network operations.





airBaltic's market share improved at Riga Airport in Q1 2026 increasing to 58% compared to 53% in Q1 2025 and 54% in Q1 2024. The increase was supported by higher deployed capacity, improved fleet availability and stronger demand capture in the airline's home market. At Tallinn Airport airBaltic maintained its market share at 28%, in line with Q1 2025 and slightly above the 27% recorded in Q1 2024. In Vilnius, market share decreased to 15% compared to 17% in Q1 2025 despite relatively stable airBaltic passenger volumes. This was mainly driven by stronger growth of the overall Vilnius Airport market where total passenger numbers increased by approximately 10.0% year-on-year in Q1 2026, while airBaltic's passenger volumes at Vilnius decreased slightly by about 2.3%.



MANAGEMENT REPORT

COMMERCIAL PERFORMANCE AND REVENUES

airBaltic's network in Q1 2026 reflected improving fleet availability and a gradual return to network growth. In total, the airline operated 101 routes during the quarter compared to 95 routes in Q1 2025. The expansion was supported by new routes across several bases, including new services from Riga to Tel Aviv, Faro, Oulu, Belgrade and Warsaw, new routes from Tallinn to Madeira, Vienna and Hamburg, as well as new routes from Vilnius to Krakow and Prague. In addition, the airline added new leisure routes from Gran Canaria to Molde and Ljubljana.

As part of the regular network review, several routes were discontinued compared to Q1 2025, including Gran Canaria-Oslo, Gran Canaria-Copenhagen, Tallinn-Tampere, Tampere-Kittilä, Tampere-Gran Canaria and Vilnius-Oslo Sandefjord. The changes also reflect the adjustment of airBaltic's operations in Tampere, which is no longer operated as a permanent base, with capacity reallocated to other markets and routes with stronger demand, connectivity and commercial performance.

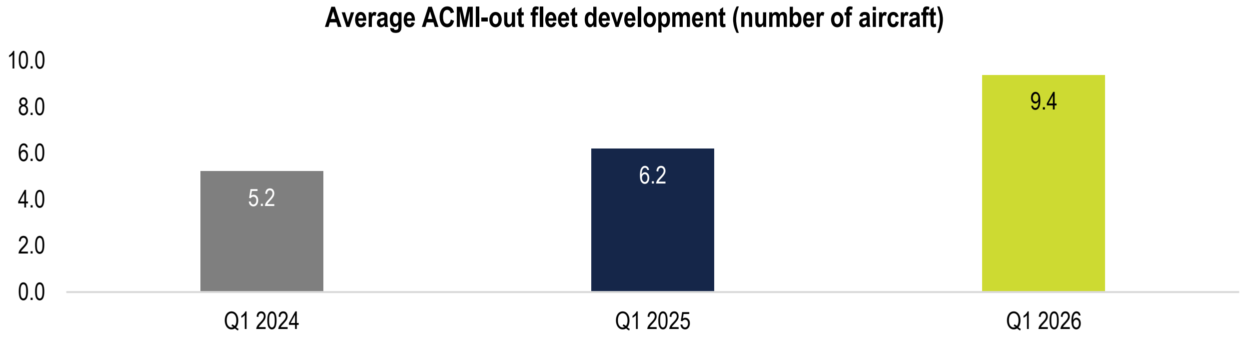
Overall, the Q1 2026 network was broader than in the same period last year, supported by higher available capacity and improving operational flexibility, while continued route optimization helped align deployed capacity with demand during the seasonally weaker first quarter. In March, airBaltic suspended services to Tel Aviv and Dubai in response to the conflict in the Middle East, resulting in the cancellation of 1.4% of all scheduled flights that month.

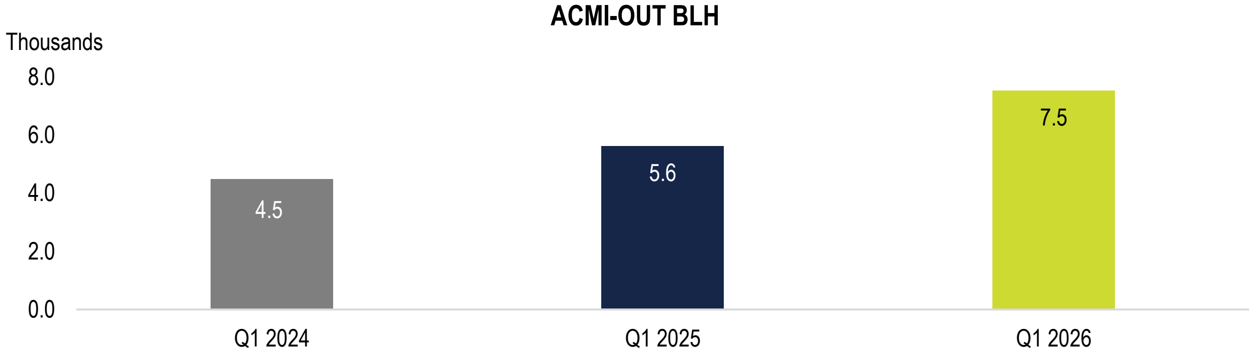
ACMI-out services development

In Q1 2026, airBaltic continued to expand its ACMI-out operations as part of the Group's strategy to balance the seasonality of own-network operations and monetize available fleet capacity during the winter season. The average ACMI-out fleet increased to 9.4 aircraft compared to 6.2 aircraft in Q1 2025 and 5.2 aircraft in Q1 2024.

The larger ACMI-out fleet translated into a significant increase in production. ACMI-out block hours rose to 7.5 thousand, compared to 5.6 thousand in Q1 2025 and 4.5 thousand in Q1 2024, reflecting continued demand for airBaltic's aircraft wet-leasing services. The segment is underpinned by continued ACMI cooperation with Lufthansa Group airlines, including Swiss International Air Lines, Austrian Airlines, Brussels Airlines as well as the long-term ACMI-out agreement with Air Serbia signed in October 2025. The airline also operated ACMI services for Arkia Israeli Airlines until March, while continuing to expand its short-term ad-hoc ACMI business through partnerships with carriers such as Air France and Transavia France.

The expansion of ACMI-out activity contributed to higher aircraft lease revenue which increased by 28.7% year-on-year in Q1 2026. This underlines the growing importance of the ACMI-out segment in diversifying revenue, improving winter-season fleet utilization and reducing the impact of seasonality in airBaltic's own-network operations

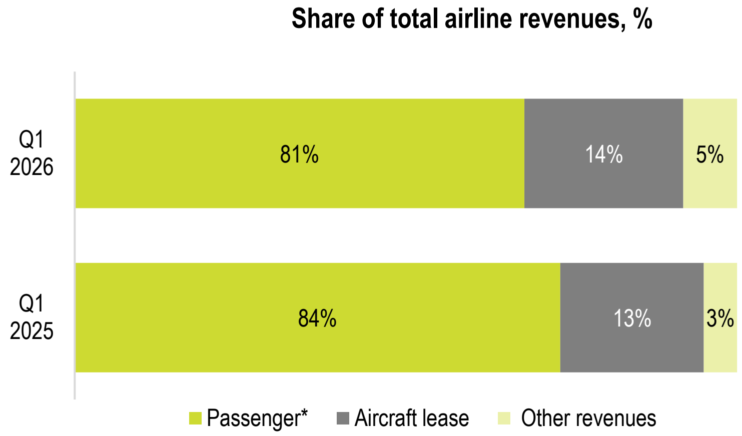


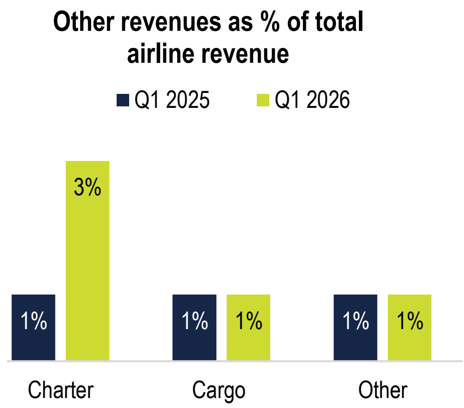


MANAGEMENT REPORT

COMMERCIAL PERFORMANCE AND REVENUES

The growing ACMI-out revenue resulted in increased share of aircraft lease revenues of 14% of total airline revenues, up from 13% in Q1 2025.

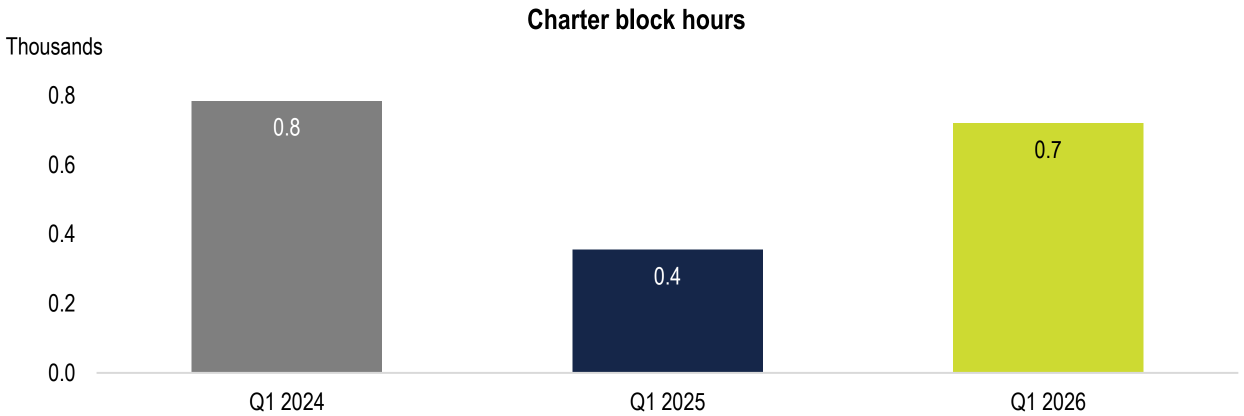




* Passenger revenue includes ticket, ancillary and other traffic revenue

Charter activity in Q1 2026 was driven by a record number of ad-hoc charter projects, significantly exceeding the levels seen in both 2025 and 2024. This growth was supported by a greater commercial focus on charter sales, combined with improved operational flexibility and higher aircraft availability, which created additional capacity for ad-hoc flying. For example, one aircraft was based in Zurich as a dedicated ad-hoc unit, enabling the airline to offer more competitive charter rates to customers across Western Europe (avoiding long ferry legs from Riga). Ad-hoc charter activity was primarily supported by military charters, as well as six round trips to Dubai operated for repatriation purposes (four for Latvian government and two for Estonian government). It should also be noted that the 2024 comparison base is skewed, as the Riga-Sharm El Sheikh and Riga-Hurghada routes were operated as charter flights in 2024 but were converted into scheduled services in 2025 and 2026.

This translated into a higher contribution from charter operations with charter revenue accounting for 3% of total revenue in Q1 2026, compared to 1% in the same period last year.

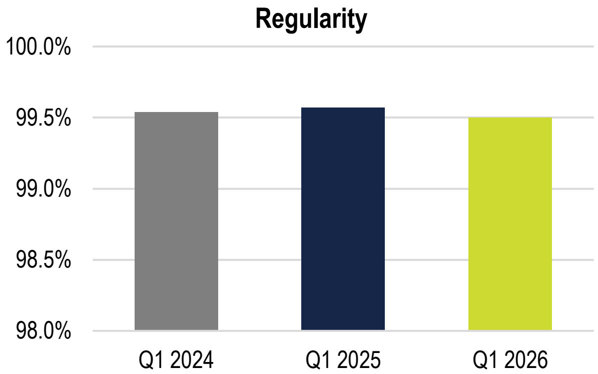


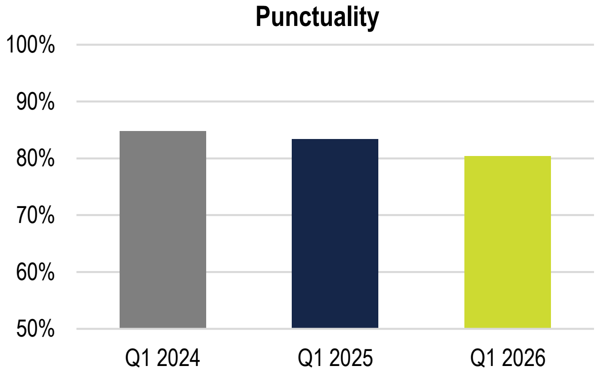
MANAGEMENT REPORT

OPERATIONAL PERFORMANCE AND COSTS

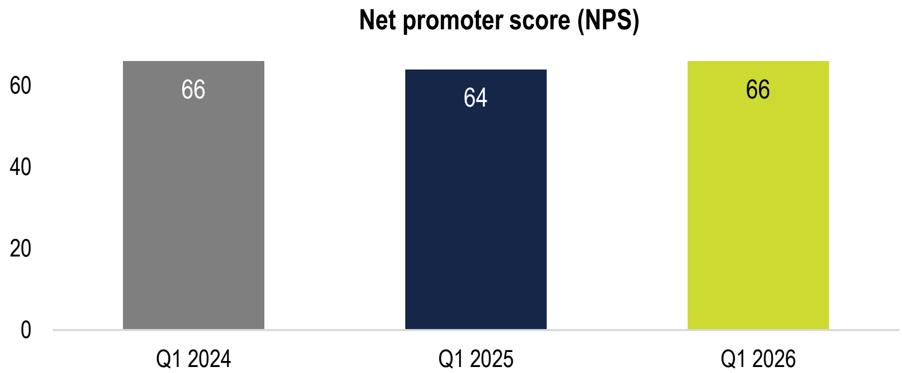
In Q1 2026, operational performance was affected by adverse winter weather conditions and airport-related disruptions at the beginning of the year. Heavy cold and snowy conditions weighed on punctuality resulting in a slightly lower 15-minute punctuality rate compared to previous winter seasons. Regularity also decreased slightly year-on-year, mainly due to weather-related disruptions and irregularities at Amsterdam Schiphol Airport early in the quarter.

At the same time, the underlying operational environment continued to improve as there were no AOGs due to Pratt & Whitney engine availability issues.





During Q1 2026, the Net Promoter Score (NPS) reached 66 – an increase of 2 points compared to the previous year and reaching the level observed in Q1 2024. This is related to increased availability of Starlink internet with more than 25% of flights in Q1 operating with free internet on board.



Aircraft utilization improved in Q1 2026 as more aircraft returned to flying following the gradual improvement in Pratt & Whitney engine availability. Utilization for airline operations increased to 6.6 block hours per aircraft per day, compared to 6.0 in Q1 2025, while total fleet utilization increased to 7.0 compared to 6.5 last year.

At the same time, utilization of operating aircraft decreased year-on-year, reflecting the return of previously unavailable aircraft to the active fleet.

AIRCRAFT UTILIZATION, BLOCK HOURS

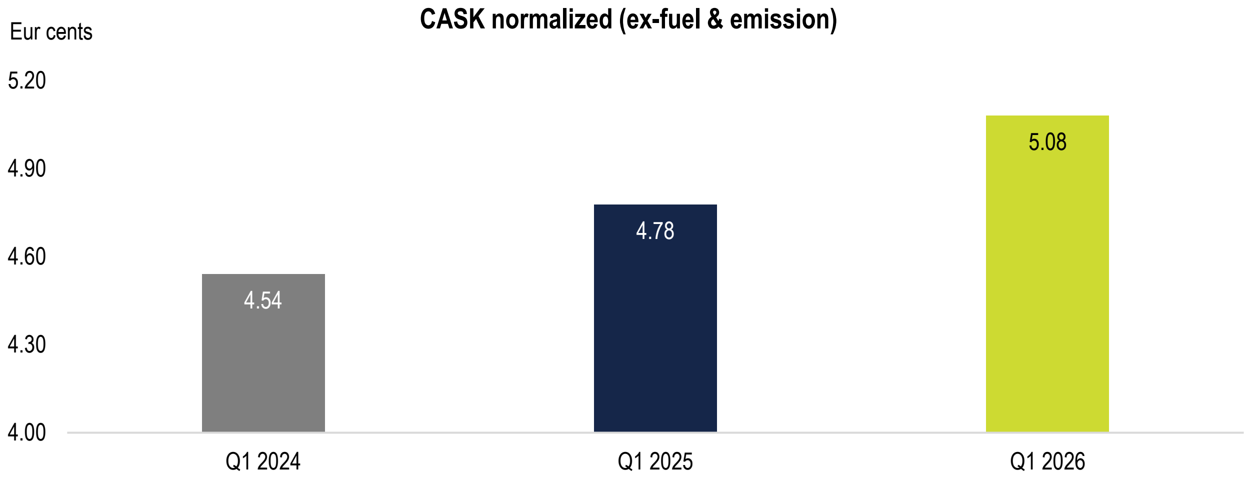
Airline operations	Q1 2026	Q1 2025	Change
Utilization	6.6	6.0	9.2%
Utilization of operating aircraft	8.5	9.7	(12.9%)
Operating fleet	33.0	26.7	23.5%

Total operations	Q1 2026	Q1 2025	Change
Utilization	7.0	6.5	7.2%
Utilization of operating aircraft	8.6	9.8	(12.5%)
Operating fleet	42.4	32.9	28.8%

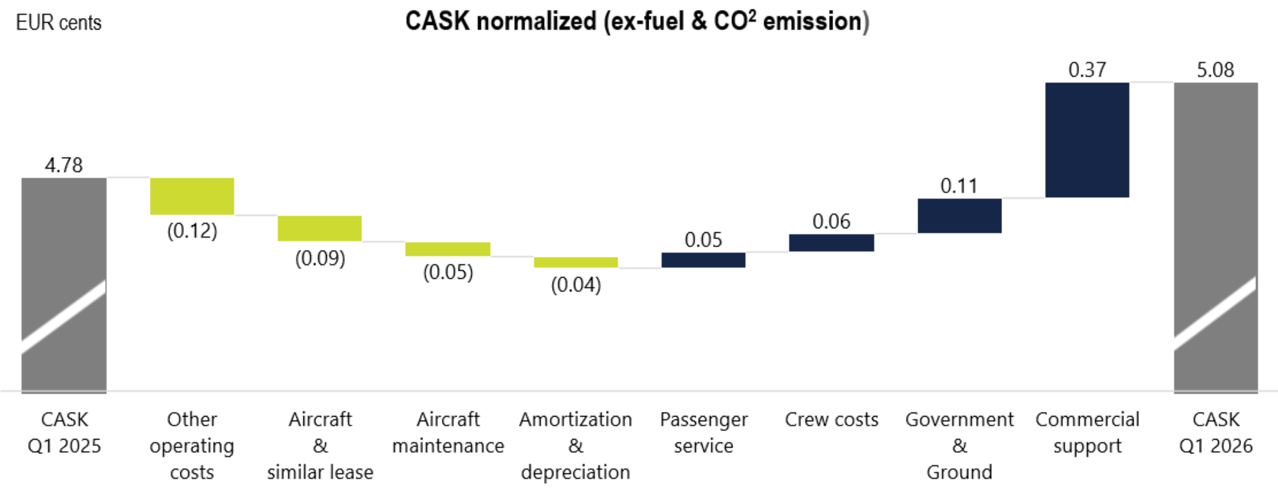
MANAGEMENT REPORT

OPERATIONAL PERFORMANCE AND COSTS

The operational disruptions described above also had an impact on cost performance in Q1 2026. Heavy winter conditions at the beginning of the year increased operational complexity, while the return of more aircraft to active flying following improved Pratt & Whitney engine availability increased the scale of operations, especially for crew. As a result, normalized CASK excluding fuel and CO_2 increased to 5.08 euro cents in Q1 2026, compared to 4.78 euro cents in Q1 2025 and 4.54 euro cents in Q1 2024.



The CASK bridge below highlights the main deviations in unit cost (CASK) compared to Q1 2025, offering a breakdown of the key factors driving changes in costs.



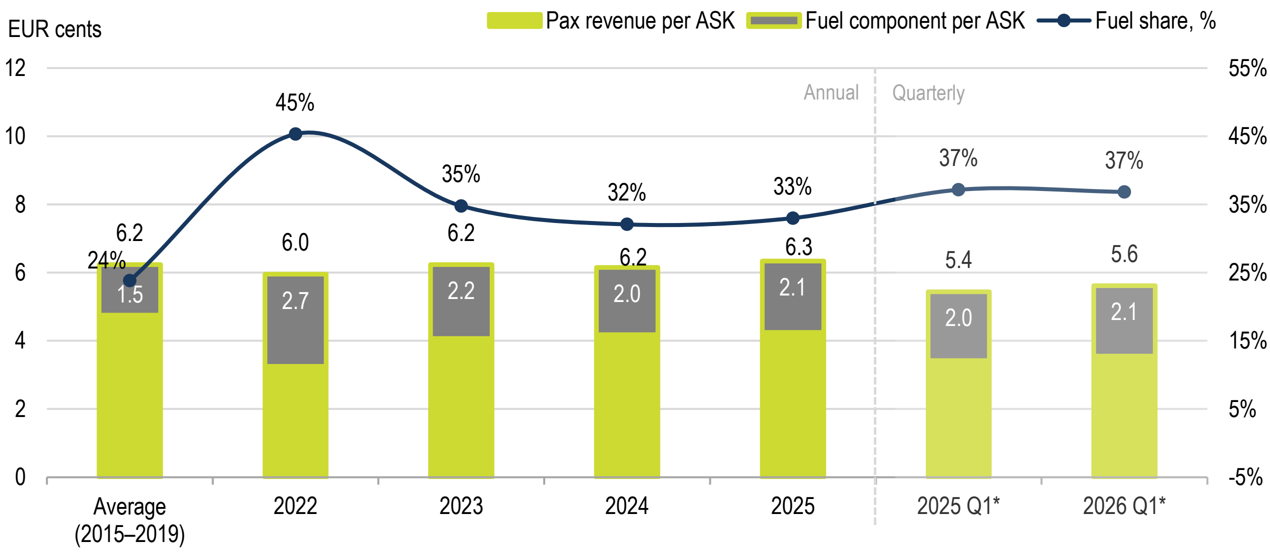
MANAGEMENT REPORT

OPERATIONAL PERFORMANCE AND COSTS

Fuel costs remained one of the largest expense categories in Q1 2026. While passenger revenue per ASK improved compared to Q1 2025, the fuel component per ASK also increased slightly, resulting in fuel costs remaining at 37% of passenger revenue per ASK in line with the same period last year. This continues to be above the pre-COVID average of 24%, reflecting the structurally higher fuel cost environment faced by the airline industry.

The chart below illustrates the fuel cost component of airBaltic's revenue per ASK, showing the five-year average for the pre-COVID-19 period compared with recent post-COVID-19 developments. Fuel prices remain relatively high compared with pre-pandemic levels.

The sharp increase in fuel prices towards the end of the quarter did not have a material impact on Q1 fuel costs, as commercial fuel pricing arrangements typically reflect market movements with a time lag between changes in forward prices and their eventual impact on physical fuel purchase prices.

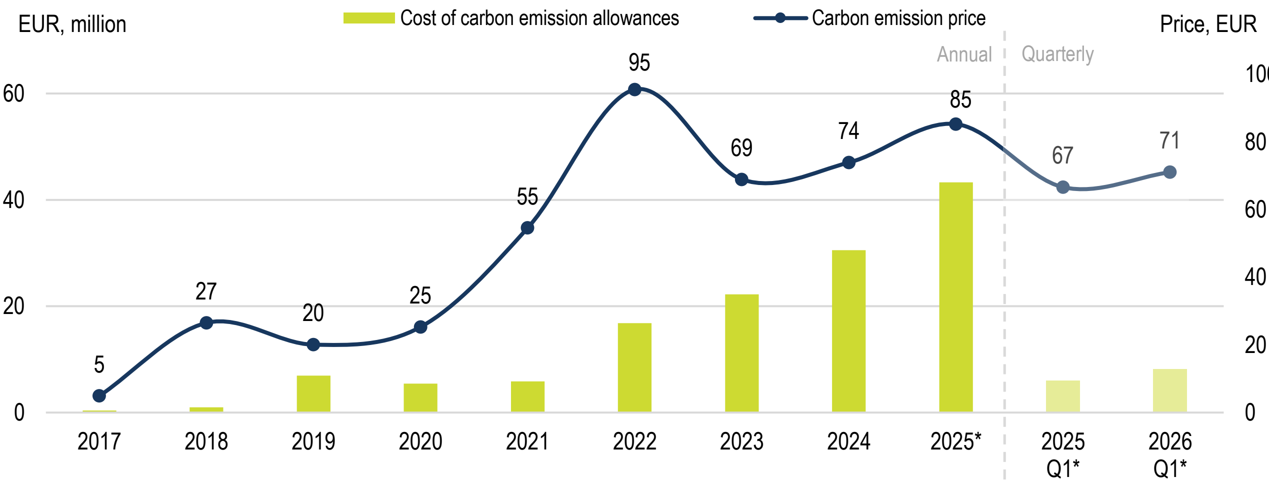


* Fuel component excluding accrual changes of CO2 emissions

Carbon emission allowance costs remained an important operating cost category in Q1 2026 due to compliance with the EU, Swiss and UK Emission Trading Systems. Current period carbon costs increased to EUR 8.2 million, compared to EUR 6.0 million in Q1 2025, reflecting higher flight activity and the continued reduction of free emission allowances.

However, the total reported carbon emission allowance cost for Q1 2026 was close to neutral, at EUR 0.01 million, compared to EUR 4.4 million in Q1 2025. This was mainly driven by a EUR 7.7 million gain on revaluation of accruals, which offset most of the current period cost. In addition, carbon crediting programs had a positive impact of EUR 0.4 million during the quarter.

Carbon expenses and price



*Cost based on emission price at the end of period

MANAGEMENT REPORT

OPERATIONAL PERFORMANCE AND COSTS

Other key operating cost drivers

In Q1 2026, normalized CASK remained broadly stable year-on-year at 6.74 euro cents, compared to 6.72 euro cents in Q1 2025. This reflected a balance between higher costs in several operational categories and positive effects from lower fuel, aircraft maintenance, depreciation and carbon emission allowance costs.

Normalized CASK by key cost categories (EUR cents)	Q1 2026	Q1 2025	Change*
De-icing costs	0.19	0.12	57%
Passenger service	0.19	0.14	36%
Pilots' remuneration	0.50	0.44	12%
Government charges	1.00	0.98	3%
Ground handling charges	0.61	0.60	2%
Other operating costs	0.84	0.83	2%
Fuel	1.65	1.72	(4%)
Amortization and depreciation	0.92	0.96	(4%)
Aircraft maintenance	0.23	0.27	(17%)
Other personnel costs	0.50	0.63	(20%)
Aircraft & similar lease	0.11	0.19	(45%)
Carbon emission allowances (including revaluation of provisions)	0.001	0.22	(0.22)
Commercial support	-	(0.37)	0.37
Normalized CASK	**6.74**	**6.72**	**0.29%**

* Change shown as % where meaningful; absolute change (EUR cents) shown when comparative figures are near zero or negative.

The main year-on-year increases were recorded in de-icing costs, passenger service, pilots' remuneration, government charges, ground handling charges and other operating costs. De-icing costs increased significantly due to heavy cold and snowy winter conditions at the beginning of the year. Passenger service and ground-related costs were driven by higher operational activity and the increase in the active flying fleet.

Pilots' payroll costs increased year-on-year mainly due to a 30% larger flying program planned for Summer 2026 resulting from full fleet availability and new aircraft deliveries. The number of pilots therefore increased substantially compared to Q1 2025, driven by the need to deliver this planned capacity growth and prepare for the higher summer production. General remuneration development is in line with the aviation labour market.

Government charges increased slightly year-on-year, mainly due to continued pressure from air navigation and airport-related charges. Other operating costs also increased, partly due to the higher scale of operations and broader inflationary pressure across supplier and service categories.

These increases were largely offset by lower fuel costs per ASK, lower aircraft maintenance costs, reduced amortization and depreciation, lower aircraft and similar lease costs and a positive impact from carbon emission allowance revaluation. Current period carbon costs increased year-on-year but the reported carbon cost impact was significantly reduced by a revaluation gain on provisions and carbon crediting programs.

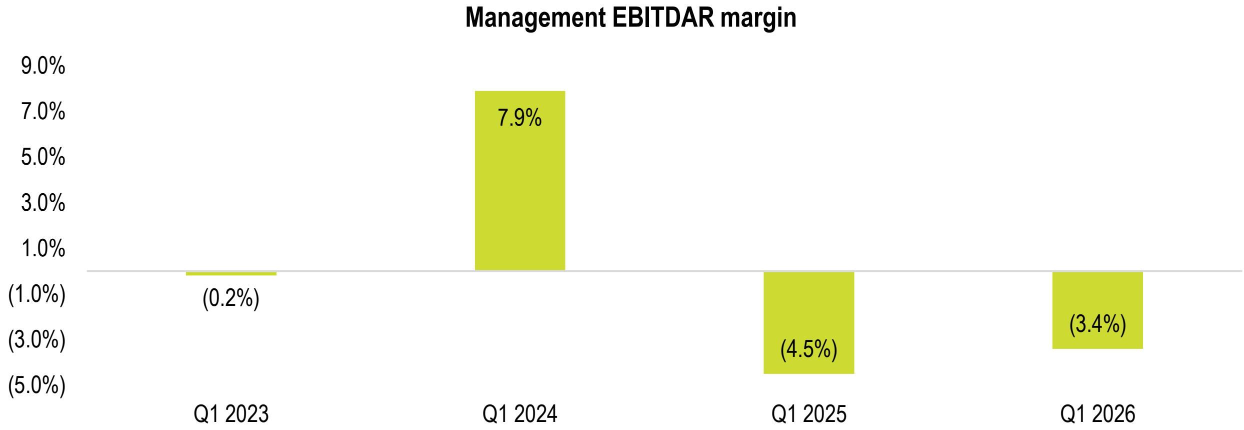
No commercial support from Pratt & Whitney was recognized in Q1 2026, as there were no engine related AOG events during the period. While this was positive from an operational perspective, it also reduced the compensating benefit that had previously offset part of the cost impact from engine-related disruptions.

MANAGEMENT REPORT

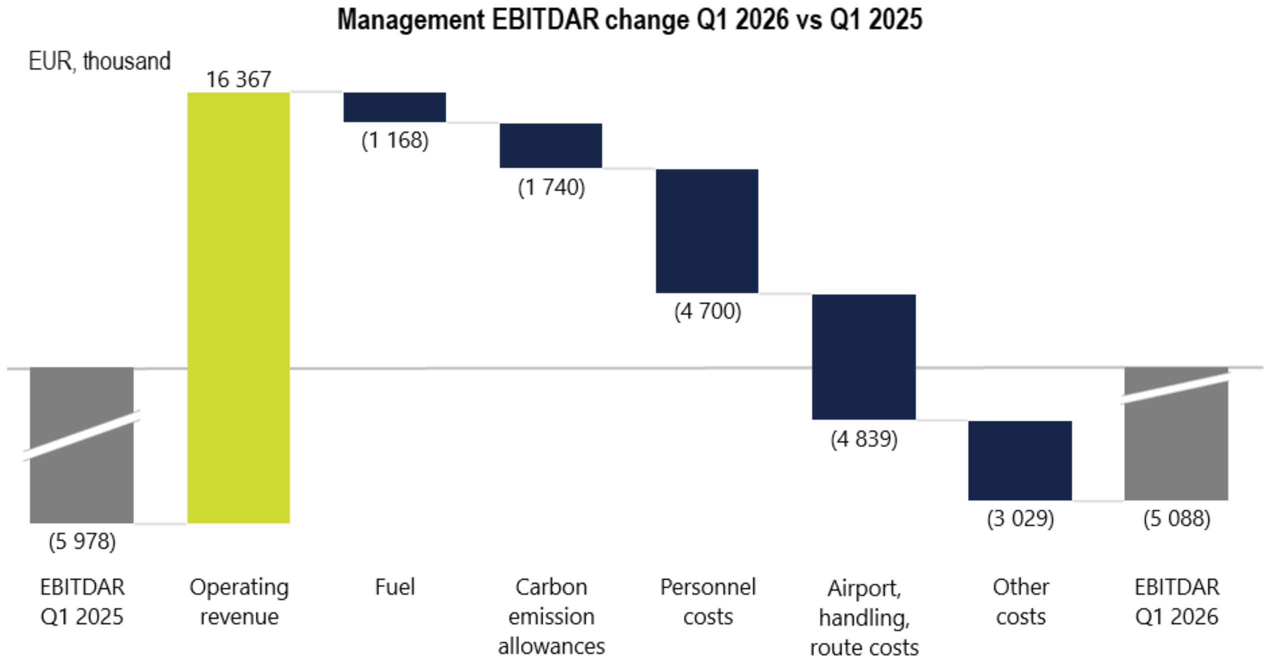
OPERATIONAL PERFORMANCE AND COSTS

Other key operating cost drivers

The Management EBITDAR margin improved to negative 3.4% in Q1 2026 compared to negative 4.5% in Q1 2025. While the margin remained below breakeven due to the seasonality of the first quarter and continued cost pressure, the improvement indicates better underlying operating performance compared to the same period last year.



The EBITDAR bridge demonstrates that the operational recovery in Q1 2026 was primarily revenue-driven, supported by improved yield, RASK and ACMI-out production. However, a significant portion of the revenue improvement was absorbed by continued cost inflation and the larger scale of operations, particularly in personnel and operational cost categories.



FLEET AND CAPITAL EXPENDITURE

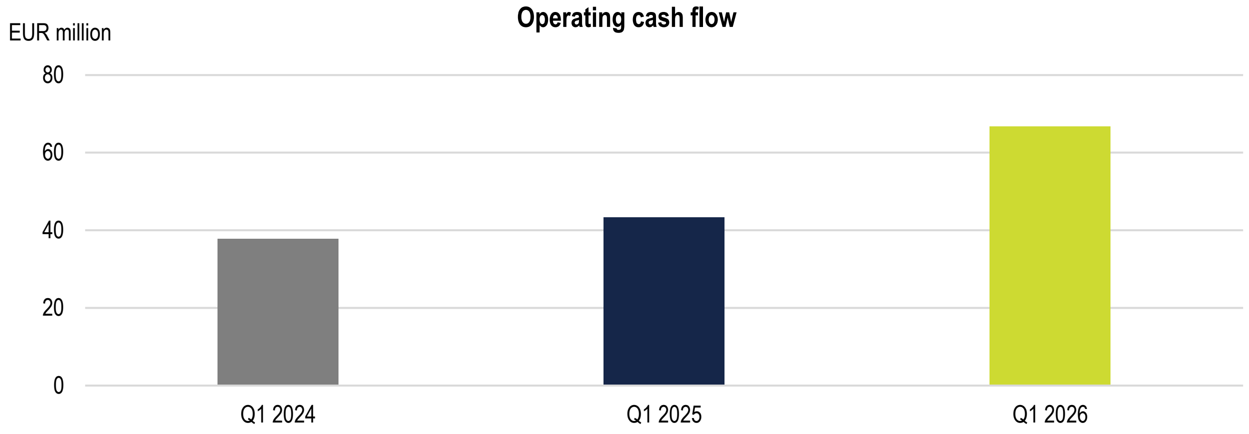
During Q1 2026, the airline added two Airbus A220-300 aircraft to its fleet, bringing the total number of A220-300 aircraft to 53 at the end of the quarter. The airline expects three additional aircraft to be delivered from lessors during H1 2026.

The airline continues to work with Airbus and lessors on the future delivery schedule. The full delivery plan remains subject to available funding, delivery timing, engine availability and broader market conditions.

MANAGEMENT REPORT

OPERATING CASH FLOW AND LIQUIDITY

Operating cash flow for Q1 2026 amounted to EUR 67 million, a significant increase compared with Q1 2025. The improvement primarily reflects improved working capital, including higher forward-booked revenues, more favourable payment terms negotiated with key suppliers and less cash tied up in security deposits and prepayments related to ACMI-in contracts for the summer season. In addition, considering significant uncertainty related to several financing sources and in order to strengthen short term liquidity position at the end of Q1, the management decided to unwind the 10% jet fuel hedge position to support the Group's short-term liquidity position.



As of March 31, 2026, the Group had EUR 32.9 million in cash and cash equivalents (including restricted cash) compared to EUR 28.4 million at the end of December 2025.

MANAGEMENT REPORT

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 should be read in conjunction with key figures in accordance with IFRS financial statements. Certain APMs presented below follow definitions adopted or revised by the Company in 2024 (and reflecting the way the Company communicates its results and performance to investors). Management data provided below is presented on a consistent and comparable basis.

ALTERNATIVE PERFORMANCE MEASURES	Q1 2026 TEUR	Q1 2025 TEUR
Profit / (loss) for the period	**(70 064)**	**(29 348)**
Finance costs	26 758	26 780
Finance income	(10)	(78)
Adjusted EBIT	**(43 316)**	**(2 646)**
Adjusted EBIT margin (%)	(29.1%)	(2.0%)
Foreign currency exchange (gain) / loss, net	14 427	(23 000)
Amortization and depreciation	33 140	28 733
Adjusted EBITDA	**4 251**	**3 087**
Adjusted EBITDA margin (%)	2.9%	2.3%
Aircraft and similar lease	2 759	4 539
Claims compensation	-	(11 953)
Adjusted EBITDAR	**7 010**	**(4 327)**
Adjusted EBITDAR margin (%)	4.7%	(3.3%)

ITEMS AFFECTING COMPARABILITY		
Profit / (loss) for the period	**(70 064)**	**(29 348)**
(Gain) / loss on revaluation of USD denominated liabilities	14 279	(22 218)
(Gain) / loss on revaluation of provision for carbon emissions	(7 738)	(1 651)
Insurance proceeds	(2 468)	-
Reversal of accrued liabilities	(1 892)	-
Management Profit / (Loss)	**(67 883)**	**(53 217)**
Adjusted EBIT	**(43 316)**	**(2 646)**
(Gain) / loss on revaluation of USD denominated liabilities	14 279	(22 218)
(Gain) / loss on revaluation of provision for carbon emissions	(7 738)	(1 651)
Insurance proceeds	(2 468)	-
Reversal of accrued liabilities	(1 892)	-
Management EBIT	**(41 135)**	**(26 515)**
Management EBIT margin (%)	(27.6%)	(20.0%)
Adjusted EBITDA	**4 251**	**3 087**
(Gain) / loss on revaluation of provision for carbon emissions	(7 738)	(1 651)
Insurance proceeds	(2 468)	-
Reversal of accrued liabilities	(1 892)	-
Management EBITDA	**(7 847)**	**1 436**
Management EBITDA margin (%)	(5.3%)	1.1%
Adjusted EBITDAR	**7 010**	**(4 327)**
(Gain) / loss on revaluation of provision for carbon emissions	(7 738)	(1 651)
Insurance proceeds	(2 468)	-
Reversal of accrued liabilities	(1 892)	-
Management EBITDAR	**(5 088)**	**(5 978)**
Management EBITDAR margin (%)	(3.4%)	(4.5%)

MANAGEMENT REPORT

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 (d) to the Financial statements.

SUBSEQUENT EVENTS

In April 2026, airBaltic received two additional Airbus A220-300 aircraft representing the third and fourth aircraft deliveries of 2026.

Subsequent to the reporting date, the Group has taken a decision on establishing a wholly owned subsidiary in Switzerland to support the operational management of flight crew engaged under commuter contract arrangements. Commuter contracts are a standard practice in the European aviation industry, enabling airlines to engage crew based across multiple countries while maintaining operational flexibility. The establishment did not have a material effect on the consolidated financial position of the Group as at the date of authorisation of these financial statements.

Subsequent to the reporting date, the Parent company received a loan of EUR 30 million from the Republic of Latvia. The loan represents additional liquidity support from the principal shareholder.

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 March 2026 and should be reflected in this report.

OUTLOOK FOR THE YEAR

Due to continued geopolitical and macroeconomic uncertainty, management considers it prudent not to provide financial guidance for 2026 at this time. The key external uncertainties relate to fuel price volatility, geopolitical developments and their impact on airspace availability and operating costs, as well as the pace of macroeconomic recovery and demand development in airBaltic's core markets.

STATEMENT OF MANAGEMENT RESPONSIBILITY

Based on the information available to the Executive Board, these interim financial statements for Q1 2026 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 Group. The information provided in the Management report is accurate.

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

For further information, please contact Investor Relations Manager Krišs Riekstiņš, kriss.riekstins@airbaltic.lv

FORWARD-LOOKING STATEMENTS

This Report includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Report and include, but are not limited to, statements regarding the intentions of the Group, and beliefs or current expectations concerning, among other things, the business, results of operations, financial position and/or prospects of the Group.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the financial position and results of operations of the Group, and the development of the markets and the industries in which the Group operates, may differ materially from those described in, or suggested by, the forward-looking statements contained in this Report. In addition, even if the Group's results of operations and financial position, and the development of the markets and the industries in which the Group operates, are consistent with the forward-looking statements contained in this Report, those results or developments may not be indicative of results or developments in subsequent periods. A number of risks, uncertainties and other factors could cause results and developments to differ materially from those expressed or implied by the forward-looking statements.

These forward-looking statements are made only as at the date of this Report. Except to the extent required by law, the Group is not obliged to, and does not intend to update or revise any forward-looking statements made in this Report whether as a result of new information, future events or otherwise. As a result of these risks, uncertainties and assumptions, you should not place undue reliance on these forward-looking statements as a prediction of actual results or otherwise.

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	Note	Q1 2026 TEUR	Q1 2025 TEUR
OPERATING REVENUE			
Revenue	6	149 086	132 372
Other income		-	347
		149 086	**132 719**
OPERATING EXPENSES AND CLAIM COMPENSATIONS			
Personnel costs	8	(39 599)	(35 799)
Airport, handling and en-route charges	9	(37 208)	(32 369)
Fuel		(34 933)	(33 765)
Amortization and depreciation		(33 140)	(28 733)
Marketing and tickets sales costs		(11 292)	(10 116)
Aircraft maintenance	11	(8 867)	(8 801)
Other operating costs		(6 238)	(9 181)
Passenger service		(3 925)	(2 654)
Aircraft and similar lease	10	(2 759)	(4 539)
Cost of carbon emission allowances	12	(14)	(4 361)
Claim compensations	13	-	11 953
		(177 975)	**(158 365)**
FINANCE INCOME / (EXPENSES)			
Finance costs	14	(26 758)	(26 780)
Foreign currency exchange (loss) / gain, net		(14 427)	23 000
Finance income		10	78
		(41 175)	**(3 702)**
LOSS BEFORE TAX		**(70 064)**	**(29 348)**
Corporate income tax	15	-	-
LOSS FOR THE PERIOD		**(70 064)**	**(29 348)**

Please see the Management report section Alternative performance measures and items affecting comparability.

The notes on pages 25 to 41 form an integral part of these Condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Q1 2026 TEUR	Q1 2025 TEUR
LOSS FOR THE PERIOD	**(70 064)**	**(29 348)**
ITEMS THAT ARE OR MAY BE SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS		
Gain / (loss) on cash flow hedges	5 171	(101)
Hedging gains reclassified to profit or loss	(766)	(60)
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS		
Depreciation of revaluation reserve	(103)	(103)
TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD	**4 302**	**(264)**
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(65 762)**	**(29 612)**

The notes on pages 25 to 41 form an integral part of these Condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

	Note	31.03.2026 TEUR	31.12.2025 TEUR
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	16	326 405	314 707
Right of use assets	17	899 667	841 875
Intangible assets		20 407	20 617
Other investments		3	3
Prepayments for maintenance	18	150 372	141 124
Prepayments for acquisition of property, plant and equipment		18 074	19 544
Trade and other receivables		31 764	29 550
		1 446 692	**1 367 420**
CURRENT ASSETS			
Inventories		11 730	12 635
Prepayments for maintenance	18	19 728	22 028
Prepaid expenses	19	9 728	4 975
Trade and other receivables		31 685	59 718
Derivative financial instruments	20	-	767
Restricted cash	21	17 220	17 220
Cash	21	15 645	11 229
		105 736	**128 572**
TOTAL ASSETS		**1 552 428**	**1 495 992**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	22	41 820	41 820
Share premium		11 360	11 360
Other contributions		2 453	2 399
Reserves	23	9 380	5 078
Accumulated loss:			
accumulated loss brought forward		(244 295)	(199 958)
profit / (loss) for the period		(70 064)	(44 337)
TOTAL EQUITY		**(249 346)**	**(183 638)**
LIABILITIES			
NON-CURRENT LIABILITIES			
Lease liabilities	24	772 763	716 463
Borrowings	24	454 513	443 864
Provisions	25	41 123	31 056
Deferred obligation – asset supply agreement	26	12 581	14 649
		1 280 980	**1 206 032**
CURRENT LIABILITIES			
Lease liabilities	24	111 080	137 915
Trade and other payables		158 446	146 046
Contract liabilities, airport taxes and other liabilities	27	161 652	99 670
Provisions	25	38 512	46 772
Employee-related tax liabilities		24 925	17 575
Borrowings	24	17 791	17 366
Deferred obligation – asset supply agreement	26	8 388	8 254
		520 794	**473 598**
TOTAL LIABILITIES		**1 801 774**	**1 679 630**
TOTAL EQUITY AND LIABILITIES		**1 552 428**	**1 495 992**

The notes on pages 25 to 41 form an integral part of these Condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

		Q1 2026	Q1 2025
CASH FLOWS FROM OPERATING ACTIVITIES		**TEUR**	**TEUR**
LOSS BEFORE TAX		**(70 064)**	**(29 348)**
Adjustments for:			
Depreciation	16,17	32 514	28 183
Interest expense	14	25 968	26 295
Foreign exchange loss / (gains), net		14 373	(22 233)
Amortization		626	550
Change in provisions and financial liabilities	25	14	4 361
Reclassification of settlement of fuel hedging derivatives		(575)	-
Profit on disposal of property, plant and equipment		(188)	(391)
Interest income		(10)	(78)
Profit on sale and leaseback transactions		-	(347)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**2 658**	**6 992**
Increase in payables		70 547	40 296
Proceeds from settlement of fuel hedging derivatives		5 746	-
Decrease / (increase) in inventories		905	(539)
Decrease / (increase) in deposits		398	(594)
Increase in receivables and prepayments		(13 448)	(12 661)
Corporate income tax paid		-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES		**66 806**	**33 494**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment and intangible assets		(14 784)	(8 018)
Issued loans		(550)	(448)
Proceeds from sale of property, plant and equipment		425	674
Repaid loans		195	99
Interest received		10	78
Advances paid for aircraft		-	(5 191)
Refund of advances paid for aircraft		-	5 154
Profit from sales and leaseback transactions		-	347
NET CASH USED IN INVESTING ACTIVITIES		**(14 704)**	**(7 305)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease principal payments	24	(29 643)	(25 269)
Bonds interest	24	(13 775)	(13 775)
Interest paid	24	(12 773)	(12 520)
Repayment of borrowings	24	(3 731)	(901)
Borrowings received	24	12 236	13 218
NET CASH USED IN FINANCING ACTIVITIES		**(47 686)**	**(39 247)**
(Decrease) / increase in cash and cash equivalents		4 416	(13 058)
Cash at the beginning of the reporting period		11 229	33 174
CASH AT THE END OF THE REPORTING PERIOD *	21	**15 645**	**20 116**

* 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 32.9 million at the end of the period (see Note 21).

The notes on pages 25 to 41 form an integral part of these Condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

	Share capital TEUR	Share premium TEUR	Other contributions TEUR	Reserves TEUR	Accumulated loss TEUR	Period result TEUR	Total TEUR
1 JANUARY 2025	**596 473**	**-**	**2 715**	**4 964**	**(651 335)**	**(118 159)**	**(165 342)**
COMPREHENSIVE INCOME:							
Loss for the period	-	-	-	-	-	(29 348)	(29 348)
Other comprehensive income:							
Revaluation reserve	-	-	-	(103)	-	-	(103)
Cash flow hedging reserve	-	-	-	(161)	-	-	(161)
	-	**-**	**-**	**(264)**	**-**	**(29 348)**	**(29 612)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:							
Share capital decrease	(571 293)	-	-	-	571 293	-	-
Currency translation difference	-	-	(107)	-	-	-	(107)
Allocation of prior year result	-	-	-	-	(118 159)	118 159	-
31 MARCH 2025	**25 180**	**-**	**2 608**	**4 700**	**(198 201)**	**(29 348)**	**(195 061)**

	Share capital TEUR	Share premium TEUR	Other contributions TEUR	Reserves TEUR	Accumulated loss TEUR	Period result TEUR	Total TEUR
1 JANUARY 2026	**41 820**	**11 360**	**2 399**	**5 078**	**(199 958)**	**(44 337)**	**(183 638)**
COMPREHENSIVE INCOME:							
Loss for the period	-	-	-	-	-	(70 064)	(70 064)
Other comprehensive income:							
Revaluation reserve	-	-	-	(103)	-	-	(103)
Cash flow hedging reserve	-	-	-	4 405	-	-	4 405
	-	**-**	**-**	**4 302**	**-**	**(70 064)**	**(65 762)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:							
Currency translation difference	-	-	54	-	-	-	54
Allocation of prior year result	-	-	-	-	(44 337)	44 337	-
31 MARCH 2026	**41 820**	**11 360**	**2 453**	**9 380**	**(244 295)**	**(70 064)**	**(249 346)**

The notes on pages 25 to 41 form an integral part of these Condensed consolidated interim financial statements.

NOTES

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 a Parent company of the airBaltic group (hereinafter – the Group) that includes the following entities (hereinafter together with airBaltic – the Group companies):

– Baltijas Kravu Centrs SIA,

– Air Baltic Training SIA,

– Aviation Crew Resources AS (under liquidation process).

2. Summary of significant accounting policies

a) Basis of preparation

The Condensed consolidated interim financial statements have been prepared in accordance with the International Financial Reporting Standard No. 34 Interim Financial reporting as adopted by EU (hereinafter – IAS 34).

The Condensed consolidated interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2025 and any public announcements made by airBaltic during the interim reporting period.

b) Accounting principles

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim period.

New and Amended Accounting Standards

New and amended IFRSs that became effective on or after January 1, 2026 have not had a material impact on the Group's consolidated financial statements. Standards and interpretations issued but not yet effective have not been early adopted and are not expected to have a significant effect on the Group's future financial reporting.

c) Use of estimates and judgements in the preparation of the financial statements

The preparation of the interim financial statements in conformity with IAS 34 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 recognized 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 critical assessments and sources of uncertainty in estimates are the same as those in the most recent annual report.

d) Going concern and liquidity

Financial position

As at 31 March 2026, the Group reported negative equity of EUR 249.3 million (31 December 2025: negative EUR 183.6 million). Current liabilities exceeded current assets by EUR 415.1 million. The Group's unrestricted cash balance amounted to EUR 15.6 million, with an additional EUR 17.2 million held in a restricted Bonds service reserve account, giving a total cash position of EUR 32.9 million. The loss for the three-month period ended 31 March 2026 was EUR 70.1 million (Q1 2025: EUR 29.3 million), reflecting the impact of foreign exchange movements, higher financing costs and continued cost inflation, partially offset by improved operating performance at EBITDAR level.

Liquidity and capital resources

The Group continues to operate under constrained liquidity conditions. The EUR 380 million 14.5% senior secured bonds due August 2029 require maintenance of a minimum liquidity balance of EUR 25 million, including restricted cash held in the Bonds service reserve account (see Note 24). As at 31 March 2026, the Group was in compliance with this covenant.

Subsequent to the reporting date, in April 2026, the Group received a short-term loan of EUR 30 million from the Republic of Latvia, approved by the Latvian Parliament, intended to provide temporary liquidity support. The loan is repayable by 31 August 2026 and does not represent a permanent strengthening of the Group's capital base.

Management has implemented a range of cash conservation measures, including optimization of payment terms with suppliers and service providers, deferral of discretionary capital expenditures and active management of working capital. Revenue generation has continued to develop positively with operating revenue increasing by 12.3% year-on-year in Q1 2026, supported by growth in both passenger revenue and ACMI lease operations. Adjusted EBITDAR improved to EUR 7.0 million, compared to negative EUR 4.3 million in Q1 2025.

NOTES

2. Summary of significant accounting policies (continued)

d) Going concern and liquidity

Capital structure and strategic alternatives

The Group's capital structure requires strengthening. The previously communicated medium-term financial strategy envisaged an initial public offering (IPO) as the primary means of raising new equity capital. However, given the current market conditions, the Group's financial position and the broader macroeconomic and geopolitical environment - including the impact of the conflict in the Middle East on fuel prices, airspace restrictions and operating cost pressures - the timing and feasibility of an IPO have become increasingly uncertain. As a result, activities related to the IPO process have been suspended.

The management has engaged external financial advisors to assist in developing a new strategic business plan as well as to evaluate Group's capital structure and assess strategic alternatives to ensure the long-term financial sustainability of the airline. The Group is in active dialogue with its key stakeholders, including the Republic of Latvia, regarding the most appropriate path forward. Several options are under consideration and management is committed to pursuing a solution that supports the continued operation of the airline and preserves value for all stakeholders.

Positive operational developments

Despite the financial headwinds management notes the following developments that support the Group's underlying operational performance and long-term viability:

- improved fleet availability following the continued resolution of the Pratt & Whitney engine availability constraints, enabling higher capacity deployment,
- revenue quality improvement, with both yield and RASK increasing year-on-year,
- growing contribution from ACMI-out operations, supporting winter-season fleet utilization and revenue diversification, including long-term contracts with Lufthansa Group airlines and Air Serbia,
- improved customer experience through the rollout of Starlink onboard Wi-Fi, supporting Net Promoter Score gains,
- strengthening macroeconomic indicators in the Baltic markets supporting demand growth.

Risks and uncertainties

Management recognizes that the following risk factors could materially affect the Group's liquidity, financial position and ability to secure additional financing:

- the outcome and timing of ongoing discussions regarding the Group's capital structure and strategic options,
- the willingness and ability of existing shareholders and other parties to provide additional financing,
- extremely high jet fuel prices,
- further geopolitical volatility affecting the demand for Group's services,
- pace of economic recovery in core Baltic markets,
- the execution risk associated with cash conservation and liquidity management initiatives,
- the risk that the Group may not be able to maintain compliance with the financial covenants under the bond terms and conditions,
- broader market conditions and the availability of financing on acceptable terms.

Material uncertainty and going concern basis

The conditions described above - in particular the Group's negative equity position, the level of current liabilities relative to current assets, the constrained cash position, the short-term nature of the state loan, the uncertainty regarding the timeline and outcome of capital structure measures and the dependency on stakeholder support - indicate the existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

Management is actively engaged with financial advisors, shareholders and other stakeholders to develop and implement a comprehensive solution to address the Group's capital structure and liquidity requirements. The Republic of Latvia, as the principal shareholder holding 88.37% of the Parent company, has demonstrated continued support for the airline, including through the provision of the EUR 30 million loan in April 2026 and its prior equity contributions.

Notwithstanding the material uncertainties described above, the Executive Board has concluded, after careful consideration and on the basis of management's plans and the ongoing engagement with key stakeholders, that it remains appropriate to prepare these condensed consolidated interim financial statements on a going concern basis. These financial statements do not include any adjustments to the carrying amounts or classification of assets and liabilities that would be necessary should the Group be unable to continue as a going concern.

NOTES

3. Financial risk management

Hedge effectiveness

During Q1 2026, the Group resumed fuel hedging activities and entered into hedging arrangements in respect of its expected aviation fuel consumption for 2026. These fuel hedge positions were closed before 31 March 2026, resulting in realized proceeds of EUR 5.1 million. Accordingly, as of 31 March 2026, the Group had no outstanding fuel hedge positions.

In addition, the Group continues to hedge its market exposure related to the cost of carbon emission allowances. As of the date of the report, the airline had around 14.5% of its total 2026 exposure hedged at the average price of 72.52 EUR.

Fair value estimation

The Group classifies its 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 assets and liabilities that are measured at fair value on 31 March 2026.

	Level 1 TEUR	Level 2 TEUR	Level 3 TEUR	Total TEUR
Buildings	-	-	24 103	24 103
Diamond aircraft	-	-	3 465	3 465

The following table presents the Group's assets and liabilities that are measured at fair value on 31 December 2025.

	Level 1 TEUR	Level 2 TEUR	Level 3 TEUR	Total TEUR
Buildings	-	-	24 440	24 440
Diamond aircraft	-	-	3 572	3 572
Derivative financial asset	-	767	-	767

The Group obtains independent valuations for its buildings 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. According to the management's estimates, no external or internal circumstances have occurred in Q1 2026 that would be expected to cause the book value of the assets reflected in Level 3 to be materially different from their fair value.

All other financial assets and financial liabilities are measured at amortized cost. The Group's financial assets measured at amortized cost are included in the level 3, except for cash and cash equivalents, which are included in the level 2. The Group estimates that the fair values of assets and liabilities reported at amortized cost do not materially differ from the carrying amounts reported in the financial statements.

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

Specific valuation techniques used to value financial instruments are based on the quoted market prices or dealer quotes for similar instruments. All the resulting fair value estimates are included in level 2.

NOTES

4. Segment information

The Group operates 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 involves the airline's own scheduled passenger services, charter services and related ancillary services,
- ACMI out business: this segment involves providing Aircraft, Crew, Maintenance, and Insurance (ACMI) services to other airlines.

All other segments - provision of aviation related training services and cargo handling - are not reportable operating segments and are not analysed as separate segments by airBaltic's CODM. The results of these operations are included in the 'Other segments' line.

Allocation of revenue by operating segment

- ACMI lease revenue (both, non-lease component and lease component) attributed to ACMI out business segment,
- the remaining revenue of the Parent company is attributed to Own network operations and consist of several types of revenues, such as Ticket revenue, Ancillary revenue, Charter revenue, Cargo revenue and Other revenue.

Allocation of costs by operating segment

The costs applicable to ACMI out activities include not only variable costs but also a proportionate share of relevant 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 Kilometers (ASK),
- fixed costs are allocated based on whether aircraft are designated for ACMI-out operations or for the own network operations. In practice, aircraft are not permanently dedicated to either activity; rather, they are deployed flexibly based on operational efficiency and fleet availability. The designation of aircraft is determined as follows:
  - ACMI fleet designation: the ACMI fleet is determined by the maximum number of aircraft dedicated to ACMI-out operations during the financial year, typically peaking 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 adjusted EBITDAR and adjusted EBITDAR margin (please see Note 5 on reconciliation to the IFRS measures), measured consistently with the entity's profit or loss in the financial statements.

Resource allocation decisions for each segment is based on the segment's performance during the period and aimed at optimizing the Group's financial performance.

Segment revenue and result Q1

Q1 2026	Own network operations	ACMI out business	Total reportable operating segments	Other segments	Intersegment elimination	Group
External revenue	126 138	21 349	147 487	1 599	-	149 086
Revenues from transactions with other operating segments	665	-	665	344	(1 009)	-
Adjusted EBITDAR	10 296	(3 307)	6 989	20	1	7 010
Adjusted EBITDAR margin	8.1%	(15.5%)	4.7%	-	-	4.7%
Amortization and depreciation	(19 225)	(13 655)	(32 880)	(124)	(136)	(33 140)
Interest revenue	6	4	10	-	-	10
Interest expense	(14 027)	(11 948)	(25 975)	-	-	(25 975)
Q1 2025						
External revenue	114 700	16 588	131 288	1 431	-	132 719
Revenues from transactions with other operating segments	403	-	403	457	(860)	-
Adjusted EBITDAR	(2 181)	(2 430)	(4 611)	284	-	(4 327)
Adjusted EBITDAR margin	(1.9%)	(14.7%)	(3.5%)	15%	-	(3.3%)
Amortization and depreciation	(18 944)	(9 629)	(28 573)	(128)	(32)	(28 733)
Interest revenue	49	29	78	-	-	78
Interest expense	(16 653)	(10 125)	(26 778)	(2)	-	(26 780)

NOTES

4. Segment information (continued)

Segment assets and liabilities

31 March 2026	Own network operations	ACMI out business	Total reportable operating segments	Other segments	Intersegment elimination	Group
Segment assets	846 365	706 148	1 552 513	8 358	(8 443)	1 552 428
Segment liabilities	1 021 933	778 902	1 800 835	7 485	(6 546)	1 801 774
Capital expenditure in Q1	55 487	47 263	102 750	8	-	102 758
31 December 2025						
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 (for 12 months period)	126 450	81 601	208 051	348	-	208 399

Entity wide disclosures

	Q1 2026 TEUR	Q1 2025 TEUR
Europe	137 145	120 601
Other	11 941	12 118
TOTAL	**149 086**	**132 719**

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

5. Alternative performance measures

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

	Q1 2026 TEUR	Q1 2025 TEUR
Profit / (loss) for the period	**(70 064)**	**(29 348)**
Finance costs	26 758	26 780
Finance income	(10)	(78)
Adjusted EBIT	**(43 316)**	**(2 646)**
Foreign currency exchange (gain) / loss, net	14 427	(23 000)
Amortization and depreciation	33 140	28 733
Adjusted EBITDA	**4 251**	**3 087**
Aircraft and similar lease	2 759	4 539
Claims compensation	-	(11 953)
Adjusted EBITDAR	**7 010**	**(4 327)**
Operating revenue	149 086	132 719
Adjusted EBITDAR margin	**4.7%**	**(3.3%)**

NOTES

6. Revenue

	Q1 2026 TEUR	Q1 2025 TEUR
Tickets revenue	108 817	100 932
ACMI lease revenue (non-lease component)	14 915	10 789
Ancillary revenue	10 221	9 075
Charter revenue	4 741	1 954
Cargo revenue	1 329	1 360
Other revenue	2 602	2 436
Revenue from contracts with customers	***142 625***	***126 546***
ACMI lease revenue (lease component)	6 434	5 799
Rental income from Investment Properties	27	27
TOTAL	**149 086**	**132 372**

The Group allocates the consideration in the ACMI contract to the lease and non-lease components based on the internal assessment of their relative stand-alone prices. The lease revenues are neither priced nor invoiced separately and are separated for the disclosure purposes of these financial statements only.

In addition to advertising and similar revenues, item Other revenue also includes crew training revenues from external customers.

Ticket revenue and ancillary revenue are recognized at a point in time. ACMI lease revenue, charter revenue and cargo revenue are recognized over time. 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.

7. Seasonality of operations

The Group's historic results of operations have varied significantly from quarter to quarter, and management expects these variations to continue. Among the factors causing these variations are the airline industry's sensitivity to general economic conditions and the seasonal nature of air travel, especially leisure travel. Passenger revenue (tickets revenue and ancillary revenue) in the first and fourth quarters are generally lower, while the second and third quarters typically generate higher revenues and results.

TEUR	Q1 2026	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
Passenger revenue	119 038	147 721	180 303	155 236	110 007	135 232	176 600	147 738	112 428
% from annual passenger revenue	n/a	25%	30%	26%	19%	24%	31%	26%	20%

8. Personnel costs

The increase in personnel costs reflects both higher employee headcount and general remuneration increases in line with aviation sector labour market conditions. Headcount growth was mainly driven by the recruitment of additional flight crew in preparation for increased Summer 2026 flying activity enabled by improved fleet availability and new aircraft deliveries.

9. Airport, handling and en-route charges

The increase in airport, handling and en-route charges reflects both higher air navigation and airport-related tariffs and increased operational activity, with the number of flights rising by 4.2% year-on-year.

10. Aircraft and similar lease costs

Lease-related operating costs decreased year-on-year, primarily due to lower short-term engine lease expenses following improved Pratt & Whitney engine availability and the absence of ACMI-in lease costs during the period.

11. Aircraft maintenance

Aircraft maintenance costs include routine maintenance costs such as short-cycle engineering inspections, component inspections, monthly inspections, and routine airframe and engine inspections.

NOTES

12. Cost of carbon emissions allowances

The cost of carbon emission allowances represents expenses related to the EU Emission Trading System ("EU ETS") and the Carbon Offsetting and Reduction Scheme for International Aviation ("CORSIA"). Allowances are initially recognised at market value while the related provision is subsequently remeasured at market value at the reporting date, except for the hedged portion, which is measured using forward rates. As a result, the reported expense includes both current period emission costs and revaluation effects, which may cause significant fluctuations between reporting periods due to movements in carbon market prices.

The provision is measured on a gross basis without taking into account future free allowance allocations. The result for the period was also affected by carbon crediting programs, including SAF (Sustainable Aviation Fuel) support mechanisms, recognised based on the estimated value of expected free emission allowances measured at market prices prevailing at the reporting date.

Overall, the current period emission cost increased year-on-year, while the total reported expense was significantly reduced by favourable revaluation effects and carbon crediting programs.

		Q1 2026 TEUR	Q1 2025 TEUR
Current period cost		8 174	6 012
Gain on revaluation of provisions		(7 738)	(1 651)
Carbon Crediting Programs		(422)	-
	TOTAL	**14**	**4 361**

13. Claim compensations

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.

14. Finance costs

		Q1 2026 TEUR	Q1 2025 TEUR
Interest on bonds		13 775	13 775
Interest expense on lease		11 174	12 334
Interest expense on borrowings		1 025	186
Other finance expenses		784	485
	TOTAL	**26 758**	**26 780**

15. Corporate income tax

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 Group does not have distributable retained earnings and therefore there is no potential deferred tax.

NOTES

16. Property, plant and equipment

	Buildings (revalued amount) TEUR	Fixtures and fittings (at cost) TEUR	Aircraft (revalued amount) TEUR	Aircraft equipment TEUR	Assets under construction (at cost) TEUR	Total TEUR
Cost or revalued amount						
31.12.2024	**20 274**	**32 063**	**5 889**	**207 705**	**37 153**	**303 084**
Additions	16 024	658	52	25 318	(15 633)	26 419
Disposals	-	(246)	-	(1 680)	-	(1 926)
31.03.2025	**36 298**	**32 475**	**5 941**	**231 343**	**21 520**	**327 577**
Accumulated depreciation						
31.12.2024	**10 637**	**11 345**	**1 998**	**51 627**	**-**	**75 607**
Charge for the period	157	698	95	5 928	-	6 878
Charge on revalued amount	87	-	16	-	-	103
Disposals	-	(240)	-	(1 561)	-	(1 801)
31.03.2025	**10 881**	**11 803**	**2 109**	**55 994**	**-**	**80 787**
Net book value 31.12.2024	**9 637**	**20 718**	**3 891**	**156 078**	**37 153**	**227 477**
Net book value 31.03.2025	**25 417**	**20 672**	**3 832**	**175 349**	**21 520**	**246 790**
Cost or revalued amount						
31.12.2025	**36 346**	**32 701**	**5 958**	**329 434**	**18 482**	**422 921**
Additions	-	182	-	13 089	8 897	22 168
Reclassifications	-	-	-	7 591	(7 591)	-
Disposals	-	(159)	-	(1 288)	-	(1 447)
31.03.2026	**36 346**	**32 724**	**5 958**	**348 826**	**19 788**	**443 642**
Accumulated depreciation						
31.12.2025	**11 906**	**13 653**	**2 386**	**80 269**	**-**	**108 214**
Charge for the period	250	683	91	9 103	-	10 127
Charge on revalued amount	87	-	16	-	-	103
Disposals	-	(152)	-	(1 055)	-	(1 207)
31.03.2026	**12 243**	**14 184**	**2 493**	**88 317**	**-**	**117 237**
Net book value 31.12.2025	**24 440**	**19 048**	**3 572**	**249 165**	**18 482**	**314 707**
Net book value 31.03.2026	**24 103**	**18 540**	**3 465**	**260 509**	**19 788**	**326 405**

NOTES

17. Right of use assets

	Buildings and land TEUR	Aircraft TEUR	Total TEUR
Cost			
31.12.2024	**24 020**	**1 233 350**	**1 257 370**
Additions – new lease contracts	227	38 671	38 898
31.03.2025	**24 247**	**1 272 021**	**1 296 268**
Accumulated depreciation			
31.12.2024	**10 905**	**379 879**	**390 784**
Charge for the period	671	20 633	21 304
31.03.2025	**11 576**	**400 512**	**412 088**
Net book value 31.12.2024	**13 115**	**853 471**	**866 586**
Net book value 31.03.2025	**12 671**	**871 509**	**884 180**

	Buildings and land TEUR	Aircraft TEUR	Total TEUR
Cost			
31.12.2025	**28 353**	**1 307 193**	**1 335 546**
Additions – new lease contracts	-	80 116	80 116
Modifications	60	-	60
Terminated contracts and derecognition	-	(24 598)	(24 598)
31.03.2026	**28 413**	**1 362 711**	**1 391 124**
Accumulated depreciation			
31.12.2025	**13 448**	**467 776**	**481 224**
Charge for the period	772	21 612	22 384
Terminated contracts and derecognition	-	(12 151)	(12 151)
31.03.2026	**14 220**	**477 237**	**491 457**
Impairment loss provision			
31.12.2025	-	(12 447)	(12 447)
Terminated contracts and derecognition	-	12 447	12 447
31.03.2026	**-**	**-**	**-**
Net book value 31.12.2025	**14 905**	**826 970**	**841 875**
Net book value 31.03.2026	**14 193**	**885 474**	**899 667**

Following the declaration of an aircraft as a total loss in 2025, an impairment loss was recognised on the related right-of-use asset. Upon receipt of the formal loss confirmation from the manufacturer in January 2026, the asset and all related accumulated balances were derecognised in Q1 2026. The derecognition had no effect on the result for the period as the impairment had been fully recognised in 2025.

NOTES

18. Prepayment for maintenance

The balance sheet item Prepayments for maintenance represents advance payments made in respect of future aircraft and engine maintenance events. In accordance with certain lease agreements, maintenance reserves are paid to lessors as security for future heavy maintenance obligations. These payments are recognised as prepayments until the related maintenance event occurs and the reimbursement process with the lessor is completed.

As the Group's fleet remains relatively young and continues to expand, major maintenance activity commenced in the first half of 2024. Ongoing advance maintenance payments associated with the growing fleet have therefore resulted in an increase in the balance of this item.

19. Prepaid expenses

		31.03.2026 TEUR	31.12.2025 TEUR
Lease interest		2 683	508
Prepaid airport and handling charges		2 276	869
Aircraft maintenance related prepaid expenses		745	265
Other prepaid expenses (services)		4 024	3 333
	TOTAL	**9 728**	**4 975**

20. Derivative financial instruments

The Parent company uses jet fuel swap contracts to manage exposure to fluctuations in jet fuel prices. These derivatives are designated as cash flow hedges of forecast fuel purchases and are structured to align, to the extent possible, with the timing and volume of the Group's forecast fuel consumption and related payments.

During the period, the hedge portfolio was settled prior to maturity in response to market conditions and liquidity management considerations. The related hedging reserve continues to be recognised in equity and is expected to be reclassified to profit or loss during 2026 in line with the underlying fuel consumption profile.

The hedging relationships have been assessed as highly effective in offsetting variability in future cash flows arising from changes in jet fuel prices, and no material hedge ineffectiveness was recognised during the current or comparative periods.

21. Cash and Restricted cash

As of the reporting date, the Cash balance was EUR 15 645 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 24). The total cash, including both unrestricted and restricted balances, amount to EUR 32 865 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.

		31.03.2026 TEUR	31.12.2025 TEUR
Cash at bank and on hand		15 645	11 229
Bonds service reserve account		17 220	17 220
	TOTAL	**32 865**	**28 449**

There has been no credit loss allowance provided at the end of the reporting year (31 December 2025: no credit loss allowance).

NOTES

22. Share capital

As at 31 March 2026, the share capital of airBaltic Corporation AS amounts to EUR 41 819 525.20, comprising 251 795 252 ordinary shares with a nominal value of EUR 0.10 per share and two Mandatory Convertible Shares (MCS) with a nominal value of EUR 8 320 000 each, issued at a total subscription price of EUR 14 000 000 per MCS (including EUR 5 680 000 share premium per MCS).

The ordinary shares and MCS reflect changes completed during 2025: a share capital restructuring finalised in February 2025, which consolidated four share categories into a single class and a capital increase in August 2025 through the issuance of two MCS - one to the Republic of Latvia and one to Deutsche Lufthansa AG - representing a total investment of EUR 28 000 000. No changes to share capital occurred in the first quarter of 2026.

Each MCS mandatorily converts into 31 474 410 ordinary shares upon IPO or on the longstop date, and carries voting, dividend, and liquidation rights equivalent to the ordinary shares into which it will convert. Management has assessed that the MCS do not meet the technical IFRS definition of equity instruments; however, in management's judgment, presentation within equity more appropriately reflects the substance of the transaction.

The shareholder structure as at 31 March 2026 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**

23. Reserves

	31.03.2026 TEUR	31.12.2025 TEUR
Revaluation reserve	4 209	4 311
Cash flow hedging reserve	5 171	767
	9 380	**5 078**

In 2025, the Company merged the Revaluation reserve and Cash flow hedging reserve into a single component, "Reserves", within equity on the Balance Sheet. The reclassification had no effect on total equity or profit or loss.

NOTES

24. Borrowings and lease liabilities

Borrowings

	31.03.2026 TEUR	31.12.2025 TEUR
Non-current		
Eurobond	375 393	375 048
Other borrowing	72 351	61 537
Bank borrowings	6 769	7 279
	454 513	**443 864**
Current		
Eurobond, related interest	6 888	6 888
Other borrowing	8 777	8 346
Bank borrowings	2 126	2 132
	17 791	**17 366**
TOTAL	**472 304**	**461 230**

Lease liabilities

	31.03.2026 TEUR	31.12.2025 TEUR
Non-current	772 763	716 463
Current	111 080	137 915
TOTAL	**883 843**	**854 378**

The table below shows the contractual undiscounted (including estimated future interest payments on debt) non-derivative financial liabilities:

	Within 3 months TEUR	Between 3 months and 1 year TEUR	Between 1 and 5 years TEUR	More than 5 years TEUR	Total contractual cash flows TEUR	Carrying amount of liabilities TEUR
Contractual maturities of financial liabilities at 31.03.2026						
Borrowings	17 528	52 761	580 050	35 302	685 641	472 304
Lease liabilities and variable lease expense	39 153	115 221	549 376	376 485	1 080 235	883 843
Contractual maturities of financial liabilities at 31.12.2025						
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

NOTES

24. Borrowings and lease liabilities (continued)

The table below shows the movements in major classes of borrowings and lease liabilities during the financial period.

	Lease liabilities TEUR	Eurobond, net of transaction costs TEUR	Other borrowings TEUR	Loan from bank TEUR	Total TEUR
31.12.2025	**854 378**	**381 936**	**69 882**	**9 412**	**1 315 608**
New lease contracts	78 389	-	-	-	78 389
Derecognition of lease liabilities related to impairment of aircraft in 2025	(29 442)	-	-	-	(29 442)
New borrowing contracts	-	-	12 236	-	12 236
Modifications	328	-	-	-	328
Currency translation difference	11 481	-	1 059	-	12 540
Interest calculated	11 246	14 120	866	179	26 411
Interest paid	(11 744)	(13 775)	(851)	(179)	(26 549)
Principal paid	(30 793)	-	(2 064)	(517)	(33 374)
31.03.2026	**883 843**	**382 281**	**81 128**	**8 895**	**1 356 147**

The increase in Other borrowings reflects additional engine financing arrangements. Contractual maturities range from five to twelve years. Interest is accrued on a periodic basis; any unpaid interest as at the reporting date is classified within current borrowings.

In August 2025, the Parent Company entered into a EUR 10 million loan facility to refinance its investment in the construction of a cargo hangar. The loan is repayable over five years in monthly instalments and bears interest at a variable rate based on six-month EURIBOR plus a fixed margin. The loan is secured by the building rights (land use rights) and the non-residential structure constructed thereunder (Note 29).

In May 2024, airBaltic issued EUR 340 million of 14.5% Secured Bonds due 2029, listed on Euronext Dublin, to refinance debt and support fleet expansion. A EUR 40 million tap issue followed in October 2024, priced at 112.5%. The bonds are secured by key assets, including aircraft, property, inventory, receivables, and trademarks (see Note 29(a)), and are subject to financial covenants, notably a minimum liquidity requirement of EUR 25 million (including EUR 17.2 million in restricted cash; see Note 21). Early redemption is permitted from May 2026 at 107.25%, declining to 100% by May 2028, with maturity in August 2029. Restricted cash transfers represent advance interest payments, classified as non-cash transactions.

NOTES

25. Provisions

	31.03.2026 TEUR	31.12.2025 TEUR
Non-current		
Aircraft redelivery provision	28 609	26 816
Provision for carbon emissions	8 274	-
Provision for legal disputes (see note 29 (b))	4 240	4 240
	41 123	**31 056**
Current		
Provision for carbon emissions	35 278	43 538
Provision due a total loss of leased aircraft	3 234	3 234
	38 512	**46 772**
TOTAL	**79 635**	**77 828**

The table below shows the movements in each class of provision during the financial period.

	Provision for carbon emissions TEUR	Aircraft redelivery provision TEUR	Provision for legal disputes TEUR	Provision due to total loss of leased aircraft TEUR	Total TEUR
31.12.2025	**43 538**	**26 816**	**4 240**	**3 234**	**77 828**
Additional provision charged to Right-of-use assets	-	1 793	-	-	1 793
Additional charge/credit to Income statement:					
- additional provisions recognized	14	-	-	-	14
31.03.2026	**43 552**	**28 609**	**4 240**	**3 234**	**79 635**

In 2025, the Group recognised a provision reflecting management's best estimate of contractual obligations arising from the total loss of a leased aircraft. As at 31 March 2026, the provision amounts to EUR 3.2 million.

26. Deferred obligation – asset supply agreement

The Group has received certain assets under contractual arrangements that include both consideration-free and paid components. A liability was recognised upon receipt of the consideration-free assets in prior periods, reflecting a deferred obligation arising from the overall contractual arrangement. The total capitalised cost of the assets reflects the average expected consideration over the term of the arrangement. In Q1 2026, the first asset acquired under paid terms was delivered, resulting in a corresponding reduction of the liability. The assets are recognised under Property, Plant and Equipment, and the related liability is presented within Non-current liabilities in the Balance Sheet.

27. Contract liabilities, airport taxes and other liabilities

	31.03.2026 TEUR	31.12.2025 TEUR
Financial liabilities		
Airport taxes collected and still payable	25 649	17 875
Amounts collected on behalf of other airlines	3 261	2 483
	28 910	**20 358**
Non-financial liabilities		
Contract liabilities (unearned revenue) from flight revenue, travel vouchers and ACMI contracts	130 623	76 784
Deferred income from loyalty program revenue	1 273	1 339
Other	846	1 189
	132 742	**79 312**
TOTAL	**161 652**	**99 670**

NOTES

27. Contract liabilities, airport taxes and other liabilities (continued)

Contract liabilities represent consideration received from passengers for flight services not yet performed, including ticket sales and related airport taxes. The balance also includes unredeemed loyalty program points, travel vouchers, and prepayments received for future ACMI lease services.

Contract liabilities are classified as current, as the related services are generally expected to be provided within the next 12 months or, in the case of certain customer balances carried forward from previous periods, redemption timing remains at the customer's discretion. Based on historical experience, approximately 3.5% of tickets sold (2025: 4%) remain unused beyond one year.

Amounts collected on behalf of other airlines represent the value of unflown tickets sold for partner airlines and are typically settled between airlines within a few months following the related flight.

28. Related party transactions

The Parent company has entered into transactions with the Ministry of Transport of the Republic of Latvia, which holds 88.37% of the Parent company's shares, as well as with other state-owned entities.

There were no related party transactions during the period ended 31 March 2026 that materially affected the financial position or performance of the Group. In addition, there were no material changes to the related party relationships or balances disclosed in the 2025 Annual Report that would have had a significant impact on the Group during the period.

Transactions with government-related entities arise in the ordinary course of business and primarily relate to operating activities, including ticket sales, airport and utility services, and other commercial transactions.

The Group applies the exemption provided by IAS 24 and therefore discloses only material transactions with government-related entities. All related party transactions are conducted on arm's length terms.

29. Commitments and contingencies

(a) Guarantees and pledges

On 14 May 2024, the Parent company issued EUR 340 million 14.5% secured Bonds due 2029. On 17 October of 2024, the Parent company issued an additional EUR 40 million of its 14.50% senior secured notes, due 2029, originally issued in May 2024, bringing the total issue size to EUR 380 million. The issuance of the additional bonds was made in accordance with the Terms and Conditions of the bonds issued in May 2024.

The transaction 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 March 2026:

- Property, plant and equipment – EUR 13.3 million (31 December 2025: 14.8 million),
- Buildings – EUR 8.7 million (31 December 2025: 8.9 million),
- Inventory – EUR 11.7 million (31 December 2025: 12.4 million),
- Intangible assets – EUR 13 million (31 December 2025: 13 million),
- Aircraft and components – EUR 215.5 million (31 December 2025: 220 million),
- Receivables and deposits – EUR 30 million (31 December 2025: 56 million),
- Surplus proceeds from certain financed assets.

The total net book value of pledged assets amounted to EUR 292 million as of 31 March 2026 (31 December 2025: 325.1 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 March 2026 was EUR 894 million (31 December 2025: 827 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 15.4 million as of 31 March 2026 (31 December 2025: 15.6 million).

(b) Legal disputes

The Parent company is involved in a number of legal proceedings in Latvia and in other countries. Typical lawsuits relate to claims arising in the ordinary course of the Parent company's business. The most common of these claims relate to disruptions to air services, including flight delays, cancellations, lost or damaged baggage, etc. In addition, the Parent company and the Group are involved in several legal proceedings relating to employment matters. Material legal claims are described below. The cases below comprise those for which legal provisions have been made to cover any expected future expenditure and others where it is considered that there is only a contingent liability and no provisions have been made. Specific details regarding provisions for legal cases are not disclosed to avoid potentially prejudicing the Group's position.

NOTES

29. Commitments and contingencies (continued)

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 26 May 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 advice from its legal advisors, the Parent Company is of the opinion that the claim faces significant legal uncertainties and lacks solid legal grounds, making the likelihood of success 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.

Havas claims payment of EUR 0.4 million, which was withheld by the Parent company in accordance with the relevant contractual and statutory provisions due to Havas' failure to provide the agreed ground handling services in 2021. As a result of non–fulfilment, the Parent company was required to deploy its own personnel to perform the services contractually assigned to Havas. In January 2025, the court of first instance awarded EUR 0.4 million to Havas. Following an appeal by the Parent company, the case is now pending before the court of second instance. Havas has requested the postponement of hearings initially scheduled for September 2025 and February 2026. A hearing is currently scheduled for 27 May 2026.

The other two cases, with claims totalling EUR 4.2 million, concern 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 court of first instance dismissed the case relating to the year 2020. Havas appealed the decision, and the matter is currently pending before the court of second instance. Following two postponement requests submitted by Havas, a hearing took place on 12 May 2026, and closing statements are scheduled for 31 August 2026. The case concerning the year 2021 remains pending before the court of first instance. Hearings were initially scheduled for February and March 2026, however, Havas has submitted three postponement requests. A hearing is currently scheduled for 04 June 2026.

NOTES

29. Commitments and contingencies (continued)

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 March 2026 airBaltic had outstanding firm orders for 40 Airbus A220-300 aircraft. The aggregate list price for the aircraft to be delivered in future years exceeds EUR 3 billion.

As at 31 March 2026, the aggregate list price of engines remaining to be delivered under the PW1500G Engine Purchase and Support Agreement with Pratt & Whitney amounts to approximately EUR 115 million.

30. Subsequent events

In April 2026, airBaltic received two additional Airbus A220-300 aircraft representing the third and fourth aircraft deliveries of 2026.

Subsequent to the reporting date, the Group has taken a decision on establishing a wholly owned subsidiary in Switzerland to support the operational management of flight crew engaged under commuter contract arrangements. Commuter contracts are a standard practice in the European aviation industry, enabling airlines to engage crew based across multiple countries while maintaining operational flexibility. The establishment did not have a material effect on the consolidated financial position of the Group as at the date of authorisation of these financial statements.

Subsequent to the reporting date, the Parent company received a loan of EUR 30 million from the Republic of Latvia. The loan represents additional liquidity support from the principal shareholder.

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 March 2026 and should be reflected in this report.

The financial statements of the Group set out on pages 20 to 41 were signed on 13 May 2026 by:

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