**FINNAIR PLC**

**Listing of EUR 500,000,000 4.750 per cent Notes due 2029**

The management of Finnair Plc (the "**Company**" or the "**Issuer**") resolved on 16 May 2024 to issue senior unsecured notes with a principal amount of EUR 500 million (the "**Notes**") based on the authorisation given by the Issuer's Board of Directors on 13 May 2024. The Notes were offered for subscription in a minimum amount of EUR 100,000 through a book-building procedure carried out on 16 May 2024 (the "**Offering**") and issued in denominations of EUR 100,000. Each Note bears interest from, and including, 24 May 2024 at the rate of 4.750 per cent per annum to, but excluding, the maturity date or such earlier date on which the Note is redeemed or purchased and cancelled. Interest will be payable annually in arrears commencing on 24 May 2025 and thereafter on each 24 May. The maturity date of the Notes is 24 May 2029, unless the Issuer prepays the Notes in accordance with the terms and conditions of the Notes (the "**Terms and Conditions of the Notes**").

This listing prospectus (the "**Prospectus**") contains information on the Offering and the Notes. The Prospectus has been prepared solely for the purpose of admission to listing of the Notes on the official list of Nasdaq Helsinki Ltd (the "**Helsinki Stock Exchange**") and does not constitute any offering of the Notes.

Application has been made for the Notes to be admitted to trading on the official list of the Helsinki Stock Exchange (the "**Listing**") and the Listing is expected to take place on or about 29 May 2024 under the trading code "FIASJ475029".

**The validity of this Prospectus expires when the Notes have been admitted to trading on the official list of the Helsinki Stock Exchange. The obligation to supplement the Prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when the Prospectus is no longer valid.**

Besides filing this Prospectus with the Finnish Financial Supervisory Authority (the "**FIN-FSA**") and the application to the Helsinki Stock Exchange, neither the Issuer nor the Joint Lead Managers (as defined hereafter) have taken any action, nor will they take any action to render the public offer of the Notes or their possession, or the distribution of this Prospectus or any other documents relating to the Notes admissible in any other jurisdiction than Finland requiring special measures to be taken for the purpose of public offer.

The Notes have not been, and will not be, registered under the U.S. Securities Act 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state of the United States. The Notes may not be offered, sold, pledged or otherwise transferred directly or indirectly within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the Securities Act ("**Regulation S**")), except to a person who is not a U.S. Person (as defined in Regulation S) in an offshore transaction pursuant to Regulation S.

As at the date of this Prospectus, the Issuer has been rated by the international credit rating agency S&P Global Ratings with a long-term issuer credit rating of BB+, with a stable outlook. The Notes are rated BB+ by S&P Global Ratings. **A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning credit rating agency.**

**The Notes may not be a suitable investment for all investors. Investment in the Notes involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Notes are discussed under "Risk Factors" below.**

*Joint Lead Managers:*

*Danske Bank A/S, Deutsche Bank Aktiengesellschaft, Nordea Bank Abp,*
*OP Corporate Bank plc, Skandinaviska Enskilda Banken AB (publ)*

# IMPORTANT INFORMATION

This Prospectus has been drawn up in accordance with the Regulation (EU) 2017/1129 of the European Parliament and of the Council, as amended (the "**Prospectus Regulation**"), the Commission Delegated Regulation (EU) 2019/979, as amended, the Commission Delegated Regulation (EU) 2019/980, as amended, in application of the Annexes 8 and 16 thereof, the Finnish Securities Market Act (14.12.2012/746, as amended, the "**Finnish Securities Market Ac**t") and the regulations and guidelines of the FIN-FSA. The FIN-FSA, which is the competent authority for the purposes of the Prospectus Regulation and relevant implementing measures in Finland, has approved the Prospectus (journal number FIVA/2024/704) but assumes no responsibility for the correctness of the information contained herein. The FIN-FSA has only approved this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval shall not be considered as an endorsement of the qualities of the Notes nor the Issuer. This Prospectus has been drawn up as a simplified prospectus in accordance with Article 14 of the Prospectus Regulation. This Prospectus has been prepared in English only.

In this Prospectus, any reference to the "**Company**" or the "**Issuer**" means Finnair Oyj (Finnair Plc) and any reference to "**Finnair**" or the "**Group**" means Finnair Plc and its subsidiaries on a consolidated basis, except where it is clear from the context that the term means Finnair Plc or a particular subsidiary, and except that references and matters relating to the shares and share capital of the Company or matters of corporate governance shall refer to the shares, share capital and corporate governance of Finnair Plc. Save for the Group's audited consolidated financial statements as at and for the financial year ended 31 December 2023 (including audited comparative financials for the financial year ended 31 December 2022) incorporated by reference into this Prospectus, no part of this Prospectus has been audited. This Prospectus should be read in conjunction with all documents which are deemed to be incorporated herein by reference and shall be read and construed on the basis that such documents are incorporated and form part of this Prospectus. See "*Information Incorporated by Reference*".

Danske Bank A/S, Deutsche Bank Aktiengesellschaft, Nordea Bank Abp, OP Corporate Bank plc and Skandinaviska Enskilda Banken AB (publ) have acted exclusively for the Issuer as the joint lead managers of the Offering and the Listing (the "**Joint Lead Managers**"). The Joint Lead Managers have not acted and are not acting for anyone else in connection with the Offering and the Listing and will not be responsible to anyone other than the Issuer for providing the protections afforded to their respective clients nor for providing any advice in relation to the Listing or the contents of this Prospectus.

Potential investors should rely only on the information contained in this Prospectus, including information incorporated by reference into this Prospectus. Neither the Issuer nor the Joint Lead Managers has authorised anyone to provide any information or give any statements other than those provided in this Prospectus. The Joint Lead Managers assume no responsibility for the accuracy or completeness of the information in this Prospectus and, accordingly, disclaim to the fullest extent permitted by law, any and all liability which they might otherwise be found to have in respect of this Prospectus or any such statement. Neither the delivery of this Prospectus nor any sale made by reference thereto, shall not, under any circumstances, indicate that the information presented in this Prospectus is correct on any day other than the date of this Prospectus (excluding historical financial information), or that there would not be any changes in the business of Finnair Plc after the date of this Prospectus. However, if a fault or omission is discovered in this Prospectus before the admission of the Notes for listing on the official list of Helsinki Stock Exchange and such fault or omission may be of material importance to investors, this Prospectus shall be supplemented in accordance with the Prospectus Regulation. Unless otherwise stated, any estimates with respect to market development relating to Finnair or its industry are based upon the reasonable estimates of the Company's management. Nothing contained in this Prospectus is, or shall be relied upon as, a promise or a guarantee by Finnair Plc or the Joint Lead Managers as to the future. Investors are advised to inform themselves of any stock exchange releases published by Finnair Plc since the date of this Prospectus. In making an investment decision, each investor should rely on their examination, analysis and enquiry of Finnair and the Terms and Conditions of the Notes, including the risks and merits involved. Neither Finnair Plc, nor the Joint Lead Managers, nor any of their respective affiliated parties or representatives, has made or is making any representation to any offeree or subscriber of the Notes regarding the legality of the investment by such person. Investors are advised to make their independent assessment of the legal, tax, business, financial and other consequences of an investment in the Notes and should make their own assessment as to the suitability of investing in the Notes.

This Prospectus has been prepared solely in connection with the listing of the Notes on the official list of Helsinki Stock Exchange. It does not constitute an offer of securities for sale, or a solicitation of an offer to buy any securities, anywhere in the world.

The Offering and the Notes are governed by Finnish law and any dispute arising in relation to the Offering or the Notes shall be settled exclusively by Finnish courts in accordance with Finnish law.

The distribution of this Prospectus may, in certain jurisdictions, be restricted by law, and this Prospectus may not be used for the purpose of, or in connection with, any offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. No actions have been taken to register or qualify the Notes, or otherwise to permit a public offering of the Notes, in any jurisdiction outside of Finland. Finnair Plc and the Joint Lead Managers expect persons into whose possession this Prospectus comes to inform themselves of and observe all such restrictions. Neither Finnair Plc nor the Joint Lead Managers accept any legal responsibility for any violation by any person, whether or not a prospective purchaser of Notes is aware of such restrictions. In particular the Notes may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into the United States, Australia, Canada, Hong Kong, Japan, New Zealand, Singapore, South Africa or any other jurisdiction in which it would not be permissible to offer the Notes and this Prospectus may not be sent to any person in the afore-mentioned jurisdictions.

**MIFID II PRODUCT GOVERNANCE / TARGET MARKET**. Solely for the purposes of the product governance requirements set forth in Directive 2014/65/EU (as amended, the "**MiFID II**"), the target market assessment made by the Issuer for the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**Distributor**") should take into consideration the Issuer's target market assessment, however, a Distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the Issuer's target market assessment) and determining appropriate distribution channels.

**PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS**. The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in point (e) of Article 2 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the "**Prospectus Regulation**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**"), for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

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## RISK FACTORS

*Investors considering investment in the Notes should carefully review the information contained in this Prospectus and, in particular, the risk factors described below. Factors possibly affecting an investment decision are also discussed elsewhere in this Prospectus. Each of the risk factors described herein are specific to Finnair and/or the Issuer, as applicable, and should one or more of the risk factors materialize, it may have a material adverse effect on Finnair's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes, the market price and value of the Notes. This description is based on information and values known and assessed at the time of preparing this Prospectus, and, therefore, the description of the risk factors is not necessarily exhaustive. The risks involved in an investment in the Notes are not limited to the factors identified below and in addition, Finnair faces many of the risks inherent to the airline industry and additional risks and uncertainty factors that are unknown or regarded as minor at the present time may have a material adverse effect on Finnair's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes. All investors are advised to make their own evaluations of the risks associated with an investment in the Notes and consult their own professional advisers if they consider it necessary.*

*The risk factors are presented below in the following six categories:*

- *A. Risks Relating to the Airline Industry;*
- *B. Regulatory Risks;*
- *C. Risks Relating to Finnair's Business Operations;*
- *D. Risks Relating to Finnair's Financing;*
- *E. Risks Relating to the Notes as Debt Instrument; and*
- *F. Risks Relating to the Terms and Conditions of the Notes.*

*Within each category, the risk estimated to be the most material on the basis of an overall evaluation of the criteria set out in the Prospectus Regulation is presented first. However, the order in which the risk factors are presented after the first risk factor in each category is not intended to reflect either the relative probability or the potential impact of their materialisation. The order of presentation of the categories does not represent any evaluation of the materiality of the risks within that category, when compared to risks in another category.*

*In addition to the risks and uncertainties described herein, risks and uncertainties that are currently unknown or considered immaterial may have a material adverse effect on Finnair's business or on the market price of the Notes.*

*The capitalised words and expressions in this section shall have the meanings defined in "Terms and Conditions of the Notes", unless given other meaning elsewhere in this Prospectus.*

### A. Risks Relating to the Airline Industry

#### ***1. Geopolitical tensions, such as the war in Ukraine and tensions in the Middle East, impact Finnair's ability to operate certain routes competitively and may continue to have an adverse effect on Finnair's operations and operating environment.***

Factors such as geopolitical uncertainty, the threat of trade wars, the threat of terrorism and other potential external disruptions may significantly affect the demand for air travel and air cargo as well as availability and feasibility of flight routes and, consequently, Finnair's operations and operating environment. The war in Ukraine has already significantly impacted global trade in the form of the economic sanctions by the United States, the European Union (the "**EU**") and other countries against Russia, Belarus and several individuals affiliated with the regimes of those countries, as well as counter sanctions imposed by Russia. Russia's invasion of Ukraine also quickly led to the closure of Russian airspace due to the counter measures announced by Russia in February 2022. Due to the closure of Russian airspace, Finnair lost the advantage of Finland's geography when flying to Asian destinations. Flying around Russia lengthens the flight times between Finnair's home hub Helsinki Airport and the megacities in Japan, South Korea and China by 15–40 per cent. The closure of Russian airspace rendered many of Finnair's routes to Asia unprofitable and, as a result, Finnair decided to significantly reduce routes and frequencies to Asia. The remaining flights to Asia are being operated with alternative routings. The rerouted flights are longer, increasing especially staff and fuel costs and also causing challenges to the efficient utilisation of Finnair's full fleet. Any escalation or spread of the war in Ukraine or the unrest in conflict zones in the Middle East to other countries to which the Company operates or over which it flies could result in some routes becoming impossible to operate or commercially unviable, or further complicate the operating environment and lead to among others, a reassessment of the Company's network and the feasibility of reaching the Company's targets.

The war in Ukraine has also had other adverse impacts on Finnair's business, as it led to an energy crisis with historically high fuel prices and, partly because of the war, to accelerating inflation which increased costs and the uncertainty of Finnair's operating environment. As at the date of this Prospectus, Russian airspace remains closed for the time being and, if opened in the future, there can be no certainty regarding on what terms and with what kind of restrictions Finnair could use Russian airspace. The impact of a prolonged closure of Russian airspace and any future potential escalation of the war on Finnair's business, financial result and future outlook depends on Finnair's ability to continue to adapt its network, costs, revenue sources and financing in a changed business environment. See also "*– Regulatory Risks – Changes to the bilateral agreements or the trade relationship between the EU and non-EU countries may result in further limitations to Finnair's flight routes and increase charges associated with such routes*".

Other geopolitical tensions, such as the continuing trade tensions between the United States and China or the EU and China, may also have an adverse effect on the global economic environment and on Finnair's network and profitability. Further, increasing protectionism could result in countries imposing restrictions on market access necessary for the implementation of Finnair's strategy, for example if more slots at airports would be allocated to their national airlines or some airlines would not be granted slots at all. Any air traffic disruption or interruption in these areas, as in any other areas where the Company operates, could have an adverse effect on Finnair's operations.

Following the closure of Russian airspace, Finnair re-evaluated and renewed its 2025 strategy in September 2022, as the transfer traffic via Helsinki between Asia and Europe, which was the basis of Finnair's previous strategy, decreased. Based on the new strategy, Finnair is placing more emphasis on a geographically balanced network in Europe, North America and Asia, including added focus on the Middle East. However, due to the recent unrest in the Middle East and uncertainty related to the current situation with Israel and neighbouring regions, in October 2023, Finnair cancelled its Tel Aviv flights until October 2024 and, in April 2024, Finnair suspended operations in Iranian airspace until further notice. The effect of not using Iran's airspace to Finnair's operations is minor as it mainly just lengthens flight time to Doha. If access to markets essential to Finnair's strategy would be further restricted due to geopolitical tensions or increased protectionism, this could require Finnair to amend its strategic focus again, which would result in increased costs to Finnair and weaken its profitability. See also "*– Risks Relating to Finnair's Business Operations – Finnair may fail to successfully implement its new strategy and the strategy may prove to be misaligned in relation to prevailing market conditions or changes in the industry*" below.

Increased political uncertainty and continued or escalating geopolitical tensions may lead to further disruptions to Finnair's operations and increased costs as well as have a negative impact on the demand for air travel and freight services, all of which may weaken the Company's profitability and liquidity and may have a material adverse effect on Finnair's business, financial condition, results of operations and prospects.

### *2. Increases in the price of jet fuel would adversely affect Finnair's operating expenses and the costs associated with hedging transactions may increase.*

Jet fuel price development has a significant impact on Finnair's profitability as fuel costs are Finnair's largest variable expense item. Fuel costs[1] represented approximately 30.8 per cent of Finnair's operating expenses[2] in 2023 and 29.0 per cent in the first three months of 2024. Jet fuel prices have historically fluctuated significantly, and, according to the view of Finnair's management, fluctuations in jet fuel prices are likely to continue also in the future, among other things, due to the impacts of the unrest in the Middle East and the war in Ukraine. Fluctuations in jet fuel prices result in increased uncertainty in Finnair's profitability and cash flows.

[1] Fuel costs, including hedging results and emissions trading costs.

[2] Operating expenses including depreciation and impairment and excluding items affecting comparability.

The impact of jet fuel price fluctuations on Finnair's profit depends, among other things, on the hedges in use at any given point in time. Finnair's jet fuel hedging ratio was quite low during the COVID-19 pandemic compared to the Company's historical hedging ratios due to low demand visibility, but in 2023 Finnair returned to hedging levels imposed by its risk management policy which was updated in December 2023. Finnair applies the principle of time-diversification and layered hedging strategy in its fuel hedging. According to Finnair's updated risk management policy, the hedging horizon is 18 months. The hedging ratio for the first quarter is approximately between 68 per cent and 93 per cent, with the target ratio being 80 per cent. Thereafter, Finnair applies lower hedge ratio limits for each consecutive quarter. Due to its hedging policy, Finnair's jet fuel cost per quarter differs from the spot-based price. Finnair may not be able to hedge its jet fuel purchases efficiently or at all, which could increase Finnair's jet fuel costs rapidly if the spot prices rise. In addition, in some cases, such as during the COVID-19 pandemic when the Company used lower-than-expected volumes of jet fuel, the Company's hedges may become partially ineffective due to over-hedging. Fluctuations in jet fuel consumption volume can also lead to the Company bearing the hedging expenses without achieving the intended reduced risk exposure. Derivatives used to hedge against adverse price movements in jet fuel may prove to be ineffective, resulting in an increased jet fuel price in relation to market prices.

Finnair's ability to pass increased jet fuel costs on to its customers by increasing fares is limited by the competitive nature of the airline industry as discussed in "*– The airline industry is competitive and the market is continuously changing*" below. Finnair's jet fuel costs are also subject to foreign exchange rate risk as international prices for jet fuel are denominated in U.S. dollars. In addition to these market-related developments, external factors such as weather-related events, natural disasters, political disruptions or wars involving oil-producing and oil-refining countries, changes in governmental policy concerning jet fuel production, transportation or marketing, changes in jet fuel production capacity, environmental concerns, pandemics, volatility in the financial markets concerning spot prices and futures contracts concerning oil and other macroeconomic factors impacting the demand for oil products may result in unexpected jet fuel supply shortages and jet fuel price increases in the future. For example, the breakout of the war in Ukraine led to historically high jet fuel prices in 2022 and price fluctuation, which increased Finnair's operating expenses and had a negative impact on Finnair's results of operations during 2022. Increasing jet fuel costs, disruptions in jet fuel supplies and ineffective hedging in relation to changes in market prices may result in increased expenses, which may have a material adverse effect on Finnair's business, financial condition, results of operations and prospects.

***3. The airline industry is sensitive to changes in general economic conditions, and general macroeconomic developments may have a material adverse impact on the demand for airline services, which may lead to excess investments and volatility in operating results.***

Historically, there has been a consistent correlation between the demand for air travel and macroeconomic factors, such as GDP (gross domestic product), as well as demand for air cargo and the level of international trade. Due to these correlations, aviation is an industry that is highly sensitive to global economic cycles and reacts quickly to external disruptions, seasonal variations and economic conditions. Further adverse developments in macroeconomic conditions, such as a prolonged economic recession or depression, deterioration in business or consumer confidence, fluctuations in currency rates, employment levels, lower availability of credit, rising interest rates or inflation or changes in taxation may have an adverse impact on private consumption, and consequently the demand for air travel and air cargo services. Since travel, especially leisure travel, is a discretionary consumer expense, inflation and rising interest rates may negatively impact the demand for air travel. Any increased uncertainty or further adverse developments in macroeconomic conditions may have a negative effect on the demand for air travel and air cargo services.

Passenger yields, passenger demand and volumes of air cargo have fluctuated significantly in the past and are likely to continue to do so also in the future, which makes the airline business difficult to predict. As discussed in the section "*Business of the Company – Operating Environment*", Finnair must make decisions on, or regarding, significant fleet investments years before travellers make their purchase decisions. Furthermore, aircraft deliveries may take years, which means that airlines must plan their business for the long term, often at least 10 years ahead. Considering the forward-looking investment schedule of Finnair and the sensitivity of the airline industry to general business conditions, there can be no assurance that Finnair is able to correctly estimate the investments required to deliver its services, potentially resulting in an excess or a shortage of aircraft and other equipment.

Demand for Finnair's services from passengers, in particular leisure travellers, varies over the course of the year, which causes Finnair's quarterly results to fluctuate. Further, destination-specific seasons in Asian leisure and business travel increase this seasonal fluctuation. The first quarter of the year is typically the weakest, while the summer months encompassing the third quarter are the high season in travel. Consequently, Finnair's revenue and results are generally at their lowest in the first quarter and at their highest in the third quarter of the year. Any disruption in Finnair's business would therefore have a relatively greater impact on the Company's results if it occurred during the summer months. In addition, the Company's ability to respond to various disruptive events during the summer months, when capacity is typically in full use, is more limited. Seasonal fluctuation therefore increases Finnair's exposure to the materialisation of risks during the summer months.

Any prolonged or significant weakness of the world economy, a further downturn in economic growth or persistent slow growth in European, American or Asian economies may have a material adverse effect on Finnair's business, financial condition, results of operations and prospects.

***4. The COVID-19 pandemic may have long-term negative effects in the markets in which Finnair operates.***

During the previous years, the spread of COVID-19 resulted in a number of restrictive and preventive measures imposed by public authorities as well as private organisations around the world to curb the spread of the virus. In addition to the severe shock caused to the global economy in general, many of these measures also had a particularly severe effect on airlines due to their specific negative impact on passengers' ability or willingness to travel by air. The effect of the COVID-19 pandemic in the markets in which Finnair operates drastically affected the demand for Finnair's services. See also "*– Finnair is exposed to the risk of significant losses from natural events, pandemics or health epidemics and weather-related events, influencing air travel and flight-related incidents, and airline insurance may become too difficult or expensive to obtain*" below.

The COVID-19 pandemic may have long-term negative effects on air travel demand due to potential changes in travellers' perception of the air travel experience and the perceived uncertainty relating to the COVID-19 pandemic or other similar health threats in the future. The development of air travel demand remains subject to uncertainty, in particular, in China and Japan, which were among the last countries to lift travel restrictions. Whilst the demand for Finnair's leisure travel has returned to the pre-pandemic levels of 2019, the demand for business travel remains below the pre-pandemic levels with a slower recovery particularly within the Nordic region where the demand has likely been affected by the increased adoption of virtual and teleconferencing tools replacing business travel. Any slowdown in recovery or change in overall travel preferences that could permanently leave the Company behind its pre-pandemic levels would adversely affect the Company's results of operations.

In addition, the COVID-19 pandemic caused capacity and resource constraints in the aviation sector. Although limited capacity following the COVID-19 pandemic has increased Finnair's passenger revenue, capacity constraints, in particular crew shortages, have had an adverse impact on Finnair's operations. The lack of resources has also caused Finnair's aircraft to spend longer than expected in maintenance, and several European airports have suffered from a lack of resources, limiting Finnair's ability to increase its capacity to certain destinations. Capacity constraints including crew and other resources shortages in the aviation sector are expected to continue at least in the near-term, but their length and the competitive environment following increasing capacity are difficult to predict. When the capacity constraints on fleet are eased, passenger revenue could decrease from the current level, which may have an adverse effect on the Company's profitability and its results of operations. See also "*– The airline industry is competitive and the market is continuously changing*" below.

Finnair, as well as the entire aviation industry, is still recovering and adjusting after the COVID-19 pandemic and it remains uncertain whether the COVID-19 pandemic will have long-term effects on, among others, general economic developments, travellers' and consumers' preferences or demand for air travel and air cargo, and such changes may be unpredictable. If such changes were to lead the trends in the aviation industry in a direction that is not favourable for Finnair's strategy and business, and if Finnair is not able to adjust its business operations accordingly and in a timely manner, this could have a material adverse effect on Finnair's business, financial condition, results of operations and prospects.

***5. The airline industry is characterised by low profit margins with limited cost manoeuvrability exposing the Company to the risks of decreased profitability and liquidity.***

The entire airline industry, and scheduled passenger service, in particular, are characterised by low profit margins and high fixed costs. The costs of ownership of aircraft are typically fixed and cannot generally be reduced on short notice. Especially in the event of a sudden and significant decrease in revenues, there is limited room for adjusting operating costs due to the high proportion of fixed costs.

The direct costs of operating any particular flight do not vary significantly with the number of passengers or the amount of air cargo carried and, therefore, a relatively small change in the number of passengers, the amount of air cargo carried or in the fare pricing or traffic mix could result in a disproportionate decrease in profitability. Weakened profitability may further lead to, among others, increased risk of fleet and other asset impairment.

Finnair constantly reviews its operations and is actively seeking efficiency improvement initiatives. Finnair has been implementing significant adjustment measures in order to minimise losses caused by more limited operations and longer Asian routings due to the closing of Russian airspace. The Company is currently moving from programme-based cost reductions towards continuous improvement process that focuses on both cost and revenue improvements to ensure its competitiveness and the opportunity to invest in customer experience also in the future. However, the adequacy and ultimate success of Finnair's initiatives to control costs and improve productivity are not known at this time and cannot be assured. Moreover, whether these measures will be adequate or successful depends largely on factors beyond Finnair's control, notably the overall industry environment, including passenger demand, passenger revenues and industry capacity growth and jet fuel prices as well as the legal and regulatory environment. The current inflationary pressure also poses challenges to retaining the cost level achieved. There is no assurance that Finnair's operating costs in the future would not increase compared to revenue.

An increase in the price of any of the above-mentioned charges, or the failure to successfully implement continuous cost-efficiency improvement measures may result in decreased profitability due to higher costs in relation to revenues, which may also have an adverse impact on Finnair's liquidity position. Profitability is also a key factor in Finnair's goal to strengthen its balance sheet and any changes in profitability may make it more difficult to achieve that goal. Any sudden decrease in future revenues, and inability to adjust costs to respond to decreases or persistent slumps in demand may have an adverse impact on the Company's profitability and liquidity, which may have a material adverse effect on Finnair's business, financial condition, results of operations and prospects.

***6. The airline industry is competitive and the market is continuously changing.***

The airline industry is competitive, and the market situation is continuously changing as new entrants and alliances expand, industry participants consolidate and airlines form marketing or operational alliances, which might gain competitive advantage over Finnair, the oneworld™ alliance or Finnair's joint businesses.

The balance between supply and demand can shift to either direction in a short period of time. In the passenger transportation business, network carriers such as Finnair are exposed to competition on non-stop itineraries between individual cities, as well as on one-stop itineraries since passengers can choose from a number of different connecting options, especially in the long-haul markets. Finnair operates in the domestic (Finnish) market, within the European short-haul market, in the Middle East, and within the long-haul market to Asia and North America, and, depending on the route, it competes with a number of traditional flag carriers as well as low-fare airlines. Competing airlines include, inter alia, Norwegian, Ryanair, SAS, Lufthansa, Air Baltic, Air France-KLM, Emirates, IAG carriers, All Nippon Airways, Japan Airlines, Korean Air and Chinese carriers. Further, Finnair is also subject to intense competition in its air cargo business both from large, established air cargo companies as well as from smaller providers that operate only a few aircraft and offer a limited range of services. Product and service quality are differentiating factors for Finnair. Any capacity increase or product improvement by Finnair's main competitors may require adjustments of expenses and increasing price competition, which may adversely impact the Company's profitability. For example, if one of the low-fare airlines would significantly increase its capacity in Finnair's home hub, this could have a material adverse effect on Finnair's competitive position and revenues.

Airlines from non-EU countries may also gain a competitive advantage over Finnair as a result of sovereign states' decision making. For example, Chinese airlines have been able to continue flying over Russian airspace whereas Russian airspace is closed for Finnair and other EU based airlines. In addition, non-EU countries could increase subsidies to their national airlines in the future, which could adversely impact the competitive dynamics.

Finnair is exposed to risks associated with the uncertainty involved in appropriate capacity planning. In the highly competitive airline environment, Finnair's revenue optimisation and marketing strategies, including decisions on products, prices and promotions, may not be adequate to create a sustainable competitive advantage. After the COVID-19 pandemic, the industry capacity has been more constrained, which has had a positive impact on Finnair's passenger revenue. However, according to the view of Finnair's management, the cost base restructurings of Finnair's competitors, undertaken in response to the COVID-19 pandemic and the closure of Russian airspace, may result in further intensified competition through, among others, more aggressive pricing.

In addition, Finnair, along with other airlines, strives to distribute its services in increasingly versatile and flexible ways and at lower costs by adopting and utilising new distribution technologies. The ability to capitalise on the commercial possibilities provided by these technologies is dependent on, among others, Finnair's ability to select the right partners to develop and implement such applications as well as its ability to generate products and services that best correspond to customer needs. There can be no assurance that Finnair would be able to utilise new technologies better or as well as other airlines or other operators in Finnair's value chain for digital distribution. Should Finnair not be able to adopt and utilise new technologies efficiently enough or in a manner that resonates with customers, this may weaken Finnair's competitive position as well as reduce its share of the benefits produced by the distribution value chain to, and instead be captured by, other operators in the value chain.

Increasing competition and overcapacity may reduce the Company's profitability, whereas insufficient capacity may prevent the Company from taking advantage of growth opportunities. These factors may have a material adverse effect on Finnair's business, financial condition, results of operations and prospects.

***7. Market trends and consumer behaviour patterns may continue to evolve in manners that might be harmful to Finnair's business.***

Travellers', consumers' and businesses' preferences, needs and demand for air travel and air cargo are constantly evolving, and the resulting changes may be unpredictable. For example, the increased adoption of virtual and teleconferencing tools replacing business travel may reduce demand for air travel. See also "*– The COVID-19 pandemic may have long-term negative effects in the markets in which Finnair operates*" above.

Climate change and its impacts to travel destinations may change consumers' behaviour patterns in manners that might be negative to Finnair's business. Regional impacts related to climate change include, among other things, extreme heat waves, flooding, bushfires and lack of snow. Such events may lead to flight cancellations, or in the longer-term, reduced demand for leisure travel to destinations that have previously been popular during holiday seasons. The demand for air travel could also shift to new geographical areas not currently covered by Finnair's services, and Finnair may not be successful in providing services to such locations, or gaining or maintaining market shares due to, for example restricted access to take-off or landing slots. If consumers' preferences are changing in a manner that reduces demand for air travel and/or demand for Finnair's services, this could reduce Finnair's revenue significantly.

Further, the increasing significance of and focus on sustainability may reduce passengers' ability or willingness to travel by air. See also "*– Regulatory Risks – Finnair may be adversely affected by any future application of restrictions in regard to pollution, greenhouse gas emissions, noise and other environmental laws and regulations or failure to adhere to best practices in sustainability*" below. Any shift in consumer attitudes that is more negative towards air travel in general could reduce Finnair's sales significantly and thus, have a significant effect on Finnair's financial condition, business, results of operations and prospects.

***8. Terrorist attacks, or the threat of such attacks, political uprisings and armed conflicts could result in a significant reduction in airline passenger demand and require Finnair to amend, suspend or cancel services on affected routes.***

Terrorist attacks and terrorist activity may cause uncertainty in the minds of the travelling public. The threat or occurrence of a major terrorist attack, political uprising or armed conflict could have a material adverse effect on passenger demand for air travel or require Finnair to amend, suspend or cancel services on affected routes. The impacts of any such attacks or conflicts could be dramatically intensified should any attacks be targeted against civil aviation, business centres or tourist destinations. While Finnair's security and safety management systems are compliant with the European Aviation Safety Agency (EASA), it cannot be excluded that any future security-related complications or changes in the security environment may result in new regulation or safety requirements that increase costs, or disruptions to Finnair's business, which may affect passengers' propensity to travel and, thereby reduce demand for Finnair's services.

In addition, escalation of geopolitical tensions or additional sanctions could affect Finnair's right to use the airspace of certain countries. If Finnair would need to reroute its flights in order to avoid airspace of a territory due to a terrorist attack, political uprising or armed conflict or escalation of an existing conflict (such as that in Ukraine or certain areas in the Middle East), this could increase its jet fuel costs and other operating expenses, and some routes may even become impossible to operate. For example, if conflicts similar to the war in Ukraine were to arise elsewhere, further routes of Finnair could become impossible to operate and/or commercially unviable. Any adverse developments in the actual or perceived security of air travel or travel destinations may result in reduced demand and decreased revenues or additional costs to improve the safety and security of passengers, which may have a material adverse effect on Finnair's business, financial condition, results of operations and prospects.

9. ***Finnair is exposed to the risk of significant losses from natural events, pandemics or health epidemics and weather-related events, influencing air travel and flight-related incidents, and airline insurance may become too difficult or expensive to obtain.***

As with all airlines, Finnair is exposed to potential significant losses in the event of major natural disasters. For example, nearly all European air traffic was affected by the ash cloud that followed the volcanic eruption in Iceland in 2010. Recently, there have been increasing level of volcanic activity in Iceland, however, as at the date of this Prospectus, there have been no broad disruptions to air traffic. Such unexpected external shocks can rapidly affect the development of supply and demand for air travel. Finnair's competitiveness in the air transport sector depends on how flexibly the Company can react and adapt to unexpected events. While Finnair has plans of action to minimise the operational impacts on air transport from various external disruptive factors, such as natural disasters, there can be no assurance that these measures will be adequate in the event such circumstances arise. Further, outbreaks of health epidemics or pandemics, such as COVID-19, can adversely affect air travel and have a significant impact on Finnair's operations. As a result of such outbreaks, Finnair may have to reduce the number of its flights to some of its destinations or even permissible passenger seats per flight. Such outbreaks, and/or negative publicity resulting from such outbreaks, could reduce Finnair's sales significantly. Further, since the airline business is characterised by high fixed costs, reduced passenger volumes on Finnair's flights could have a considerable negative effect on the profitability of Finnair's business.

Further, natural hazards arising from climate change, such as increased extreme weather conditions, e.g. substantial snowfall, turbulence, earthquakes, hurricanes, or severe thunderstorms, may result in substantial additional costs to Finnair. Such weather conditions may lead e.g. to flight cancellations, increased waiting times, increased jet fuel consumption as well as increased flight times, which could lead to additional costs to Finnair and thus, have a negative impact on Finnair's results of operations and financial condition.

In addition, Finnair is exposed to potential significant losses in the event that any of its aircraft is lost, destroyed or involved in an accident, terrorist incident or other disaster, including significant costs related to passenger claims, repairs or the replacement of a damaged aircraft and its temporary or permanent loss from revenue service. While Finnair is insured against these occurrences, there can be no assurance that the amount of insurance coverage available to Finnair upon the occurrence of such an event would be adequate to cover the resulting losses or that it will not be exposed to significant losses as a result of any such event in the future, both financial and reputational. Finnair carries insurance for public liability, passenger liability, property damage and all-risk coverage for damage to Finnair's aircraft. However, there are limitations or exclusions of certain risks in the coverage of insurances, such as risks of war and risks involving weapons of mass destruction. If insurers or re-insurers exclude coverage for these (or any other) risks, or such coverage is not available on commercially reasonable terms, or if insurance cover is not available from another source (for example, a government entity), Finnair may not be able to insure those risks, would not be able to carry on its air transportation business, and could ultimately be forced to cease its operations.

Materialisation of any of the above risks may have a material adverse effect on Finnair's business, financial condition, results of operations and prospects.

**B. Regulatory Risks**

1. ***Changes to the bilateral agreements or the trade relationship between the EU and non-EU countries may result in further limitations to Finnair's flight routes and increase charges associated with such routes.***

The recent changes in the geopolitical climate, as discussed in more detail in "*– Risks Relating to the Airline Industry – Geopolitical tensions, such as the war in Ukraine, impact Finnair's ability to operate certain routes competitively and may continue to have an adverse effect on Finnair's operations and operating environment*." above, have negatively affected, and are expected also in the future negatively affect, Finnair's operations and profitability. The right to use airspace, which allow airlines to fly over individual countries or territories, impact Finnair's business operations to a material extent. At the end of February 2022, following Russia's invasion of Ukraine, Russia closed its airspace for all 27 European Union nations as well as the United States, the United Kingdom and Canada, who had already closed their own airspace to Russian aircraft, as a countermeasure. The closure of Russian airspace resulted in route and frequency cancellations in Finnair's Asian traffic and increased costs due to the longer routings, which have had a material adverse effect on the business, financial condition and results of operations of Finnair.

Any disruption in the trade relationships between Finland or the EU member states and non-EU countries may cause states essential to Finnair's business to impose new fees or otherwise limit traffic over their territories. In addition, there can be no assurance that existing bilateral agreements with China and other non-EU countries will not change and result in an increase in the above-mentioned charges. As disclosed in "*– Risks Relating to the Airline Industry – The airline industry is characterised by low profit margins with limited cost manoeuvrability exposing the Company to the risks of decreased profitability and liquidity*" above, any increase in the prices of, for example, the traffic charges, could significantly reduce the profitability of Finnair's business.

Should the European Commission be given a mandate under the EU Regulation (EC) 847/2004 to negotiate on air services with third countries, such as Japan, China and South Korea, which are Finnair's core markets in Asia, on behalf of all the EU member states, this could result in lower availability of traffic rights or unfavourable changes to the terms of utilising them (see also "*Regulation – Requirements of EU Regulation*"). Such changes may restrict Finnair's possibilities of increasing its traffic on routes that are a part of the Company's strategy. Any restrictions affecting core markets could involve or result in increases to the traffic charges related to flying over, or arrival at, third countries' territories, resulting in increased costs for Finnair. If Finnair had to adjust its operations in response to reduced access or increased traffic charges, this could result in lower profitability, which would have a material adverse effect on Finnair's business, financial condition, results of operations and prospects.

***2. Litigation and regulatory rulings may result in significant costs and damage Finnair's brand and reputation.***

The Court of Justice of the EU has confirmed on multiple occasions that passengers whose flights have been delayed for at least three hours may be entitled to standardised compensation, unless the delay is caused by extraordinary circumstances. In addition, Finnair follows EU Regulation (EC) No 261/2004 (as amended) establishing common rules on compensation and assistance to passengers in the event of denied boarding and of cancellation or long delay of flights, along with Regulation (EC) No 2027/97 on air carrier liability in respect of the carriage of passengers and their baggage by air.

According to the Company's management's estimate, the legislative framework regarding customer compensation and the airlines' liability is expected to further develop in the future and thus, there can be no assurance that Finnair will not be subject to an increased number of claims or complaints from passengers or more strict regulation, or enforcement related to the airlines' liability by the EU in the future. Flight delays often occur due to reasons outside of Finnair's influence and are difficult to avoid, which leads to a number of customer complaints and appeals. Even though Finnair receives a large number of such claims and appeals annually, the financial impact of the delay and cancellation claims is not threatening to the financial standing of Finnair. However, there can be no assurance that the number of appeals may not increase in the future and lead to increased costs and potential reputational damages for Finnair. Such costs or reputational damages could adversely affect Finnair's profitability and demand for Finnair's services.

The Company is also as at the date of this Prospectus party to numerous consumer disputes relating to the interpretation of the Regulation (EC) No 261/2004 and of the related rulings of the Court of Justice of the European Union. The monetary liability that may arise for the Company directly from individual disputes, if determined adversely to the Company, would be limited. However, to the extent such disputes are litigated in courts, while there is legal uncertainty regarding the interpretation of the Regulation and the related EU Court rulings, there can be no assurance as to the outcome of such court proceedings, which could lead to stricter interpretation becoming applicable and therefore increased compensations payable to passengers. Further, Finnair may, from time to time, be involved in litigation and arbitration proceedings. There can be no assurance as to the outcome of these proceedings and Finnair's reputation could be harmed even if a favourable judgment is received. If an unfavourable judgment against Finnair would be made in these claims, it may have a material adverse effect on Finnair's business and result in additional costs that reduce the Company's profitability. See also section "*Business of the Company – Legal Proceedings*".

Materialisation of any of the above risks may have a material adverse effect on Finnair's business, financial condition, results of operations and prospects.

***3. Any alleged or actual non-compliance with currently applicable regulation in Finnair's operations, the adoption of new national, regional and/or international regulations or revisions to existing regulations may***

***result in restrictions to Finnair's ability to operate or in increased expenses, which may have a material adverse effect on Finnair.***

The aviation industry is affected by a number of regulatory regimes at the EU and international levels. The airline industry is subject to national, regional and international laws and regulations, relating to, among other things, taxation, security, safety, licensing, competition, data protection, noise levels and the environment. In addition, Finnair is depending on assigned take-off and landing slots at slot restricted airports. At some airports, if an airline does not use its slots, the slots may be reallocated.

Additional laws and regulations may be adopted from time to time which could impose additional requirements or restrictions on airline operations. See also "*– Finnair may be adversely affected by any future application of restrictions in regard to pollution, greenhouse gas emissions, noise and other environmental laws and regulations or failure to adhere to best practices in sustainability*" below.

In addition, as part of its operations, Finnair retains personal information received from its customers, which is subject to certain regulatory data privacy protection in the EU and elsewhere. Personal information held offline and online may be sensitive. If personal information were processed, stored or made available to third parties in violation of the applicable laws or if a third party were to misappropriate such information, the reputation of Finnair could be harmed, it could become the subject of regulatory action, proceedings and/or fines, customers could bring legal claims against Finnair. The General Data Protection Regulation (EU) 2016/679 (the "**GDPR**") which entered into force in 2018, introduced increased obligations to companies processing personal data along with substantial administrative fines for non-compliance (up to EUR 20 million or 4 per cent. of a company's global annual turnover).

Any alleged or actual non-compliance with currently applicable regulation concerning Finnair's operations, new regulatory measures or amendments or the imposition of additional administrative charges or costs may result in additional profitability-reducing expenses and the need to divert managerial efforts and attention from operational matters, which may have a material adverse effect on Finnair's business, financial condition, results of operations and prospects.

***4. Finnair may be adversely affected by any future application of restrictions in regard to pollution, greenhouse gas emissions, noise and other environmental laws and regulations or failure to adhere to best practices in sustainability or may not be able to reach its sustainability targets.***

The increasing significance of and focus on sustainability may lead to increasing restrictions for airlines in regard to pollution, greenhouse gas emissions, jet fuel composition and quality, noise and other environmental laws and regulations. Further, in case such regulation would be specific to a region or country, the risk of a competitive disadvantage could arise.

The Company expects the airline industry to face stricter regulations on emissions and noise, with increased regulations resulting in added costs such as tax-like payments. From time to time, there have been discussions at the EU level and within EU member states about whether existing tax exemptions for jet fuel should be reviewed, and there can be no assurance that the current tax exemptions for jet fuel will be upheld. The use of sustainable aviation fuel will also increase in the future, and the EU is preparing new obligation for aviation fuel suppliers to supply sustainable aviation fuel gradually up to 70 per cent. of overall fuel supplied by 2050. See more in "*Regulation*". Increasing the use of sustainable aviation fuel increases the Company's costs, as sustainable aviation fuel is currently clearly more expensive than fossil jet fuel. If some of Finnair's competitors would not become subject to the obligation on the use of sustainable aviation fuel, this could harm Finnair's competitive position. In addition, the high demand and limited availability of sustainable aviation fuel limit Finnair's ability to increase its usage and to meet its sustainability targets.

The elimination of tax exemptions or the high demand of sustainable aviation fuel would lead to a substantial increase in Finnair's jet fuel costs and subsequently have adverse effect on Finnair's business as discussed in more detail in "*– Risks Relating to the Airline Industry – Increases in the price of jet fuel would adversely affect Finnair's operating expenses and the costs associated with hedging transactions may increase*" above.

New noise control regulations may also restrict airline operations and/or cause additional costs. Noise control regulations typically focus on the level of noise and its environmental impact, especially in areas close to airports. Permits may, for example, include restrictions on night flights to meet the imposed noise level requirements. Restrictions on night flights affect, and may in the future cause additional restrictions on, Finnair's scheduling and operations at the Helsinki Airport as Finnair's standard schedule has flights landing and taking-off between midnight and five a.m. (Eastern European time). Further, as Helsinki Airport acts as the home hub of Finnair, any additional restrictions may have a material adverse effect on Finnair's capability to adjust and to conduct its business.

Finnair may be unable to adapt its fleet or its operations to any new environmental regulations in a timely or appropriate manner. Adapting to such new regulations may also require the Company to make more significant investments than anticipated and could potentially result in sanctions imposed by authorities for non-compliance. In addition to the direct financial impact, there is a risk that insufficient measures to comply with environmental regulations and best practices, or to meet customer expectations for sustainability, may give rise to negative publicity, which may have a material adverse effect on Finnair's brand and lead to a loss of reputation. This may result in a shift in consumer attitudes that is more negative towards air travel in general, or cause consumers to view Finnair's competitors more favourably. Such shifts in consumer attitude or demand and/or negative publicity could reduce Finnair's sales significantly and thus, have a significant effect on Finnair's financial condition. The materialisation of any of the above risks may have a negative impact on Finnair's reputation, operational efficiency and profitability, and consequently may have a material adverse effect on the Company's financial condition, results of operations and prospects.

Finnair has set sustainability targets that play a key role in its strategy, see "*Business of the Company – Strategy – Among Industry Sustainability Leaders*" and the SBTi targets have been submitted for validation. There are number of factors, many of them outside the Company's control, which could hinder or prevent the Company from achieving its targets. Not achieving the sustainability targets could give rise to negative publicity, lead to reputational harm and even, in some cases, to legal action. This could require redirecting of management and personnel resources away from the development and promotion of business operations and could have an adverse effect on the Company's business operations. In addition, Finnair's measures to achieve its sustainability targets might result in higher costs that the Company currently anticipates, and such costs might be incurred earlier than expected, which could have a material adverse effect on the Company's financial condition, results of operations and prospects.

***5. Complaints or appeals concerning transactions involving the Company and the State of Finland may result in additional costs for the Company and materially and adversely affect the Company's financial and liquidity position.***

In recent years, certain competitors in the airline industry have lodged appeals against state assistance measures granted to certain airlines, providing indications that any further measures as well as the decisions by the European Commission regarding approval of state aid or the applicability of the state aid rules may also be challenged. As at the date of this Prospectus, two cases concerning state assistance measures to the Company, relating to the guarantee by the State of Finland related to the pension premium loan for Finnair and the rights issue carried by Finnair in 2020, have been brought to the Court of Justice of the European Union. Certain competitor of the Company has lodged appeals against the dismissal decisions, see "*Business of the Company – Legal Proceedings*".

Contrary to the Company's and the State of Finland's view, a third party may claim that the rights offering carried out by the Company in November 2023 (the "**Rights Offering**") of which the State of Finland irrevocable committed to subscribe for their pro rara share was not compatible with the EU state aid legislation and/or other state aid rules. Consequently, there can be no assurance that complaints or appeals would not be filed regarding the applicability of the state aid rules with respect to the Rights Offering. On 14 September 2023, the European Commission's Directorate-General for Competition issued a statement that the Finnish State's participation in the Rights Offering does not a priori constitute state aid within the meaning of the Treaty on the Functioning of the European Union. If complaints or appeals relating to the Company and state aid rules were to be filed and if a ruling was found against the Company, this could result in additional costs for the Company and materially and adversely affect the Company's financial and liquidity position. The final outcome of any legal proceedings resulting from a potential appeal or complaint would subject to significant uncertainty, and as at the date of this Prospectus, it is not possible to estimate the result of any such proceedings. In the event that a complaint or an appeal would be successful, this may have a material adverse effect on Finnair's financial and liquidity position.

6. ***Changing tax legislation, unexpected changes in interpretations of current tax regulations, and administrative processes related to taxation may cause significant costs to the Company, and weak earnings development may prevent the Company from utilising its accumulated losses in future financial periods.***

Finnair is subject to both domestic tax laws and regulations and international tax laws, treaties and regulations. Thus, changes in such applicable tax laws, treaties or regulations or the interpretation of their content can adversely affect the Company. If applicable laws, treaties or regulations change, or if the Company's interpretation of tax laws differs from the interpretation of tax authorities, this could have a material adverse effect on the Company's business, results of operations and financial position. In some instances, the interpretation of laws, treaties or regulations may change retroactively, or amendments thereto may become effect retroactively, as a result of which the Company may incur additional tax payments despite having complied with the previously applicable interpretation or regulation. Non-compliance of such changes or interpretation may lead to even fines and penalties that can be material in nature.

In addition, Finnair, including all of its group companies, is subject to tax audits by both domestic and foreign tax authorities. Finnair has had tax audits carried out by both domestic and foreign tax authorities and some of the audits carried out have resulted in additional tax payments and penalties. For example, there are currently two tax audits ongoing: a payroll tax audit by the Finnish Tax Administration and a tax audit on Japan tourist tax included in the flight ticket price initiated by the Japanese Tax Authority. If any tax authority successfully challenges the Company's tax arrangements, or if tax authorities do not agree with the Company's and/or its group companies' assessment of the effects of applicable laws, treaties and regulations, or the Company loses a material tax dispute in any country, or any tax challenge of the Company's tax payments is successful, the Company's effective tax rate on its earnings could increase substantially. Even if tax authorities' claims failed, disputes and administrative processes concerning taxation may cause significant costs to the Company and require redirecting of management and personnel resources away from the development and promotion of business operations.

Airlines operating mainly on international routes are typically only required to pay corporate income taxes to their home country (place of effective management ("**PoEM**") as provided, for example, in the Article 8 of the OECD Model Tax Convention on Income and on Capital (the "**Convention**"). The practice is well established having already been recognised in the 1963 Draft Convention. However, given the development in recent years towards the need to ensure fair allocation of tax income between all countries, it is not guaranteed that Article 8 of the Convention would not be amended or completely redrafted at some point in time. For example, the United Nations (the "**UN**") Tax Committee has recently revisited the PoEM concept in connection with the proposal for a revision of Article 8 on International Shipping and Air Transport of the UN Model Double Taxation Convention between Developed and Developing Countries to achieve a more equitable distribution of tax income between developed and developing countries. Any changes to the Convention and the prevalent practices or the complete reassessment of the Convention could result in the Company being exposed to higher tax rates in some countries, higher administrative costs, as well as higher risk of non-compliance and related penalties due to the more complex tax compliance landscape.

As a result of the COVID-19 pandemic as well as the closure of Russian airspace, the Company has incurred significant tax losses during the years 2020, 2021 and 2022. These tax losses have resulted in significant deferred tax assets most of which, but not all, has been recognized on the Company's balance sheet (EUR 232.2 million as of 31 March 2024) due to the uncertainty relating to utilisation of the losses in taxation resulting from the closure of Russian airspace. The Company has recognised deferred tax assets up to the amount to which it is probable that future taxable income will be generated against which the temporary difference can be utilised. The assessment is based on the latest available management forecast approved by the Board of Directors and other considerations, which require management to make estimates and assumptions based on past experience and management's best estimate of future events and other factors. If the Company would become unprofitable again or if the future taxable income was to develop significantly less favourably than management's forecasts, Finnair may be required to write down some or all of its recorded tax assets. Although specific risks associated with the COVID-19 pandemic and the closure of Russian airspace have normalised, the risks associated with the impact of inflation and rising interest rates on demand and costs remain elevated. In addition, fluctuations in fuel prices and exchange rates may have a significant impact on the Company's financial performance, balance sheet and cash flow. Management forecasts and estimates inherently contain uncertainty, and the actual outcome may materially differ from the earlier estimates and assumptions made. Thus, it is possible that the Company may not be able to utilise prior tax losses in future taxation. Accrued losses can be utilised only if the Company generates future taxable income covering the losses. The Company's ability to produce taxable income is dependent, in addition to the Company's own actions, on general economic, competitive, financial, legislative and other factors that are beyond the Company's control. If the Company does not generate enough profits in the future to be able to use the accrued tax losses fully or in part, this could have an adverse effect on the Company's business, financial position, results of operations and future prospects.

Finnair is required to comply with the requirements of the global minimum tax regulation for international groups (OECD's BEPS Pillar II) starting from 2024. The Company is currently analysing longer term reporting and monetary implications of Pillar II. Whilst the Company's preliminary analysis suggests that such requirements would have a limited impact on Finnair, there can be no assurance that the impact could not be significantly more burdensome, in particular, with respect to the Company's foreign operations, given the complexity of the required analysis and the partial incompleteness of the implementation guidance. If the future additional guidance were to be unfavourable to Finnair, it could increase Finnair's administrative reporting burden and costs and lead to tax consequences.

**C. Risks Relating to Finnair's Business Operations**

1. ***Finnair may fail to successfully implement its new strategy and the strategy may prove to be misaligned in relation to prevailing market conditions or changes in the industry.***

Finnair's strategy had long been based on connecting Europe and Asia via the short northern route, using Russian airspace. Following Russia's invasion of Ukraine and the subsequent closure of Russian airspace, flight times to Finnair's Asian destinations became considerably longer (15–40 per cent), which has had an adverse effect on Finnair's strategy, operations and profitability. Finnair renewed its 2020–2025 strategy in September 2022. Further, Finnair updated its new strategy during the second quarter of 2023, and it remains focused on maintaining profitability and retaining the competitiveness of Finnair regardless of the closure of Russian airspace. The successful implementation of Finnair's strategy and the achievement of targets set out therein could be affected by a number of factors beyond Finnair's control and there can be no assurance that Finnair will be able to successfully implement its strategy or reach the targets set out therein, or that its strategy would be successful.

In developing Finnair's strategic operating plans, the Company makes certain assumptions, including, but not limited to, those related to customer demand, competition, market consolidation, the availability of aircraft and the global economy. Actual economic, market and other conditions have been and may continue to differ from Finnair's assumptions. If actual results continue to vary significantly from its prior assumptions or vary significantly from its future assumptions, this could have a material adverse effect on the successful implementation of Finnair's strategy. In addition, there can be no assurance that Finnair's strategy would not in the future prove to be misaligned in relation to prevailing market conditions or changes in the industry. This may require the Company to change its strategy on short notice, which could result in significant costs and loss of confidence in Finnair among investors.

Finnair's strategy also emphasises the utilisation of joint businesses (Atlantic Joint Business and Siberian Joint Business with airline partnerships as well as joint business with Juneyao Air). This further emphasises the role of oneworld™ partners such as American Airlines and Alaska Airlines in North America, Qatar Airways in the Middle East, Japan Airlines on routes to Japan and Qantas on routes connecting Australia and Asia. Any adverse developments affecting the oneworld™ alliance, oneworld™ partners, the joint businesses or Finnair's cooperation partners may have a material adverse effect on Finnair. Such adverse developments may include one or more member airlines significantly reducing their routes or frequencies, terminating their cooperation with Finnair or their membership in alliance in favour of another alliance or a member airline being suspended as a result of insolvency or for other reasons. In addition, Finnair could in the future need to terminate its membership in the oneworld™ alliance or cooperation agreement without being able to join another competitive strategic alliance or form other cooperation arrangements with suitable partners. A failure to form suitable cooperation arrangements, or other adverse change in the oneworld™ alliance or in the joint businesses, could reduce the services Finnair offers or have a negative impact on demand for Finnair's services and have an adverse effect on Finnair's competitiveness. Such adverse developments could result in a need for Finnair to significantly amend its strategic focus and/or to seek new strategic partners, which could increase Finnair's operating costs significantly. If Finnair's existing cooperation agreements were terminated or it could not find new partners for utilising its capacity efficiently, this could reduce demand for its services. If Finnair failed to adjust its costs to respond to such reduced demand, this would have an adverse impact on the Company's profitability and liquidity. See also "*Risks Relating to the Airline Industry – The airline industry is characterised by low profit margins with limited cost manoeuvrability exposing the Company to the risks of decreased profitability and liquidity*" above.

While putting more focus on customer-centric and operational measures, Finnair has significantly increased the share of direct distribution, improved its digital sales capability, and developed revenue optimisation and partner utilisation. In addition, Finnair's strategy emphasises the use of both Finnair's own digital sales channels and those of online travel agents. Investments in these measures or channels may not produce the desired efficiencies if the Company is, for instance, unable to predict consumer behaviour and their expectations, if consumers' preferences turn out to be short-term while the Company prepares for a longer-term pattern of behaviour, or if consumer behaviour favours sales channels with a higher cost to Finnair. In addition, certain factors, such as market conditions, macroeconomic environment and consumers' desire or ability to travel are outside the Company's control and any unfavourable change in these may also result in sales channels not producing their desired efficiencies.

The materialisation of any of the above risks may result in a failure by Finnair to implement its strategy or prove that the current strategy is misaligned, which may result in Finnair not being able to reach its financial or operational targets, which may have a material adverse effect on Finnair's business, financial condition, results of operations and prospects.

***2. Finnair may be unable to achieve its goal of continuous cost efficiency.***

Finnair's strategy focuses on reaching a comparable operating profit margin[3] of 6 per cent by the end of 2025, which includes continuous cost efficiency measures to ensure competitiveness. Finnair is now moving from programme-based cost reductions towards continuous cost efficiency improvement to ensure its competitiveness and the opportunity to invest in customer experience also in the future. See also "*– Finnair may fail to successfully implement its new strategy and the strategy may prove to be misaligned in relation to prevailing market conditions or changes in the industry*" above.

The Company's expectations concerning the impact, timing and successful implementation of any cost efficiency measures are based on several assumptions and expectations which are subject to several risks and uncertainties. In addition, the planned measures are based on current circumstances and do not take into account the effect that unforeseen changes in the industry and changes to Finnair's operations may have in the future. For example, the current inflationary pressure and the risk of resulting price increases in Finnair's key cost components, such as jet fuel prices, pose a risk to retaining the cost level achieved. As a result, Finnair may be unable to achieve the full benefits from these measures in the future. The benefits achieved by Finnair may prove to be of a temporary nature, and changes in general market conditions or the operating environment of the industry, including competitive trends, may result in the loss of some or all benefits in the future.

The materialisation of any of the above-mentioned risks may result in a failure by Finnair to implement the above-described or future cost efficiency measures in order to be competitive, or failure by Finnair to achieve expected benefits from such measures in part or in full. This may, in turn, have a material adverse effect on Finnair's business, financial position, results of operations and prospects.

***3. Finnair may not achieve its goals in future negotiations regarding the terms of collective labour agreements of its unionised work groups or in negotiations concerning adjustment measures, exposing it to the risk of strikes and other work-related disruptions in addition to disruptions caused by political strikes.***

Finnair's business is labour intensive, employing large numbers of pilots, flight attendants and other personnel, the majority of whom are represented by labour unions.

The number of Finnair's employees decreased during the COVID-19 pandemic, and further reductions were needed due to the impact of the closure of Russian airspace. In recent years, Finnair has taken several adjustment measures, which have affected Finnair's personnel, including layoffs and reductions in its workforce. Negotiations on cost-reducing solutions may cause strikes or work stoppages. For example, in November 2022, a strike, which was adjudicated to breach the industrial peace obligation, regarding Finnair's cabin crew in Helsinki resulted in the cancellation of approximately one hundred Finnair flights. Any potential future personnel reductions may result in strikes, work stoppages, litigation or other industrial actions, which may require Finnair to amend or postpone its plans.

[3] Comparable operating profit margin is the same performance measure as Comparable operating result, % of revenue (Comparable EBIT margin).

Finnair currently has no ongoing negotiations relating to pending expirations of collective labour agreements, however, a number of collective labour agreements are expiring in 2024 and 2025. Any potential future measures which may be considered in relation to adjustments of personnel costs and the associated negotiations with labour unions could cause disagreements or general unrest between the labour market parties and lead to a deterioration in the Company's relationship with its personnel. Furthermore, in connection with such negotiations, there may be pressure for pay increases due to the cost saving initiatives and recent examples from the industry peers. Consequently, there can be no assurance that Finnair's future agreements with labour unions can be negotiated to the long-term benefit of Finnair or that the outcome of new negotiations, mediations or arbitrations will be on terms consistent with Finnair's expectations or comparable to agreements entered into by other airlines. If Finnair is unable to reach an agreement with any of its unionised work groups in future negotiations regarding the terms of their collective labour agreements or if additional segments of Finnair's workforce become unionised, Finnair may be subject to work interruptions or stoppages. Likewise, if third party regional carriers with which Finnair has contract carrier agreements or other third parties, including ground workers and other service providers, are unable to reach agreement with their unionised work groups in current or future negotiations regarding the terms of their collective bargaining agreements, those carriers may be subject to work interruptions or stoppages affecting Finnair. In addition, any future agreements or outcome of negotiations, mediations or arbitrations in relation to wage reopeners may result in increased personnel costs or other charges that could increase Finnair's operating costs with the effect that it is not able to compete with some other airlines that have more flexible personnel cost structures than that of Finnair.

The Finnish Government Programme published in June 2023, which includes certain adverse repercussions on employees' job security and working conditions, has caused public resistance among labour unions in Finland and resulted in extensive political strikes during 2024. Several trade unions in Finland have participated in varying political actions, including a 48-hour political industrial action that affected air transport in February 2024. The political strike had, and future political strikes may have, a significant impact on Finnair's operations, and will result in flight cancellations, disruptions in ground services, baggage handling and food and beverage catering for flights during the strike days. Such political strikes are also likely to be visible in traffic on the days following the strike, as all Finnair flights are round trip flights, and the scheduled return of a cancelled flight may also take place on the following days and also the days prior to the strike can be impacted, if the strike is known in advance and Finnair is able to take mitigation actions. For example, it is estimated that approximately 60,000 customers' travel plans were affected by the 48-hour strike in February alone and Finnair was forced to cancel approximately 550 flights due to the strike. The 48-hour strike affected negatively on Finnair's result in the form of rerouting costs, meal and accommodation costs, and lost bookings. Another strike in March 2024 impacted kerosine distribution and Finnair was required to reorganise fuel uplifts. The strikes also affected Finnair's on-time performance during the first quarter. Any further actions by the government under the Government Programme or otherwise, which Finnish labour unions could consider undermining the employees' conditions, might lead to sudden volatility in the Finnish labour market. Although Finnair currently has valid collective labour agreements in place with the unions representing Finnair's employees, any future government actions in Finland could have an indirect impact on Finnair and its operations, among others, through possible sympathy strikes, political strikes or other work disruptions. Any direct or indirect impact leading to strikes or other work disruptions could have an adverse effect on the Company's operations and result in, for instance, cancellation of significant number of flights or slowing down or halting of other crucial operations.

The materialisation of any of the above risks may have a material adverse effect on Finnair's business, financial condition, results of operations and prospects.

### ***4. Finnair is exposed to the residual value risk, and also to the risk of impairment, in the value of its aircraft.***

Any decrease in the value of Finnair's aircraft could have an adverse effect on Finnair's financial position, should the carrying value of the aircraft need to be impaired. As at 31 March 2024, the balance sheet value of the entire fleet was EUR 1,781.7 million, which consisted of fleet (EUR 1,038.4 million) and right-of-use fleet (EUR 743.3 million). In accordance with the International Financial Reporting Standards applicable in the EU ("**IFRS**"), the carrying value of the fixed assets is subject to periodic depreciation and is reviewed for impairment whenever there is an indication that their carrying values could exceed their recoverable amount. The recoverable amount is measured as the higher of fair value less costs to sell and value in use. Sometimes, the recoverable value of an individual asset cannot be determined. In that case, recoverable amount is determined for the smallest group of assets that generates independent cash flows (cash-generating unit). As a result of such tests, Finnair might be required to recognise an impairment loss in its income statement should the carrying value of the assets be in excess of their recoverable amount. Factors that could trigger an impairment of assets include, but are not limited to, changes in the market valuation of used aircraft, possible future underperformance of Finnair's business relative to projected future operating results and cash flows, negative industry or macroeconomic developments as well as changes in discount rates or applicable tax rate.

When acquiring a new aircraft, Finnair generally enters into an agreement with the manufacturer to purchase the aircraft. As the financing decision is typically taken prior to the expected delivery of the aircraft, Finnair can therefore be exposed to fluctuations in the market for aircraft. The price of aircraft that Finnair purchases may be adversely affected by fluctuations in the exchange rate between the euro and the U.S. dollar, as aircraft purchases are mainly denominated in U.S. dollars and Finnair's reporting currency is the euro. In addition, a significant volume of similar aircraft brought into the market for sale within a short period of time may result in a significant downward pressure on market prices for those aircraft, as the supply becomes disproportionate to the existing demand. A decrease in the secondary market prices may involve risks for Finnair, especially to the extent that Finnair wishes or needs to rely on the sales proceeds of sold aircraft to discharge debts relating to the financing of aircraft. On the other hand, if Finnair finances the purchased aircraft through a sale and leaseback financing arrangement, Finnair realises the market value of the aircraft at the time of the transaction and any future changes in aircraft value will not have an impact on the payments under the initial lease arrangement.

The evaluation of asset impairment and preparation of impairment calculations require the use of significant management judgement and estimates. Estimates are based on budgets and forecasts, which inherently contain uncertainty. Also, the price of jet fuel has fluctuated historically, in addition to which the future jet fuel price development, impact of inflation on passenger demand and costs as well as the changes in the economic and competitive environment are subject to increased uncertainty. In 2024, lease indexes of the idle premises (Norra hangar & land area) were adjusted in January and an impairment of EUR 0.7 million was recognized. In 2023, Finnair recognised an impairment of EUR 13.7 million related to lease agreements for a maintenance hangar and its land area and in the first quarter of 2022, Finnair recognised an impairment totalling EUR 32.7 million relating to four owned A330 aircraft as based on the Company's estimate, due to the fact that it was unlikely that such aircraft in the shorter-range wide-body fleet would be fully deployed so long as Russian airspace remains closed. Should Finnair need to recognise any further impairment loss, this would result in a material adverse effect on Finnair's balance sheet and profits, which may in turn have a material adverse effect on its business, results of operations and financial condition.

5. ***Quality and availability issues with third-party suppliers and their products and services may have an adverse effect on Finnair's reputation and result in decreased demand for Finnair's services and/or unexpected costs.***

As Finnair's business is focused on the operation of its aircraft, Finnair is dependent upon its ability to secure goods and services from third-party suppliers. Finnair has entered into agreements with a number of third-party suppliers to provide for services such as ground handling, aircraft maintenance, passenger services and catering, distribution and IT services.

During the recent years, Finnair has renewed its fleet by phasing out the oldest aircraft types and acquiring new aircraft (see section "*Business of the Company – Fleet*"). As of 31 March 2024, Finnair's A350-900 fleet totalled 17 aircraft and Finnair had two A350-900 aircraft on order from Airbus. Finnair's dependence on Airbus aircraft, especially for its long-haul fleet, makes it particularly vulnerable to any problems that might be associated with the manufacturer or its aircraft as alternative manufacturers and aircraft could not be expected to be available at short notice on commercially reasonable terms or at all. In addition, Finnair is also dependent on Rolls-Royce Ltd, which manufactures and maintains the Trent engines, and Lufthansa Technik AG, which is responsible for certain maintenance processes. Finnair could be adversely affected if a design defect or mechanical problem with any of its aircraft - or any other type of aircraft that Finnair subsequently operates - were discovered, causing such aircraft to be grounded while any such defect or problem was corrected, or while attempts were made to correct such defect or problem. Further, Finnair could also be materially and adversely affected if its customers were to avoid flying with Finnair due to an adverse public perception of the Airbus aircraft caused by safety concerns or other problems, whether real or perceived.

Due to the increasing significance of digitalisation and technological solutions, the ability of various IT service providers to provide software and information systems that support operations, improve customer experience and maintain competitiveness is an essential factor in Finnair's business (see "*– Finnair is dependent on the uninterrupted operation and security of information technology systems*"). In the event that service providers or other vendors would not be able to provide the software or systems required for Finnair's business operations or if provision of existing services or systems to Finnair would be discontinued, switching service providers or vendors could result in significant costs for the Company. There can also be no assurance that the Company would be able to acquire corresponding replacement services from other suppliers in a timely manner or at all. A particular key provider of information systems and software to Finnair is Amadeus IT Group, which provides an airline reservation system and global distribution system ("**GDS**") for the Company.

Interruptions in the delivery of goods and services of any third-party supplier may arise as a result of a wide range of causes, many of which are beyond Finnair's control. Similarly, the efficiency, timeliness and quality of contract performance by third-party providers are largely beyond Finnair's direct control and, if these are inadequate, the reputation and performance of Finnair could be materially and adversely affected. In addition, investments in the products and services of particular suppliers may prove to be disproportionate in relation to future changes in Finnair's requirements, general market conditions or unforeseen operative disruptions. Finnair's commitment to long-term investments may also lead to a situation where switching suppliers is operationally or commercially difficult or impossible to execute. An interruption in the provision of goods or services from any of these suppliers or any inability to renew these agreements or renegotiate contracts with other providers at competitive prices could have a material adverse effect on Finnair. Any failure in these collaborations and partnerships might result in delays to Finnair's services or negative customer feedback, which may lead to additional costs for Finnair and cause reputational damage, resulting in a decrease in demand for Finnair's services and the profitability of Finnair's business operations.

Such failures may require Finnair to seek new partnerships to replace the inadequate ones, or to existing key partners terminating their relationship with Finnair. As the markets are generally concentrated to only a few suppliers, finding a suitable alternative supplier may prove to be challenging or impossible. Due to the consolidated nature of the supplier market Finnair also has limited bargaining power, which may result in increased costs when negotiating on switching suppliers. Consequently, there can be no assurance that Finnair would be able to obtain alternative partners in a timely manner or at commercially acceptable terms. Similarly, if a third-party supplier experiences financial difficulty, goes out of business or defaults on its obligations to Finnair, this could have adverse consequences for Finnair. In addition, any disruption in a supplier's ability to provide services to Finnair could have an adverse impact on Finnair's ability to operate its fleet. Further, Finnair sells passenger airline tickets via travel agents, and any reduction in the number of travel agents selling Finnair tickets could reduce Finnair's sales.

Materialisation of any of the above risks may have a material adverse effect on Finnair's business, financial condition, results of operations and prospects.

### *6. Finnair is dependent on the uninterrupted operation and security of information technology systems.*

Finnair has become increasingly dependent on information technology initiatives to reduce costs and increase revenue and to enhance customer service and customer satisfaction in order to compete in the current business environment (see section "*Business of the Company – Operating Environment*"). Finnair depends on automated information systems and technology, including its airline reservation system, its flight operations system, its website, its telecommunication systems and other automated systems. Finnair, along with other airlines, strives to distribute its services in increasingly versatile and flexible ways and at lower cost by adopting and utilising new distribution technologies and channels, including the transition towards differentiation of fare content and availability between channels. The ability to capitalise on the commercial possibilities provided by these technologies is dependent on, among others, Finnair's partners to develop and implement such applications as well as Finnair's ability to generate products and services that best correspond to customer needs.

The performance and the reliability of information technology are critical to Finnair's ability to attract and retain customers and for Finnair's ability to compete effectively and implement its commercial strategy. These initiatives will continue to have a direct impact on information technology and data security costs, and, in addition, the development of the information system solutions and the information technology environment requires continuous investments and upgrades. For example, the Company is currently undergoing a modernisation programme where its software technology is moved to a new platform. Any new investment, upgrade or modernisation measure could result in temporary system outages which may have an adverse effect on the Company's operations. In addition, any internal error, failure or external interruption in information technology infrastructure Finnair depends on, such as power, telecommunications or the internet, may also disrupt its information technology network and affect its operations negatively. For more information on Finnair's information technology, see "*Business of the Company – Digitalisation*".

Finnair also relies on the information technology systems of third parties, such as air traffic control, airport security and logistics and customs, in connection with the offering of its services. Any individual, sustained or repeated failure of information technology provided by a third party could impact Finnair's services, and result in increased costs and damage to the Finnair brand. Finnair's and third parties' information technology systems and related data may be vulnerable to a variety of sources of interruption due to events beyond its control, including natural disasters, terrorist or cyberattacks (including politically motivated cyberattacks, that were experienced in small numbers during Finland's NATO application process), telecommunications failures, computer viruses, hackers and other security issues. Although Finnair is continually developing its information security and situation-management preparedness for serious disruptions to information systems and telecommunications, these measures may not be adequate or implemented properly to prevent a business disruption.

As most of Finnair's revenue stems from passenger travel, a functioning online commerce system for ticket sales is essential for its business. A fundamental requirement for online commerce, including sales of tickets online, is the secure transmission of confidential information. Finnair may incur significant costs to protect against the threat of security breaches or to alleviate problems caused by any such breaches. Alleviating these problems could cause interruptions, delays or cessations in service to Finnair's customers, which could adversely affect Finnair's reputation and deter its customers from using its service or lead them to assert claims against Finnair. In addition, Finnair may be liable to credit card companies should any credit card information be accessed and misused as a result of security breaches by Finnair.

Any interruption or failure of information technology systems or failure to adequately process and safeguard personal information may result in service disruptions and expose the Company to claims for damages and reputational harm. They may also result in the need to make additional investments to improve the resilience and functioning of systems, which may result in additional costs and reduced profitability. Any of these factors may have a material adverse effect on Finnair's business, financial condition, results of operations and prospects.

***7. Finnair is dependent on its management and employees and its capability to attract, train and retain qualified airline personnel.***

As all airlines, Finnair is dependent on qualified airline personnel, in particular pilots, cabin crew and employees with qualifications in scheduling of routes, aircraft maintenance, information technology and sales. The COVID-19 pandemic resulted in a global shortage of pilots and other personnel, which has led to crew shortages and prolonged aircraft maintenance schedules at Finnair. Crew and maintenance shortage poses a constraint for the Company's operations, and the shortage has resulted in lower than planned capacity on certain routes and the cancellation of certain flights during the summer season of 2023. Even though not as evident as in 2023, the shortage for personnel continues to limit number of flights during 2024.

The success of Finnair's business and strategy depends on Finnair's ability to attract and retain key management and other key personnel having valuable knowledge of the Company and airline industry. The loss of management or key personnel may result in the loss of expertise and adversely affect Finnair's ability to develop its business successfully. For example, the Company has recently appointed a new CEO, Turkka Kuusisto, who has started in his role on 24 April 2024.

In response to the decreased demand due to the COVID-19 pandemic and the closure of Russian airspace, Finnair took adjustment measures including negotiations on layoffs. These measures could have a negative impact on the retention of competent personnel and may damage Finnair's reputation as an employer. In the future, Finnair may require the services of an increased number of skilled employees if flight volumes continued to increase. Finnair has already commenced processes for recruiting new employees in several areas. If Finnair is unable to make up for the pilot and other staff shortage, this could have an adverse effect on its operations also in the long-term.

As a result of the reduced number of flights and temporary layoffs during the COVID-19 pandemic, which led to the suspension of training and expiration of qualifications or certificates, there has also been increased need for training at Finnair as measures related to the COVID-19 pandemic have subsided. Finnair may experience challenges in recruiting and retaining skilled employees with valid licenses, such as pilots, which could further adversely affect the shortage of crew. If Finnair is unable to secure relevant and necessary competences, this may hamper the execution of its strategy, which may have a material adverse effect on Finnair's business, financial condition, results of operations and prospects.

8. ***Poor reputation or brand, or events that harm Finnair's reputation and brand, can impact negatively the demand of Finnair's product and lead to difficulties in obtaining stakeholder support e.g. in critical financing, investment and partnership transactions, or recruiting and maintaining qualified personnel.***

Finnair's reputation especially in its home market in Finland has a direct and significant correlation to stakeholder support and thus the operating conditions of Finnair. A negative reputation trend could lead into, among other things, a situation where potential employees do not apply for work in the company, and to decreased willingness by customers to recommend and buy Finnair's products and services as well as decreased willingness to invest in Finnair and overall less trust in the company and thus have a material adverse effect on Finnair's business, financial condition, results of operations and prospects.

**D. Risks Relating to Finnair's Financing**

1. ***Adverse developments in macroeconomic conditions may result in reduced access to capital and lower liquidity.***

Finnair has been, and may also in the future be, impacted by the uncertainty in the global economy and in the financial markets. The relatively high percentage of fixed costs in the airline industry, in relation to decreases in demand and revenues, exposes the Company to liquidity risks. In the event of sudden and persisting low revenues, the Company may not be able to adjust its fixed costs at a sufficient rate, which could lead to reduced liquidity as existing cash or cash equivalent assets and cash flows would need to be directed to covering fixed costs. There can be no assurances that Finnair will be able to secure sufficient financing in a timely manner and with favourable terms, or at all, in order to maintain its liquidity and finance its operations and investments. Any uncertainty in the financial markets, including the turbulence in the banking sector that emerged in early 2023, increases in interest rates or tightening bank regulation could mean that the price of financing needed to carry out Finnair's business will increase and that such financing may be less readily available. Changes in the availability of equity and debt financing and in the terms of the available financing may have a material adverse effect on Finnair's business, financial condition and prospects.

2. ***Exchange rate fluctuations may affect Finnair's financial condition or results of operations.***

Fluctuations in foreign exchange rates, particularly between the euro and the U.S. dollar, may have a material adverse effect on Finnair. Finnair's foreign exchange risk arises mainly from jet fuel and aircraft purchases and maintenance, divestment of aircraft, aircraft lease payments, and foreign currency revenue. The largest investments, including the acquisition of aircraft and their components, are mainly made in U.S. dollars and fuel costs and aircraft lease costs are also primarily U.S. dollar denominated. Since a significant portion of Finnair's sales are denominated in currencies other than the euro, and since Finnair reports its financial results in euro, it is consequently subject to currency conversion risk. Further, despite Finnair's use of foreign exchange hedging according to the prevailing hedging policy of Finnair, there can be no assurance that Finnair has sufficient hedges in place to provide adequate protection against foreign exchange losses (see section "*Business of the Company – Operating Environment – Sensitivities*"). Consequently, increases and decreases in the value of the euro versus other currencies will affect the amount of these items in Finnair's consolidated financial statements, even if their value has not changed in their original currency. These conversions could result in significant changes to Finnair's results of operations from period to period. The materialisation of any of the above risks may have a material adverse effect on Finnair's business, financial condition, results of operations and prospects.

3. ***The amount of indebtedness that Finnair currently has and which it may incur in the future could limit its access to additional capital and liquidity.***

Finnair has, and will continue to have, a significant amount of indebtedness, including substantial long-term obligations under aircraft leases and financings. As at 31 March 2024, the Company's gearing, which takes into account lease liabilities and the market-value of the cross-currency swaps that are hedging the currency and interest rate risk of interest-bearing loans, was 177 per cent, and the amount of adjusted interest-bearing liabilities[4] was EUR 2,014.6 million and interest-bearing net debt[5] was EUR 1,033.6 million.

Finnair's credit facilities also contain events of default provisions customary for such financings. If an event of default were to occur, the lenders could, among other things, declare outstanding amounts due and payable and where applicable, repossess collateral. In addition, an event of default or declaration of acceleration under any of the credit facilities could also result in an event of default under other of Finnair's financing agreements. Events of default under the Company's current aircraft leases could initially result in cross-defaults of leases from the same lender or lessor, providing that certain minimum thresholds for payments in default would be exceeded, which Finnair would not be contesting and which it would be unable to pay. However, the Company's aircraft leasing arrangements also include cross-default provisions that, above certain thresholds, would result in cross-default events that would also impact Finnair's other liabilities. The acceleration of significant amounts of debt would materially and adversely affect Finnair's solvency and would require Finnair to renegotiate, repay or refinance the obligations under its credit facilities or other financing arrangements.

In addition to financing through operating cash flows, the Company may choose to finance the planned deliveries of the new Airbus A350 aircraft through external financing. The ability of Finnair to make scheduled payments under its existing or new indebtedness will depend on, among other things, its future operating performance and its ability to refinance its indebtedness, if necessary. Each of these factors is, to a large extent, subject to economic, financial, competitive, regulatory, operational and other factors, many of which are beyond the Company's control. There can be no assurance that the Company will be able to generate sufficient cash flow from its operations to pay its debts, to fund its working capital, pension programs, capital expenditure, lease obligations, to engage in future acquisitions and, in the future, to refinance its indebtedness.

Failure to generate additional funds and to maintain adequate liquidity, whether from operations or additional debt or equity financings, may require Finnair to delay or abandon some or all of its anticipated expenditures or to modify its business strategy. Further, the ability of competitors to raise money more easily and on more favourable terms could create a competitive disadvantage for the Company and any future borrowings and financing arrangements may be subject to covenants, such as the covenant of net debt to EBITDA ratio of 3.75x or less in the Issuer's secured revolving credit facility, which limit the Company's operating and financial flexibility resulting in a decrease in Finnair's capability to engage in business opportunities. As at 31 March 2024, the Company had net debt to EBITDA ratio of 2.0x.

The materialisation of any of the above risks may result in increased financing costs and difficulties in securing sufficient liquidity and capital to finance operational expenses and capital expenditure or pay its debts, which may have a material adverse effect on Finnair's business, financial condition, results of operations and prospects.

### 4. *Finnair is exposed to interest rate risk on its floating rate borrowings and aircraft leases.*

Finnair is subject to the effects of interest rate fluctuations on its floating rate financing arrangements and aircraft leases. These variable interest loans, lease liabilities and JOLCO loans totalled EUR 764.8 million as of 31 March 2024. As a result of Finnair's floating rate borrowings and aircraft leases, an increase in interest rates could cause an increase in the amount of Finnair's interest payments and aircraft lease payments. In addition, when Finnair agrees to lease a new aircraft, the monthly lease payments to be made by it upon delivery of the aircraft can be subject to adjustments based on interest rate fluctuations during the period between the signing of the lease and the delivery date of the aircraft. Finnair also has certain lease agreements in which the monthly lease payments are based on floating interest rates and hence the payment amounts fluctuate from time period to time period. Finnair measures the interest rate risk using the interest rate re-fixing period. As at 31 March 2024, a one percentage point rise in interest rates would increase the annual financial income of the investment portfolio by EUR 7.8 million and the interest expenses of the loan portfolio by EUR 3.6 million. Despite Finnair's use of derivatives to manage the interest rate related risks, an increase in the interest rates on Finnair's indebtedness may significantly increase

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[4] Adjusted interest-bearing liabilities = Lease liabilities + Other interest-bearing liabilities + Cross currency interest rate swaps in derivative financial instruments.

[5] Adjusted interest-bearing liabilities - Cash funds.

its costs of financing and amount of interest paid, which in turn could have an adverse effect on Finnair's financial condition and results of operations.

***5. Changes in the market price of derivatives may result in substantial hedging losses.***

Finnair seeks to mitigate the effects of market fluctuations in currencies, interest rates and jet fuel positions through the use of derivative instruments, such as forward contracts, swaps and options as well as natural hedges, where possible, according to the risk management policy approved by the Board of Directors. The aim of the hedging policy is to reduce the uncertainty in the profit and loss, cash flows and balance sheet caused by market price fluctuations. According to the Company's management's view, in normal market conditions, the purpose of the hedging strategy is typically achieved, but in any unusual financial market circumstances the market price of the derivatives may change substantially, and the Company may suffer substantial hedging losses.

For example, due to the capacity cuts caused by the COVID-19 pandemic, the forecast jet fuel volume and related currency exposure decreased significantly resulting in over-hedging, which led to an increase in net financing expenses in 2020. Incurrence of further hedging losses in the future may also have a material adverse effect on Finnair's financial condition and results of operations.

**E. Risks Relating to the Notes as Debt Instrument**

***1. Investors are exposed to credit risk in respect of the Issuer.***

An investor's possibility to receive interest payments and repayment of principal under the Notes is dependent on the Issuer's ability to fulfil its payment obligations, which, in turn, is to a large extent dependent on developments in the Group's financial and operating performance. If the Group's financial and operating performance declines or its operating income is not sufficient to service its current or future indebtedness, the Group may be forced to take actions such as reducing or delaying its business activities, acquisitions or investments, restructuring or refinancing its debt or seeking additional equity capital, and there can be no assurance that such remedies can be effected on satisfactory terms, or at all. Further, should the Issuer become insolvent during the term of the Notes, the holders of the Notes (the "**Noteholders**") may forfeit interest payable on, and the principal amount of, the Notes in whole or in part.

***2. Any decline in credit ratings assigned to the Issuer or the Notes may affect the market value of the Notes and may not reflect all the risks associated with an investment in the Notes.***

The Issuer has been rated with a long-term issuer credit rating of BB+ and the Notes have been assigned a credit rating of BB+ by the international credit rating agency S&P Global Ratings. The ratings granted by S&P Global Ratings, or any other rating assigned to the Issuer, or the Notes may not reflect the potential impact of all risks related to structure, market and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time. In addition, S&P Global Ratings may change their methodologies or their application for rating in the future. If S&P Global Ratings or other relevant rating agencies were to change their practices or their application for ratings were to be subsequently lowered, this may have a negative impact on the trading price of the Notes.

***3. Since the Notes bear a fixed interest rate, their price may fall as a result of an increase in the interest rates.***

The Notes bear interest on their outstanding principal at a fixed interest rate. A holder of a security with a fixed interest rate is exposed to the risk that the price of such security could fall as a result of changes in the market interest rate. Market interest rates follow the changes in general economic conditions, and are affected by, among many other things, demand and supply for money, liquidity, inflation rate, economic growth, central banks' benchmark rates, implied future rates, and changes and expectations related thereto.

While the nominal compensation rate of a security with a fixed interest rate is fixed during the term of such security or during a certain period of time, current interest rates on capital markets (market interest rates) typically change continuously. In case market interest rates increase, the market price of such a security typically falls. If market interest rates fall, the price of a security with a fixed interest rate typically increases. Consequently, the Noteholders should be aware that movements of market interest rates may result in a material decline in the market price of the Notes and can lead to losses for the Noteholders if they sell the Notes.

***4. The Notes will not be obligations of anyone other than the Issuer, they will not be guaranteed, and they are unsecured debt instruments in the event of the Issuer's bankruptcy or other insolvency.***

The Notes will not be obligations of anyone other than the Issuer and they will not be guaranteed by any other person or entity. No one other than the Issuer will accept any liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes.

The Notes are direct, unsecured, unconditional and unsubordinated obligations of the Issuer, and the Noteholders would be unsecured creditors in the event of the Issuer's bankruptcy or reorganisation proceedings. Accordingly, in addition to that any adverse change in the financial condition or prospects of the Issuer may have a material adverse effect on the liquidity of the Notes, and may result in a material decline in their market price, such adverse change may endanger the probability that the Noteholders will receive the prompt and full payment, when due, for principal, interest and/or any other amounts and items payable to the Noteholders pursuant to the Notes from time to time.

Furthermore, in the event of any liquidation of assets of the Issuer in any bankruptcy, liquidation or dissolution, holders of secured indebtedness will have a prior claim to those assets that constitute their collateral. It cannot be assured that there will be sufficient assets to pay amounts due on the Notes. As at the date of this Prospectus, other than the EUR 200 million secured revolving loan facility agreement entered into by and between the Issuer as company and borrower and Finnair Aircraft Finance Oy as guarantor dated 23 April 2024 and secured by certain aircraft, that is currently unutilized, the Issuer has not provided asset security for indebtedness, however, fleet assets include aircraft financed with JOLCO-loans[6] and one aircraft where the legal title is transferred to Finnair after loans are repaid. However, the Issuer is allowed to incur further secured indebtedness in the future, subject to the exception of providing security in favour of other capital markets debt as set out in Condition 14 (*Negative Pledge*) of the Terms and Conditions of the Notes.

***5. Active trading markets for the Notes may not develop.***

Although no assurance is made as to the liquidity of the Notes as a result of listing, failure to be approved for listing or the delisting of the Notes may have an adverse effect on a Noteholder's ability to resell Notes in the secondary market. The liquidity and prices of the Notes in trading between investors can be expected to vary with changes in market and economic conditions, the prevailing market interest rates, the financial condition and prospects of the Group and those of its competitors and many other factors that generally influence the prices of securities. Such and similar factors may significantly affect the market price and liquidity of the Notes, which may trade at a discount to the price paid by the Noteholders. As a result, Noteholders may not be able to sell their Notes at all or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

***6. Rights to payments that have not been claimed within three (3) years are prescribed.***

In case any payment under the Notes has not been claimed within three (3) years from the original due date thereof, the right to such payment shall become void. Such prescription may incur financial losses to such Noteholders who have not claimed payment under the Notes within the prescription time of three (3) years.

**F. Risks Relating to the Terms and Conditions of the Notes**

***1. The Notes do not, as a rule, contain covenants governing the Issuer's operations and do not limit its ability to merge, demerge, effect asset sales, incur additional debt or otherwise effect significant transactions that may have a material adverse effect on the Notes and the Noteholders.***

The Notes do not, in addition to the rights of creditors in general, contain any covenants concerning the Issuer's financial standing or operations or other provisions designed to protect Noteholders from a reduction in the creditworthiness of the Issuer. In particular, the Terms and Conditions of the Notes do not, except for put option of the Noteholders' upon certain events (see Condition 11 (*Change of Control*) and Condition 12 (*Demerger*)) of the Terms and Conditions of the Notes) which grant the Noteholders the right of repayment of the Notes in certain limited

[6] As at 31 March 2024, JOLCO loans totalled EUR 157.7 million.

circumstances, restrict the Issuer's ability to enter into a merger, demerger or asset sale or incur additional debt, grant guarantees and/or security or enter other significant transaction that could materially alter its existence, jurisdiction of organisation or regulatory regime and/or its composition and business. In the event the Issuer was to enter into such a transaction, Noteholders could be materially and adversely affected. Furthermore, the change of control clause does not restrict any of the current shareholders of the Issuer from disposing any or all of their shareholdings. Further, there is no restriction on the amount of debt which the Issuer and its Subsidiaries may raise or issue after issuing of the Notes. Any further indebtedness may reduce the amount recoverable by the Noteholders upon winding-up or insolvency of the Issuer or may worsen the position and priority of the Noteholders in such winding-up or insolvency procedure. In addition to the incurrence of further debt, also the granting of guarantees and/or security may reduce the amount recoverable by the Noteholders or may worsen the position and priority of the Noteholders.

***2. Following an Event of Default, a Demerger or a Change of Control, the Issuer may have an obligation to redeem and purchase Notes prior to maturity and the Issuer may not be able to finance such repurchase of Notes.***

As specified in the Terms and Conditions of the Notes, the Noteholders are entitled to demand premature repayment of the Notes in the case of an Event of Default (see Condition 15 (*Events of Default*)), a Demerger (see Condition 12 (*Demerger*) or a Change of Control (see Condition 11 (*Change of Control*)) at a price per Note equal to 100 per cent. of the nominal principal amount together with (or, where purchased, together with an amount equal to) accrued interest up to but excluding the applicable redemption date or purchase date, as applicable. The source for the funds required for any repurchase required as a result of any such event will be available cash or cash generated from operating activities or other sources, including borrowings, sales of assets, sales of equity or funds provided by subsidiaries of the Issuer. If an Event of Default, a Demerger or a Change of Control occur, there can be no assurance that the Issuer will have or will be able to generate sufficient funds to repurchase the Notes that have been requested to be repurchased. Furthermore, such premature repayment may have a material adverse effect on Finnair' business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes to such Noteholders who elect not to exercise their right to have their Notes prematurely repaid as well as the market price and value of such Notes.

***3. The Issuer has the right to redeem and purchase the Notes prior to maturity.***

As specified in the Terms and Conditions of the Notes, the Issuer may at any time purchase Notes in any manner and at any price prior to maturity. Only if such purchases are made by a tender offer, such tender offer must be available to all Noteholders alike on equal terms. The Issuer is entitled to cancel, dispose of or hold the purchased Notes at its discretion. Consequently, a Noteholder offering Notes to the Issuer in connection with such purchases may not receive the full invested amount. Further, a Noteholder may not have the possibility to participate in such purchases. The purchases, whether by tender offer or otherwise, may have a material adverse effect on the Issuer's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes to such Noteholders who do not participate in the purchases as well as the market price and value of such Notes.

In addition, in accordance with Condition 9 (*Optional Redemption (call option)*) of the Terms and Conditions of the Notes, the Issuer is entitled at any time to redeem the Notes, in whole but not in part, with not less than ten (10) but no more than sixty (60) calendar days' notice. Such redemption would be made at a redemption price equal to (i) in the case of a voluntary redemption occurring before the date falling three (3) months prior to the Redemption Date, the sum of one hundred (100) per cent of their outstanding principal amount together with the remaining interest payments as calculated pursuant to the method set out in the Terms and Conditions of the Notes and, (ii) in the case of a voluntary redemption occurring after the date falling three (3) months prior to the Redemption Date, at a redemption price equal to one hundred (100) per cent of their outstanding principal amount together with any accrued but unpaid interest to but excluding the date of voluntary redemption.

Furthermore if, at any time, the outstanding aggregate principal amount of the Notes is twenty-five (25) per cent or less of the aggregate nominal amount of the Notes, the Issuer may, at its option, redeem all (but not only some) of the outstanding Notes at a price per Note equal to 100 per cent of the principal amount together with accrued but unpaid interest to, but excluding, the date fixed for redemption, subject to the Issuer having given the Noteholders not less than fifteen (15) nor more than forty-five (45) calendar days' prior irrevocable notice (see Condition 10 (*Clean-up call option*)).

Any early repayment initiated by the Issuer may result in financial losses to Noteholders who had prepared to have the amount of the Notes invested until the contractual final maturity of the Notes.

***4. Amendments to the Terms and Conditions of the Notes bind all Noteholders.***

The Terms and Conditions of the Notes may be amended in certain circumstances with the required consent of a defined majority of the Noteholders. The Terms and Conditions of the Notes contain provisions for the Noteholders to call and attend meetings and arrange procedures in writing to consider and vote upon matters affecting their interests generally. Resolutions passed at such meetings bind all Noteholders, including those who did not attend and vote at the relevant meeting and those who voted in a manner contrary to the majority. This may incur financial losses, among other things, to all Noteholders, including those who did not attend and vote at the relevant meeting or participate in the procedure in writing and those who voted in a manner contrary to the majority.

***5. The Issuer is not obliged to compensate for withholding tax or similar on the Notes.***

In the event of any withholding tax, public levy or similar is imposed in respect of payments to the Noteholders on amounts due pursuant to the Notes, the Issuer is neither obliged to gross-up or otherwise compensate the Noteholders for the lesser amounts the holders of Notes will receive as a result of the imposition of withholding tax or similar nor are the Noteholders entitled to require a premature redemption of the Notes due to such withholding.

## RESPONSIBILITY REGARDING THE PROSPECTUS

This Prospectus has been prepared by Finnair Plc and Finnair Plc accepts responsibility regarding the information contained in this Prospectus. Finnair Plc declares that, to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import. The Issuer is domiciled in Helsinki, Finland.

## INFORMATION DERIVED FROM THIRD PARTY SOURCES

This Prospectus contains information about Finnair's markets and Finnair's competitive position therein. Where certain market data and market estimates contained in this Prospectus have been derived from third party sources, such as industry publications, the name of the source is given therein. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable, but the correctness and completeness of such information is not guaranteed. The Issuer confirms that this information has been accurately reproduced herein and that, as far as the Issuer is aware and is able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, the Issuer has not independently verified and cannot give any assurances as to the appropriateness of such information. Should this Prospectus contain market data or market estimates in connection with which no source has been presented, such market data or market estimate is based on the Issuer's management's estimates.

## NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements about Finnair's business that are not historical facts, but statements about future expectations, such as certain statements set forth under "*Business of the Company – Outlook*". Such forward-looking statements are based on Finnair's present plans, estimates, projections and expectations. They are based on certain expectations, which, even though they may seem to be reasonable at present, may turn out to be incorrect. Such forward-looking statements are based on assumptions and are subject to various risks and uncertainties. The words such as "aims", "assumes", "believes", "estimates", "expects", "will", "intends", "may", "plans", "should" and similar expressions or negative of such terms identify certain of such forward-looking statements. Other forward-looking statements can be identified in the context in which the statements are made. Forward-looking statements are set forth in a number of places in this Prospectus regarding the future results, plans and expectations with regard to Finnair's business, and on the growth, profitability and the general economic conditions to which Finnair is exposed.

The forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of Finnair, or industry results, to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other important factors include, among other things, risks described in section "*Risk Factors*", but are not limited to those discussed therein. Should one or more of these or other risks or uncertainties materialise, or should any underlying assumptions prove to be incorrect, the actual results of operations or financial condition of the Issuer or its ability to fulfil its obligations under the Notes could differ materially from those described herein as anticipated, believed, estimated or expected. Prospective investors should not unduly rely on these forward-looking statements. Numerous factors may cause actual results, realised revenues or performance to differ materially from the results, revenues and performance expressed or implied in the forward-looking statements of Finnair. Finnair does not intend and does not assume any obligation to update any forward-looking statements contained herein or to adjust them in the light of future events or developments unless required to do so by applicable legislation. For additional information on factors that could result Finnair's actual results of operations, performance or achievements of Finnair to differ materially, see "*Risk Factors*".

## AVAILABILITY OF THE PROSPECTUS

This Prospectus is available as of 27 May 2024 on the website of the Company at https://investors.finnair.com/en.

## NO INCORPORATION OF WEBSITE INFORMATION

This Prospectus together with the documents incorporated by reference herein are available on Finnair's website at https://investors.finnair.com/en. However, any other information presented on Finnair's website or any other website does not form a part of this Prospectus (except for any supplement to the Prospectus and information which has been incorporated by reference into the Prospectus, see the section entitled "*Information Incorporated by Reference*"), and the information on such websites has not been scrutinised or approved by the FIN-FSA. Prospective investors should not rely on such information in making their decision to invest in Finnair's securities.

## CREDIT RATING

As at the date of this Prospectus, the Issuer has been rated by the international credit rating agency S&P Global Ratings with a long-term issuer credit rating of BB+, with a stable outlook. The Notes have been assigned a credit rating of BB+ by S&P Global Ratings.

BB+: According to S&P Global Ratings, issuers with BB+ rating are considered highest speculative grade by market participants.

The stable outlook: Stable means that a rating is not likely to change.

S&P Global Ratings long-term rating scale is expressed using the categories ‘AAA’ to ‘D’. Ratings from ‘AA’ to ‘CCC’ may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories. In S&P Global Ratings long-term rating scale, issuers and debt issues that receive a rating of ‘BBB-’ or above are generally considered by regulators and market participants to be “investment grade,” while those that receive a rating lower than ‘BBB-’ are generally considered to be “speculative grade”.

S&P Global Ratings Europe Limited (SPGRE), a Dublin-based Irish company is registered with the European Securities and Markets Authority (ESMA) as a credit rating agency (CRA) under Regulation (EC) No. 1060/2009 as amended (the “**Regulation**”). Under the Regulation and related legislation, credit ratings issued or endorsed by ESMA-registered CRAs may be usable in the EU for certain regulatory purposes.

S&P Global Ratings is committed to the transparency of its business operations in the European Union. As part of this commitment to the regulatory community and the markets, S&P Global Ratings from time to time discloses information about its rating methodologies, publication schedules, and other matters.

## CONTROLLING SHAREHOLDER

As at the date of this Prospectus, the State of Finland (acting through the Prime Minister’s Office) holds 55.7 per cent of the outstanding shares in the Issuer. Accordingly, the State of Finland has control over the Issuer as referred to in Chapter 2, Section 4 of the Finnish Securities Market Act. The Issuer is not aware of any arrangements which may result in a change of control in the Issuer.

The State exercises its ownership according to the State Shareholdings and Ownership Steering Act (1368/2007, as amended) (the “**Ownership Steering Act**”). According to the Ownership Steering Act, Finnair is a “state majority-owned company”. This means, among other implications, that the consent of the Finnish Parliament would be required in order to relinquish the State’s majority ownership in Finnair. See “*Financial and Other Information – Share Capital and Ownership Structure*” for further information.

## OTHER INFORMATION

Financial information set forth in a number of tables in this Prospectus has been rounded. Accordingly, in certain instances, the sum of the numbers in a column or row may not conform exactly to the total figure given for that column or row. In addition, certain percentages presented in the tables in this Prospectus reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

In this Prospectus, “euro” or “EUR” are references to the currency used by member states of the Economic and Monetary Union of the European Union; “U.S. dollar” or “USD” are references to the United States dollar, the lawful currency of the United States of America; “Swedish krona” is reference to the lawful currency of Sweden; “Japanese yen” is reference to lawful currency of Japan; “UK pound” is reference to the lawful currency of United Kingdom, “Norwegian krona” is reference to the lawful currency of Norway and “South Korean won” is reference to the lawful currency of South Korea.

## TAXATION

Potential investors should be aware that the tax legislation of a potential investor’s member state and of the Issuer’s country of incorporation may have an impact on the income received from the Notes.

*The following is only a general description addressing the Finnish withholding and income tax treatment of income arising from the Notes. This summary is based on the laws and regulations in full force and effect in Finland as at the date of this Prospectus, which may be subject to change in the future, potentially with retroactive effect. Investors should be aware that the comments below are of a general nature and do not constitute legal or tax advice and should not be understood as such. The comments below relate only to the position of persons who are the absolute beneficial owners of the Notes. Prospective investors are therefore advised to consult their own qualified advisors so as to determine, in the light of their individual situation, the tax consequences of the acquisition, holding, redemption, sale or other disposition of the Notes.*

**Non-resident Noteholders**

Payments made by or on behalf of the Issuer to persons not resident in Finland for tax purposes and who do not engage in trade or business through a permanent establishment or a fixed place of business in Finland should be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Republic of Finland or by any municipality or other political subdivision or taxing authority thereof or therein. The Noteholder should provide sufficient evidence on its non-resident investor status to the payer.

Non-resident Noteholders and who do not engage in trade or business through a permanent establishment or a fixed place of business in Finland for income tax purposes should not be subject to Finnish taxation on interest or gains realized on the disposal or redemption of the Notes.

**Resident Noteholders**

***Corporates***

Payments made by or on behalf of the Issuer to corporates resident in Finland for tax purposes should be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Republic of Finland or by any municipality or other political subdivision or taxing authority thereof or therein.

Interest paid on the Notes and any gain arising from the disposal, repayment or redemption of the Notes should be subject to taxation in accordance with the Finnish Business Income Tax Act (*Laki elinkeinotulon verottamisesta* 360/1968, as amended) or, alternatively, the Finnish Income Tax Act (*Tuloverolaki* 1535/1992, as amended) depending on the legal form of the Noteholder and the source of income, even though most of the Finnish corporate entities are only taxed based on the Business Income Tax Act. The corporate income tax rate is currently 20 per cent in Finland.

***Individuals and Estates***

Payments made under the Notes should not be subject to withholding according to the Act on Withholding on Interest Income (*Laki korkotulon lähdeverosta* 1341/1990, as amended). Payments of interest or interest compensation (secondary market compensation, in Finnish "*jälkimarkkinahyvitys*") made to individuals or estates are generally subject to advance withholding of income tax according to the Prepayment Act (*Ennakkoperintälaki* 1118/1996, as amended). The applicable withholding tax rate is currently 30 per cent. The withholding liability should primarily lie with a possible paying agent or other intermediary (such as a financial institution) effecting the payment to the holder of the Notes, if the paying agent or intermediary is resident in Finland for tax purposes or the payment is made through a Finnish permanent establishment of a non-resident paying agent or intermediary.

Payments of interest or interest compensation should be subject to taxation as capital income. Also, upon disposal, repayment or redemption of the Notes, any capital gain received should be taxed as capital income. The capital income tax rate is 30 per cent, however if the overall capital income exceeds EUR 30,000 during a calendar year, the tax rate for the exceeding amount is 34 percent.

**Transfer Taxation**

A transfer of the Notes is not subject to Finnish transfer taxation.

## TERMS AND CONDITIONS OF THE NOTES

## FINNAIR PLC EUR 500,000,000 4.750 % NOTES DUE 2029

## ISIN CODE FI4000571260

The Board of Directors of Finnair Plc (the "**Issuer**") has at its meeting on 13 May 2024 authorised the management or a person appointed by them to decide on the issue of notes referred to in paragraph 1 of Section 34 of the Act on Promissory Notes (622/1947, as amended) (in Finnish *Velkakirjalaki*) (the "**Notes**").

Danske Bank A/S, Deutsche Bank Aktiengesellschaft, Nordea Bank Abp, OP Corporate Bank plc and Skandinaviska Enskilda Banken AB (publ) will act as bookrunners in connection with the offer and issue of the Notes (together, the "**Bookrunners**").

### MIFID II PRODUCT GOVERNANCE / TARGET MARKET

Solely for the purposes of the product governance requirements set forth in Directive 2014/65/EU (as amended, the "MiFID II"), the target market assessment made by the Issuer for the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**Distributor**") should take into consideration the Issuer's target market assessment, however, a Distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the Issuer's target market assessment) and determining appropriate distribution channels.

### PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in point (e) of Article 2 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the "**Prospectus Regulation**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**"), for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

### 1. Principal Amount and Issuance of the Notes

The principal amount of the Notes is 500 million euros (EUR 500,000,000). The Issuer may later create and issue further notes having the same terms and conditions as the Notes, as further set out below under Condition 23 (*Further Issues*).

The Notes will be issued in dematerialised book entry form in the CSD system of Euroclear Finland Ltd ("**EFi**") (the "**CSD System**"), address Urho Kekkosen katu 5 C, FI-00100 Helsinki, Finland (or any system replacing or substituting the CSD system in accordance with the rules and decisions of EFi), in accordance with the Finnish legislation governing book-entry system and book-entry accounts as well as the rules and decisions of EFi. The Notes cannot be physically delivered.

The issuer agent (in Finnish *liikkeeseenlaskijan asiamies*) of the Notes referred to in the rules of EFi (the "**Issuer Agent**") and the paying agent of the Notes (the "**Paying Agent**") is Nordea Bank Abp.

The issue date of the Notes is 24 May 2024 (the "**Issue Date**"). The Notes will be offered for subscription in a minimum amount of EUR 100,000. The principal amount of each book-entry unit relating to the Notes (in Finnish *arvo-osuuden yksikkökoko*) is EUR 100,000. The number of the Notes is 5,000 or a higher number if the Issuer decides to increase the maximum principal amount of the Notes. Each Note will be freely transferable after it has been registered into the respective book-entry account.

## 2. Subscription of the Notes

The Notes shall be offered for subscription mainly to domestic and international institutional investors outside of the United States of America through a book-building procedure. The subscription period shall commence and end on 16 May 2024 (the "**Subscription Period**").

Bids for subscription shall be submitted during the Subscription Period to Danske Bank A/S, c/o Danske Bank A/S, Finland Branch, Kasarmikatu 21 B, FI-00075 DANSKE BANK, Finland, tel. +358 10 546 2070, Deutsche Bank Aktiengesellschaft, Taunusanlage 12, 60325 Frankfurt am Main, Germany, Nordea Bank Abp, Satamaradankatu 5, 00020 NORDEA, Finland, tel. +358 9 369 50880, OP Corporate Bank plc, Markets, Gebhardinaukio 1, FI-00510 Helsinki, Finland, telephone +358 (0)10 252 7970, and/or Skandinaviska Enskilda Banken AB (publ) c/o Skandinaviska Enskilda Banken AB (publ) Helsinki Branch, Eteläesplanadi 18, FI-00130 Helsinki, tel. +358 9 616 28000. during regular business hours.

Subscriptions made are irrevocable. All subscriptions remain subject to the final acceptance by the Issuer. The Issuer may, in its sole discretion, reject a subscription in part or in whole. The Issuer shall decide on the procedure in the event of over-subscription. After the final allocation and acceptance of the subscriptions by the Issuer each investor that has submitted a subscription shall be notified by the Bookrunners whether and, where applicable, to what extent such subscription is accepted.

Subscriptions shall be paid for as instructed in connection with the subscription. Notes subscribed and paid for shall be created by EFi and routed by the Issuer Agent to the book-entry securities system to be recorded to the respective book-entry accounts of the subscribers on a date advised in connection with the issuance of the Notes in accordance with the Finnish legislation governing book-entry system and book-entry accounts as well as rules and decisions of EFi.

## 3. Use of Proceeds

The Issuer shall use the proceeds from the issue of the Notes, less costs and expenses incurred by the Issuer in connection with the issue of the Notes, for (i) the purchase by the Issuer, in part or in whole, of the senior unsecured notes issued by the Issuer on 19 May 2021 with the maturity date of 19 May 2025 and ISIN code FI4000507132 that were offered for purchase on the basis of a tender offer process and accepted by the Issuer for purchase and (ii) refinancing and other general corporate purposes of the Group.

## 4. Issue Price

The issue price of the Notes is 99.630 per cent.

## 5. Interest

The Notes bear fixed interest at the rate of 4.750 per cent. per annum.

Interest on the Notes will be paid annually in arrears commencing on 24 May 2025 and thereafter on each 24 May (each an "**Interest Payment Date**") until the Redemption Date (as defined below). Interest shall accrue for each interest period from and including the first day of the interest period to and excluding the last day of the interest period on the principal amount of Notes outstanding from time to time. The first interest period commences on the Issue Date and ends on the first Interest Payment Date. Each consecutive interest period begins on the previous Interest Payment Date and ends on the following Interest Payment Date. The last interest period ends on the date when the Notes have been repaid in full.

Interest in respect of the Notes will be calculated on the basis of the number of days elapsed in the relevant interest period divided by 365, or, in the case of a leap year, 366 (actual / actual ICMA).

## 6. Redemption

The Notes shall be repaid in full at their nominal principal amount on 24 May 2029 (the "**Redemption Date**"), to the extent the Issuer has not prepaid or redeemed the Notes in accordance with Condition 9 (*Optional Redemption (call option)*), 10 (*Clean-up Call Option*), 11 (*Change of Control*), 12 (*Demerger*), 13 (*Redemption at the option of the Issuer due to the Noteholder's opposition of a Demerger*) or 15 (*Events of Default*) below.

## 7. Status and Security

The Notes constitute direct, unsecured, unguaranteed and unsubordinated obligations of the Issuer ranking pari passu among each other and with all other unsecured, unguaranteed and unsubordinated indebtedness of the Issuer, save for such obligations as may be preferred by mandatory provisions of law.

## 8. Payments

Interest on and principal of the Notes shall be paid in accordance with the Finnish legislation governing book-entry system and book-entry accounts as well as the rules and decisions of EFi.

Should any Interest Payment Date, the Prepayment Date or the Redemption Date fall on a date which is not a CSD Business Day, the payment of the amount due will be postponed to the next CSD Business Day. Any such change of the payment date shall not have an impact on the amount payable.

In these terms and conditions, "**CSD Business Day**" shall mean a day on which the CSD System is operative.

## 9. Optional Redemption (call option)

The Issuer may, at any time having given, not less than 10 nor more than 60 days' notice (an "**Optional Redemption Notice**") to the Noteholders in accordance with Condition 18 (*Notices*), (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all, but not part of the aggregate principal amount of the Notes issued on the relevant date (the "**Optional Redemption Date**") specified for redemption in the relevant Optional Redemption Notice at a redemption amount equal to:

(a) in the case of an Optional Redemption Date occurring before the date falling three (3) months prior to the Redemption Date, the Make-Whole Redemption Amount; or

(b) in the case of an Optional Redemption Date occurring on or after the date falling three (3) months prior to the Redemption Date, 100 per cent of their outstanding principal amount;

in each case together with accrued but unpaid interest up to (but excluding) the relevant Optional Redemption Date.

For the purpose of this Condition 9 (*Optional redemption (call option)*):

(a) "**Make-Whole Redemption Amount**" shall be calculated by the Issuer or on behalf of the Issuer by such a person as the Issuer shall designate and will be the greater of:

  i. 100 percent of the principal amount of the Notes to be redeemed; and

  ii. the sum of the then present values of each remaining scheduled payment of principal and interest from and including the Optional Redemption Date to the date falling three (3) months prior to the Redemption Date (for the avoidance of doubt, not including any interest accrued on the Notes to, but excluding, the relevant Optional Redemption Date) discounted to the relevant Optional Redemption Date on an annual basis at the Make-Whole Redemption Rate plus the Make-Whole Redemption Margin;

(b) "**Make-Whole Redemption Margin**" means 0.40 percent;

(c) "**Make-Whole Redemption Rate**" means with respect to the relevant Optional Redemption Date, the rate *per annum* equal to the annual yield to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price for the Reference Date;

(d) "**Reference Bond**" means DBR 0.25 Feb-29 / ISIN: DE0001102465;

(e) "**Reference Bond Dealer**" means each of the banks selected by the Issuer, or their affiliates which are (a) primary government securities dealers, and their respective successors, or (b) market makers in pricing corporate bond issues;

(f) "**Reference Bond Dealer Quotations**" mean, with respect to each Reference Bond Dealer and the relevant Optional Redemption Date, the arithmetic average, as determined by the Issuer or on behalf of the Issuer by such person as the Issuer shall designate, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) at 11.00 a.m. (Brussels time) on the Reference Date quoted by such Reference Bond Dealer; and

(g) "**Reference Bond Price**" means (a) the average of five (5) Reference Bond Dealer Quotations, after excluding the highest and lowest of such Reference Bond Dealer Quotations; or (b) if the Issuer obtains fewer than five (5) such Reference Bond Dealer Quotations, the average of all such Reference Bond Dealer Quotations; and

(h) "**Reference Date**" means the third ($3^{rd}$) Business Day (as defined in Condition 12 *(Demerger)*) prior to the Optional Redemption Date.

The calculations and determinations related to the Make-Whole Redemption Amount made by the Issuer or any party on behalf of the Issuer shall (save for manifest error) be final and binding upon all Noteholders.

## 10. Clean-up call option

If at any time the outstanding aggregate principal amount of the Notes is twenty-five (25) per cent or less of the initial aggregate principal amount of the Notes (as adjusted by the principal amount of any further issues of Notes under Condition 23 (*Further Issues*)), the Issuer may, at its option, at any time redeem all (but not only some) of the outstanding Notes at a price per Note equal to one hundred (100) per cent of the principal amount together with accrued but unpaid interest to, but excluding, the date fixed for redemption, subject to the Issuer having given the Noteholders not less than fifteen (15) nor more than forty-five (45) calendar days' prior notice (which notice shall be irrevocable and shall specify the date fixed for redemption) in accordance with Condition 18 (*Notices*).

## 11. Change of Control

If, after the Issue Date, either of the following events occurs (each, a "**Change of Control Put Event**"):

(a) a Change of Control occurs and, if at the start of the Change of Control Period, the Issuer is rated by any Rating Agency, a Rating Downgrade in respect of that Change of Control occurs within such Change of Control Period; or

(b) a Change of Control occurs and, on the occurrence of the Change of Control, the Issuer is not rated by any Rating Agency,

then the Noteholders will have the option (the "**Change of Control Put Option**") (unless, prior to, or simultaneously with, the giving of the Change of Control Put Event Notice (as defined below), the Issuer gives notice of its intention to redeem the Notes under Clause 9 (*Optional Redemption (call option)*)), to require the Issuer to redeem or, at the Issuer's option, to purchase or procure the purchase of the Notes held by the Noteholders who have required the redemption of the Notes (Change of Control Put), at 100 per cent. of the nominal principal amount, together with (or, where purchased, together with an amount equal to) accrued interest up to but excluding the applicable redemption date or purchase date, as applicable.

Promptly upon the Issuer becoming aware that a Change of Control Put Event has occurred, the Issuer shall give notice (a "**Change of Control Put Event Notice**") to the Noteholders in accordance with Clause 18 (*Notices*) specifying the nature of the Change of Control Put Event and the circumstances giving rise to it and the procedure for exercising the Change of Control Put Option contained in this Clause 11.

The Change of Control Put Event Notice shall specify the redemption date or purchase date, as applicable that is a Business Day and include instructions about the actions that a Noteholder needs to take if it wants Notes held by it to be redeemed, or at the Issuer's option, purchased. If a Noteholder has so requested, and acted in accordance with the instructions in the Change of Control Put Event Notice, the Issuer shall, or shall procure that the relevant Notes shall be redeemed or purchased, as applicable, by the Issuer or a person designated by the Issuer and the amount payable to a Noteholder shall fall due on the redemption date or purchase date, as applicable, specified in the Change of Control Put Event Notice. The redemption date or purchase date, as applicable, must fall no earlier than fifteen (15) Business Days and no later than forty-five (45) Business Days after the date of the Change of Control Put Event Notice.

For the purposes of this Clause 11:

"**Business Day**" means a day on which banks in Helsinki are open for general business;

"**Change of Control**" shall be deemed to have occurred if any person or group of persons acting in concert (other than the Republic of Finland or any agency or instrumentality of the Republic of Finland) gains control of the Issuer;

"**Change of Control Period**" means the period (i) commencing on the date that is the earlier of (A) the date of the first public announcement of the relevant Change of Control and (B) the date of the earliest Potential Change of Control Announcement (as defined below), if any, and (ii) ending on the date which is the 120th day after the date of the first public announcement of the relevant Change of Control (such 120th day, the "**Initial Longstop Date**"); provided that, unless any other Rating Agency has on or prior to the Initial Longstop Date effected a Rating Downgrade in respect of its rating of the Issuer, if a Rating Agency publicly announces, at any time during the period commencing on the date which is 60 days prior to the Initial Longstop Date and ending on the Initial Longstop Date, that it has placed its rating of the Issuer under consideration for rating review either entirely or partially as a result of the relevant public announcement of the Change of Control or Potential Change of Control Announcement, the Change of Control Period shall be extended to the date which falls 90 days after the date of such public announcement by such Rating Agency;

"**Rating Agency**" means Moody's Investors Service Limited, S&P Global Ratings Europe Limited or Fitch Ratings or any other rating agency of equivalent international standing specified from time to time by the Issuer, and, in each case, their respective successors or affiliates;

a "**Rating Downgrade**" shall be deemed to have occurred in respect of a Change of Control if, within the Change of Control Period, the rating previously assigned to the Issuer by any Rating Agency is (i) withdrawn or (ii) changed from an investment grade rating (Baa3 or BBB-, or its equivalent for the time being, or better) to a non-investment grade rating (Ba1 or BB+, or its equivalent for the time being, or worse) or (iii) if such rating previously assigned to the Issuer by any Rating Agency was below an investment grade rating (as described above), lowered by at least one full rating notch (for example, from Ba1 to Ba2 or BB+ to BB or their respective equivalents); and

"**Potential Change of Control Announcement**" means any public announcement or statement by the Issuer, any actual or potential bidder or any designated advisor thereto relating to any specific and near-term potential Change of Control (where "near-term" shall mean that such potential Change of Control is reasonably likely to occur, or is publicly stated by the Issuer, any such actual or potential bidder or any such designated advisor to be intended to occur, within 120 days of the date of such announcement or statement).

## 12. Demerger

12.1 If after the Issue Date, the Board of Directors of the Issuer has signed a plan for a Demerger (as defined below), the Issuer shall notify the Noteholders in accordance with Condition 18 (*Notices*) of the Demerger. Such notice must be published no later than on the date that the announcement of the Demerger is published in the form of a stock exchange release and such stock exchange release may serve as a notice to the Noteholders pursuant to this Condition 12.

12.2 On the Prepayment Date (as defined below), the Issuer shall prepay at 100 per cent. of the nominal principal amount (without any premium or penalty) of, and the interest accrued on, the Notes held by the Noteholders who have required prepayment of Notes held by them by a written notice to be given to the Issuer no later than fifteen (15) Business Days before the Prepayment Date. Interest on the Notes accrues until the Prepayment Date (excluding the Prepayment Date).

12.3 Any Noteholder whether or not it elects to exercise the right to require prepayment in the case of a Demerger is, by way of subscribing, purchasing, or otherwise acquiring Notes, deemed to have waived any and all statutory rights under Finnish law to oppose the Demerger in its capacity as a Noteholder.

12.4 Each Noteholder that elects to exercise the right to require prepayment in the case of a Demerger has to confirm in writing that it will not oppose the Demerger or, if it already has opposed the Demerger, is obliged to withdraw any notice of opposing the Demerger on the Prepayment Date at the latest, provided that the Issuer has paid the relevant redemption amount on the Prepayment Date. Further, without prejudice to the Noteholders' primary obligation to withdraw any notices opposing the Demerger, the Noteholders have by these terms and conditions irrevocably authorised the Issuer to represent them with respect to the Finnish Trade Register in order to withdraw the notices opposing the Demerger following the payment of the relevant prepayment amount.

"**Business Day**" means a day on which banks in Helsinki are open for general business;

"**Demerger**" means a demerger pursuant to Chapter 17 of the Finnish Companies Act (624/2006, as amended from time to time) (in Finnish *Osakeyhtiölaki*).

"**Prepayment Date**" means the date falling forty-five (45) Business Days after the publication of any notice referred to in sub-condition 12.1 above.

## 13. Redemption at the option of the Issuer due to the Noteholder's opposition of a Demerger

In the event that any Noteholder opposes a Demerger (which, for the avoidance of doubt, is not permitted by these terms and conditions), the Issuer may, by giving not less than ten (10) days' notice to the Noteholders in accordance with Condition 18 (*Notices*) (which notice shall be irrevocable and specify the redemption date), redeem the Notes held by the Noteholders who have opposed or shall oppose the Demerger. In such case the redemption shall take place at the nominal principal amount of the redeemed Notes together with any accrued interest but without any premium or penalty. Each such Noteholder is obliged to withdraw any notice of opposing the Demerger on the redemption date specified in the Issuer's notice at the latest, provided that the Issuer has paid the relevant redemption amount on such redemption date. Further, without prejudice to the Noteholders' primary obligation to withdraw any notices opposing the Demerger, the Noteholders have by these terms and conditions irrevocably authorised the Issuer to represent them with respect to the Finnish Trade Register in order to withdraw the notices opposing the Demerger following the payment of the relevant redemption amount.

## 14. Negative Pledge

So long as any Note remains outstanding, the Issuer shall not, and the Issuer shall procure that none of its Subsidiaries will, create any mortgage, charge, lien, pledge or other security interest to secure any other notes, bonds or other similar debt securities that are capable of being listed on a stock exchange or subject to trading in a regulated market or multilateral trading facility issued after the issuance of the Notes (or create any such security interest to secure any guarantee or indemnity over such notes or other securities), unless the granting of such security interest is required under Finnish law or other law governing such notes, bonds or other debt securities or unless prior to or simultaneously therewith the Issuer's obligations under the Notes either (a) are secured equally and rateably therewith or (b) have the benefit of such other security interest or other arrangement (whether or not it includes the granting of a security interest) as shall be approved by a resolution of the Noteholders (as referred to in Condition 17 (*Noteholders' Meeting and Procedure in Writing*)).

"**Subsidiary**" means for the purposes of these terms and conditions a subsidiary within the meaning of Chapter 1, Section 6 of the Bookkeeping Act (1336/1997, as amended) (in Finnish *Kirjanpitolaki*).

## 15. Events of Default

If an Event of Default (as defined below) occurs, any Noteholder may by a written notice to the Issuer declare the outstanding nominal principal amount of such Note together with the interest then accrued on such Note to be prematurely due and payable at the earliest on the tenth (10th) Business Day from the date such notice was received by the Issuer *provided* that an Event of Default is continuing on the date of receipt of the notice by the Issuer and on the specified early repayment date. Interest accrues until the early repayment date (excluding the early repayment date). The Issuer shall notify the Noteholders of any Event of Default (and the steps, if any, taken to remedy it) in accordance with Condition 18 (*Notices*) promptly upon becoming aware of its occurrence.

Each of the following events shall constitute an Event of Default:

(a) **Non-Payment**: Any amount of interest on or principal of the Notes has not been paid within five (5) Business Days from the relevant due date, unless the failure to pay is caused by a reason referred to in Condition 19 (*Force Majeure*).

(b) **Cross Default**: Any outstanding Indebtedness (as defined below) (including any amounts payable under guarantees given by the Issuer) of the Issuer or any of its Material Subsidiaries (as defined below) in a minimum amount of twenty million euros (EUR 20,000,000) or its equivalent in any other currency is accelerated prematurely because of default, howsoever described, or if any such Indebtedness is not repaid on the due date thereof or within any applicable grace period after the due date, or if any security given by the Issuer or any of its Material Subsidiaries for any such Indebtedness becomes enforceable by reason of an event of default. A Noteholder shall not be entitled to demand repayment under this sub-Condition (b) if the Issuer or any of its Material Subsidiaries has *bona fide* disputed the existence of the occurrence of an Event of Default under this sub-Condition (b) in the relevant court or in arbitration as long as such dispute has not been finally and adversely adjudicated against the Issuer or any of its Material Subsidiaries without any appeal period.

"**Indebtedness**" means, for the purposes of these terms and conditions, interest bearing debt (whether principal, premium, interest or other amounts) in respect of any notes, bonds or other debt securities or any borrowed money or the amount of any liability in respect of any lease contract which would in accordance with generally accepted accounting principles, standards and practices in force from time to time in Finland, including IFRS be treated as a finance or capital lease of the Issuer or any of its Material Subsidiaries.

(c) **Negative Pledge**: the Issuer does not comply with its obligations under Condition 14 (*Negative Pledge*).

(d) **Cessation of Business**: The Issuer ceases to carry on its current business in its entirety.

(e) **Winding-up**: An order is made or an effective resolution is passed for the winding-up (in Finnish *selvitystila*), liquidation or dissolution of the Issuer or any of its Material Subsidiaries except for (i) actions which are frivolous (in Finnish *perusteeton*) or vexatious (in Finnish *oikeuden väärinkäyttö*), or (ii) in the case of a Material Subsidiary, on a voluntary solvent basis.

(f) **Insolvency**: (i) The Issuer or any of its Material Subsidiaries becomes insolvent or is unable to pay its Indebtedness having an aggregate value of not less than twenty million euros (EUR 20,000,000) or its equivalent in any other currency as it falls due; (ii) or, by reason of actual or anticipated financial difficulties, the Issuer or any of its Material Subsidiaries commences negotiations with one or more of its creditors other than the Noteholders in their capacity as such with a view to rescheduling any of its Indebtedness or (iii) an application is filed for it being subject to bankruptcy (in Finnish *konkurssi*) or re-organisation proceedings (in Finnish *yrityssaneeraus*) (other than for the purposes of a demerger or other similar corporate reorganisation), or for the appointment of an administrator or liquidator of any of the Issuer's or its Material Subsidiaries' assets, save for any such applications that are contested in good faith and as long as such application has not been finally and adversely adjudicated against the Issuer or its Material Subsidiary without any appeal period.

"**Group**" means for the purposes of these terms and conditions a group (in Finnish *konserni*) within the meaning of Chapter 1, Section 6 of the Bookkeeping Act (1336/1997, as amended) (in Finnish *Kirjanpitolaki*).

"**Material Subsidiary**" means for the purposes of these terms and conditions, at any time, any Subsidiary of the Issuer:

(a) whose sales or total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent not less than ten (10) per cent. of the consolidated sales or the consolidated total assets of the Issuer's Group taken as a whole, all as calculated by reference to the then most recent audited financial statements of the Issuer's Group; or

(b) to which is transferred the whole or substantially the whole of the sales or assets and undertakings of a Subsidiary which, immediately prior to such transfer, was a Material Subsidiary.

## 16. Taxation

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed or levied by or on behalf of Finland or any political subdivision or authority of Finland having power to tax, unless the withholding or deduction of the Taxes is required by law. In such case, the Issuer shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. The Issuer will not be obligated to make any additional payments to the Noteholders in respect of such withholding or deduction.

## 17. Noteholders' Meeting and Procedure in Writing

(a) The Issuer may convene a meeting of Noteholders (a "**Noteholders' Meeting**") or request a procedure in writing among the Noteholders (a "**Procedure in Writing**") to decide on amendments of these terms and conditions or other matters as specified below. EFi must be notified of the Noteholders' Meeting or a Procedure in Writing in accordance with the rules of EFi.

(b) Notice of a Noteholders' Meeting and the initiation of a Procedure in Writing shall be published in accordance with Condition 18 (Notices) no later than ten (10) calendar days prior to the Noteholders' Meeting or the last day for replies in the Procedure in Writing. Furthermore, the notice or the initiation shall specify the time, place and agenda of the Noteholders' Meeting or the last day and address for replies in the Procedure in Writing (or if the voting is to be made electronically, instructions for such voting) as well as any action required on the part of a Noteholder to attend the Noteholders' Meeting or to participate in the Procedure in Writing. No matters other than those referred to in the notice of Noteholder's Meeting or initiation of the Procedure in Writing may be resolved upon at the Noteholders' Meeting or the Procedure in Writing.

(c) Only those who, according to the register kept by EFi in respect of the Notes, were registered as Noteholders on the end of the fifth (5th) CSD Business Day prior to the Noteholders' Meeting or the last day for replies in the Procedure in Writing on the list of Noteholders to be provided by EFi in accordance with Condition 18 (Notices), or proxies authorised by such Noteholders, shall, if holding any of the principal amount of the Notes at the time of the Noteholders' Meeting or the last day for replies in the Procedure in Writing, be entitled to vote at the Noteholders' Meeting or Procedure in Writing and shall be recorded in the list of the Noteholders present in the Noteholders' Meeting or participating in the Procedure in Writing.

(d) A Noteholders' Meeting shall be held in Helsinki, Finland, and its chairman shall be appointed by the Issuer. At the Issuer's discretion, a Noteholders' Meeting may also be held (or participation to a physical meeting enabled) by telecommunications or other electronical or technical means.

(e) A Noteholders' Meeting or a Procedure in Writing shall constitute a quorum only if one (1) or more Noteholders holding in aggregate at least fifty (50) per cent. of the principal amount of the Notes outstanding attend the Noteholders' Meeting or provide/provides replies in the Procedure in Writing. Any holdings of the Notes by the Issuer and any companies belonging to its Group are not included in the assessment whether or not a Noteholders' Meeting or a Procedure in Writing shall constitute a quorum.

(f) If, within thirty (30) minutes after the time specified for the start of the Noteholders' Meeting, a quorum is not present, any consideration of the matters to be dealt with at the Noteholders' Meeting may, at the request of the Issuer, be adjourned for consideration at a Noteholders' Meeting to be convened on a date no earlier than ten (10) calendar days and no later than forty-five (45) calendar days after the original meeting at a place to be determined by the Issuer. Correspondingly, if by the last day to reply the Procedure in Writing constitutes no quorum, the time for replies may be extended as determined by the Issuer. The adjourned Noteholders' Meeting or the extended Procedure in Writing shall constitute a quorum if one (1) or more Noteholders holding in aggregate at least ten (10) per cent. of the principal amount of the Notes outstanding is present or provide/provides replies in the Procedure in Writing.

(g) Notice of an adjourned Noteholders' Meeting or the extension of the time for replies in the Procedure in Writing, shall be given in the same manner as notice of the original Noteholders' Meeting or the Procedure in Writing. The notice shall also state the conditions for the constitution of a quorum.

(h) Voting rights of the Noteholders shall be determined according to the principal amount of the Notes held. The Issuer and any companies belonging to its Group shall not hold voting rights at the Noteholders' Meeting or the Procedure in Writing.

(i) Subject to Condition 17(l) below, resolutions shall be carried by a majority of more than fifty (50) per cent. of the votes cast.

(j) When consent from the Noteholders representing the requisite majority, pursuant to Condition 17(i) or Condition 17(l), as applicable, has been received in the Procedure in Writing, the relevant decision shall be deemed to be adopted even if the time period for replies in the Procedure in Writing has not yet expired.

(k) A representative of the Issuer and a person authorised to act for the Issuer may attend and speak at a Noteholders' Meeting.

(l) A Noteholders' Meeting or a Procedure in Writing is entitled to make the following decisions that are binding on all the Noteholders:

i. to amend these terms and conditions of the Notes; and

ii. to grant a temporary waiver on these terms and conditions of the Notes.

However, consent of at least seventy-five (75) per cent. of the amount of the votes cast in a Noteholders' Meeting or a Procedure in Writing is required to:

iii. decrease the principal amount of or interest on the Notes;

iv. extend the maturity of the Notes;

v. amend the requirements for the constitution of a quorum at a Noteholders' Meeting or Procedure in Writing; or

vi. amend the majority requirements of the Noteholders' Meeting or Procedure in Writing.

The consents can be given at a Noteholders' Meeting, in the Procedure in Writing or by other verifiable means.

The Noteholders' Meeting and the Procedure in Writing can authorise a named person to take necessary action to enforce the decisions of the Noteholders' Meeting or of the Procedure in Writing.

(m) Resolutions passed at a Noteholders' Meeting or in the Procedure in Writing shall be binding on all Noteholders irrespective of whether they have been present at the Noteholders' Meeting or participated in the Procedure in Writing, and irrespective of how and if they have voted.

(n) Resolutions passed at a Noteholders' Meeting or in the Procedure in Writing shall be notified to the Noteholders in accordance with Condition 18 (Notices). In addition, Noteholders are obliged to notify subsequent transferees of the Notes of the resolutions of the Noteholders' Meeting or the Procedure in Writing.

The Issuer shall have the right to amend the technical procedures relating to the Notes in respect of payments or other similar matters without the consent of the Noteholders, a Noteholders' Meeting or a Procedure in Writing. For the sake of clarity, any resolution at a Noteholders' Meeting or in a Procedure in Writing, which extends or increases the obligations of the Issuer, or limits, reduces or extinguishes the rights or benefits of the Issuer, shall be subject to the consent of the Issuer.

## 18. Notices

Noteholders shall be advised of matters relating to the Notes by a stock-exchange release or a press release. Any such notice shall be deemed to have been received by the Noteholders when published as a stock-exchange release or a press release.

The Issuer may also deliver notices relating to the Notes in writing directly to the Noteholders at the address appearing on the list of the Noteholders provided by Euroclear Finland in accordance with the below paragraph (or, e.g., through Euroclear Finland's book-entry system or account operators of the book-entry system). Any such notice shall be deemed to have been received by the Noteholders on the third (3rd) Business Day following dispatch.

Notwithstanding any secrecy obligation, the Issuer and the Issuer Agent shall, subject to the rules of EFi and applicable laws, be entitled to obtain information of the Noteholders from EFi and EFi shall be entitled to provide such information to the Issuer. Furthermore, the Issuer and the Issuer Agent shall, subject to the rules of EFi and applicable laws, be entitled to acquire from EFi a list of the Noteholders, provided that it is technically possible for EFi to maintain such a list. The Issuer shall be entitled, at the request of the Issuer Agent, to pass on such information to the Issuer Agent. Each Noteholder shall be considered to have given its consent to actions described above by subscribing, purchasing, or otherwise acquiring Notes.

Address for notices to the Issuer is as follows:

Finnair Plc
Tietotie 9
Vantaa
FI-01053 FINNAIR

## 19. Force Majeure

The Issuer, the Bookrunners, the Issuer Agent or the Paying Agent shall not be responsible for any losses of the Noteholders resulting from:

(a) action of any authorities, war or threat of war, rebellion or civil unrest;

(b) disturbances in postal, telephone or electronic communications or the supply of electricity which are due to circumstances beyond the reasonable control of the Issuer, the Bookrunners, the Issuer Agent or the Paying Agent and that materially affect operations of any of them;

(c) any interruption of or delay in any functions or measures of the Issuer, the Bookrunners, the Issuer Agent or the Paying Agent as a result of fire or other similar disaster;

(d) any industrial action, such as strike, lockout, boycott or blockade affecting materially the activities of the Issuer, the Bookrunners, the Issuer Agent or the Paying Agent even if it only affects part of the employees of any of them and whether any of them is involved therein or not; or

(e) any other similar force majeure or hindrance which makes it unreasonably difficult to carry on the activities of the Issuer, the Bookrunners, the Issuer Agent or the Paying Agent.

## 20. Prescription

In case any payment under the Notes has not been claimed by the respective Noteholder entitled to this payment within three (3) years from the original due date thereof, the right to such payment shall be forfeited by the Noteholder and the Issuer shall be permanently free from such payment.

## 21. Listing and Secondary Market

An application will be made to have the Notes listed on the main list of Nasdaq Helsinki maintained by Nasdaq Helsinki Ltd.

Offers to purchase and sell Notes may be submitted to the Bookrunners, but the Bookrunners are under no obligation to maintain a secondary market for the Notes.

## 22. Purchases

The Issuer may at any time purchase Notes in any manner and at any price. If purchases are made by tender, tenders must be available to all Noteholders alike (subject only to restrictions arising from mandatory foreign securities laws, if any).

The Issuer shall be entitled to cancel, dispose of or hold the Notes purchased in accordance with the first paragraph of this Condition 22.

## 23. Further Issues

The Issuer may from time to time, without the consent of and notice to the Noteholders, create and issue further notes having the same terms and conditions as the Notes in all respects (except for the first payment of interest on them, the issue price and/or the minimum subscription amount thereof) by increasing the issued and, if needed, also the maximum aggregate principal amount of the Notes or otherwise. For the avoidance of doubt, this Condition 23 shall not limit the Issuer’s right to issue any other notes.

## 24. Information

Copies of the documents relating to the Notes shall be available for inspection during office hours at the office of the Issuer at Tietotie 9, FI-01530 Vantaa.

## 25. Applicable Law and Jurisdiction

The Notes are governed by Finnish law.

Any disputes relating to the Notes shall be settled in the first instance at the District Court of Helsinki (in Finnish *Helsingin käräjäoikeus*).

## CERTAIN INFORMATION ON THE NOTES

*This overview is an overview of certain key features of the Notes. Any decision by an investor to invest in any Notes should be based on a consideration of this Prospectus as a whole, including the information incorporated by reference herein.*

*The management of Finnair Plc resolved on 16 May 2024 to issue senior unsecured notes with a principal amount of EUR 500 million based on the authorisation given by the Issuer's Board of Directors on 13 May 2024.*

*Words and expressions in this section shall have the meanings defined in the Terms and Conditions of the Notes unless otherwise stated.*

| | |
|---|---|
| Issuer: | Finnair Plc |
| Issuer's LEI code: | 213800SB6EOB8SSK9W63 |
| Joint Lead Managers: | Danske Bank A/S, Deutsche Bank Aktiengesellschaft, Nordea Bank Abp, OP Corporate Bank plc, Skandinaviska Enskilda Banken AB (publ) |
| Ranking of the Notes: | The Notes rank pari passu among each other and with all other unsecured, unguaranteed and unsubordinated indebtedness, save for such obligations as may be preferred by mandatory provisions of law. |
| ISIN code of the Notes: | FI4000571260 |
| Form of the Notes: | Euro denominated securities in dematerialised, book-entry form issued in the CSD system maintained by Euroclear Finland Oy.<br>The Notes will not be evidenced by any physical note or document of title other than statements of account made by Euroclear Finland Oy or its account operators (and that neither the Issuer, the Issuer Agent nor any other party will assume any responsibility for the timely and full functionality of the Finnish book-entry securities system). |
| Minimum subscription amount and denomination of a book entry unit: | EUR 100,000<br>EUR 100,000 |
| Number of Notes: | 5,000 |
| Depository and settlement system: | Euroclear Finland Oy, Urho Kekkosen katu 5 C, FI-00100, Helsinki, CSD system of Euroclear Finland Oy. |
| Entry of the Notes to the book-entry system | Notes subscribed and paid for have been entered by the Issuer Agent to the respective book-entry accounts of the subscribers on 24 May 2024 in accordance with the Finnish legislation governing book-entry system and book-entry accounts as well as regulations and decisions of Euroclear Finland Oy. |
| Transferability: | Each Note will be freely transferable after it has been registered into the respective book-entry account. |
| Issue price and yield of the Notes: | Issue price of 99.630 per cent. and yield of 4.835 per cent. |
| Issue Date: | 24 May 2024. |
| Final Maturity Date: | 24 May 2029. |

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|---|---|
| Interest on the Notes: | 4.750 per cent per annum.<br><br>The interest on the Notes will be paid annually in arrears commencing on 24 May 2025 and thereafter annually on each 24 May until the Notes have been repaid in full. |
| Issuer Agent: | Nordea Bank Abp. |
| Publication date: | The result of the Offering was announced on 16 May 2024. |
| Listing: | Application has been made to have the Notes listed on the official list of the Helsinki Stock Exchange.<br><br>The Notes are expected to be listed on or about 29 May 2024, provided that the Helsinki Stock Exchange approves the application. |
| Interests of the participants of the Offering: | The interests of the Joint Lead Managers are normal business interests in the financial markets. The Joint Lead Managers were paid a fee by the Issuer in respect of the Offering and issue of the Notes.<br><br>The Joint Lead Managers and other entities within the same group and/or their respective affiliates have performed, and may in the future perform, advisory, consulting and/or banking services for Finnair in the ordinary course of their business for which they have received, or will receive, customary fees and expenses. In addition, certain Joint Lead Managers also act as dealer managers in a tender offer relating to the Existing Notes. Furthermore, certain of the Joint Lead Managers or their respective affiliates have acted and may in the future act as arrangers or lenders under certain facility agreements of Finnair for which they have received, or will receive, customary fees and expenses. The Joint Lead Managers and their respective affiliates may hold long or short positions, and may trade or otherwise effect transactions, for their own account or the accounts of their customers, in debt or equity securities of the Issuer. |
| Estimated total expenses and net proceeds related to the Offering and Listing: | The estimated total expenses incurred in connection with the Offering and the Listing amount in aggregate to approximately EUR 2.0 million.<br><br>The net proceeds from the Offering, after deduction of the fees and expenses payable by the Issuer, was approximately EUR 496.15 million. |
| Reason for the issuance of the Notes: | The Issuer’s reason for the issuance of the Notes is to use the net proceeds from the issue of the Notes, less costs and expenses incurred by the Issuer in connection with the issue of the Notes, for (i) the purchase by the Issuer, in part or in whole, of the senior unsecured notes issued by the Issuer on 19 May 2021 with the maturity date of 19 May 2025 and ISIN code FI4000507132 that were offered for purchase on the basis of a tender offer process and accepted by the Issuer for purchase and (ii) refinancing and other general corporate purposes of the Group. |
| Applicable law: | Finnish law. |

## BUSINESS OF THE COMPANY

### General

The business name of the Company is Finnair Plc and it is domiciled in Helsinki, Finland. The Company is a public limited liability company incorporated on 1 November 1923 in Finland and it is organised under the laws of Finland. The Company is registered with the Finnish Trade Register under the business identity code 0108023-3. The Company's legal entity identifier code (LEI) is 213800SB6EOB8SSK9W63. The registered address of the Company is Tietotie 9 A, FI-01530, Vantaa, Finland, and its telephone number is +358 600 081 881. In accordance with section 2 of the Company's Articles of Association, the Company's field of business is to operate an airline by transporting passengers, cargo, and mail and to buy, sell, import, export, transport, store, lease and repair aircraft and their parts and supplies and to buy, sell, import, export, transport and store fuels and lubricants, and to provide hotel, forwarding, travel agency and other business operations relating to travelling and airline operations, as well as finance and insurance brokerage services and business operations related to the above. The Company may also engage in, or support, activities that are aimed at ensuring the acceptability, and thereby the long-term profitability, of its business by increasing the positive effects and reducing the negative effects of its business on the environment and society. The Company may conduct its business through subsidiaries, associated companies and joint ventures.

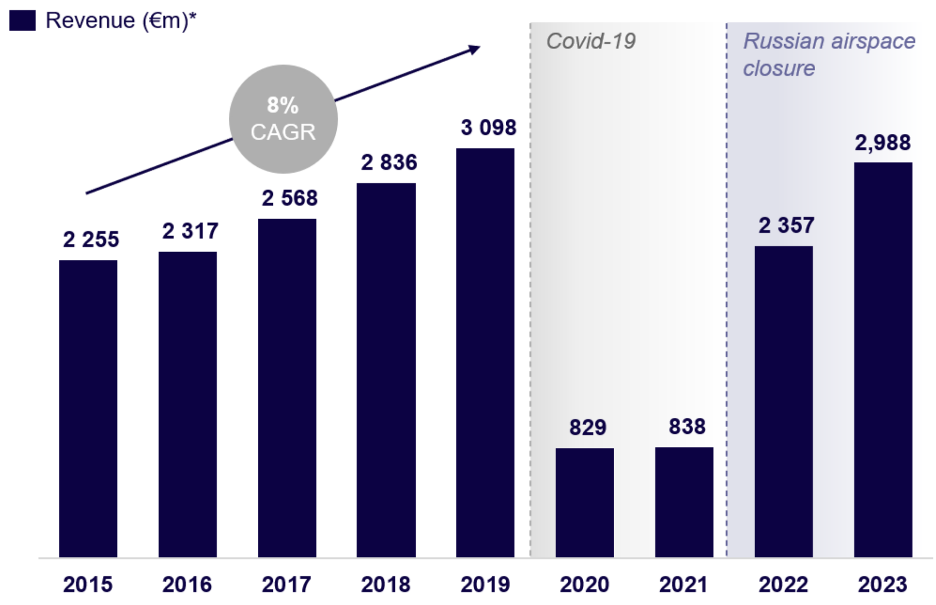
Finnair is the flag carrier of, and also the largest airline in, Finland[7]. Finnair's route network connects Europe, North America, Asia and the Middle East through its hub at the Helsinki Airport. Finnair specialises in passenger and air cargo traffic between Europe, North America, Asia and the Middle East, and offers package tours under its Aurinkomatkat-Suntours brand. Finnair offers direct flights to approximately 40 countries, and over 100 destinations. During the first three months of 2024, Finnair served 67 destinations in Europe, 5 destinations in North America, 10 destinations in Asia and 4 destinations in the Middle East[8].

Since early 2020, the COVID-19 pandemic and, since February 2022, the closure of Russian airspace have impacted Finnair's business, results of operations and financial position significantly. The effects of the COVID-19 pandemic on Finnair's business started to subside in 2022 with the easing of the COVID-19 pandemic and the related restrictive measures. However, the closure of Russian airspace is expected to impact the Company's flights to Asia also in the future. As a result of the COVID-19 pandemic, in 2020 and 2021 Finnair's revenue was EUR 829 million and EUR 838 million, respectively. However, in 2022 Finnair's revenue increased to EUR 2,357 million, and in 2023 Finnair's revenue reached EUR 2,988 million. In 2023, Finnair operated at an average capacity of approximately 81 per cent., including wet leases, compared to the pre-pandemic full year 2019, measured in ASK[9].The following graph describes Finnair's revenue over the periods indicated (EUR, millions):

[7] In terms of revenue and number of passengers.

[8] Stockholm-Arlanda and Stockholm-Bromma, Milan-Malpensa and Milan-Linate, Tokyo-Haneda and Tokyo-Narita airports and flights between Doha and Helsinki, Arlanda and Copenhagen are considered separate destinations. Including domestic.

[9] The distance-based reported traffic figures are based on the great circle distance, which refers to the shortest distance between two points on the surface of a sphere, measured along the surface of the sphere. Therefore, the distance-based reported traffic figures do not reflect the longer Asian routings caused by the closure of Russian airspace. As a result, they are not fully comparable with the figures prior to the closure of Russian airspace. During 2023, if the reported ASK were to be adjusted, taking into account the longer sector lengths, the ASK would have been approximately 15 per cent higher.




* Revenue figures for each financial year are audited except for 2018 which is unaudited. Audited revenue for 2018 is EUR 2,835 million. Difference between the presented revenue and audited revenue for 2018 is due to change in accounting principles in 2019 as a result of which customer compensations are recognized in expenses instead of revenue. The amount of the adjustment has been approximately EUR 1.5 million for each financial year beginning from 2018. The revenue figures are comparable between 2015-2023 apart from the approx. EUR 1.5m adjustment. CAGR = Compound annual growth rate.

Due to the impacts of the COVID-19 pandemic and the closing of Russian airspace, Finnair renewed its 2020–2025 strategy in September 2022. The new strategy was further updated during the second quarter of 2023, as the Company had already successfully implemented many of the key actions set for the strategy period. The updated strategy remains focused on maintaining profitability and retaining the competitiveness of Finnair regardless of the closure of Russian airspace. As a result of the successful execution of its strategy, Finnair has been able to set an increased strategic profitability target to reaching a comparable operating profit margin[10] of 6 per cent by the end of 2025 (previously, 5 per cent from mid-2024 onwards). The updated strategy is built on the following themes: customer-centric commercial and operational excellence, balanced growth supported by optimised fleet, continuous cost efficiency to ensure competitiveness, being among industry sustainability leaders, building a sustainable balance sheet and adaptable Finnair culture driven by engaged people. The Company's management believes that Finnair has demonstrated its ability to successfully adapt its operations in a challenging operating environment on its way back to profitability, which positions Finnair well to benefit from the current positive momentum in the airline industry.

Finnair is part of the oneworld™ alliance, and it also has a deeper cooperation with some of its oneworld™ airline partners through its membership in the Siberian Joint Business (SJB) on flights between Europe and Japan and in the Atlantic Joint Business (AJB) on flights between Europe and North America. The membership in the oneworld™ alliance broadens Finnair's global network to more than 900 destinations in more than 170 countries. In addition, Finnair has signed an aircraft lease agreement with its oneworld™ partner, Qantas. According to the agreement, Finnair has wet leased two A330 aircraft together with crew for two years starting in October 2023 and early 2024, and will dry lease two A330 aircraft without crew to Qantas for two and half years starting late 2025. In the fourth quarter of 2022, Finnair also started a long-term strategic cooperation with another oneworld™ partner, Qatar Airways, for flights from Copenhagen, Stockholm and Helsinki to Doha. The cooperation is supported by a comprehensive codeshare agreement with shared passenger and air cargo capacity between both airlines. Further to these oneworld™ partnerships, Finnair and Juneyao Air, an airline that does not belong to the oneworld™ alliance, commenced a joint business in 2021 for flights between Helsinki and Shanghai. This joint business, which is limited to flights between Helsinki and Shanghai, is also designed to operate as a feeder to Finnair's European destinations as well as to several destinations in China. Joint businesses entail certain coordination of prices, capacity and schedules on specific routes in accordance with applicable competition laws.

[10] Comparable operating profit margin is the same performance measure as Comparable operating result, % of revenue (Comparable EBIT margin).

According to Finnair's management's view, membership in the oneworld$^{TM}$ alliance, joint businesses and other cooperation partners strengthen Finnair's competitiveness and reduce the risks related to international expansion. For customers, they provide an even broader choice of destinations as well as more flexible routing and pricing options. For airlines, joint businesses are a way to gain benefits typically associated with consolidation in a highly competitive industry without actual mergers, acquisitions or equity transfers between partners.

**Key Strengths**

***Finnish flag carrier with well invested Helsinki hub***

Finnair is the Finnish flag carrier, offering a broad range of domestic and international routes to Europe, North America, Asia and the Middle East. With its extensive network, Finnair provides important connections within Finland, as well as international connectivity to both domestic and international travellers with focus on exceptional customer offering and service. Finnair's home hub is the award-winning Helsinki Airport where the Company is the leading operator with a 78 per cent presence based on capacity.[11] Finavia Corporation, a Finnish state-owned company, has recently carried out extensive modernisation and capacity extension renovation at the Helsinki Airport, due to which the airport now has a maximum capacity totalling up to 30 million passengers a year[12] providing a base for long-term growth potential for Finnair. The Helsinki Airport offers a modern travel experience and its average departure punctuality was 78 per cent, compared to the European average of 70.6 per cent in 2023.[13] Further, three dedicated Finnair lounges serve Finnair's business class travellers and 4.8 million Finnair loyalty programme members, offering a premium customer experience.

The Helsinki Airport was selected for the fifth time in the past six years as the best airport in Europe in terms of customer experience in the 15–25 million passenger size category by its customers in the ASQ Awards (ASQ, Airport Service Quality). The award was given based on an annual international survey involving 400 airports in 95 countries and the award is based on a continuous measurement of customer satisfaction and service quality[14].

***Global network and optimised fleet to serve a growth market***

Following the COVID-19 pandemic and the closure of Russian airspace, Finnair reallocated its network by increasing its offering in North America and the Middle East (jointly 20 per cent of ASKs in 2023 when compared to 10 per cent in 2019) and balancing the weight of Asian destinations (35 per cent of ASKs in 2023 when compared to 49 per cent in 2019).[15] Finnair now benefits from a balanced and diversified global network across Europe, North America, Asia and the Middle East, which has contributed positively to Finnair's profitability in 2022 and 2023. Finnair complements its network of over 100 destinations with well-established alliances, joint businesses and partnerships, which provide Finnair with access to a large global customer base and a global product and service offering covering over 900 destinations in over 170 countries. Finnair's fleet is well positioned to serve Finnair's network requirements in the future with a fleet average age of 13.5 years (including fleet operated by Nordic Regional Airlines Oy ("**Norra**")). Finnair's modern and fuel-efficient wide-body fleet consists of 25 aircraft and narrow-body fleet of 30 aircraft, of which 50 per cent comprise high-capacity A321s[16]. In addition, Finnair has 24 aircraft designed for regional use, operated by Norra.

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[11] Source: Cirium Diio Mi -database. Based on 2023 ASK for carriers' non-stop passenger flights from respective hub.

[12] Source: Finavia. Finavia's investment: Helsinki Airport Development Programme 2013–2023.

[13] Source: Eurocontrol Aviation Intelligence Unit (AIU), Performance Review Unit (PRU), Daily Punctuality - Airports. European average includes 30 major European airports.

[14] In the ASQ survey, air passengers evaluate 30 different service categories at different stages of the passenger journey. These include guidance, customer service and check-in, as well as shopping and dining options. Every year, about 4,000 air passengers are interviewed at Helsinki Airport for the survey.

[15] North America represented 12 per cent of ASK in 2023 and 9 per cent in 2019, whereas Middle East represented 8 per cent in 2023 and 1 per cent in 2019. Europe represented 41 per cent in 2023 and 37 per cent in 2019 and domestic represented 4 per cent in 2023 and 4 per cent in 2019.

[16] As at 31 March 2024, Finnair's wide-body fleet consisted of 17 Airbus A350 and 8 Airbus A330.

Air passenger travel is estimated to return to a long-term growth track. Between 2023 and 2040, the number of air passengers is forecast to increase by 4.2 per cent annually.[17] Finnair's management believes that Finnair's fleet, with its award-winning wide-body fleet cabins, in addition to operational measures, such as network optimisation and wet leasing, offer Finnair flexibility to increase capacity without incurring significant additional cost. This supports Finnair's growth strategy to grow in line with the market.

***Strategic initiatives delivering strong performance***

During the third quarter of 2022, Finnair renewed its 2020–2025 strategy due to the impacts of the COVID-19 pandemic and the closing of Russian airspace. During the second quarter of 2023, Finnair further updated its strategy (see "*– Strategy*"), as the Company had already successfully implemented many of the key actions set for the strategy period such as optimising the fleet to the current network, a more geographically balanced network and leveraging new partnerships. The updated strategy remains focused on maintaining profitability and retaining the competitiveness of Finnair regardless of the closure of Russian airspace. Following the combined effect of Finnair's operational initiatives and an improved market environment, Finnair's unit revenues have strengthened significantly in 2022 and in 2023. Key operational initiatives include investments in direct sales, modernising distribution and leveraging partnerships to manage costs and strengthen additional sales. Simultaneously, Finnair has implemented cost-efficiency measures to manage fleet costs through purchasing previously leased aircraft, reducing turnaround times and shifting patterns of short-haul flying to increase aircraft utilisation and revisiting the terms of certain suppliers and streamlining support functions. Further, Finnair has already achieved EUR 200 million structural cost savings introduced during the COVID-19 pandemic.

Finnair's sustainability strategy is embedded into the group strategy, brand, operations and operational development. Finnair's long-term goal is carbon neutrality by 2045. In addition, Finnair has committed to cooperate with the Science Based Targets initiative (SBTi) to bring $CO_2$ emissions reduction targets in line with the UN' Paris Climate Agreement. During the first quarter of 2024, Finnair submitted short-term $CO_2$ intensity reduction targets to SBTi for validation. As an example of already achieved sustainability targets, in 2022 Finnair managed to reduce the amount of plastic waste by halve compared to 2018 figures. Working its way towards the sustainability targets and more sustainable aviation, Finnair's actions include, among other things, measures to modernise Finnair's aircraft, increase the use of sustainable aviation fuel and improve operational efficiency (see also *"– Strategy – Among Industry Sustainability Leaders*".

Finnair's focus on customer-centric excellence has been reflected in key operational metrics as Finnair has operated with a high level of regularity and on-time performance over the recent years and most recently with a regularity of 99.4 per cent while maintaining a high on-time performance of 80.9 per cent during 2023[18]. During the first quarter of 2024, strikes in Finland and in Europe negatively affected Finnair's on-time performance in addition to which the performance was burdened by winter weather conditions, landing at 75 per cent.

Further, Finnair has been able to maintain a consistently high net promoter score (NPS) between 2019 and 2023 (NPS of 35 in 2023 and 34 for the first quarter of 2024) demonstrating its ability to deliver high-class customer experience. Finnair has been awarded the Best Airline in Northern Europe at the World Airline Awards by Skytrax[19] by thirteen times in a row. Finnair was rated by its customers to receive the highest star rating, a Five Star Global Official Airline Rating, from the Airline Passenger Experience Association (APEX)[20] in 2023.

***Attractive financial outlook and aim to continue profitable, cash generative growth***

During Q2 2023, Finnair updated its strategy extending to 2025, as the company had already executed many of the actions planned for the strategy period. The strategy, published in September 2022, was aimed at restoring

[17] Source: International Air Transport Association, Global Outlook for Air Transport, December 2023.

[18] Based on Finnair's metrics. Regularity refers to share of flights not cancelled. On-time performance refers to share of flights arriving within 15 minutes of schedule. Cancellations are included and taken as not on-time.

[19] The World Airline Awards by Skytrax is annual airline passenger satisfaction survey. The survey analyzed customer satisfaction for the overall airline customer experience, at both the airport and on board the aircraft.

[20] An airline rating program based on certified passenger feedback.

profitability and maintaining Finnair's competitiveness regardless of the closed Russian airspace. It targeted a comparable operating profit level of at least 5 per cent from mid-2024 onwards. In its strategy update in Q2, Finnair set a new financial target, which is a comparable operating profit margin[21] of 6 per cent by the end of 2025. The successful implementation of Finnair's strategic initiatives demonstrate the Company's ability to deliver on its potential for profitable and cash generative growth, with the Company delivering a comparable operating profit margin of 6.2 per cent in 2023 (-7.0 per cent in 2022) and operating net cash flow of EUR 472.3 million 2023 (EUR 259 million in 2022).

Furthermore, S&P Global Ratings indicated in their Research Update on Finnair dated 23 April 2024 that they expect to see continued robust demand for air travel and lingering supply-side constraints, supporting high yields in 2024 which will help Finnair to largely offset inflationary pressures on its cost base and maintain S&P Global Ratings-adjusted EBITDA in 2024 close to the 2023-level of about EUR 525 million and its target EBIT margin of about 6 per cent. S&P Global Ratings also viewed positively Finnair's strengthened balance sheet, ample cash position, capacity to generate free cash flows and further deleverage, and their base-case forecast indicated adjusted funds from operations (FFO) to debt of at least 20 per cent in 2024.[22]

**Strategy**

The COVID-19 pandemic and measures undertaken by local and national authorities due to the COVID-19 pandemic impacted Finnair's operations significantly since the beginning of the COVID-19 pandemic in 2020. The effects of the COVID-19 pandemic on Finnair's business started to ease in 2022 as the COVID-19 pandemic situation improved resulting in less restrictive measures, as a consequence. In 2023, the impacts of the COVID-19 pandemic on Finnair's operations were already mild, although travel to China, opened for travel in early 2023, remained limited partly due to the COVID-19 aftermath. In 2024, the impacts of the COVID-19 pandemic on Finnair's operations were very mild given that there have been no restrictions on flying to countries in which Finnair operates, although according to Finnair's management's view, the COVID-19 pandemic has some indirect impact on Finnair's operations in certain Asian countries where demand for travelling has not returned to the levels preceding the COVID-19 pandemic.

On the other hand, the war in Ukraine and the consequent closure of Russian airspace to all 27 European Union countries, as well as the United States, the United Kingdom and Canada in February 2022 presented another challenge for Finnair. The closure of Russian airspace lengthened Finnair's flight times from Helsinki Airport to Asian megacities considerably (15–40 per cent), which meant a fundamental change in Finnair's operating environment and a reassessment of the entirety of Finnair's Asian traffic, requiring adjustments to Finnair's operations and introduction of a new strategy. Finnair has, however, continued to operate to and from most of its Asian destinations, focusing on the routes deemed profitable despite the longer routings. The Asian capacity, measured in ASKs, was 55 per cent (12,752) in 2023 compared to capacity in 2019 (23,304).[23] The longer routings have increased unit costs considerably, but the Asian market yields have remained at a good level, thanks to the strong demand as well as constrained capacity caused by the global labour shortage and operational challenges due to longer flight times.

Due to the impacts of the COVID-19 pandemic and the closure of Russian airspace, Finnair renewed its 2020–2025 strategy in September 2022. During the second quarter of 2023, Finnair further updated its strategy, as the Company had already successfully implemented many of the key actions for the strategy period. The updated strategy remains focused on maintaining profitability and retaining the competitiveness of Finnair regardless of the closure of Russian airspace. Finnair set an increased strategic profitability target to reaching a comparable

[21] Comparable operating profit margin is the same performance measure as Comparable operating result, % of revenue (Comparable EBIT margin).

[22] S&P Global Ratings Research Update on Finnair dated 23 April 2024.

[23] The distance-based reported traffic figures are based on the great circle distance, which refers to the shortest distance between two points on the surface of a sphere, measured along the surface of the sphere. Therefore, the distance-based reported traffic figures do not reflect the longer Asian routings caused by the closure of Russian airspace. As a result, they are not fully comparable with the figures prior to the closure of Russian airspace. During 2023, if the reported ASK were to be adjusted, taking into account the longer sector lengths, the ASK would have been approximately 15 per cent higher.

operating profit margin[24] of 6 per cent by the end of 2025 (previously, 5 per cent from mid-2024 onwards) and to restore the company's ability for shareholder distributions from 2025 onwards.

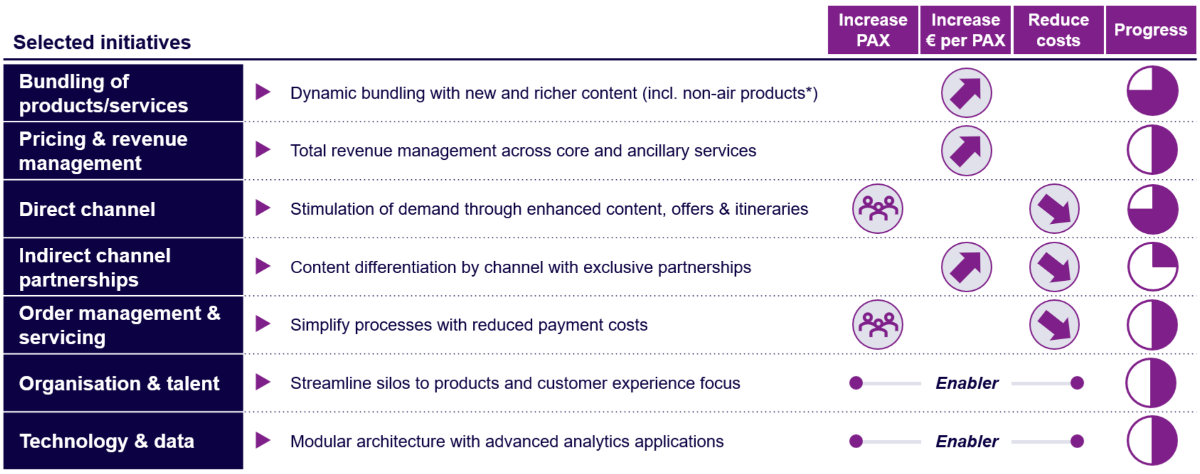
In November 2023, Finnair carried out a rights issue of EUR 570 million. The gross proceeds from the rights issue were used to strengthen Finnair's balance sheet and financial position to better manage its outstanding financial liabilities, support the implementation of its strategy to drive sustainable profitable growth and ensure its ability for future investments.

Finnair believes that the key actions to achieve the comparable operating profit margin of 6 per cent include:

- Customer-centric commercial and operational excellence
- Balanced growth supported by optimised fleet
- Continuous cost efficiency to ensure competitiveness
- Among industry sustainability leaders
- Building a sustainable balance sheet
- Adaptable Finnair culture driven by engaged people

***Customer-Centric Commercial and Operational Excellence***

Finnair has significantly increased the share of direct distribution (from one-third to approximately two-thirds when compared to the pre-pandemic level), improved its digital sales capability, and developed revenue optimisation and partner utilisation. Finnair now focuses on customer-centric and data-driven sales, as well as strengthening customer relationships and customer engagement in all customer segments. Safety and on-time performance remain at the core of Finnair's operational quality. Finnair also invests in the use of analytics and data to provide a smooth and personalised travel experience. The role of digital services is already a key part of Finnair's offering, and its importance is expected to continue to grow. The following graph describes the value creation through customer-centric commercial and operational excellence initiatives as well as the current progress of each initiative, as envisaged by the Company:




Note: PAX = passenger. *Not all non-air revenue necessarily leading to increased PAX.

Finnair's strategy also emphasises the utilisation of joint businesses (Atlantic Joint Business and Siberian Joint Business with airline partnerships as well as joint business with Juneyao Air). This highlights oneworld™ partners such as American Airlines and Alaska Airlines in North America, Qatar Airways in the Middle East, Japan Airlines on routes to Japan and Qantas on new routes connecting Australia and Asia. Finnair's partnerships provide

[24] Comparable operating profit margin is the same performance measure as Comparable operating result, % of revenue (Comparable EBIT margin).

Finnair's customers with an extensive global network and, on the other hand, significantly strengthen the Company's distribution power.

Management of Finnair believes that product and service quality are still differentiating factors for Finnair, and high-quality and punctual operations play an important role in this. Finnair's long-haul traffic emphasises a high-quality, differentiating travel experience, while smoothness, simplicity and efficiency are key to intra-European traffic. As a part of its customer-choice model, Finnair is providing more optionality and more personalised services to customers. During the first half of 2023, Finnair introduced a new Superlight ticket, replacing the Economy Light ticket for Finnair's European flights and in 2024, a new PrioFlex ticket type for corporate customers. The Company also made changes to baggage allowances while enhancing the control of cabin baggage rules. These changes are aimed at supporting Finnair's strategy by streamlining flight operations, improving on-time performance and extending the selection of ancillary services. Finnair is also continuing its investment of EUR 200 million in the renewal of its long-haul cabins with the aim to refurbish all cabins in Finnair's wide-body aircraft by the summer of 2024 in order to enhance the customer experience as well as an expansion of lounge premises on the Schengen side of the Helsinki Airport, which is expected to open in the summer of 2024.

In 2023, the company announced changes to the Finnair Plus programme, which will bring new benefits to its members and new opportunities to collect and use frequent flyer currency. In March 2024, the programme moved to a new spend-based platform. Programme members collect Avios loyalty currency. Avios is a frequent flyer currency used by Finnair's oneworld™ partner frequent flyer programmes British Airways Executive Club, Qatar Airways Privilege Club and Iberia Plus.

***Balanced Growth Supported by Optimised Fleet***

Due to the closure of Russian airspace, Finnair lost its most notable geographical advantage for an uncertain period of time, as flying around Russia lengthens the routings between Finnair's home airport and the central megacities in Japan, South Korea and China by 15–40 per cent, depending on the destination. Consequently, transfer traffic via Helsinki between Asia and Europe, which was the basis of the previous strategy, plays a smaller role in the current strategy. With its new strategy, Finnair is placing more emphasis on a geographically balanced network in Europe, North America and Asia, including added focus on the Middle East. However, despite the longer routings, Finnair continues to serve key Asian markets, focusing on the most profitable routes. With the new strategy, Finnair has sought to optimise its European network and traffic structure to increase efficiency, among other things, by changing flight schedules to optimise the utilisation of capacity.

Following the closure of Russian airspace, Finnair has, among other things, entered into wet lease agreements with its airline partners, as well as established a strategic cooperation with its oneworld™ partner Qatar Airways, in order to address its excess capacity. With these measures, the optimisation of Finnair's fleet, in terms of the number and type of aircraft, is considered completed for the current strategy period extending to 2025. Faster turnarounds at airports, improved aircraft utilisation (including strategic leasing of aircraft), as well as the next A350 delivery in Q4 2024, are designed to enable Finnair to grow in line with the market and increase capacity at a competitive cost level despite the capacity constraints prevailing in the aircraft market.

***Continuous Cost Efficiency to Ensure Competitiveness***

Continuing to operate profitably, especially following the closure of Russian airspace, requires continuous management of the cost base. The Company is currently moving from programme-based cost reductions towards continuous cost efficiency improvement to ensure its competitiveness and the opportunity to invest in customer experience also in the future. Finnair has continued to advance existing savings projects and also worked on new projects that, among other things, utilise the opportunities offered by artificial intelligence. Further, the purchase of six previously leased A321 aircraft in late 2023 is expected to have an annual positive impact of more than EUR 20 million on both profit before taxes and cash flow over the next few years. Also, the additional pension premium loan repayment of EUR 120 million during Q4 2023 is expected to have a positive impact on profit before taxes amounting to approximately EUR 3 million in 2024 in the form of lower net interest costs. According to the Issuer's management, Finnair has lower unit costs than major European airlines.

***Building a Sustainable Balance Sheet***

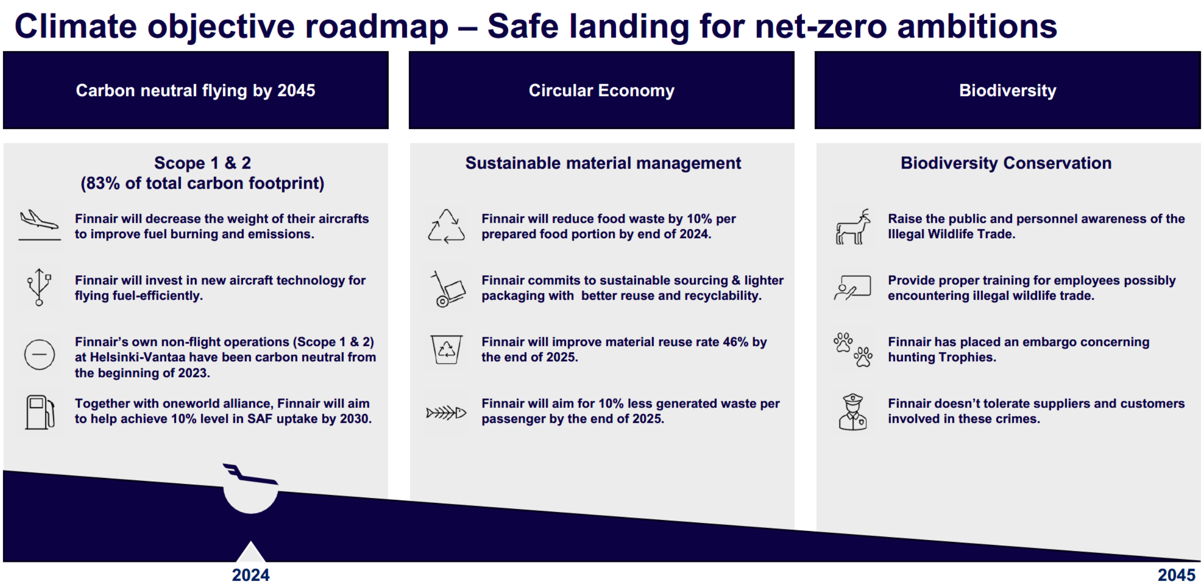
In building a sustainable balance sheet, Finnair considers it essential to maintain the profitability of the business it has achieved. This strengthens equity and improves cash flows, which enables debt repayment and, thus, the gradual building of a sustainable balance sheet. This strategy theme is also built into Finnair's other strategy themes.

In 2023, Finnair has taken significant steps to improve its balance sheet. In November 2023, it carried out a rights issue of EUR 570 million to strengthen its balance sheet and financial position. With the proceeds, Finnair repaid the remaining amount of the capital loan granted by the State of Finland together with total interests and other fees, totalling EUR 130 million, and repaid an additional tranche of EUR 120 million of its pension premium loan in addition to the scheduled tranches totalling EUR 200 million. It also purchased six narrowbody aircraft previously on lease to the company for more than EUR 200 million. Further, Finnair redeemed the 200-million-euro hybrid bond at the beginning of September, driven by clearly improved profitability. For the same reason, it also recognised a total of EUR 145 million of deferred tax assets related to 2020–2022 tax losses.

***Among Industry Sustainability Leaders***

Finnair's commitment to sustainability is reflected in its strategy and purpose, as well as its values of commitment to care, simplicity, courage and working together. Finnair is committed to continuously and systematically develop its operations in every aspect of sustainability. The Company aims to be one of the most sustainable airlines in air traffic. To achieve this, Finnair must perform visible and effective acts to promote social and environmental sustainability, as well as cooperate closely with its partners and its entire supply chain. Sustainability is an integral part of all of Finnair's operations, and in its Sustainability Strategy, the Company focuses on its Purpose and Environment.

Finnair's long-term goal is carbon neutrality by 2045. Key measures in sustainability work at Finnair include modernising Finnair's aircraft, both by renewing the fleet and by improving the characteristics of the existing fleet, increasing the use of sustainable aviation fuel and improving operational efficiency. The following graph describes Finnair's climate objective high-level roadmap until 2045, as envisaged by the Company:




Notes: The improvement of material reuse rate by 46% objective is in comparison to year 2022. The decrease of generated waste per passenger by 10% objective is in comparison to year 2019.

In 2022, Finnair committed to cooperating with the Science Based Targets initiative (SBTi) to bring its emissions targets in line with the Paris Agreement. SBTi requires airlines to decarbonise through their own operations, so it does not take into account off-industry carbon credits or other market-based mechanisms such as the emissions trading system. In line with SBTi's requirements, Finnair focuses on reducing the direct emissions of its aircraft. This requires significant measures to modernise Finnair's aircraft, improve operational efficiency and increase the use of sustainable aviation fuels. The SBTi sets a carbon emissions target with a framework under which Finnair is committed to a 35 per cent reduction in emissions intensity by 2033 compared to 2023. During the first quarter of 2024, Finnair submitted short-term $CO_2$ intensity reduction targets to SBTi for validation. Consequently, in the second quarter of 2023, Finnair decided to abandon its previous target of halving its net carbon emissions by 2025 (from the 2019 baseline), as significant offsetting would have been required to reach the target. Finnair has also joined the oneworld™ alliance's common goal of achieving a 10 per cent level in sustainable aviation fuels uptake by 2030. In 2023, under 1 per cent of the aviation fuel used by Finnair was renewable. The company is currently planning on completing a SAF strategy (sustainable aviation fuels) during 2024.

During 2023, Finnair invested in 2,435 solar panels, which more than doubled the amount of solar energy produced by the company (over 1.1 MW peaks during a day).

In addition to emission reduction, social responsibility is also a key component of the Company's sustainability work, and its importance will grow in the future. At Finnair, social responsibility includes the wellbeing and health of Finnair's employees and customers in all circumstances, promoting human rights, equality, non-discrimination, and diversity in the workplace and in its value chain and offering accessible services. The Company has also supported Ukraine by donating blankets and supplies through aid organisations as well as by offering Ukrainians a 95 per cent discount on one-way tickets for routes that were important for those leaving the country due to the war.

Finnair has also committed to the UN' Sustainable Development Goals: gender equality, industry, innovation and infrastructure, responsible consumption and production, climate action, peace, justice and strong institutions and partnerships for the goals. Finnair's ethical business principles are outlined in its code of conduct that applies to all Finnair personnel and all locations. Finnair requires that its suppliers comply with ethical standards essentially similar to those with which Finnair complies in its own operations.

In May 2024, Finnair, along with 19 other airlines - has received a letter from the European Commission and CPC Network, a network of consumer authorities, with comments on the wordings Finnair uses on its website to describe its climate actions, such as the use of sustainable aviation fuels and the service offered to customers for purchasing SAF and supporting offset projects. As at the date of this Prospectus, Finnair is in the process of carefully reviewing the letter and comments expressed in order to respond to them within the given timeline. Finnair will also evaluate if there is a need to reformulate wordings used on its website based on the comments. According to the Issuer's management, the EU has set a supply mandate and criteria for Sustainable Aviation Fuels, and Finnair uses SAF that meet these criteria. However, the letter suggests, among other things, that airlines should still separately justify the climate impacts of sustainable aviation fuel that is in accordance with EU legislation. Finnair has just submitted its CO2 reduction targets for the Science Based Target initiative for their validation.

***Adaptable Finnair Culture Driven by Engaged People***

Throughout Finnair's 100-year history, the Company and its employees have demonstrated a remarkable ability to adapt to changing circumstances and find new, previously untapped opportunities. This has been particularly highlighted during and after the crises caused by the COVID-19 pandemic and Russia's attack into Ukraine followed by the closure of Russian airspace. Going forward, Finnair aims to focus even more on nurturing and developing this cultural strength and expects to invest in its people to further improve employee competence, employee and customer experience, and business results.

The number of employees has decreased during the COVID-19 pandemic and the closure of Russian airspace. New, more effective ways of working as well as extensive and cross-organisational collaboration are necessary, even as the number of people at Finnair may increase in the future, assuming continued growth in flight volumes.

**Long-term Targets**

*These financial targets are not guarantees of future financial performance. The Company's actual results of operations could differ materially from those expressed or implied by these targets as a result of many factors, including but not limited to those described under "Forward-looking Statements" and "Risk Factors". Any targets discussed herein are targets only and are not, and should not be viewed as, forecasts, projections, estimates or views on the Company's future performance.*

Finnair has set out the following long-term targets:

- Comparable operating profit margin[25] of 6 per cent by the end of 2025;
- 1-2x net debt to comparable EBITDA[26] by the end of 2025;
- Reinstate the Company's ability for shareholder distributions from 2025 onwards (based on 2024 earnings); and
- Carbon neutrality by 2045.

The Company's long-term financial targets are based on the following key assumptions: The Company's overall capacity, measured in Available Seat Kilometres (ASK), would increase by more than 15 per cent from 2023 to 2025; the Company's maintenance capex would amount to EUR 80–100 million annually; the Company would be able to utilise EUR 190 million of the recognised deferred tax assets, which would limit the corporate tax payable over the medium term; and the Company would maintain cash to sales ratio of 30 per cent over time (calculated as cash and cash equivalents plus other financial assets, divided by revenue for the last 12 months).

**History and Development**

Finnair, initially named Aero Ltd., is one of the world's oldest operating airlines. Aero Ltd. was established on 1 November 1923. Aero operated its flights from downtown Helsinki and during its first year, Aero carried a total of 269 passengers.

In 1953, Aero Ltd. started to use the name Finnair for marketing purposes, although the name remained Aero Ltd. until December 1968. In 1968, Finnair revealed its new logo and made the name change official. During the same year, Finnair carried one million passengers for the first time. In 1969, Finnair began flights from Helsinki via Copenhagen, Denmark and Amsterdam, the Netherlands, to New York, the United States.

Finnair's Asian expansion began with the start of its direct flights to Bangkok, Thailand in 1976 and direct flights to Tokyo, Japan in 1983 (at the time, Finnair was the only airline offering non-stop flights between Western Europe and Japan) and flights to Beijing, China in 1988 (Finnair was the first Western European airline to offer non-stop flights between Europe and China).

The Company's Shares were listed on the Helsinki Stock Exchange on 26 June 1989. In 1997, Finnair's official name became Finnair Plc and Finnair joined the oneworld™ alliance as the first new member since the alliance was formed. Two years later in 1999, full membership in the oneworld™ alliance was granted.

In 2002, Finnair began flights to Hong Kong. The route to Shanghai, China was opened in 2003, when Finnair was the only Northern European airline – as well as the only oneworld™ airline – to offer direct flights to Shanghai.

In 2005, Finnair placed an order for nine Airbus A350 aircraft. The long-haul fleet modernisation was initiated in 2007 by ordering new Airbus A330s and A340 wide-body aircraft to replace the MD-11 fleet.

During the 2010s, Finnair was the first carrier to open a non-stop route between Europe and Chongqing, China in 2012 and it began direct flights to Hanoi, Vietnam and Xi'an, China the following year. During that time, Finnair was the only European carrier offering direct connections between these two cities and Europe. Finnair also celebrated the arrival of the first A350 XWB aircraft in 2015 and became the first airline in Europe with which the new aircraft, later labelled the A350-900, entered revenue service. As at 30 September 2023, Finnair's A350-900 fleet totalled 17 aircraft and Finnair had two A350-900 aircraft on order from Airbus. In 2017, Finnair increased its passenger numbers by over one million and flew almost 12 million passengers. Internet connection was brought to Finnair's European flights in 2018. Finnair also joined a Nordic Initiative for Electric Aviation that supports the development of electric aviation.

During the last three years the COVID-19 pandemic and the closing of Russian airspace in February 2022 have had a great impact on Finnair's operations and due to the closing of Russian airspace, Finnair had to reassess its

[25] Comparable operating profit margin is the same performance measure as Comparable operating result, % of revenue (Comparable EBIT margin) and was 6.2 per cent in 2023.

[26] Net debt to comparable EBITDA is the same performance measure as Interest-bearing net debt / Comparable EBITDA, LTM and was 2.2x in 2023.

entire Asian traffic and discontinue Russian flights. This included the discontinuation of a number of routes and frequencies to Asia and focusing on the most profitable routes. Placing more emphasis on a geographically balanced network in Europe, North America and Asia, including added focus on the Middle East, Finnair added flights to Delhi and opened new routes to Mumbai in 2022. Finnair also opened new routes to Seattle and Dallas in the United States. Finnair started cooperation with Qatar Airways at the end of 2022. Flights operated by Finnair between Copenhagen, Stockholm and Doha commenced at the beginning of November 2022, and flights between Helsinki and Doha in mid-December 2022.

Finnair celebrated its 100th birthday in November 2023. Finnair's journey started as a postal route across the Baltic Sea and in a hundred years the Company has grown into a global airline and network. Finnair has brought people together for a hundred years and aims to do so in the future as well.

**Outlook**

*This section, "Outlook", contains forward-looking statements. Forward-looking statements do not guarantee future development, and the actual market development of the Company, the financial performance of the Company or the financial results actually achieved may materially differ from what has been presented in or what can be concluded from the forward-looking statements as a result of many factors, some of which are described in the sections "Forward-looking Statements" and "Risk Factors". The Company advises to take a cautious view on these forward-looking statements, which are valid only as at the date of this Prospectus. The following discussion has been prepared on a basis which is (i) comparable with Finnair's historical financial information, and (ii) consistent with Finnair's accounting policies.*

*The key factors affecting revenue and comparable operating result, that Finnair can affect, are operating cost adjustments and the ability to respond to changes in demand as well as pricing, revenue optimization and the ability to allocate capacity to the market. Factors beyond Finnair's control are mainly related to fluctuation in prices of jet fuel and currency exchange rates as well as potential capacity restrictions in maintenance. Other general risk factors in the industry and business, such as the impacts of inflation and rising interest rates on demand for air travel and operating costs, are also beyond Finnair's control. However, Finnair hedges its currency, interest rate and jet fuel exposure using a variety of derivative instruments in compliance with the Company's risk management policy.*

***Guidance of 23 April 2024***

Global air traffic is expected to continue growing in 2024. However, risks related to the impact of inflation and higher interest rates on demand and costs remain elevated, causing uncertainty in the operating environment. International conflicts and global political instability also cause uncertainty in the operating environment. These factors may affect the demand for air travel and cargo.

Finnair updated its guidance and now plans to increase its total capacity, measured by ASKs, by c. 10 per cent in 2024. The capacity estimate includes the agreed wet leases. This growth will mainly focus on Asia and Europe. Finnair's revenue is now expected to grow at a slower pace than capacity in 2024. In its previous guidance, Finnair planned to increase its capacity by more than 10 per cent and its revenue was expected to grow at a somewhat slower pace than capacity in 2024

In accordance with its disclosure policy, Finnair provides full-year comparable EBIT estimate in connection with the half-year report in July.

Finnair will update its outlook and guidance in connection with the 2024 half-year report.

**Operating Environment**

***During 2024***

During the first three months of 2024, political strikes impacted on Finnair's operations as the company was forced to cancel approximately 550 flights and reorganise refuelling operations as fuel deliveries were suspended for two weeks. Russian airspace closure to EU carriers continued to negatively impact on Finnair's Asian traffic. Finnair has continued operating to most of its Asian destinations despite routings that are up to 40 per cent longer. However, the company has limited operations especially to China. Although costs increased considerably due to longer flight times, the Asian market yields remained at a good level, thanks to demand as well as constrained capacity caused by the global labour shortage and operational challenges. Demand in intra-European and North Atlantic markets remained robust despite increase in capacity.

The demand for package holidays continued to be strong during the first quarter. The strong demand was reflected in increased trip prices, which covered the increased flight and hotel costs. Sales for the summer season are at a good pace, and customers have started booking trips for the upcoming winter season well in advance. Strikes have created uncertainty in the market environment but have not had a significant impact on the production of Aurinkomatkat trips. The demand for Aurinkomatkat City Holidays continued to grow strongly. Tel Aviv City Holidays have been canceled for the time being, but the Middle East crisis has not had a significant impact on the demand for Aurinkomatkat products.

In the global air freight market, growing supply, softer demand and, thus, declining market prices resulted in lower Finnair's cargo revenue than in the comparison period. However, the softened demand for cargo has already started to level off, which has a positive impact on market prices.

The recent ticket type changes have carried over to ancillaries as ancillary revenue increased by 13.2 per cent to EUR 37.4 million (EUR 33.0 million) and ancillary revenue per passenger increased by 15.4 per cent to 14.70 euros (12.74).

***War in Ukraine***

Russia's war against Ukraine, which began at the end of February 2022, has significantly affected Finnair's operating environment. The resulting sanctions, and countersanctions, led to the closure of Russian airspace to all 27 European Union countries, as well as the United States, the United Kingdom and Canada, which has had a negative impact on the routings and operating costs of Finnair flights to Asia and which discontinued the Company's Russian flights. For Finnair, the closure of Russian airspace meant a fundamental change in the Company's operating environment and a reassessment of the Company's entire Asian traffic, competitive advantage and strategy, requiring active adjustment of operations and defining of a new strategy. In its new strategy, the Company places more emphasis on a geographically balanced network in Europe, North America and Asia, including added focus on the Middle East. Finnair has also opened new routes to Seattle and Dallas in the United States, both of which are home hubs for its partner airlines. Finnair also updated its winter '24 traffic programme and its traffic programme for summer 2025.

The consequences of the war affected the Company's route structure severely, and thus the operating environment differs significantly from the pre-war situation. Due to the closure of Russian airspace, Finnair lost the unique advantage of Finland's geography. Flying around Russia lengthens the flight times between Finnair's home hub, the Helsinki Airport, and the central megacities in Japan, South Korea and China by 15–40 per cent. Not being able to fly over Russian airspace rendered many of Finnair's routes in Asian traffic unprofitable and, as a result, Finnair decided to significantly reduce routes and frequencies to Asia, with destinations coming down from 21 destinations in 2019 to 11 in 2023. The remaining flights to Asia are being operated with alternative routings. The rerouted flights are longer, increasing especially staff and jet fuel costs and also causing challenges to the efficient utilisation of Finnair's full fleet. However, the Asian market yields have remained at a good level, thanks to the strong demand as well as constrained capacity caused by the global labour shortage and operational challenges due to longer flight times.

Due to the impacts of the closure of Russian airspace, in 2022 Finnair redirected its network and entered into wet lease agreements with British Airways and Lufthansa Group's Eurowings Discover to manage its excess capacity. The wet lease agreement with Eurowings Discover was discontinued in the first quarter of 2023 and the leased aircraft returned from British Airways in 2024. In addition, to address some of the excess wide-body fleet capacity, Finnair established a strategic cooperation with oneworld™ partner Qatar Airways. In the second quarter of 2023, Finnair also signed an aircraft lease agreement with its oneworld™ partner Qantas. Through these arrangements with Qatar Airways and Qantas, Finnair aims to productively deploy its A330 fleet despite the closure of Russian airspace, while maintaining flexibility to restore connectivity between Asia and Europe. The lease-outs make it possible to utilise idle aircraft and generate work for Finnair employees.

The war has also had other adverse impacts on Finnair's business, as it has led to an energy crisis, historically high jet fuel prices and, partly because of this, to accelerating inflation increasing the uncertainty of Finnair's operating environment.

### *A Changing Operating Environment*

According to the Company's management, the airline industry is cyclical in nature and highly sensitive to general business conditions as well as to slow or moderate economic growth and private consumption trends. Typically, revenues are high during economic upswings and considerably lower during periods of economic weakness. Passenger yields and passenger demand have fluctuated significantly in the past. For individual airlines, the yield also fluctuates on the basis of the holiday and business travel seasons. Further, airlines may have to make decisions on significant fleet investments years before price- and quality-conscious travellers make their purchase decisions. Aircraft delivery times may take years and the anticipated maximum delivery time for new aircraft and new models is at times even 10 years. This means that airlines must plan their business for the long term, especially in long-haul traffic. This includes, among other things, a plan for future destinations and network, the type of aircraft required and the regulations with which they must comply. According to the Company's management's view, it is often very difficult to foresee how the market will change between the order and delivery of an aircraft. In the view of the Company's management, with strong competition, the low margins in the airline business, high fixed costs and the high capital expenditure needed to operate an airline, it is crucial to optimise all aspects of the business operations to succeed.

In the view of the Company's management, it is also crucial to build resilience and flexibility for unexpected changes in the market environment. The airline industry is typically quickly affected by external disruptions, seasonal variation and economic trends as the globally spread COVID-19 pandemic demonstrated. In addition, Russia's war against Ukraine, which began at the end of February 2022, has significantly affected Finnair's operating environment.

The COVID-19 pandemic caused capacity and resource constraints in the aviation sector. Finnair is currently benefiting from the capacity constraints in the form of improved passenger revenues, however, when the capacity constraints are eased, decreasing passenger revenues may force the Company to adjust its operations to better meet the demand of that time. In addition, future inflationary developments as well as the extent of the impacts of such developments will continue to affect the Company's operating environment.

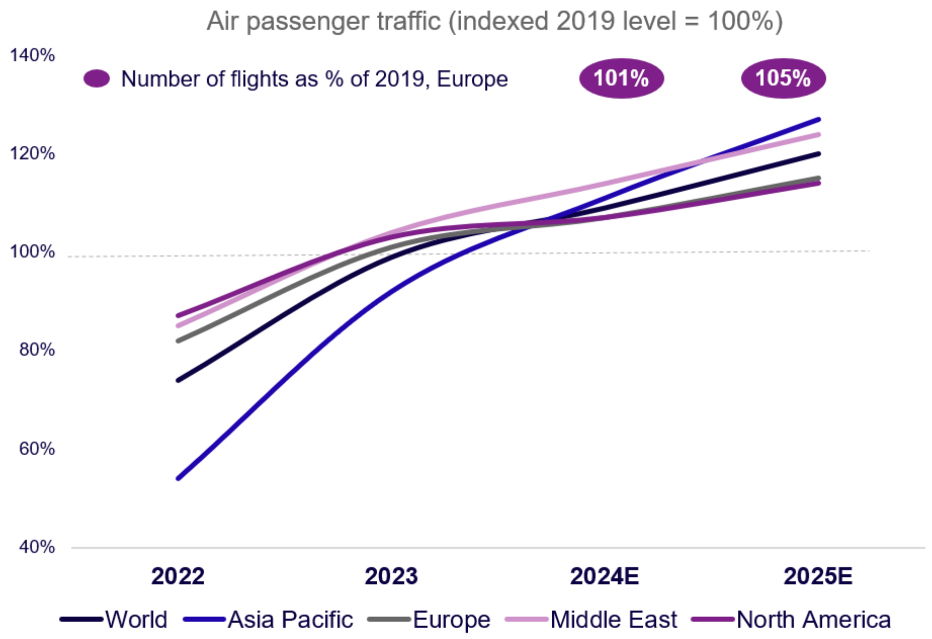
### *Competitive, Growing Industry*

Global air traffic has doubled every 15 years since the mid-1970s.[27] The demand for air transportation is driven by macroeconomic factors, as there has historically been a strong correlation between air travel and the development of macroeconomic factors such as GDP. International Air Transport Association (IATA) has estimated that the average annual air passenger growth between 2023 and 2040 will be 4.2 per cent[28]. The following graph shows historical and estimated trends in air passenger numbers:[29]

[27] Source: ICAO Capacity & Efficiency, Global Air Navigation Plan 2016–2030.

[28] Source: International Air Transport Association, Global Outlook for Air Transport, December 2023.

[29] Source: International Air Transport Association, Global Outlook for Air Transport, December 2023.




According to the Company's management's estimate, with the growth of the industry, Finnair's competitors have not just changed, but competition has also intensified. Prior to the COVID-19 pandemic, Finnair's competitive landscape could be roughly divided into two parts: short haul point-to-point traffic in Europe and long-haul transfer traffic between Asia and Europe. In short haul point-to-point traffic, airlines with the lowest cost structures typically have the strongest competitive positions and competition is mainly driven by price. In the long-haul transfer traffic environment, the presence of a comprehensive network, comfort of travel, customer service and smooth transfers are valued. Network and low-cost carriers have started revising their operating models towards each other, which results in more competition. Intense competition has led to further consolidation, alliances and joint ventures in the industry, with the aim of improving capacity discipline and profitability. Just as the role of alliances evolves, individual airlines also continue to pursue cooperation opportunities outside their respective alliances to strengthen their positions.

According to Finnair's management's view, Norwegian has been the main competitor within the Company's domestic (Finnish) market and one of its competitors in the Nordic countries has been SAS, whereas the competitive landscape following the financial difficulties experienced by Norwegian and SAS is more difficult to predict.

Within the European short-haul market, Finnair has competed with a number of traditional flag carriers as well as low-fare airlines, such as Norwegian, Ryanair, SAS, Lufthansa, Air Baltic and Air France-KLM. Within the long-haul market to Asia, Finnair has mainly competed with a number of traditional flag carriers, such as Lufthansa and Air France-KLM, and with a number of Middle Eastern and Asian carriers. Further, Finnair is also subject to intense competition in its air cargo business both from large, established air cargo companies as well as from smaller providers that operate only a few aircraft and offer a limited range of services.

***Sensitivities***

Due to the seasonal variation of the airline business, Finnair's revenue and operating profit are typically at their lowest in the first quarter and at their highest in the third quarter of the year. According to the Company's management, Asian traffic increases seasonal fluctuation due to destination-specific seasons in Asian leisure and business travel, however, the impact is currently less significant, as the Company's operations in Asia are directed after the COVID-19 pandemic and the closure of Russian airspace only on certain Asian megacities. With the fading practical impacts of the COVID-19 pandemic following the re-opening of China and Japan, Finnair expects normal seasonality to return.

In addition to operational activities and market conditions, jet fuel price development has a key impact on Finnair's result, as jet fuel costs are Finnair's most significant variable expense item. Finnair's foreign exchange risk arises primarily from jet fuel and aircraft purchases, divestments of aircraft, aircraft lease payments, aircraft maintenance and foreign currency revenue. Significant dollar-denominated expense items are fuel costs and aircraft lease payments. The largest investments, namely the acquisition of aircraft and their components, are also mainly denominated in U.S. dollars. The most significant income currencies after the euro are the U.S. dollar, the Japanese yen, the South Korean won, the Swedish krona, the UK pound, and the Norwegian krona.

In order to safeguard itself from currency and market rate fluctuations, Finnair hedges its currency, interest rate and jet fuel exposure using a variety of derivative instruments, such as forward contracts, swaps and options, in compliance with its risk management policy approved annually by the Company's Board of Directors. Finnair applies the principle of time-phasing in its jet fuel hedges. The risk management policy was revised during the last quarter of 2023. Previously Finnair's policy was to hedge its jet fuel purchases 12 months forward on a rolling basis but the update extends the time horizon to 18 months on a rolling basis. After the update, the maximum hedging ratio for the next 3-month period is approximately 93 per cent and the lower limit is approximately 68 per cent, while the average hedging ratio is approximately 80 per cent. Thereafter, the hedging ratio decreases for each successive quarter. The average hedging ratio defined in the revised risk management policy was reached during the first quarter of the 2024. The hedging ratios for the next four quarters as at 31 March 2024 were 80 per cent, 65 per cent, 49 per cent and 34 per cent. Assuming jet fuel consumption at Finnair's estimated volumes and taking into account these hedges, over this 12-month period a 10 per cent increase in jet fuel prices would have a cost impact of EUR 47.5 million, while without hedges the cost impact would be EUR 80.8 million.

The US dollar, which is the most significant expense currency for Finnair after the euro, weakened by 1.2 per cent against the euro year-on-year. The Q1/2024 US dollar-denominated average market price of jet fuel was 3.5 per cent lower and the Q1/2024 euro-denominated market price was 4.7 per cent lower than in the comparison period (Q1/2023). Changes in fuel price and exchange rates are, however, not directly reflected in Finnair's result due to its hedging policy, as the company hedges its fuel purchases and key foreign currency items.

## Organisational Structure

The Company is the parent company of the Group. The Company's subsidiaries provide support services to Finnair or operate in closely related areas. The following table sets forth the subsidiaries of the Company as at the date of this Prospectus:

| Name of the company | Group ownership % | Name of the company | Group ownership % |
|---|---|---|---|
| Finnair Cargo Oy, Finland | 100.0 | Amadeus Finland Oy, Finland | 95.0 |
| Finnair Aircraft Finance Oy, Finland | 100.0 | Oy Aurinkomatkat - Suntours Ltd Ab, Finland | 100.0 |
| Finnair Technical Services Oy, Finland | 100.0 | Aurinko Oü, Estonia | 100.0 |
| Finnair Engine Services Oy, Finland | 100.0 | Matkayhtymä Oy, Finland | 100.0 |
| Finnair Kitchen Oy, Finland | 100.0 | FTS Financial Services Oy, Finland | 100.0 |
| Kiinteistö Oy Lentokonehuolto, Finland | 100.0 | Finnair Business Services Oü, Estonia | 100.0 |
| Northport Oy, Finland | 100.0 | | |

## Business Overview

### *Business Model*

Finnair specialises in passenger and air cargo traffic between Europe, North America, Asia and the Middle East. Finnair also offers package tours under its Aurinkomatkat-Suntours brand. Finnair offers direct flights to approximately 40 countries, totalling over 100 destinations. In addition, Finnair participates in public tender procedures for state-subsidised traffic and flies state-subsidised routes to certain less populated regions in Finland to ensure the critical connectivity of these regions to the rest of the country. Finnair aims to deliver value to its shareholders by focusing on its core business and those businesses that are closely linked to it, and by investing in Finnair's competitiveness in those areas.

The network business model is based on a broad network that is built around one or a few airports, *i.e.*, around the hub. From the hub, the network carrier offers extensive connections to various parts of the network. Finnair's hub is naturally the Helsinki Airport in Finland, from which the Company flies to destinations in Europe, North America, Asia and the Middle East, in addition to which Finnair also operates flights between Copenhagen, Stockholm and Doha. Finnair's ability to operate its network safely and punctually from one of the world's northernmost air traffic hubs is integral to its value promise. The transfer of passengers, baggage and air cargo to connecting flights is ensured through efficient processes and close cooperation with airport authorities.

Finnair has one business and reporting segment, the Airline Business. Finnair's key sources of revenue are passenger transportation, ancillary, air cargo and travel services. The following table sets forth Finnair's revenue by product for the periods indicated:

| Revenue by product (EUR in millions) | For the three months ended 31 March 2024 (unaudited) | 2023 (unaudited) | For the financial year ended 31 December 2023 (audited) | 2022 (audited) |
|---|---|---|---|---|
| Passenger revenue | 539.3 | 553.4 | 2,411.6 | 1,710.7 |
| Ancillary revenue | 37.4 | 33.0 | 147.8 | 123.2 |
| Cargo | 46.3 | 53.4 | 192.0 | 352.3 |
| Travel services | 58.4 | 54.9 | 237.1 | 170.3 |
| **Total** | **681.5** | **694.7** | **2,988.5** | **2,356.6** |

***Passenger Revenue***

Passenger revenue i.e. airline tickets sold to consumers, are the most important revenue source for Finnair. For the three months ended 31 March 2024, passenger revenue accounted for 79.1 per cent of Finnair's revenue and for the financial year ended 31 December 2023, passenger revenue accounted for 80.7 per cent of Finnair's revenue. In comparison, for the three months ended 31 March 2023, passenger revenue accounted for 79.7 per cent of Finnair's revenue and for the financial year ended 31 December 2022, passenger revenue accounted for 72.6 per cent of Finnair's revenue.

Many of January–March traffic figures weakened year-on-year. Due to a political strike in Finland in February Finnair was forced to cancel c. 550 flights during the quarter. Russian airspace closure had a negative impact which was visible mainly in the Asian figures as travelling to China was still limited and as the longer routings limit Finnair's Asian capacity. For the same period, scheduled market capacity, measured in ASKs, between origin Helsinki and Finnair's European destinations increased by 5.7 per cent (30.1) year-on-year. Direct market capacity between Finnair's Asian and European destinations increased by 32.1 per cent (116.7) and between Finnair's North Atlantic and European destinations by 2.7 per cent (39.0) year-on-year.

The negative impact of the COVID-19 pandemic was still visible in the Asian traffic, as travel especially to China was limited during 2023. On the other hand, the comparison period was burdened by the Omicron variant that softened demand, combined with the closure of Russian airspace at the end of February 2022. Although the figures improved during the period due to strong demand, the Russian airspace closure had a negative impact on the 2023 figures as well, and this was visible mainly in the Asian figures. In 2023, passenger revenue increased by 41.0 per cent and traffic capacity, measured in Available Seat Kilometres (ASK), increased by 15.5 per cent overall against the comparison period. The number of passengers in 2023 increased by 20.8 per cent to 10,983,300 from the previous year.

For the three months ended 31 March 2024, Finnair carried 2.5 million passengers. For the three months ended 31 March 2024, European traffic accounted for 38.6 per cent, Asian traffic accounted for 33.2 per cent, North Atlantic traffic accounted for 7.4 per cent, Middle East accounted for 9.6 per cent and domestic traffic accounted for 10.9 per cent, of the passenger revenue.

For the financial year ended 31 December 2023, European traffic accounted for 43.3 per cent, Asian traffic accounted for 31.6 per cent, North Atlantic traffic accounted for 8.9 per cent, Middle East accounted for 8.6 per cent and domestic traffic accounted for 7.2 per cent of the passenger revenue. For the financial year ended 31 December 2022, European traffic accounted for 50.0 per cent, Asian traffic accounted for 24.8 per cent, North Atlantic traffic accounted for 14.3 per cent, Middle East accounted for 2.5 per cent and domestic traffic accounted for 7.5 per cent of the passenger revenue.

| Amount of the passenger revenue, % Traffic area | For the three months ended 31 March 2024 (unaudited) | For the financial year ended 31 December 2023 (unaudited) |
|---|---|---|
| Europe | 38.6 | 43.3 |
| Asia | 33.2 | 31.6 |
| North Atlantic | 7.4 | 8.9 |
| Middle East | 9.6 | 8.6 |
| Domestic | 10.9 | 7.2 |
| Unallocated | 0.2 | 0.4 |

### *Ancillary Revenue*

Ancillary revenue sales are the additional services that are sold to passengers in connection with airline ticket sales. Ancillary revenue consists of revenue from seat reservations and upgrades, extra baggage, service charges, meals and beverages, lounge and Wi-Fi. Ancillary revenue accounted for 5.5 per cent of Finnair’s revenue for the three months ended 31 March 2024 and for 4.9 per cent of Finnair’s revenue for the financial year ended 31 December 2023. In comparison, ancillary revenue accounted for 4.8 per cent of Finnair’s revenue for the three months ended 31 March 2023 and for 5.2 per cent of Finnair’s revenue for the financial year ended 31 December 2022. Excess baggage, advance seat reservations and flight ticket related fees related revenue were the largest ancillary categories in 2023.

During the first three months of 2024, ancillary revenue increased by 13.2 per cent to EUR 37.4 million (EUR 33.0 million in Q1/2023) and ancillary revenue per passenger increased by 15.4 per cent to EUR 14.70 (EUR 12.74 in Q1/2023). Advance seat reservations, excess baggage and flight ticket related fees were the largest ancillary categories.

### *Cargo*

Finnair receives cargo revenue from the shipments that are transported in aircraft’s air cargo bay. Finnair Cargo Oy specialises in flying temperature-controlled cargo and components between Europe, Asia and the United States from its Helsinki COOL hub, one of Europe’s newest and most advanced air cargo terminals. Cargo revenue accounted for 6.8 per cent of Finnair’s revenue for the three months ended 31 March 2024 and for 6.4 per cent of Finnair’s revenue for the financial year ended 31 December 2023. In comparison, cargo revenue accounted for 7.7 per cent of Finnair’s revenue for the three months ended 31 March 2023 and for 15 per cent of Finnair’s revenue for the financial year ended 31 December 2022. In the global air freight market, growing supply, softer demand and, thus, declining market prices resulted in lower Finnair's cargo revenue than in the comparison period.

During the first three months of 2024, revenue cargo tonne kilometres increased by 11.6 per cent year-on-year. Even though total cargo tonnes increased by 11.9 per cent, cargo revenue decreased by 13.3 per cent year-on-year due to lower cargo yields. The increase in total cargo tonnes is partly explained by the fact that Finnair reports the cargo traffic figures related to the Qatar Airways cooperation as Finnair operates the flights, however, revenue related to these flights is included in passenger revenue.

As Finnair operated fewer scheduled passenger flights to Asia compared to the pre-pandemic era, mainly due to the closure of Russian airspace, Finnair’s 2023 cargo volumes were lower than the pre-pandemic figures of 2019. Available cargo tonne kilometres, however, increased by 12.6 per cent and revenue scheduled cargo tonne kilometres by 3.5 per cent year-on-year. The increase is mainly explained by the fact that Finnair reports the cargo traffic figures related to the Qatar Airways cooperation as Finnair operates the flights. However, revenue related to these flights is included in passenger revenue. Even though total cargo tonnes increased by 10.3 per cent, cargo revenue decreased by 45.5 per cent year-on-year, due to lower cargo yields and the allocation of Qatar Airways related revenue.

### *Travel Services*

Travel services consist of revenue streams for Aurinkomatkat products. They include package holidays to consumers which consist of flights and hotel reservations. Revenue from travel services accounted for 8.6 per cent of Finnair’s revenue for the three months ended 31 March 2024 and for 7.9 per cent of Finnair’s revenue for the financial year ended 31 December 2023. In comparison, revenue from travel services accounted for 7.9 per cent of Finnair’s revenue for the three months ended 31 March 2023 and for 7.2 per cent of Finnair’s revenue for the financial year ended 31 December 2022.

Travel services’ financial development has been positively affected by the robust demand after the COVID-19 pandemic. During the first three months of 2024, even though the total number of travel services passengers decreased by 1.9 per cent year-on-year and the load factor in allotment-based capacity was 96.1 per cent, travel services revenue increased by 6.4 per cent to EUR 58.4 million (EUR 54.9 million in Q1/2023).

During 2023, only international package holidays were produced, as the production of domestic package holidays was discontinued earlier. The total number of travel services passengers increased by 18.9 per cent year-on-year and the load factor in allotment-based capacity was 95.9 per cent. Travel Services revenue increased by 39.2 per cent to EUR 237.1 million (EUR 170.3 million in 2022).

***Operating costs***

The Company's main operating costs consist of fuel costs, personnel and other crew related costs and passenger and handling services costs. Fuel costs represented 30.8 per cent of Finnair's revenue for the three months ended 31 March 2024 and 31.6 per cent of Finnair's revenue for the three months ended 31 March 2023. Fuel costs declined from EUR 219.6 million to EUR 210.2 million during the three months ended 31 March 2023 compared to the three months ended 31 March 2024 mainly due to the decreased fuel price and weaker US dollar (figures are comparable, not reported).

Personnel and other crew related costs represent 19 per cent and 18.6 per cent of Finnair revenue for the three months ended 31 March 2024 and 31 March 2023, respectively. Personnel and other crew related costs increased from EUR 129.1 million to EUR 129.7 million during the same period as the capacity increased and share of Asian travel increased (figures are comparable, not reported).

Passenger and handling services costs represent 15.2 per cent and 14.9 per cent of Finnair's revenue for the three months ended 31 March 2024 and 31 March 2023, respectively. Passenger and handling services costs decreased from EUR 103.4 million to EUR 103.3 million.

Traffic charges represent 9.1 per cent and 8.0 per cent of Finnair's revenue for the three months ended 31 March 2024 and 31 March 2023, respectively. During the same period, traffic charges increased from EUR 55.4 million to EUR 62.3 million, due to the added capacity, price increases and reallocation of some costs from passenger and handling costs to traffic charges. Sales, marketing and distribution costs represent 4.7 per cent and 4.5 per cent of Finnair's revenue for the three months ended 31 March 2024 and 31 March 2023, respectively. During the same period, sales, marketing and distribution costs increased from EUR 31.1 million to EUR 32.3 million, mainly due to the added capacity (figures are comparable, not reported).

Property, IT and other expenses represent 4.3 per cent and 4.0 per cent of Finnair's revenue for the three months ended 31 March 2024 and 31 March 2023, respectively. During the same period, property, IT and other expenses increased from EUR 28 million to EUR 29 million, mainly due to exchange rate fluctuations (figures are comparable, not reported).

**Traffic Performance**

Finnair reports its traffic statistics monthly. The following table set forth traffic statistics for the three months ended 31 March 2024 and changes compared to the corresponding period in 2023 as well as for the financial year ended 31 December 2023 and changes compared to the financial year ended 31 December 2022.

| Total traffic | For the three months ended 31 March 2024 (unaudited) | 2023 | For the financial year ended 31 December 2023 (unaudited) | Change, % |
|---|---|---|---|---|
| Passengers 1,000 | 2,543 | 2,593 | 10,983 | 20.8 |
| Available seat kilometres (ASK), million | 8,923 | 8,550 | 36,154 | 15.5 |
| Revenue passenger kilometres (RPK), million | 6,435 | 6,418 | 27,626 | 30.6 |
| Passenger load factor % | 72.1 | 75.1 | 76.4 | 8.8p |
| Cargo tons total | 34,310.9 | 11.9(1 | 135,370.1 | 10.3 |
| Revenue cargo ton kilometres million | 209.6 | 11.6(1 | 815.6 | 3.5 |

(1 Change, %.

**Fleet**

***Fleet Operated by Finnair***

Finnair's fleet is managed by Finnair Aircraft Finance Oy, a wholly-owned subsidiary of the Company. As at 31 March 2024, Finnair operated 55 aircraft, of which were 25 wide-body and 30 narrow-body aircraft. Of the aircraft operated by Finnair, 24 were on operating lease. As at 31 March 2024, the average age of the fleet operated by Finnair was 12.7 years. The following table sets forth the fleet operated by Finnair as at 31 March 2024:

| Fleet operated by Finnair(1 on 31 March 2024 | Seats | Number of aircraft | Change from 31 December 2023 | Own(2 | Leased | Average age on 31 March 2024 | Ordered |
|---|---|---|---|---|---|---|---|
| **Narrow-body fleet** | | | | | | | |
| Airbus A319 | 144 | 5 | - | 5 | 0 | 22.8 | - |
| Airbus A320 | 174 | 10 | - | 10 | 0 | 21.6 | - |
| Airbus A321 | 209 | 15 | - | 7 | 8 | 9.7 | - |
| **Wide-body fleet** | | | | | | | |
| Airbus A330 | 289/263 | 8 | - | 4 | 4 | 14.4 | - |
| Airbus A350 | 297/336 | 17 | - | 5 | 12 | 6.4 | 2 |
| **Total** | | **55** | **-** | **31** | **24** | **12.7** | **2** |

(1 Finnair's Air Operator Certificate (AOC).
(2 Includes JOLCO-financed (Japanese Operating Lease with Call Option) and ECA (Export Credit Agency) financed aircraft.

***Modern Fleet***

Finnair has modernised its wide-body fleet in recent years. Since 2015, Finnair has introduced 17 modern, lower emission A350 wide-body aircraft to its fleet. This renewal of the wide-body fleet is the largest single investment in the Company's history. In addition, Finnair revealed the new long-haul experience in February 2022, which covers all Finnair's wide-body aircraft, in addition to which a completely new premium economy class was introduced. In 2022, the renewed business class cabin won many awards, such as the Best Cabin Innovation award at APEX/IFSA Awards and it also won gold in the 2022 best 'Cabin Concept' category at the Onboard Hospitality Awards. The renewed cabin has also received very positive feedback from customers. The Company's management believes that the renewed fleet offers a modern experience for customers, reduces Finnair's carbon footprint, leads to an improved revenue profile and enables further growth for Finnair. The widebody cabin investment is expected to be completed by summer of 2024.

As at 31 March 2024, Finnair had seventeen Airbus A350 aircraft, which were delivered between 2015–2021, and two A350 aircraft on order from Airbus. The first of these aircraft is scheduled to be delivered to Finnair in the last quarter of 2024 and the second aircraft in the second quarter of 2026.

In the end of 2019, Finnair announced that it prepares to make decisions on replacement and growth investments that would be made predominately in its narrow-body fleet during the strategy period 2020–2025. However, due to the changed operating environment, Finnair has postponed the narrow-body fleet renewal investment by some years as it concentrates on optimising the life cycle of its current narrow-body fleet. During 2023, Finnair purchased nine previously leased aircraft.

***Fleet Operated by Norra (Purchased Traffic)***

Norra operates a fleet of 24 aircraft for Finnair on a contract flying basis. All aircraft operated by Norra are leased from Finnair Aircraft Finance Oy. Finnair owns 40 per cent of Norra and Danish Air Transport the remaining 60 per cent. Finnair's influence on the company is based on shareholding and contractual arrangements. Norra's route network is coordinated with Finnair's European flights and long-haul flights. The following table sets forth the fleet operated by Norra as at 31 March 2024:

| Fleet operated by Norra[1] on 31 March 2024 | Seats | Number of aircraft | Change from 31 December 2023 | Aircraft owned by Finnair | Leased (Operating lease) | Average age on 31 March 2024 | Ordered |
|---|---|---|---|---|---|---|---|
| ATR | 68-70 | 12 | - | 6 | 6 | 14.7 | - |
| Embraer E190 | 100 | 12 | - | 9 | 3 | 15.8 | - |
| **Total** | | **24** | **0** | **15** | **9** | **15.2** | **0** |

[1] Nordic Regional Airlines Oy's Air Operator Certificate (AOC).

**Oneworld™ Alliance, Joint Businesses and Cooperation Arrangements**

Finnair is part of the oneworld™ alliance, that, as at the date of this Prospectus, consist of 13 airlines. The membership in the oneworld™ alliance broadens Finnair's global network to more than 900 destinations in more than 170 countries. In addition, oneworld™ customers can earn and redeem frequent flyer points on all oneworldTM airlines and benefit from access to over 600 premium airport lounges. In March 2024, Finnair's frequent flyer currency was replaced by Avios, which is the common currency for frequent flyers used by several partner airlines.

Finnair also has a deeper cooperation with some of its oneworld™ partners through its membership in the Siberian Joint Business (SJB) on flights between Europe and Japan and in the Atlantic Joint Business (AJB) on flights between Europe and North America. The Siberian Joint Business includes four airlines: Finnair, British Airways, Iberia and Japan Airlines. The Atlantic Joint Business includes five airlines: Finnair, British Airways, Iberia, American Airlines and Aer Lingus. Further, Finnair and Juneyao Air, an airline not belonging to the oneworld™ alliance, commenced a joint business in 2021 on flights between Helsinki and Shanghai. This joint business, which is limited to flights between Helsinki and Shanghai, is also designed to operate as a feeder to Finnair's European destinations as well as to several destinations in China. In addition, Finnair started a long-term strategic cooperation with oneworld™ partner Qatar Airways in the last quarter of 2022 for flights from Copenhagen, Stockholm and Helsinki to Doha. The cooperation is supported by a comprehensive codeshare agreement, which means that Finnair offers seats on flights operated by Qatar Airways, with shared passenger and air cargo capacity between both airlines. In the second quarter of 2023, Finnair signed an aircraft lease agreement with another oneworld™ partner, Qantas. Finnair wet leased two A330 aircraft for two years, and will dry lease two A330 aircraft to Qantas for two and half years starting late in 2025. The aircraft are used on Qantas flights between Australia and Asia.

Joint businesses entail certain coordination of prices, capacity and schedules on specific routes in accordance with applicable competition laws. The joint businesses seek to improve competitiveness and efficiency in a manner benefitting passengers. Finnair's influence in the joint businesses is based on contractual arrangements. Decisions by the joint venture are sought to be made unanimously. For customers, the membership provides a broader choice of destinations as well as more flexible routing and pricing options. For airlines, joint businesses are a way to gain benefits typically associated with consolidation in a highly competitive industry without actual mergers, acquisitions or equity transfers between partners.

The Siberian Joint Business has a 23.7 per cent market share and the Atlantic Joint Business a 30.8 per cent market share in the markets in which they operate.[30]

**Finnair's Customers and Finnair Plus Loyalty Programme**

The majority of Finnair's customers are airline passengers. Finnair collects customer satisfaction feedback continuously. Survey results and other customer feedback are reported to the unit concerned at least once per month. For the three months ended 31 March 2024, Finnair's overall customer satisfaction measured by Net Promoter Score (NPS) was 34.

[30] For April 2023 - March 2024, market share data from SRS Analyser (measured in ASK).

The Finnair customer loyalty programme Finnair Plus was started in 1996. As at 31 March 2024, Finnair Plus had approximately 4.8 million members. In the wider Finnair strategy context, customer loyalty is a key driver for the achievement of retail excellence which is a key element of being a modern Nordic airline. The goal of the programme is to increase customer loyalty towards the airline. Point sales have been increasing in importance, with a key role played by Finnair's co-branded credit card as well as direct point sales to members. The Finnair Plus programme is also connected to other Frequent Flyer programmes within oneworld™ and Finnair Plus members can earn and redeem Avios on all oneworld™ member airlines.

In March 2024, Finnair's frequent flyer programme entered a new era as the frequent flyer currency was replaced by Avios, which is the common currency for frequent flyers used by several partner airlines. With Avios, Finnair's loyal customers will have even wider opportunities to take advantage of the benefits they have accrued in the programme.

Finnair Plus members use Finnair's services more than non-members, and customers who are engaged with the programme tend to consolidate their spending to Finnair more than non-members or members who are not engaged. Finnair Plus membership also increases the likelihood of customers booking flights directly on Finnair.com or via the Finnair mobile app.

**Employees**

Finnair had a total of 5,387 employees as at 31 March 2024. A large majority of the personnel work in Finland.

The majority of Finnair's employees are represented by labour unions. In 2022, Finnair entered into a collective bargaining agreement with FINTO ry, which represents upper white-collar employees. The agreement expires on 28 February 2025. In addition, Service Sector Employers Palta has the following collective agreements in place with unions representing Finnair's employees: Transport Workers' Union AKT, representing Finnair's cabin crew in Finland, until 31 January 2025 and Trade Union Pro, representing technical white-collar employees and white-collar employees, until 31 January 2025.

The following previously negotiated collective agreements between Service Sector Employers Palta and the unions representing Finnair's employees also remain in force: Finnish Aviation Union (IAU), representing blue collar employees in Finnair's Helsinki Airport customer and ground service, air cargo and technical services, until 15 March 2025, Transport Workers' Union AKT, representing travel agencies and applicable to Aurinkomatkat, until 30 April 2025, and Finnish Airline Pilots' Association SLL until 30 September 2024. In addition, Finnair has collective bargaining agreements with certain employee groups in other countries.

Due to the impacts of the COVID-19 pandemic and the war in Ukraine on employment at Finnair, Finnair has focused on investing in social responsibility by supporting employees who were either made redundant or furloughed. The Company has a NEXT programme designed to individually support those who lost their jobs and are finding new work. The programme consists of, among other things, a personal plan for moving forward in their career, a wide range of training, career coaching, services supporting change management and well-being, and additional support from the Employment and Economic Development Office of Finland.

**Investments**

Gross capital expenditure totalled EUR 43.4 million for the three months ended 31 March 2024 and was primarily related to fleet investments. Finnair's investment commitments for property, plant and equipment as of 31 March 2024 totalled EUR 300.1 million and they relate mainly to firm aircraft orders and other aircraft related investments. Out of the total investment commitments, EUR 160 million takes place within the next 12 months and EUR 140.1 million during the following 1–5 years. Investments in fleet relate mostly to the new A350s to be delivered in 2024 and 2026 and maintenance investments (i.e. to maintenance capex). In addition to financing through operating cash flows, replacement of aging aircraft may possibly require new debt financing in the future.

**Insurance**

Finnair carries insurance for public liability, passenger liability, property damage and all-risk coverage for damage to Finnair's aircraft. Insurances are covered by a centralised insurance procurement function with the assistance of an insurance broker. The Company believes that its insurance coverage is consistent with industry practice and is sufficient for the risks that would normally be associated with its operations. General restrictions such as deductibles, maximum amounts that can be claimed and exclusion of certain events from insurance coverage apply to the insurances, due to which they may not necessarily cover all damage incurred.

**Digitalisation**

Digital services are key for Finnair, and their role is further increasing. The average monthly number of unique Finnair's website visitors totalled 2.1 million in 2023. In 2023, the number of active users of the Finnair mobile application increased by 21 per cent to 860,000 year-on-year. In 2023, the share of passengers in modern channels grew to 67.8 per cent (66.5 in 2022).

For the three months ended 31 March 2024, the average monthly number of unique Finnair's website visitors totalled 3.0 million. For the three months ended 31 March 2024, the number of active users of the Finnair mobile application increased by 33.7 per cent to 1,064 thousand year-on-year. During the same period, share of passengers in Finnair's modern channels[31] grew by 4.4 per centage points to 69 per cent (64.6 per cent in the corresponding period of 2023). Finnair has continued to introduce new distribution technologies and e.g., signed an agreement with Amadeus to bring NDC (new distribution capability) content to travel agency customers. With the help of this, the reach of Finnair's offers is expanded, and Finnair is able to sell ancillary services and improve service provision also to its indirect customers.

Like other airlines, Finnair strives to distribute its services in increasingly versatile and flexible ways, and at lower costs, by adopting and utilising new distribution technologies and channels, including the transition towards differentiation of fare content and availability between channels. The ability to capitalise on the commercial possibilities provided by these technologies is dependent on, among others, Finnair's partners to develop and implement such applications as well as Finnair's ability to generate products and services that best correspond to customer needs.

In addition, Finnair is seeking to further improve the safety, reliability and productivity of its operations through the utilisation of technology and automation, leveraging data as well as enabling cross-functional cooperation and compatibility. The Company's most material IT systems include the computerised airline reservation system, the Finnair mobile app, the flight operations system, the Finnair website, Finnair's telecommunication systems and revenue management system including dynamic pricing capabilities. The core IT systems used by the Company are procured and licensed by third parties. Significant technology partners for the Company include Amadeus IT Group, Amazon Web Services, Lufthansa Systems, Microsoft and Salesforce. Amadeus IT Group provides airline reservation system and GDS (global distribution system) for the Company and Amazon Web Services provides cloud capacity. Finnair is also partnering with NordCloud on managed cloud services and application management services as well as with CGI for application management services. Lufthansa Systems is the provider of flight operations system. Microsoft provides office tools and management of the workstations and mobile devices, and Salesforce provides platform for customer service and customer communication and marketing. The Finnair mobile app and Finnair website, including the backend services, are mainly developed and managed by the Company itself and supported by professional software development services from multiple vendors.

The development of the information system solutions and the information technology environment requires continuous investments and upgrades. For example, the Company is currently undergoing a modernisation programme where its software technology is moved to new platforms of which many are SaaS based solutions provided by industry providers or then cloud native solutions hosted in Company's own cloud platform.

As most of Finnair's revenue is contributed by passenger travel, a functioning online commerce system for ticket sales is essential for its business. Finnair has introduced and will continue to introduce new digital distribution technologies and channels in its distribution strategy, including the transition towards the differentiation of fare content and availability between the channels. Finnair is also developing its dynamic pricing capabilities with the aim of improving its revenue management capabilities and increasing yields from ticket sales. In addition, the Company employs native cloud applications on customer front-end as well as in the areas of artificial intelligence, data management and analytics.

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[31] In 2023, Finnair started to report its share of passengers in modern channels instead of share of sales in direct digital channels as the Company is focusing on digitalisation. The modern sales channels include direct as well as modern, digital indirect channels.

As part of its operations, Finnair retains personal information received from its customers, which is subject to certain regulatory data privacy protection in the EU and elsewhere. A fundamental requirement for online commerce, including sales of tickets online, is the secure transmission of confidential information.

The Company is committed to preserving the confidentiality, integrity and availability of applicable physical and electronic information assets throughout Company by using implemented controls, procedures and selected vendors. Threats and vulnerabilities associated with business applications and systems and networks are managed by scanning for technical vulnerabilities and other weaknesses, maintaining system and application lifecycles and up-to-date patch levels, performing continuous security event monitoring, acting on threat intelligence and protecting information against targeted cyber-attacks. The Company has partnered with Microsoft, NetNordic and WithSecure to develop and maintain its cyber security capabilities. The Company has also sourced backups for the data in the systems it regards as critical to its business operations in real time or on a daily basis. The backup cycles are defined and necessary technical capabilities are contracted with vendors and implemented in hosting solutions and services.

**Legal Proceedings**

Except as discussed below, in the 12 months preceding the date of this Prospectus, the Company has not been involved in any governmental, legal or arbitration proceedings which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Company and/or its subsidiaries, nor is the Company aware of any pending proceedings or the threat thereof.

Finnair is, from time to time, subject to litigation, arbitration and administrative proceedings relating to claims as part of the ordinary course of business of the Company. These include, among others, disputes relating to flight delays, cancellations and lost or damaged luggage based on Regulation (EC) No 261/2004 and Regulation (EC) No 2027/97 (see "*Regulation – Requirements of EU Regulation – Passenger Rights*"). Finnair complies with the requirements of both Regulations and aims to resolve all claims from passengers in an expedited manner without resorting to dispute resolution procedures. However, because of e.g. prolonged investigation and processing time or disagreements concerning the eligibility for compensation, claims are sometimes also escalated by passengers to proceedings of national authorities, alternative dispute resolution bodies or judicial courts. Such proceedings will be ongoing in the ordinary course of business.

Claims for care and compensation under Regulation (EC) No 261/2004 account for a significant proportion of Finnair's at each time ongoing disputes. Finnair has a large number of consumer disputes each year in consumer complaint tribunals and courts due to the legal uncertainty regarding the Regulation (EC) No 261/2004. While passenger claims would not be considered material to Finnair if examined separately and individually, the large number of claims results in a significant revenue reduction for the Company. In addition, Finnair's potential liability is not only determined by claims in which the Company itself is a direct party, but also in litigation involving other carriers, such as decisions issued by higher courts of EU member states and the European Court of Justice may create precedents, which can either widen or narrow the scope of liability for carriers under Regulation (EC) No 261/2004, and may even affect liabilities retrospectively.

In June 2020, Ryanair DAC ("**Ryanair**") sought annulment of Commission Decision of 18 May 2020 on state aid related to the state loan guarantee granted to Finnair. The state aid concerned the EUR 600 million pension premium loan, 90 per cent of which was guaranteed by the State of Finland. On April 14, 2021, the General Court dismissed the actions required by Ryanair. In June 2021, Ryanair lodged an appeal against the decision. According to the information available to the Company, no hearing date has been scheduled yet.

In October 2020, Ryanair sought annulment of European Commission Decision of 9 June 2020 on state aid related to the recapitalisation of Finnair. The state aid concerned the rights issue carried out by Finnair in 2020. On 22 June 2022, the General Court dismissed the actions required by Ryanair. In September 2022, Ryanair lodged an appeal against the decision. According to the information available to the Company, no hearing date has been scheduled yet.

**Material Contracts**

Except as discussed below, there are no contracts (other than the agreements entered into in the ordinary course of business) that have been entered into by any member of the Group that are, or may be, material or which contain any provision under which any member of the Group has any obligation or entitlement that is material to the Issuer's ability to fulfil its obligations under the Notes.

*Financing Agreements*

The Company has on 23 April 2024 entered into a EUR 200 million secured revolving facility agreement (the "**RCF**") by and between the Company as company and borrower, Finnair Aircraft Finance Oy as guarantor and Danske Bank A/S, Nordea Bank Abp, OP Corporate Bank plc and Skandinaviska Enskilda Banken AB (publ) as arrangers. The RCF is secured by certain aircraft owned by the Company's subsidiary, Finnair Aircraft Finance Oy, and leased to the Company. The RCF is used for general corporate purposes (including funding any aircraft purchases). As at the date of this Prospectus, the RCF is unutilised.

The Company has on 10 May 2021 issued fixed-interest unsecured notes in the original aggregate nominal amount of EUR 400 million with an outstanding amount of EUR 382.5 million as at 31 March 2024 (the "**Existing Notes**"). The Existing Notes mature on 19 May 2025 and bear a fixed annual interest at the rate of 4.250 per cent. On 14 May 2024, the Issuer announced an invitation to the holders of Existing Notes to tender their Existing Notes for purchase by the Issuer for cash (the "**Tender Offer**"). The Tender Offer was made on the terms and subject to the conditions contained in the tender offer memorandum dated 14 May 2024. On 24 May 2024, the Issuer completed a purchase of a total nominal value of EUR 320,126,000 of the Existing Notes validly tendered in the Tender Offer. As at the date of this Prospectus, the total outstanding nominal amount of the Existing Notes is EUR 62,328,000 million.

On 27 May 2020, Finnair signed a EUR 600 million pension premium loan agreement with Ilmarinen Mutual Pension Insurance Company. The State of Finland has guaranteed 90 per cent of the pension premium loan's principal, and a commercial bank has guaranteed 10 per cent of the pension premium loan's principal. Finnair agreed in the fourth quarter of 2022 with the other parties of its EUR 600 million pension premium loan to extend the guarantees and the loan maturity until 2025. The repayment schedule was amended so that Finnair will amortise the loan by EUR 100 million every six months starting from June 2023. With proceeds from the EUR 570 million rights issue executed in November 2023, Finnair has repaid an additional tranche of EUR 120 million in addition to the previously planned 100-million-euro instalment. The December instalment, including interest, totals approximately EUR 230 million, after which the remaining loan amount was EUR 280 million (end of March 2024). The remaining pension premium loan will be repaid according to the following agreed schedule: EUR 80 million in June 2024 and EUR 200 million in May 2025.

*Shareholders' Agreement and Purchased Traffic Agreement with Norra*

Finnair has concluded a shareholders' agreement with Danish Air Transport concerning Norra. All material decisions require the approval of both shareholders. Both shareholders have the right of first refusal. Both shareholders also have a tag along right and a drag along right.

In accordance with a purchased traffic agreement between Norra and Finnair, Finnair is responsible for creating the traffic plan, and purchases the capacity for these flights from Norra. Finnair sells the tickets to the passengers, and is responsible for a major part of the operating costs, and thus bears the commercial risk of these operations. All aircraft operated by Norra are leased from Finnair Aircraft Finance Ltd, which is a wholly-owned subsidiary of Finnair.

*Aircraft Leasing Agreements*

As part of its operations, Finnair operates several leased aircraft under operating leases, of which Finnair itself operates 24 while 9 are sub-leased to Norra (see "*– Liabilities and Capital Resources*"). Under operating lease agreements, the lessor retains the ownership of and therefore the residual risk for the aircraft. Finnair has the obligation to pay, in addition to the lease rent, for all flight, maintenance and ground operations as well as insurance related to the aircraft, and carries the related risks. Finnair's lease agreements also require it to place a security deposit corresponding to approximately 1–3 months of rent, which is commonly issued by way of a letter of credit issued by a bank, and in a few cases the deposit has been paid in cash. The lease periods under Finnair's lease agreements can vary from 8 to up to 22 years, and some of them include early termination and/or extension options. At the end of the lease term, Finnair may be obligated to pay a certain compensation or be entitled to compensation from the lessor, depending on the economic return condition specified for the aircraft in the lease agreement and the condition in which the aircraft is returned to the lessor.

During the second quarter of 2023, Finnair signed an aircraft lease agreement with its oneworld$^{TM}$ partner, Qantas. Based on the agreement, Finnair wet leased two A330 aircraft for two years, and will dry lease two A330 aircraft to Qantas for two and half years starting in late 2025. Wet lease aircraft are used on Qantas flights between Australia and Asia.

Four A320 aircraft with crew that were wet leased since April 2023 returned from the British Airways' in 2024.

***Qatar Airways cooperation***

Following the closure of Russian airspace, Finnair commenced its strategic cooperation with Qatar Airways that comprises daily flights from Helsinki, Copenhagen and Stockholm to Qatar Airways' home airport in Doha. Qatar Airways purchases a fixed share of the passenger and cargo capacity of these flights operated by Finnair. The cooperation agreement is in force until the end of November 2025, unless otherwise agreed between the parties or terminated in accordance with its terms and conditions.

***Agreements with external service providers***

Finnair has entered into a number of agreements with Amadeus IT Group, under which Amadeus provides Finnair information systems and software, including a long-term Master Services Agreement and Service agreements concluded under it. The companies will together drive a retailing transformation as part of the agreements as well as information systems related to passenger services and other IT services. The agreements can only be terminated in the short term if Amadeus is unable to deliver its services. The service agreements are not exclusive and Finnair may continue procuring any IT, professional, consulting and other services from any third parties even if the services are competing with the services provided by Amadeus.

# REGULATION

*The summary presented below is a general description of the international conventions and agreements as well as legislation and regulations of the EU and Finnish national legislation and regulations which are applicable to the civil aviation industry as at the date of this Prospectus and is not intended to provide an exhaustive account of all regulations which apply to the business of the Company.*

## General

The aviation industry has traditionally been subject to a considerable amount of international and domestic regulation by authorities. The regulation of the industry is based on international conventions and agreements as well as fundamental treaties, regulations and directives harmonizing the legislation of EU member states, as well as national legislation. These are enforced through supervision by both international and domestic authorities.

The regulatory system applicable to international air transportation is based on a general principle, which stipulates that each state has sovereignty over the airspace above its own territory as well as a right to administer air traffic activities above its own territory. Consequently, international air traffic rights are mainly based on traffic rights granted by individual states to other states. States which have been granted these rights based on such bilateral agreements, in turn, grant these rights to local air carriers. In addition to international air traffic rights, some rights are also granted through multilateral agreements.

Non-scheduled flights such as charter flights are subject to restrictions imposed by individual states. Air carriers often acquire traffic rights for non-scheduled flights from the relevant foreign state.

ICAO (International Civil Aviation Organization), a special organization of the UN, is responsible for the coordination and regulation of international air traffic, and has developed norms and recommendations of conduct on several issues, such as aircraft operations, staff licencing, aviation safety, accident investigation, navigation services, airport planning and operations and environmental protection. Finland is a member of the ICAO.

IATA (The International Air Transport Association) acts as an international forum for cooperation on issues concerning e.g. technical security, safety, navigation services, flight operations as well as communication norms and the development of administrative procedures.

In addition to international conventions and agreements, regulation of the civil aviation industry in the EU has been substantially harmonized through EU directives and regulations, which has diminished the significance of national rules of EU member states and reduced differences between them. One of the most significant regulations concerning the aviation industry in the EU is Regulation (EC) No 1008/2008 on common rules for the operation of air services in the Community (the "**Air Services Regulation**"). The Regulation aims to provide more detailed information to passengers on the actual prices of flight tickets without separate taxes or fuel-related charges, and prohibits the price discrimination of passengers based on their home country in the EU area. The Regulation also clarifies the criteria for granting EU operating licenses as well as their duration, including also requirements for the financial condition, ownership and supervision of control applicable to air carriers. The Regulation facilitates leasing of EU registered aircraft, while also imposing stricter requirements for leasing of aircraft from countries outside the EU.

The EASA (European Union Aviation Safety Agency) is responsible for supervising safety and environmental protection in the civil aviation industry at the EU level. EASA's tasks include, among others, facilitating common regulation and certification, drafting technical rules for aviation, approving aircraft and their components as well as companies manufacturing and maintaining aircraft and their components, supervision of aviation safety and related support to EU member states, promotion of European and global safety standards as well as cooperation with international stakeholders to improve safety in Europe.

As Finnair is an air carrier operating under an operating license granted by the Finnish State, Finnish legislation and the Finnish regulatory environment is significant for the Company's operations in addition to EU regulations. In Finland, the law generally applicable to the aviation industry is the Finnish Aviation Act (864/2014, as amended), and the Finnish Transport and Communications Agency (Traficom) acts as the competent supervisory authority.

## Requirements of International Regulation

### *The Chicago Convention*

The Convention on International Civil Aviation, also known as the Chicago Convention, established the ICAO. The Convention provides rules for airspaces as well as aircraft registration and safety, and specifies the rights concerning air traffic rights of the signatory countries. In addition, the Chicago Convention also stipulates the exemption from taxation for jet fuel. The Chicago Convention was signed on 7 December 1944 in Chicago, Illinois by 52 states, and it entered into force on 4 April 1947. Finland signed the Chicago Convention in 1949. Currently the Chicago Convention has 193 signatories.

### *The Open Skies Agreement between the EU and the United States*

The so-called "Open Skies" Agreement between the EU and the United States entered into force on 30 March 2008. Under the Agreement, U.S.- and EU-based airlines can fly on all air routes between the EU and the United States. Although U.S. airlines can fly intra-European flights as well as some routes outside Europe, EU airlines are not allowed to fly domestic flights in the U.S. Ownership of U.S. airlines remains restricted. The Agreement was extended to also apply to Norway and Iceland in 2011.

### *Carbon Offsetting and Reduction Scheme for International Aviation ("CORSIA")*

In 2016, the General Assembly of the ICAO resolved on the implementation of a Carbon Offsetting and Reduction Scheme for International Aviation ("**CORSIA**"). In terms of timing, CORSIA is divided into three phases, including the pilot phase in 2021–2023, phase one in 2024–2026 and phase two in 2027–2035. CORSIA makes aviation the first industry to establish a global market-based emissions system. Finnair has actively participated in developing the system already since 2009 in cooperation with other members of the air travel industry.

Currently, reduced emissions of flights within the EEA are being pursued through the emissions trading for air travel in the EU. The European Council and the European Parliament reached a provisional political agreement in December 2022 on the revision of rules of the EU emissions trading system (the "**EU ETS**") applicable to the aviation sector, and as such on the alignment of the EU ETS and CORSIA. The scope of the EU ETS will be subject to further review in the coming years. For further information on the alignment of EU ETS and CORSIA see "*– Requirements of EU Regulation – Environmental Matters*" below.

### *Bilateral Agreements*

Finland currently has bilateral air traffic agreements with over 50 states. These agreements regulate airlines operating certain routes and airports as well as airline capacity and approval procedures for prices of flights. Based on these bilateral agreements, the states which are parties to the agreements grant designated airlines the right to operate scheduled air transportation of passengers and cargo on certain routes of the states in questions. Most bilateral agreements require that airlines must be able to demonstrate that their majority ownership and control is in the hands of nationals of the airline's home state. Should the Company ever cease to be owned or controlled by Finnish nationals or Finnish corporations, the contracting states of such bilateral agreements could deny Finnair the landing rights under such agreements. Currently relevant bilateral agreements for the Company's operations are Finland's agreements with countries in Finnair's focus markets, as well as countries Finnair is required to overfly to reach those markets.

## Requirements of EU Regulation

### *General*

Historically, air traffic between EU member states has been regulated through bilateral air traffic agreements. The bilateral system has been gradually liberalized through a multitude of actions, which have been aimed at introducing common rules for licensing procedures applicable to air carriers in the EU, and at allowing air carriers with EU Operating Licenses to operate freely between airports situated in the EU. In 1995, through the Agreement on the European Economic Area, Norway Iceland and Liechtenstein, which are not EU member states, became subject to the EU regulatory system for air traffic, expanding the regulatory system to cover the EEA.

Regulation (EC) No 847/2004 on the negotiation and implementation of air service agreements between EU member states and third countries sets out principles designed to ensure an adequate exchange of information within the EU, so that EU member states, in their bilateral relations with third countries in the area of air service, do not risk infringing upon EU law. EU member states may also delegate their powers to the European Commission to negotiate agreements with third countries on behalf of all the EU member states. Currently the European Commission has not been given a mandate to negotiate on air services with third countries, such as Japan, China and South Korea, which are Finnair's core markets in Asia. See "*Risk Factors – Regulatory Risks – Changes to the bilateral agreements or the trade relationship between the EU and non-EU countries may result in further limitations to Finnair's flight routes and increase charges associated with such routes*".

***Operating Licence***

According to the Air Services Regulation, air carriers subject to the regulations applicable to air services in the EU must have an Operating Licence in order to commercially carry passengers, mail and/or cargo.

***Air Operator Certificate, AOC***

In order to be granted an Operating Licence, an air carrier must also have an Air Operator Certificate ("**AOC**") in accordance with the Air Service Regulation. The Air Operator Certificate specifies the types of aircraft which the air carrier may operate, and stipulates other operational and technical specifications.

***Requirements Concerning Ownership and Business Operations***

According to the Air Services Regulation, the principal place of business and registered office of EU airlines must be in an EU member state. The Regulation also requires that the main occupation of EU airlines must be to operate air services, and they must also meet certain requirements concerning the conduct of their operations and their economic condition. To be granted an operating license, an air carrier must be able to, among others, meet fixed and operational costs incurred by operations established under realistic assumptions, without taking into account any income from its operations.

In addition, a European air carrier, such as Finnair, must continuously be directly or indirectly, through one or more undertakings, under the ownership and effective control of member states and/or nationals of member states. Under the EEA Agreement as well as the EU-Switzerland Air Transport Agreement, EEA countries and Switzerland are equated with EU member states.

***Allocation of Slots***

For landings and departures, an air carrier must have so-called slots. A slot entails the right to take off or land at a certain time in a specified scheduling period. The allocation of slots in the EEA Area and Switzerland is governed by Regulation (EEC) No 95/93, as amended (the "**Slot Regulation**").

Airports are designated as either coordinated or schedules-facilitated airports. At coordinated airports, it is necessary for an air carrier to have a slot allocated by a coordinator. A schedules-facilitated airport is an airport where there is potential for congestion during some periods of the day, week or year, which is amenable to resolution by voluntary co-operation between air carriers. At schedules-facilitated airports, a schedules facilitator has been appointed to facilitate the operations of air carriers which are operating services or intending to operate services at a specific airport.

According to the Slot Regulation, a coordinator of a coordinated airport allocates slots for each scheduling period. If applications exceed the number of available slots, air carriers which have held the slots in question during the previous scheduling period, and which are using them for at least 80 per cent of the time, are given preference. If an air carrier does not achieve this threshold, it may lose the slot in question, which can be placed into a slot pool to be allocated to other air carriers (the so-called "use-it-or-lose-it" rule). If an air carrier has been unable to utilise its slot for exceptional reasons (e.g. unforeseen and unpreventable circumstances beyond the air carrier's control), it may however be entitled to keep its slot. In October 2022, Regulation (EU) 2022/2038 of the European Parliament and of the Council as regards temporary relief from the slot utilisation rules at Union airports due to an epidemiological situation or military aggression was formally adopted.

The European Commission is preparing a package of measures containing proposal on revision to the regulation of slot allocations. This proposal is likely to include permanent mandate for the Commission to introduce flexibility measures from the slot utilization rules due to an epidemiological situation or military aggression.

Slots can be traded between airlines, and mechanisms for such trades between airlines have developed over time. In accordance with practices adopted at certain airports, airlines exchange valuable slots for less valuable ones in exchange for a monetary compensation.

The European Commission is preparing a package of measures containing proposed revisions to the regulation of slot allocations. The decision for the proposal of measures will be up to new Commission starting in winter 2024/25. The aim is to improve the use of the available capacity at European airports. The proposed regulation contains, among others, measures to promote the transparency of slot trading and clarifications to the conditions for such trading under the supervision of national authorities, as well as additional requirements to the "use-it-or-lose-it" rule. There might be also new environment related elements included.

***Air Rates***

The Air Services Regulation provides EU air carriers the right to freely set passenger air rates in the EU, however, this does not constitute a limitation to prohibitions on predatory or unreasonable pricing.

***Airport Charges***

Airport charges are regulated at the EU level through Directive 2009/12/EC. The directive has been implemented on a national level in Finland through the Finnish Act on the Airport Network and Airport Charges (210/2011, as amended). The Directive, among other provisions, prohibits the discrimination of airport users through airport charges, and sets out a compulsory procedure where the airport managing body and airport users or the representatives or associations of airport users negotiate on a regular basis on the operation of the system of airport charges, the level of airport charges and, as appropriate, the quality of service provided.

In addition, the so-called single European sky initiative, which is regulated in Council Regulations (EC) No 549/2004, No 550/2004, No 551/2004 and No 552/2004 (as amended) resulted in a more uniform legal framework for European air traffic control services. Save for Eurocontrol fees, services are however still charged based on national regulations.

***Environmental Matters***

The most essential environmental matters concerning the Company are the physical and noise emission regulations applicable to its aircraft.

Directive 2008/101/EC concerning European emission allowance trading entered into force in February 2009, and included aviation activities in the EU ETS. From 2012 to 2022, the EU ETS applied to all flights arriving to or departing from EU member states and, pursuant to the EEA Agreement, Iceland, Liechtenstein and Norway. As a result of the alignment of the EU ETS and CORSIA, the EU ETS will apply for intra-European flights (including departing flights to the United Kingdom and Switzerland), while CORSIA will apply to extra-European flights to and from third countries participating in CORSIA ("**Clean Cut**") from 2022 to 2027. After the 42nd Assembly of ICAO in 2025, the Commission will assess whether the implementation of CORSIA is sufficient to reduce aviation emissions in light of the objectives of the Paris Agreement. Depending on whether CORSIA is deemed to be sufficient, the Commission will make a proposal to the Council and Parliament to either extend the Clean Cut or to extend the scope of the EU ETS to all flights departing from the EEA.

The EU ETS delivers a market price for emission allowances, and limits total emissions to a fixed cap amount. Businesses within the scope of the system must hand over a certain amount of emission allowances for each reporting year in order to cover their total emissions. Airlines are granted a certain number of allowances based on historical emissions in designated benchmark years as well as their market share. EU member states also sell additional allowances through an auction procedure. The actual allocation of allowances is scaled down from 2013 to 2023, to take into account the temporary reduction of the scope of the EU ETS to flights between airports in the EEA. In June 2023, Directive (EU) 2023/958 as regards aviation's contribution to the Union's economy-wide emission reduction target and the appropriate implementation of a global market-based measure entered into force. The Directive will implement a gradual phase out of free allowances under the EU ETS in 2024 and 2025 and introduce full auctioning from 2026 onwards.

The EU has also unfurled plans for future environmental regulation in connection with the "Fit for 55" package (the plan to reduce emissions by at least 55 per cent by 2030 compared to 1990 levels with the ultimate aim for Europe to become the world's first climate neutral continent by 2050). The potential changes most relevant for the

Company are the Proposal on ensuring a level playing field for sustainable air transport (the "**RefuelEU Aviation Proposal**") and the revision of Directive 2003/96/EC restructuring the Community framework for the taxation of energy products and electricity (the "**Energy Taxation Directive**").

The RefuelEU Aviation Proposal imposes minimum requirements on all fuel suppliers, mandating a gradual increase in the utilisation of advanced biofuels and synthetic aviation fuels. The use of sustainable aviation fuel will gradually increase from 2025. Aviation fuel distributed in the EU will have to contain at least 2 per cent renewable aviation fuel in 2025 and 70 per cent in 2050. In addition, aircraft operators would be obligated to ensure that the yearly quantity of aviation fuel uplifted at a given EU airport is at least 90 per cent of the yearly aviation fuel required. In April 2023, the European Parliament and Council reached a provisional agreement on the RefuelEU Aviation Proposal and the European Parliament adopted the proposed Regulation in September 2023.

The proposed revision of the Energy Taxation Directive aims at making cleaner fuels more attractive in all transport modes. The main aviation-related change is the elimination of tax exemptions on fossil fuels used for intra-EU flights, ensuring they are no longer taxed below minimum rates. In June 2023, the European Council acknowledged progress in reaching a compromise on this revision, however further work is still needed as the proposal requires unanimity in the Council for its adoption.

Directive 86/629 on the limitation of noise emission from civil subsonic jet aeroplanes aims to limit noise caused by air traffic. The Directive prohibits the operation of subsonic jet aeroplanes which do not comply with Chapter 3 of Annex 16 of the Chicago Convention norms in the EU air space, excluding aircraft which have been registered before 1 November 1990 and with exemptions for certain overseas departments. In addition, Regulation (EU) No 598/2014 further limits noise at and around airports. On the other hand, Directive 2002/49, as amended, aims to harmonize noise indicators and noise maps, as well as encourage states to conduct detailed evaluations of noise exposure. The Company is not aware of any environmental issues relating to its aircraft or other operations, which could have material impact on its business.

***Safety***

Regulation (EC) No 300/2008 on rules in the field of civil aviation security confirms common rules at the EU level for the protection of civil aviation from unlawful interferences that jeopardize the security of civil aviation. According to the Regulation air carriers must adopt specific security measures and a security programme containing such measures, which complies with the requirements of a civil aviation security programme approved by a national aviation authority. The Company has concluded that it complies with the rules of the aviation security programme.

Council Regulation (EEC) No 3922/91 (as last amended through Commission Regulation (EC) No 859/2008) imposes restrictions on maximum total duty time for cockpit and cabin crew members and stipulates defined stopping times and rest periods. In addition, Commission Regulation (EU) No 965/2012, as amended, lays out more detailed technical security and safety specifications on, among others, the planning of flight duty periods in order to ensure that members of the crew remain sufficiently alert. The annexes of the Commission Regulation also specify technical specifications for, among others, safety specifications, supervision, approval and maintenance of aircraft, as well as the transport of dangerous goods.

***Insurance***

Regulation (EC) No 785/2004 as well as Commission Delegated Regulation (EU) 2020/1118 on insurance requirements for air carriers and aircraft operators provide regulations concerning insurance for events of liability for damages in aviation. The Company has sufficient insurance coverage as required by its liabilities and sufficient coverage for the particular minimum insurance requirements applicable to the Company under Finnish law and international aviation conventions. The Company's insurance coverage is described in more detail under the section *"Business of the Company – Insurance"*.

***Passenger Rights***

Regulation (EC) No 1107/2006 confirms the rights of disabled persons and persons with reduced mobility when travelling by air. According to the Regulation persons with a disability or reduced mobility may not be refused transport on a flight on the grounds of their disability or lack of mobility, except for reasons which are justified on the grounds of safety and prescribed by law. The Regulation prescribes for example that persons with a disability or lack of mobility must be provided with assistance and support to meet their particular needs at the airport as well as on board aircraft, by employing the necessary staff and equipment.

Regulations (EC) No 2027/97, as amended, and No 889/2002 set out air carrier liability in respect of the carriage of passengers and their baggage by air, in accordance with the Montreal Convention. Under the Regulation, Finnair is liable to, among others, compensate passengers for the destruction, delay or loss of, or damages to their carriage and baggage, up to a certain amount. No monetary limit is applied to the liability for the possible death or injury of passengers.

The EU has provided regulation concerning passengers who are denied boarding on flights for which they have a valid ticket (Regulation (EC) No 261/2004, which entered into force on 17 February 2005). The Regulation also sets out fixed amounts of compensation payable to passengers whose flights are cancelled, except in cases where the airline is able to prove that the cancellation was due to exceptional circumstances, such as weather conditions, delays by air traffic control or security and safety issues. The compensation amounts set out in the Regulation are EUR 250, EUR 400 or EUR 600 for each passenger, depending on the length of the flight. The Regulation also sets out obligations concerning the care and assistance of passengers, which become applicable as a result of cancellations or delays of flights.

Amendments to Regulations (EC) No 261/2004 and No 2027/97 are pending as at the date of this Prospectus. The European Commission has drafted an amendment proposal, on which the European Parliament has adopted a legislative resolution on 5 February 2014. In 2020, the European Council put forward new compromise proposals with the aim of reaching a general approach within the Council. The proposal is listed in the priority pending proposals in the 2023 Commission work programme. The proposal strives to strengthen passengers' rights to e.g. care and assistance, as well as to clarify the legal status of passengers on connecting flights. On the other hand, passengers would have a right to standard compensations for delayed flights in fewer situations. An airline's obligation to arrange for accommodation of passengers in exceptional circumstances would be limited as well. The proposal is also intended to promote passengers' ability to enforce their rights in the event of destruction of or damage to their carriage or baggage.

***Competition and State Aid Regulation***

Airlines operating in the EU must comply with EU competition regulations, of which the most significant are contained in the TFEU Articles 101 and 102, which are the most substantial instruments to counteract measures restricting competition. TFEU Article 101(1) prohibits all agreements between undertakings, decisions by associations of undertakings and concerted practices which may affect trade between Member States and which have as their object or effect the prevention, restriction or distortion of competition within the internal market. TFEU Article 102 prohibits the abuse of a dominant market position.

An agreement which would normally restrict competition as set out in TFEU Article 101(1) may not be unlawful in all cases. Provided that certain requirements are met, the European Commission can grant exemptions in accordance with TFEU Article 101(3) to certain categories of agreements or concerted practices in the aviation industry. In addition to individual exemptions, it is also possible to apply more generally applicable so-called block exemptions. As at the date of this Prospectus, there are no block exemptions in force that would apply particularly to the air transport sector. However, the European Commission has adopted general block exemptions for certain types of horizontal and vertical agreements that also apply to the air transport sector.

According to TFEU Article 107(1), aid granted through state resources in any form whatsoever which distorts or threatens to distort competition by favoring certain undertakings or certain fields of business are generally prohibited. However, under Article 107(3), certain forms of aid may be considered permissible, e.g. aid to facilitate the development of certain economic activities or of certain economic areas, where such aid does not adversely affect trading conditions to an extent contrary to the common interest of the EU. According to TFEU Article 108(3), a member state must inform the European Commission of any plans to grant or alter aid, in sufficient time to enable it to submit its comments. The member state concerned may not put its proposed measures into effect until this procedure has resulted in a final decision.

**Requirements of Finnish Regulation**

As a Finnish air carrier, the Company is subject to the requirements of the Finnish Aviation Act (864/2014, as amended). The Aviation Act regulates, among others, the registers for aircraft and licenses, qualification requirements for aircraft and licenses, safety measures, control of airspace and specified actions in the event of accidents.

Traficom acts as the competent aviation authority of Finland, supervising, among others, compliance with aviation safety requirements, other compliance with requirements for aviation as well as the Safety Management Systems (SMS) of the aviation organisations and their efficiency. The supervision is based on national and EU legislation as well as other rules applicable to Finnish aviation organizations.

## FINANCIAL INFORMATION AND OTHER INFORMATION

### Historical Financial Information

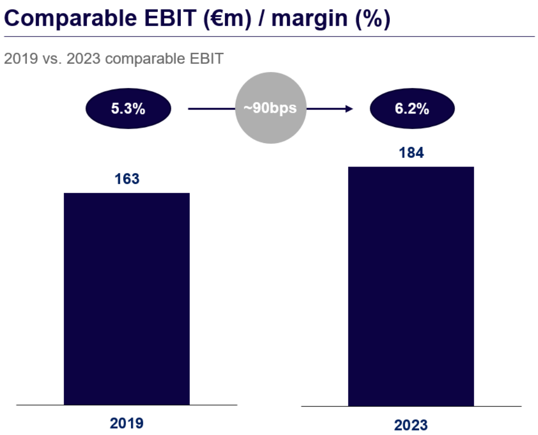
The financial information presented in this Prospectus has been derived from Finnair's unaudited consolidated interim report as at and for the three months ended 31 March 2024, prepared in accordance with "IAS 34 Interim Financial Reporting", and Finnair's audited consolidated financial statements as at and for the financial year ended 31 December 2023, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (IFRS).

Finnair's audited consolidated financial statements as at and for the financial year ended 31 December 2023 and the unaudited interim report for the three-month period ended on 31 March 2024 are incorporated into this Prospectus by reference.

Save for the Company's audited consolidated financial statements as at and for the financial year ended 31 December 2023 (including audited comparative financials for the financial year ended 31 December 2022), no part of this Prospectus has been audited.

### Certain Financial Information

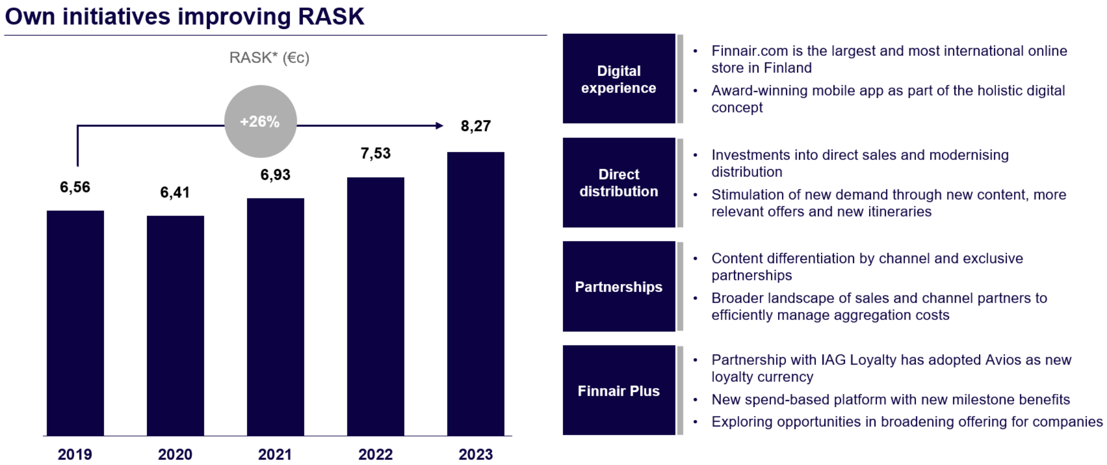
As described in the following graph, Finnair is more profitable today than pre-COVID (financial year 2019) with a strong operational momentum in selected key metrics.




| | 2019 | 2022 | 2023 | 2022 vs 2023 |
|---|---|---|---|---|
| ASK* (Mill. km) | 47,188 | 31,298 | 36,154 | 16% |
| Passenger load factor** (%) | 81.7 | 67.6 | 76.4 | 13% |
| RPK (Mill. Km) | 38,534 | 21,157 | 27,626 | 31% |
| RASK*** (€c) | 6.6 | 7.5 | 8.3 | 10% |
| CASK excl. fuel**** (€c) | 4.8 | 5.4 | 5.3 | -2% |

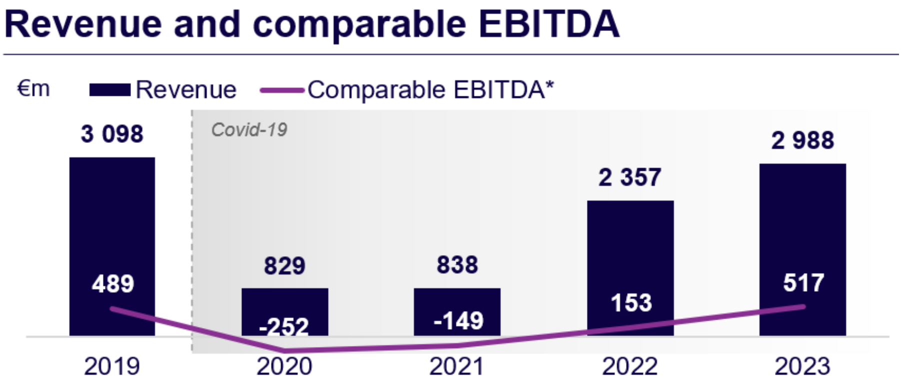
Note: The distance-based reported traffic figures are based on the great circle distance and, thus, do not reflect the longer Asian routings caused by the Russian airspace closure. *Available seat kilometres, calculated as total number of seats available × kilometres flown. **Share of revenue passenger kilometres of available seat kilometres. ***Unit revenue per available seat kilometre, calculated as Group's revenue divided by available seat kilometres (ASK). ****Unit cost per available seat kilometre excluding fuel, calculated as (Comparable operating result - Revenue - Fuel costs) / ASK x 100. All figures in the graph are unaudited.

According to the Issuer's management, unit revenues have been supported by recent commercial and operational initiatives, as described in the following graph.



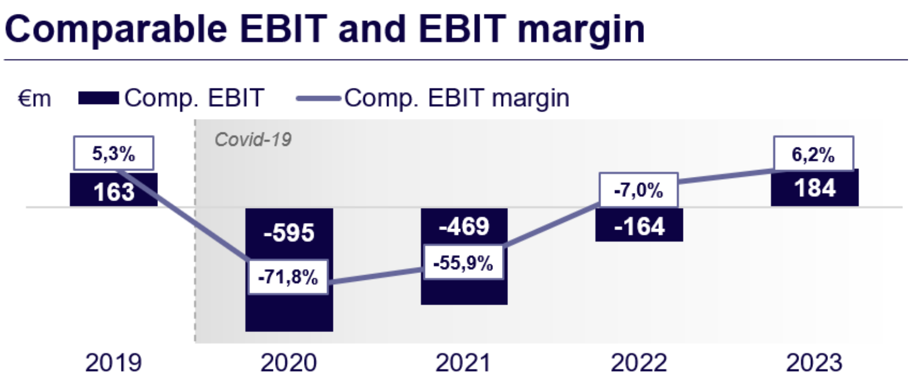

Note: All figures in the graph are unaudited.

As described in the following graphs, Finnair has returned to growth trajectory following the double crisis of COVID-19 and the Russian invasion of Ukraine. The following graph sets out Finnair's revenue and comparable EBITDA during the periods indicated. According to the Issuer's management, robust demand and sales initiatives delivered strong revenue growth in 2023.



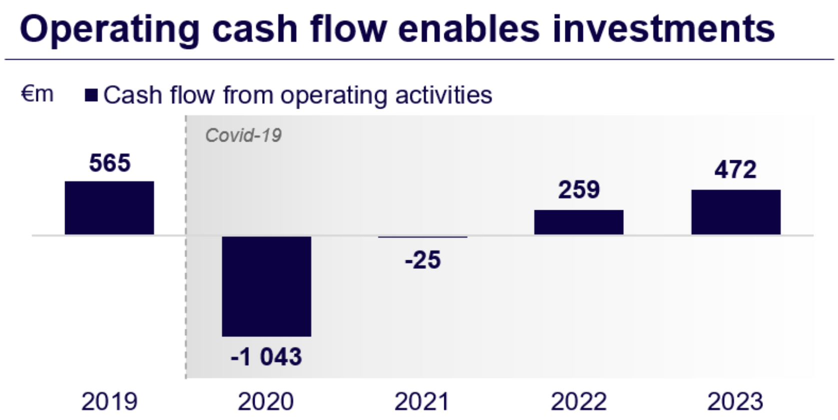

Note: Comparable EBITDA figures in the graph are unaudited, revenue figures are audited.

According to the Issuer's management, recent successful expense management has resulted in margin improvement trajectory. The following graph sets out Finnair's Comparable EBIT and Comparable EBIT margin during the periods indicated.



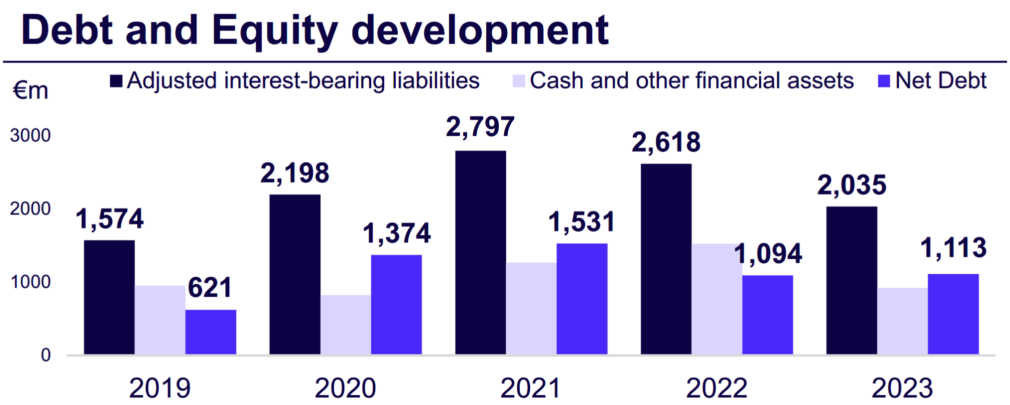

Note: All figures in the graph are unaudited.

The following graph sets out Finnair's operating cash flow during the periods indicated. According to the Issuer's management, the recovered strong operating cash flow enables future investments and leaves cash funds as its own liquidity buffer.



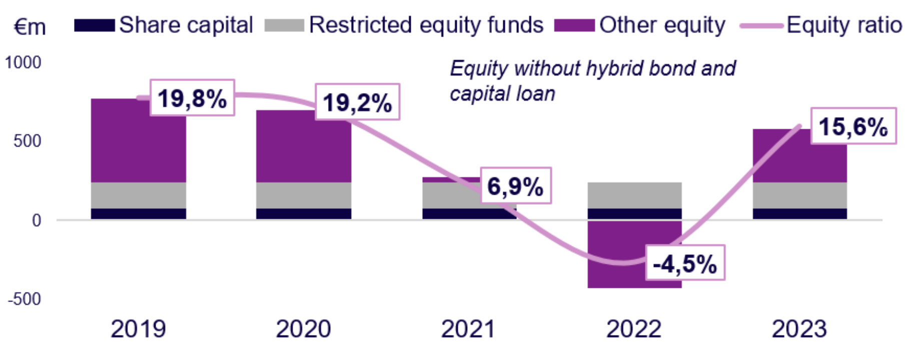

Note: All figures in the graph are audited.

The following graph sets out Finnair's debt and equity development during the periods indicated.



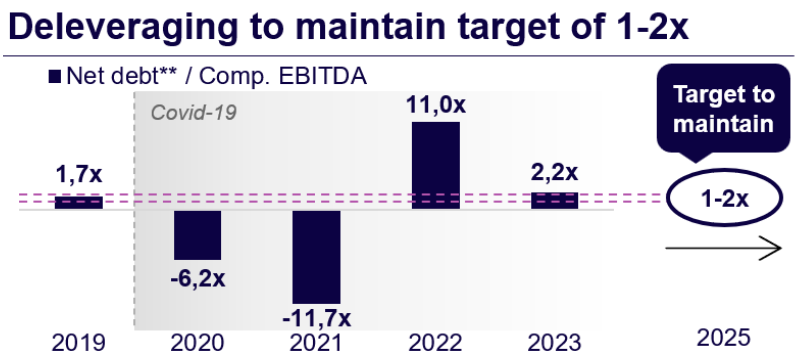

Note: All figures in the graph are unaudited. Net debt is the same performance measure as Interest-bearing net debt.

According to the Issuer's management, repaid hybrid equity and replacement of capital loan with successful equity issue in 2023 resulted in strengthened balance sheet.



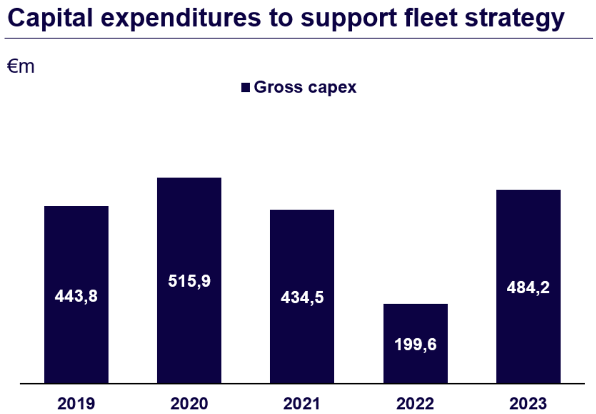

Note: All figures in the graph are unaudited.

The following graph sets out Finnair's Net debt to Comparable EBITDA ratio during the periods indicated as well as Finnair's target for the same.




Note: All figures in the graph are unaudited. Net debt is the same performance measure as Interest-bearing net debt.

The following graph sets out Finnair's Gross capital expenditure over the periods indicated.




Note: All figures in the graph are unaudited.

**Consolidated Income Statement**

| (EUR in millions) | For the three months ended 31 March 2024 (unaudited) | For the three months ended 31 March 2023 (unaudited) | For the year ended 31 December 2023 (audited[32]) | For the year ended 31 December 2022 (audited[32]) |
|---|---|---|---|---|
| **Revenue** | **681.5** | **694.7** | **2,988.5** | **2,356.6** |
| Other operating income | 32.5 | 33.9 | 130.5 | 153.5 |
| **Operating expenses** | | | | |
| Staff and other crew related costs | -130.7 | -129.2 | -498.1 | -449.6 |
| Fuel costs | -211.5 | -218.0 | -898.9 | -835.1 |
| Capacity rents | -27.2 | -26.8 | -107.2 | -102.5 |
| Aircraft materials and overhaul | -52.0 | -46.4 | -200.1 | -192.4 |
| Traffic charges | -62.3 | -55.4 | -233.8 | -206.5 |
| Sales, marketing and distribution costs | -32.3 | -31.1 | -117.1 | -103.1 |
| Passenger and handling services | -103.3 | -103.4 | -414.1 | -348.0 |
| Depreciation and impairment | -82.8 | -82.0 | -346.2 | -349.8 |
| Property, IT and other expenses | -29.0 | -28.1 | -112.1 | -123.7 |
| **Operating result** | **-17.2** | **8.3** | **191.4** | **-200.6** |

[32] Audited except for the earnings per share figures for both 2023 and 2022 which are unaudited. A rights issue was implemented in November 2023 and on 20 March 2024, Finnair executed a reverse split, i.e. the reduction of the number of shares where every 100 old shares in the company corresponds to one new share. Thus, the comparison period figures have been restated accordingly.

| | | | | |
|---|---|---|---|---|
| Financial income | 11.0 | 12.2 | 56.2 | 6.5 |
| Financial expenses | -27.7 | -36.7 | -142.2 | -137.9 |
| Exchange rate gains and losses | -3.6 | 8.8 | 13.7 | -38.8 |
| **Result before taxes** | **-37.6** | **-7.4** | **119.1** | **-370.7** |
| Income taxes | 7.6 | 10.3 | 135.2 | -105.4 |
| **Result for the period** | **-29.9** | **3.0** | **254.3** | **-476.2** |
| | | | | |
| **Attributable to** | | | | |
| Owners of the parent company | -29.9 | 3.0 | 254.3 | -476.2 |
| | | | | |
| **Earnings per share attributable to shareholders of the parent company, EUR** | | | | |
| Basic earnings per share | -0,15 | -0,09 | 2,25 | -6.03 |
| Diluted earnings per share | -0.15 | -0.09 | 2.19 | -6.03 |

## Consolidated Statement of Comprehensive Income

| (EUR in millions) | For the three months ended 31 March 2024 (unaudited) | 2023 | For the year ended 31 December 2023 (audited) | 2022 |
|---|---|---|---|---|
| **Result for the period** | **-29.9** | **3.0** | **254.3** | **-476.2** |
| **Other comprehensive income items** | | | | |
| **Items that may be reclassified to profit or loss in subsequent periods** | | | | |
| Change in fair value of hedging instruments | 43.5 | -27.5 | -7.7 | -13.8 |
| Tax effect | -8.7 | 8.2 | 4.2 | 0.1 |
| **Items that will not be reclassified to profit or loss in subsequent periods** | | | | |
| Actuarial gains and losses from defined benefit plans | 3.5 | 7.8 | 11.6 | 49.9 |
| Tax effect | -0.7 | -1.6 | -2.3 | -10.0 |
| **Other comprehensive income items total** | **37.6** | **-13.0** | **5.8** | **26.2** |
| **Comprehensive income for the period** | **7.7** | **-10.1** | **260.0** | **-450.0** |
| | | | | |
| **Attributable to** | | | | |
| Owners of the parent company | 7.7 | -10.1 | 260.0 | -450.0 |

## Consolidated Balance Sheet

| (EUR in millions) | As at 31 March 2024 (unaudited) | 2023 | As at 31 December 2023 (audited) | 2022 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Fleet | 1,038.4 | 910.8 | 1,053.0 | 894.8 |
| Right-of-use fleet | 743.3 | 894.9 | 775.0 | 932.9 |
| Fleet total | 1,781.7 | 1,805.7 | 1,828.0 | 1,827.6 |
| Other fixed assets | 140.4 | 147.6 | 141.8 | 150.1 |
| Right-of-use other fixed assets | 148.1 | 144.0 | 140.4 | 145.4 |
| Other fixed assets total | 288.5 | 291.6 | 282.2 | 295.5 |
| Pension assets | 129.0 | 126.2 | 128.0 | 120.0 |
| Other non-current assets | 3.0 | 3.3 | 3.1 | 4.5 |
| Deferred tax assets | 232.2 | 97.6 | 234.0 | 80.6 |
| **Non-current assets total** | **2,434.5** | **2,324.4** | **2,475.2** | **2,328.3** |
| **Current assets** | | | | |
| Receivables related to revenue | 207.6 | 161.3 | 154.4 | 134.9 |

| | | | | |
|---|---|---|---|---|
| Inventories and other current assets | 155.5 | 138.1 | 134.6 | 122.0 |
| Derivative financial instruments | 36.3 | 12.9 | 11.8 | 23.5 |
| Other financial assets | 823.0 | 880.7 | 776.8 | 738.6 |
| Cash and cash equivalents | 158.0 | 687.0 | 145.1 | 785.8 |
| **Current assets total** | **1,380.5** | **1,880.1** | **1,222.8** | **1,804.8** |
| **Assets total** | **3,815.0** | **4,204.4** | **3,698.0** | **4,133.0** |
| | | | | |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity attributable to owners of the parent** | | | | |
| Share capital | 75.4 | 75.4 | 75.4 | 75.4 |
| Other equity | 508.5 | 326.2 | 501.5 | 335.2 |
| **Equity total** | **583.9** | **401.6** | **577.0** | **410.7** |
| Lease liabilities | 937.8 | 1,067.3 | 951.0 | 1,128.0 |
| Other interest-bearing liabilities | 741.3 | 1,025.7 | 790.2 | 1,058.4 |
| Pension obligations | 0.8 | 0.7 | 0.8 | 0.7 |
| Provisions and other liabilities | 125.7 | 164.3 | 125.9 | 186.4 |
| **Non-current liabilities total** | **1,805.7** | **2,258.0** | **1,868.0** | **2373.5** |
| **Current liabilities** | | | | |
| Lease liabilities | 170.6 | 194.4 | 164.0 | 202.7 |
| Other interest-bearing liabilities | 162.5 | 239.8 | 120.3 | 240.1 |
| Provisions | 32.1 | 51.6 | 28.1 | 71.7 |
| Trade payables | 95.3 | 91.5 | 107.0 | 90.3 |
| Derivative financial instruments | 12.9 | 66.3 | 43.4 | 36.7 |
| Deferred income and advances received | 662.1 | 619.0 | 506.7 | 452.0 |
| Liabilities related to employee benefits | 115.7 | 128.5 | 116.5 | 111.2 |
| Other liabilities | 174.1 | 153.6 | 167.1 | 144.4 |
| **Current liabilities total** | **1,425.4** | **1,544.9** | **1,253.1** | **1,348.9** |
| **Liabilities total** | **3,231.0** | **3,802.8** | **3,121.0** | **3,722.4** |
| **Equity and liabilities total** | **3,815.0** | **4,204.4** | **3,698.0** | **4,133.0** |

## Consolidated Cash Flow Statement

| | **As at and for the three months ended 31 March** | | **As at and for the year ended 31 December** | |
|---|---|---|---|---|
| | **2024** | **2023** | **2023** | **2022** |
| | **(unaudited)** | | **(audited)** | |
| **(EUR in millions)** | | | | |
| **Cash flow from operating activities** | | | | |
| Result before taxes | -37.6 | -7.4 | 119.1 | -370.7 |
| Depreciation and impairment | 82.8 | 82.0 | 346.2 | 349.8 |
| Financial income and expenses | 20.4 | 15.7 | 72.3 | 170.2 |
| Sales gains and losses on aircraft and other transactions | -0.0 | -2.8 | -13.3 | -6.6 |
| Change in provisions | 2.2 | -10.4 | -21.4 | 45.2 |
| Employee benefits | 2.8 | 3.8 | 8.9 | 12.7 |
| Other adjustments | -0.4 | 0.8 | 1.0 | 2.1 |
| **Non-cash transactions** | 4.6 | -5.9 | -11.5 | 60.0 |
| Changes in trade and other receivables | -71.5 | -36.9 | -30.2 | -86.9 |
| Changes in inventories | -1.0 | -0.7 | -1.1 | -10.1 |
| Changes in trade and other payables | 153.5 | 186.3 | 89.4 | 249.5 |
| Changes in working capital | 81.0 | 148.7 | 58.1 | 152.5 |
| Financial expenses paid, net | -12.4 | -23.6 | -98.7 | -96.1 |
| Income taxes paid | -0.1 | - | - | - |
| | | | | |
| **Net cash flow from operating activities** | **138.9** | **206.8** | **472.3** | **259.0** |
| | | | | |
| **Cash flow from investing activities** | | | | |
| Investments in fleet | -30.9 | -79.7 | -400.6 | -83.1 |
| Investments in other fixed assets | -1.4 | -0.7 | -3.6 | -4.9 |
| Divestments of fleet, other fixed assets and shares | 0.0 | 0.4 | 0.4 | 25.5 |
| Lease and lease interest payments received | 0.1 | 0.1 | 0.4 | 0.4 |
| Change in other current financial assets (maturity over 3 months) | 6.5 | -63.8 | -60.7 | -12.8 |

| | | | | |
|---|---|---|---|---|
| Change in other non-current assets | -0.1 | 0.0 | 0,0 | -0.7 |
| **Net cash flow from investing activities** | **-25.9** | **-143.7** | **-464.0** | **-75.5** |
| | | | | |
| **Cash flow from financing activities** | | | | |
| Proceeds from loans | - | - | - | - |
| Loan repayments | -10.2 | -27.3 | -377.4 | -144.0 |
| Repayments of lease liabilities | -41.9 | -51.2 | -198.1 | -193.4 |
| Share issue | - | - | 570.4 | - |
| Share issue costs | -9.8 | - | -2.1 | - |
| Hybrid bond repayments | - | - | -200.0 | - |
| Hybrid bond interests and expenses | - | - | -20.4 | -20.5 |
| Proceeds from capital loan | - | - | - | 400.0 |
| Capital loan repayments | - | - | -400.0 | |
| Capital loan interests and expenses | - | - | -48.9 | |
| **Net cash flow from financing activities** | **-61.9** | **-78.5** | **-676.4** | **42.1** |
| | | | | |
| **Change in cash flows** | **51.1** | **-15.5** | **-668.1** | **225.6** |
| Liquid funds, at beginning | 707.5 | 1,375.6 | 1,375.6 | 1,150.0 |
| Change in cash flows | 51.1 | -15.5 | -668.1 | 225.6 |
| **Liquid funds, at end*** | **758.6** | **1,360.1** | **707.5** | **1,375.6** |
| | | | | |
| ***Liquid funds** | | | | |
| Other financial assets | 823.0 | 880.7 | 776.8 | 738.6 |
| Cash and cash equivalents | 158.0 | 687.0 | 145.1 | 785.8 |
| **Cash funds** | **981.0** | **1,567.8** | **922.0** | **1,524.4** |
| Other current financial assets (maturity over 3 months) | -222.4 | -207.6 | -214.4 | -148.8 |
| **Liquid funds** | **758.6** | **1,360.1** | **707.5** | **1,375.6** |

## Key Figures

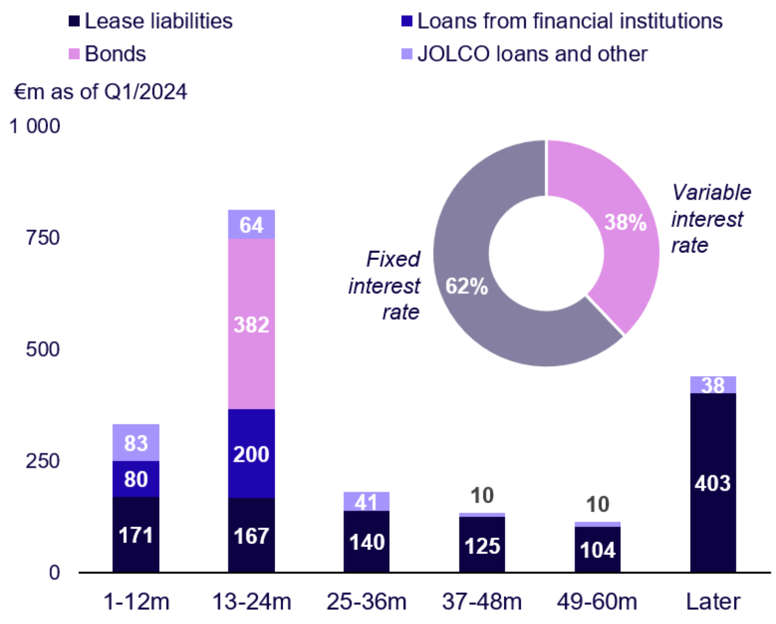
The following table sets forth the key figures of Finnair for the dates and periods indicated:

| | **As at and for the three months ended 31 March** | | **As at and for the year ended 31 December** | |
|---|---|---|---|---|
| | **2024** | **2023** | **2023** | **2022** |
| **(EUR in millions, unless otherwise indicated)** | **(unaudited)** | | **(unaudited, unless otherwise indicated)** | |
| **Revenue and profitability** | | | | |
| Revenue[1] | 681.5 | 694.7 | 2,988.5 | 2,356.6 |
| Comparable operating result | -11.6 | 0.9 | 184.0 | -163.9 |
| Comparable operating result, % of revenue | -1.7 | 0.1 | 6.2 | -7.0 |
| Operating result[1] | -17.2 | 8.3 | 191.4 | -200.6 |
| Comparable EBITDA | 70.5 | 82.8 | 516.5 | 153.2 |
| Comparable EBITDA, % of revenue | 10.3 | 11.9 | 17.3 | 6.5 |
| Earnings per share (EPS), basic, EUR[5] | -0.15 | -0.09 | 2.25 | -6.03 |
| Earnings per share (EPS), diluted, EUR[5] | -0.15 | -0.09 | 2.19 | -6.03 |
| Unit revenue per available seat kilometre (RASK), cents/ASK | 7.64 | 8.13 | 8.27 | 7.53 |
| Unit revenue per revenue passenger kilometre (yield), cents/RPK | 8.38 | 8.62 | 8.73 | 8.09 |
| Unit cost per available seat kilometre (CASK), cents/ASK | 7.77 | 8.11 | 7.76 | 8.05 |
| CASK excluding fuel, cents/ASK | 5.41 | 5.55 | 5.27 | 5.38 |
| **Capital structure** | | | | |
| Equity ratio, % | 15.3 | 9.6 | 15.6 | 9.9 |
| Gearing, % | 177.0 | 238.4 | 192.8 | 266.4 |
| Interest-bearing net debt | 1,033.6 | 957.5 | 1,112.5 | 1,094.0 |

| | | | | |
|---|---|---|---|---|
| Interest-bearing net debt / Comparable EBITDA, LTM | 2.0 | 3.3 | 2.2 | 7.1 |
| Gross capital expenditure | 43.4 | 80.0 | 484.2 | 199.6 |
| Return on capital employed (ROCE), LTM, % | 8.0 | -0.3 | 8.8 | -6.1 |
| Cash to sales, LTM, % | 33.0 | 59.1 | 30.9 | 64.7 |
| **Traffic** | | | | |
| Passengers, 1,000 | 2,543 | 2,593 | 10,983 | 9,096 |
| Flights, number | 25,635 | 24,638 | 101,201 | 88,713 |
| Available seat kilometres (ASK), million | 8,923 | 8,550 | 36,154 | 31,298 |
| Revenue passenger kilometres (RPK), million | 6,435 | 6,418 | 27,626 | 21,157 |
| Passenger load factor (PLF), % | 72.1 | 75.1 | 76.4 | 67.6 |
| **Customer-centric commercial and operational excellence** | | | | |
| Net Promoter Score (NPS) | 34 | 42 | 35 | 40 |
| On-time performance, % | 75.1 | 81.9 | 80.9 | 79.0 |
| Share of passengers in modern channels, %[2] | 69.0 | 64.6 | 67.8 | 66.5 |
| Average number of monthly visitors at finnair.com, millions | 3.0 | 2.2 | 2.1 | 2.3 |
| Active users for Finnair mobile app, thousands | 1,064 | 796 | 860 | 711.0 |
| Ancillary revenue[3] | 37.4 | 33.0 | 147.8 | 123.2 |
| **Among industry sustainability leaders** | | | | |
| Jet fuel consumption, tonnes | 241,153 | 227,213 | 960,357 | 788,104 |
| Flight $CO_2$ emissions, tonnes | 759,632 | 715,721 | 3,025,124 | 2,482,528 |
| Flight $CO_2$ emissions, g/ASK | 85.1 | 83.7 | 83.7 | 79.3 |
| Flight $CO_2$ emissions, g/RTK[4] | 967.8 | 939.9 | 920.5 | 926.9 |
| **Adaptable Finnair culture driven by engaged people** | | | | |
| Average number of employees | 5,335 | 5,150 | 5,195 | 5,336 |
| Absences due to illness, % | 4.2 | 4.6 | 4.6 | 5.37 |
| Lost-time injury frequency (LTIF) | 5.6 | 7.9 | 5.5 | 6.8 |
| Attrition rate, LTM, % | 3.4 | 6.6 | 3.7 | 7.0 |

[1] Audited for the years ended 31 December 2023 and 2022.
[2] In 2023, Finnair started to report its share of passengers in modern channels instead of share of sales in direct digital channels as the Company is focusing on digitalisation. The modern sales channels include direct as well as modern, digital indirect channels.
[3] Ancillary revenue sales are the additional services that are sold to passengers in connection with airline ticket sales.
[4] RTK = tonne-kilometres sold, i.e. capacity utilisation by payload weight.
[5] A rights issue was implemented in November 2023 and on 20 March 2024, Finnair executed a reverse split, i.e. the reduction of the number of shares where every 100 old shares in the company corresponds to one new share. Thus, the comparison period figures have been restated accordingly.

The following graph describes debt maturities and interest rate split of the financing of Finnair as at 31 March 2024.



The following graph describes Finnair's depreciation and amortization schedule for different assets. In 2022, Finnair recognised an impairment totalling EUR 32.7 million relating to four owned A330 aircraft. Finnair made no impairments to owned aircraft in 2023 or Q1/2024.

| Asset | Depreciation schedule |
|---|---|
| Airbus A350 fleet | 20 years to a residual value of 10% |
| Airbus A320 and Embraer fleet | 20 years to a residual value of 10% |
| Airbus A330 fleet | 18 years to a residual value of 10% |
| ATR fleet | 20 years to a residual value of 10% |
| Heavy maintenance, C-checks, APU | Straight-line basis during maintenance period |
| Cabin components | 7-20 years |
| Rotable spare parts and components | 15 years to a residual value of 0% |
| Buildings | Over 10-50 years from the time of acquisition to a residual value of 0% |
| Other tangible assets | Over 3-15 years |
| Computer software | Over 3-8 years |

**Alternative Performance Measures**

Finnair presents in this Prospectus certain performance measures, which in accordance with the "Alternative Performance Measures" guidelines by the European Securities and Markets Authority ("**ESMA**") are not accounting measures of historical financial performance, financial position and cash flows, defined or specified in IFRS, but which are instead alternative performance measures. In the Company's view, alternative performance measures provide meaningful supplemental information about the Company to the management, investors, securities market analysts and others regarding the Company's results of operations, financial position and cash flows.

In line with its aim of promoting the protection of current and potential investors, Article 6 of the Prospectus Regulation sets out the principle that the information in a prospectus shall be written and presented in an easily analysable, concise and comprehensible form. According to ESMA, in case persons responsible for the prospectus decide to include alternative performance measures ("**APMs**") in a prospectus, this principle of comprehensibility dictates that such APMs should be defined, provided with meaningful labels and reconciled to financial statements and their relevance and reliability should be explained. These alternative performance measures are:

These alternative performance measures are:

- Comparable operating result (Comparable EBIT)
- Comparable operating result, % of revenue (Comparable EBIT margin)
- Comparable EBITDA
- Comparable EBITDA, % of revenue
- Adjusted interest-bearing liabilities
- Cash funds
- Interest-bearing net debt
- Interest-bearing net debt / Comparable EBITDA, LTM
- Gearing, %
- Equity ratio, %
- Gross capital expenditure
- Return on capital employed (ROCE), LTM, %
- Cash to sales, LTM, %

For the detailed definitions and reasons for the use of these alternative performance measures, see "*Selected Financial Information – Calculation of Certain Alternative Performance Measures, Key Operational Metrics and Other Key Figures*" below.

Alternative performance measures used by companies may differ from company to company and the calculation formulas used by companies may not be uniform. Therefore, the alternative performance measures used by the Group may not be comparable with other similarly titled measures presented by other companies. Furthermore, the alternative performance measures may not be indicative of the Group's historical results of operations and are not meant to be predictive of future prospects. Based on the above, no undue reliance should be placed on the alternative performance measures presented in this Prospectus.

**Calculation of Certain Alternative Performance Measures, Key Operational Metrics and Other Key Figures**

| **Alternative performance measures** | **Calculation** | **Reason to use the measure** |
|---|---|---|
| Items affecting comparability | Unrealised changes in foreign currencies of fleet overhaul provisions + Fair value changes of derivatives where hedge accounting is not applied + Sales gains and losses on aircraft and other transactions + Impairment on A330 aircraft + Changes in defined benefit pension plans + Restructuring costs | Component used in calculating comparable operating result. |
| Comparable operating result (Comparable EBIT) | Operating result adjusted for items affecting comparability | Comparable operating result is presented to better reflect the Group's business performance when comparing results to previous periods. |
| Comparable operating result, % of revenue (Comparable EBIT margin) | Comparable operating result / Revenue x 100 | Comparable operating result is presented to better reflect the Group's business performance when comparing results to previous periods. |
| Comparable EBITDA | Comparable operating result + Depreciation and impairment | Comparable EBITDA is presented to better reflect the Group's business performance when comparing results to previous periods. Comparable EBITDA is a common measure in airline business which aims to reflect comparable operating result excluding capital cost. |
| Comparable EBITDA, % of revenue | Comparable EBITDA / Revenue x 100 | Comparable EBITDA is presented to better reflect the Group's business performance when comparing results to previous periods. Comparable EBITDA is a common measure in the airline business with the aim to reflect comparable operating result excluding capital cost. |
| Adjusted interest-bearing liabilities | Lease liabilities + Other interest-bearing liabilities + Cross currency interest rate swaps in derivative financial instruments | Component used in calculating gearing |
| Cash funds | Cash and cash equivalents + Other financial assets | Component used in calculating gearing. Cash funds represent the total amount of financial assets that are available for use within short notice. Therefore, cash funds provide the true and fair view of the Group's financial position. |
| Interest-bearing net debt (Net debt) | Adjusted interest-bearing liabilities - Cash funds | Interest-bearing net debt provides view of the Group's total external debt financing. |

| | | |
|---|---|---|
| Interest-bearing net debt / Comparable EBITDA, LTM | Interest-bearing net debt / Comparable EBITDA, for the last twelve months | The ratio provides information on the Group's leverage by comparing the Group's net debt to the amount of income generated before covering interest, taxes, depreciation and impairment. |
| Gearing, % | Interest-bearing net debt / Equity total x 100 | Gearing provides view of the level of the Group's indebtedness. |
| Equity ratio, % | Equity total / Equity and liabilities total x 100 | Equity ratio provides information on the financial leverage used by the Group to fund its assets. |
| Gross capital expenditure | Additions in fixed assets + New contracts in right-of-use assets + Reassessments and modifications in right-of-use assets | Gross capital expenditure provides information on the Group's capitalised investments and lease modifications. |
| Return on capital employed (ROCE), LTM, % | (Result before taxes + Financial expenses + Exchange rate gains and losses, for the last twelve months) / (Equity total + Lease liabilities + Other interest-bearing liabilities, average of reporting period and comparison period) | The ratio provides a view to monitor the return of capital employed. |
| Cash to sales, LTM, % | Cash funds / Revenue for the last twelve months x 100 | The ratio provides information about the Group's liquidity in terms of available cash as a percentage of its sales. |

***Key Operational Metrics and Other Key Figures***

| | |
|---|---|
| Earnings per share (EPS), basic | (Result for the period - Hybrid bond expenses net of tax) / Average number of outstanding shares during the period |
| Earnings per share (EPS), diluted | (Result for the period - Hybrid bond expenses net of tax) / Average number of outstanding shares during the period taking into account the diluting effect resulting from changing into shares all potentially diluting shares. |
| Unit revenue per available seat kilometre (RASK) | Unit revenue (RASK) represents the Group's revenue divided by available seat kilometres (ASK). |
| Unit revenue per revenue passenger kilometre (yield) | Passenger revenue by product divided by Revenue passenger kilometres (RPK). |
| Unit cost per available seat kilometre (CASK) | Unit cost (CASK) represents the Group's operational costs divided by available seat kilometres. Other operating income is deducted from operational costs. |
| CASK excluding fuel | (Comparable operating result - Revenue - Fuel costs) / ASK x 100 |
| Available seat kilometres (ASK) | Total number of seats available × great circle distance in kilometres |
| Revenue passenger kilometres (RPK) | Number of revenue passengers × great circle distance in kilometres |

| | |
|---|---|
| Passenger load factor (PLF) | Share of revenue passenger kilometres of available seat kilometres. |
| On-time performance | The share of flights arrived less than 15 minutes late |
| Net Promoter Score (NPS) | Net Promoter Score is based on a question: “Thinking about all aspects of this journey, how likely would you be to recommend Finnair to a relative, friend or colleague?” Scale is 0-10: The share of detractors (ratings 0-6) is deducted from the share of promoters (ratings 9-10). Result is between +100 and -100. |
| Share of passengers in modern channels | Share of passengers in Finnair’s own direct channels and modern, digital indirect channels in relation to total passengers for the period based on departure date. These channels include Finnair.com, Finnair mobile app, New Distribution Capability (NDC) solutions, Finnair call centres, Aurinkomatkat sales and group tool sales. |
| Flight $CO_2$ emissions | $CO_2$ emissions from jet fuel consumption. |
| Absences due to illness | Share of sickness absence hours relating to planned working hours. |
| Lost-time injury frequency (LTIF) | The number of workplace accidents per million working hours. |
| Attrition rate, LTM[33] | Number of leavers on own request during the last twelve months compared to active employments on reporting date and leavers on own request during the last twelve months. |

[33] The formula for attrition rate calculation was changed starting from the beginning of 2024 as it is now calculated from the total number of employees instead of number of employees who are actively employed, i.e. "number of leavers on own request during the last twelve months compared to employments on average during the last twelve months".

## Reconciliation of Certain Alternative Performance Measures

### *Items affecting comparability*

Unrealised exchange rate differences of mainly in U.S. dollars denominated aircraft maintenance provisions are not included in the comparable operating result. These changes are not included in the comparable operating result until the maintenance event or redelivery occurs and the exchange rate differences realise. Further, unrealised fair value changes of derivatives where hedge accounting is not applied, are not included in the comparable operating result, as the business transactions which they are hedging are recognised in the comparable operating result only when they occur. In addition to above, gains and losses on aircraft and other transactions and restructuring costs are not included in the comparable operating result. Gains and losses on transactions include sales gains and losses as well as other items that can be considered being directly related to the sale of the asset. For example, a write-down that might occur when an asset is classified under "Assets held for sale" in accordance with IFRS 5, is included in gains and losses on the transactions. Restructuring costs include termination benefits and other costs that are directly related to the restructuring of operations.

| | **1 Jan – 31 March** | | **31 December** | | | | |
|---|---|---|---|---|---|---|---|
| | **2024** | **2023** | **2023** | **2022** | **2021** | **2020** | **2019** |
| **(EUR in millions)** | **(unaudited)** | | **(unaudited, unless otherwise indicated)** | | | | |
| **Operating result**[1] | **-17.2** | **8.3** | **191.4** | **-200.6** | **-454.4** | **-464.5** | **160.0** |
| Unrealised changes in foreign currencies of fleet overhaul provisions | 2.5 | -3.2 | -7.1 | 8.8 | 11.7 | -12.2 | 1.4 |
| Fair value changes of derivatives where hedge accounting is not applied | 1.4 | -1.6 | -0.7 | -0.9 | 0.0 | 0.2 | -1.3 |
| Sales gains and losses on aircraft and other transactions | -0.0 | -2.8 | -13.3 | -6.6 | -5.6 | -0.8 | -0.2 |
| Impairment | 0.7 | - | 13.7 | 32.7 | - | - | - |
| Changes in defined benefit pension plans | - | - | - | - | -20.6 | -132.8 | - |
| Restructuring costs | 1.0 | 0.1 | -0.1 | 2.6 | 0.0 | 14.9 | 3.0 |
| **Comparable operating result** | **-11.6** | **0.9** | **184.0** | **-163.9** | **-468.9** | **-595.3** | **162.8** |
| Depreciation | 82.1 | 82.0 | 332.6 | 317.1 | 319.8 | 343.8 | 325.4 |
| **Comparable EBITDA** | **70.5** | **82.8** | **516.5** | **153.2** | **-149.0** | **-251.5** | **488.3** |

[1] Audited for each financial year ended 31 December.

### *Gearing*

| | **31 March** | | **31 December** | | | | |
|---|---|---|---|---|---|---|---|
| | **2024** | **2023** | **2023** | **2022** | **2021** | **2020** | **2019** |
| **(EUR in millions)** | **(unaudited)** | | **(unaudited, unless otherwise indicated)** | | | | |
| Lease liabilities[2] | 1,108.4 | 1,261.7 | 1,115.0 | 1,330.7 | 1,381.0 | 1,016.2 | 1,054.0 |
| Other interest-bearing liabilities[2] | 903.9 | 1,265.5 | 910.6 | 1,298.5 | 1,427.9 | 1,162.6 | 520.8 |
| Cross currency interest rate swaps[1] | 2.3 | -2.0 | 8.9 | -10.7 | -12.3 | 18.8 | -1.1 |
| **Adjusted interest-bearing liabilities** | **2,014.6** | **2,525.3** | **2,034.5** | **2,618.4** | **2,796.6** | **2,197.5** | **1,573.7** |
| Other financial assets[2] | -823.0 | -880.7 | -776.8 | -738.6 | -531.4 | -358.3 | -800.8 |
| Cash and cash equivalents[2] | -158.0 | -687.0 | -145.1 | -785.8 | -734.3 | -465.3 | -151.9 |
| **Cash funds**[2] | **-981.0** | **-1,567.8** | **-922.0** | **-1,524.4** | **-1,265.7** | **-823.7** | **-952.7** |
| **Interest-bearing net debt** | **1,033.6** | **957.5** | **1,112.5** | **1,094.0** | **1,530.9** | **1,373.8** | **621.0** |
| Equity total[2] | 583.9 | 401.6 | 577.0 | 410.7 | 475.7 | 896.6 | 966.4 |
| **Gearing, %** | **177.0** | **238.4** | **192.8** | **266.4** | **321.8** | **153.2** | **64.3** |

[1] Cross-currency interest rate swaps are used for hedging the currency and interest rate risk of interest-bearing loans, but hedge accounting is not applied. Changes in fair net value correlate with changes in the fair value of interest-bearing liabilities. Therefore, the fair net value of cross-currency interest rate swaps recognised in derivative assets/liabilities is considered an interest-bearing liability in the net debt calculation.

[2] Audited for each financial year ended 31 December.

### *Interest-bearing net debt / Comparable EBITDA, LTM*

| | 31 March | | 31 December | | | | |
|---|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2023 | 2022 | 2021 | 2020 | 2019 |
| **(EUR in millions)** | (unaudited) | | | | (unaudited) | | |
| Interest-bearing net debt | 1,033.6 | 957.5 | 1,112.5 | 1,094.0 | 1530.9 | 1373.8 | 621.0 |
| Comparable EBITDA, LTM | 504.2 | 290.1 | 516.5 | 153.2 | -149.0 | -251.5 | 488.3 |
| **Interest-bearing net debt / Comparable EBITDA, LTM** | **2.0** | **3.3** | **2.2** | **7.1** | **-10.3** | **-5.5** | **1.3** |

### *Equity ratio*

| | 31 March | | 31 December | | | | |
|---|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2023 | 2022 | 2021 | 2020 | 2019 |
| **(EUR in millions)** | (unaudited) | | (unaudited, unless otherwise indicated) | | | | |
| Equity total[1] | 583.9 | 401.6 | 577.0 | 410.7 | 475.7 | 896.6 | 966.4 |
| Equity and liabilities total[1] | 3,815.0 | 4,204.4 | 3,698.0 | 4,133.0 | 4047.1 | 3646.5 | 3877.9 |
| **Equity ratio, %** | **15.3** | **9.6** | **15.6** | **9.9** | **11.8** | **24.6** | **24.9** |

[1] Audited for each financial year ended 31 December.

### *Gross capital expenditure*

| | 1 Jan – 31 March | | 31 December | | | | |
|---|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2023 | 2022 | 2021 | 2020 | 2019 |
| **(EUR in millions)** | (unaudited) | | | | (unaudited) | | |
| Additions in fixed assets | 29.4 | 66.9 | 409.4 | 125.8 | 28.7 | 348.3 | 420.2 |
| New contracts in right-of-use assets | 9.3 | 1.0 | 24.3 | 9.5 | 380.6 | 173.3 | 29.2 |
| Reassessments and modifications in right-of-use assets | 4.7 | 12.1 | 50.5 | 64.3 | 25.3 | -5.7 | -5.6 |
| **Gross capital expenditure** | **43.4** | **80.0** | **484.2** | **199.6** | **434.5** | **515.9** | **443.8** |

### *Return on capital employed (ROCE), LTM, %*

| | 31 March | | 31 December | | | | |
|---|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2023 | 2022 | 2021 | 2020 | 2019 |
| **(EUR in millions)** | (unaudited) | | (unaudited, unless otherwise indicated) | | | | |
| Result before taxes, LTM[1] | 88.9 | -166.1 | 119.1 | -370.7 | -581.9 | -654.4 | 93.0 |
| Financial expenses, LTM[1] | 133.3 | 141.3 | 142.2 | 137.9 | 117.8 | 255.2 | 83.6 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Exchange rate gains and losses, LTM[1 | -1.3 | 16.6 | -13.7 | 38.8 | 22.5 | -26.6 | -12.7 |
| **Return, LTM** | **220.9** | **-8.2** | **247.6** | **-194.0** | **-441.6** | **-425.8** | **163.9** |
| Equity total[1 | 583.9 | 401.6 | 577.0 | 410.7 | 475.7 | 896.6 | 966.4 |
| Lease liabilities[1 | 1,108.4 | 1,261.7 | 1,115.0 | 1,330.7 | 1,381.0 | 1,016.2 | 1,054.0 |
| Other interest-bearing liabilities[1 | 903.9 | 1,265.5 | 910.6 | 1,298.5 | 1,427.9 | 1,162.6 | 520.8 |
| **Capital employed** | **2,596.3** | **2.928.9** | **2,602.5** | **3,039.8** | **3,284.6** | **3,075.4** | **2,541.1** |
| **Capital employed, average of reporting period and comparison period** | **2,762.6** | **2,955.9** | **2,821.2** | **3,162.2** | **3,180.0** | **2,808.3** | **2,616.8** |
| **Return on capital employed (ROCE), LTM, %** | **8.0** | **-0.3** | **8.8** | **-6.1** | **-13.9** | **-15.2** | **6.3** |

(1 Audited for each financial year ended 31 December.

### *Cash to sales, LTM, %*

| | **31 March** | | **31 December** | | | | |
|---|---|---|---|---|---|---|---|
| | **2024** | **2023** | **2023** | **2022** | **2021** | **2020** | **2019** |
| **(EUR in millions)** | **(unaudited)** | | | | **(unaudited, unless otherwise indicated)** | | |
| Other financial assets[1 | 823.0 | 880.7 | 776.8 | 738.6 | 531.4 | 358.3 | 800.8 |
| Cash and cash equivalents[1 | 158.0 | 687.0 | 145.1 | 785.8 | 734.3 | 465.3 | 151.9 |
| **Cash funds[1** | 981.0 | 1,567.8 | 922.0 | 1,524.4 | 1,265.7 | 823.7 | 952.7 |
| **Revenue, LTM[1** | 2,975.2 | 2,651.5 | 2,988.5 | 2,356.6 | 838.4 | 829.2 | 3,097.7 |
| **Cash to sales, LTM, %** | **33.0** | **59.1** | **30.9** | **64.7** | **151.0** | **99.3** | **30.8** |

(1 Audited for each financial year ended 31 December.

### *Comparable operating result, % of revenue*

| | **1 Jan – 31 March** | | **1 Jan – 31 Dec** | | | | |
|---|---|---|---|---|---|---|---|
| | **2024** | **2023** | **2023** | **2022** | **2021** | **2020** | **2019** |
| **(EUR in millions)** | **(unaudited)** | | | | **(unaudited, unless otherwise indicated)** | | |
| Comparable operating result | -11.6 | 0.9 | 184.0 | -163.9 | -468.9 | -595.3 | 162.8 |
| Revenue[1 | 681.5 | 694.7 | 2,988.5 | 2,356.6 | 838.4 | 829.2 | 3097.7 |
| Comparable operating result, % of revenue | **-1.7** | **0.1** | **6.2** | **-7.0** | **-55.9** | **-71.8** | **5.3** |

(1 Audited for each financial year ended 31 December.

### *Comparable EBITDA, % of revenue*

| | **1 Jan – 31 March** | | **1 Jan – 31 Dec** | | | | |
|---|---|---|---|---|---|---|---|
| | **2024** | **2023** | **2023** | **2022** | **2021** | **2020** | **2019** |
| **(EUR in millions)** | **(unaudited)** | | | | **(unaudited, unless otherwise indicated)** | | |
| Comparable EBITDA | 70.5 | 82.8 | 516.5 | 153.2 | -149.0 | -251.5 | 488.3 |
| Revenue[1 | 681.5 | 694.7 | 2,988.5 | 2,356.6 | 838.4 | 829.2 | 3097.7 |
| Comparable EBITDA, % of revenue | **10.3** | **11.9** | **17.3** | **6.5** | **-17.8** | **-30.3** | **15.8** |

(1 Audited for each financial year ended 31 December.

**No Material Adverse Change in the Prospects**

Other than as described in section "*Business of the Company – Outlook*", since 31 December 2023, the last day of the financial period in respect of which the most recently audited financial statements of the Issuer have been prepared, there has been no material adverse change in the prospects of the Issuer or of the Group.

**No Significant Change in the Financial Position**

Other than the credit rating assigned by S&P Global Ratings, the RCF, the issue of the Notes, and the Tender Offer, there has been no significant change in the financial position of the Company or the Group since 31 March 2024, which is the end of the last financial period for which interim financial information have been published.

**No Significant Change in the Financial Performance**

There has been no significant change in the financial performance of the Company or the Group since 31 March 2024 which is the end of the last financial period for which interim financial information have been published.

**Share Capital and Ownership Structure**

The number of shares registered in the Trade Register on 31 March 2024 was 204,811,392. Each share has one vote at the Annual General Meeting. As at 31 March 2024, there were altogether 125,753 holders of shares in the Company, of which 10 largest shareholders are listed below with their respective ownership participation percentage. As at 31 March 2024, the Company held 354,315 shares, which corresponds to approximately 0.2 per cent of the shares and votes in the Company. Finnair Plc's registered share capital is EUR 75,442,904.30.

The following table sets forth ownership information of the ten largest shareholders of the Company as at 31 March 2024 pursuant to the shareholders' register maintained by Euroclear Finland:

| **Shareholder** | **No. of shares** | **Shares, %** | **Votes, %** |
|---|---|---|---|
| State of Finland (acting through the Prime Minister's Office) | 114,067,105 | 55.69 | 55.69 |
| Varma Mutual Pension Insurance Company | 5,827,783 | 2.85 | 2.85 |
| Ilmarinen Mutual Pension Insurance Company | 2,788,500 | 1.36 | 1.36 |
| Elo Mutual Pension Insurance Company | 1,974,505 | 0.96 | 0.96 |
| The State Pension Fund | 1,795,000 | 0.88 | 0.88 |
| Danske Invest Finnish Equity Fund | 1,447,328 | 0.71 | 0.71 |
| Säästöpankki Pienyhtiöt | 729,000 | 0.36 | 0.36 |
| Nordea Pro Finland Fund | 589,326 | 0.29 | 0.29 |
| Nordea Bank ABP | 372,241 | 0.18 | 0.18 |
| Finnair Oyj | 354,315 | 0.17 | 0.17 |
| **10 largest** | **129,945,103** | **63.45** | 63.45 |
| Others | 74,866,289 | 36.55 | 36.55 |
| **Total Shares in the Company** | **204,811,392** | **100** | **100** |

As at the date of this Prospectus, the State of Finland (AA+/Aa1/AA+)[34] (acting through the Prime Minister's Office) holds 55.69 per cent of the issued Shares in the Company. Accordingly, the State of Finland has control over the Company as referred to in Chapter 2, Section 4 of the Finnish Securities Market Act.

Finnair is not aware of any arrangements that may lead to a change of control in the Company. The Company is not aware of any shareholder agreements between the shareholders of the Company that would be in effect.

***Ownership Steering by the Finnish Government and the Government Resolution on State-Ownership Policy***

The decision-making process and decision-making authorities concerning corporate ownership by the Finnish State are based on the Ownership Steering Act. According to the definition under Section 2 of the Ownership Steering Act, Finnair is a "state majority-owned company". This means, among others, that the consent of the Finnish Parliament would be required in order to relinquish the State's majority ownership in Finnair.

In the Government Resolution on State Ownership Policy, dated 8 April 2020 (the "**Resolution**"), certain state-majority owned companies, including Finnair, are considered to be companies in which the State has strategic interests relating to, for example, the security of supply (Fi: *huoltovarmuus*), the maintenance and protection of the infrastructure and national defence. The State of Finland's defined strategic interest in Finnair is to further develop Finland's position as an international air traffic hub (only airline with a cargo-hub in Finland) and thus the ownership of the State of Finland may not decrease below 50.1 per cent. National Emergency Supply Agency (NESA) (Fi: *huoltovarmuuskeskus*) has defined airfreight as a critical function for the security of supply and logistics in Finland[35]. According to Programme of Prime Minister Petteri Orpo's Government on 20 June 2023, a new Government Resolution on State Ownership Policy is to be prepared.

[34] S&P/Moody's/Fitch Ratings.

[35] Huoltovarmuuskeskus: "Lentokuljetuksen merkitys Suomen Huoltovarmuudelle 2022".

***The Resolution on State Ownership Policy***

The Resolution provides that in the management of the State's assets, the State aims, amongst others, to maximize the overall financial and social performance. The responsible business of companies is a part of the social performance and the State requires companies to act responsibly. The financial performance is built up of the long-term development of the value of companies and the distribution of profits. In terms of the financial performance, the objective is a long-term profitable growth and the increase in the ownership's value.

***State Ownership Steering***

According to the Ownership Steering Act, the State ownership steering refers to the exercising of the State's right to vote in general meetings as well as to other measures by which the State as a shareholder contributes to companies' administration and operating principles. State ownership steering emphasises the compliance with good corporate governance. Decision-making in the issues of State ownership steering within the authority of the Parliament and the Government and other significant decisions are subject to approval by the Ministerial Committee on Economic Policy. In addition, the Ministerial Committee on Economic Policy issues guidelines and statements supplementing the Resolution, when necessary. As an owner, the State adheres to the general principles and collective principles for all the companies in which it holds interests, as defined in the Resolution.

The Ownership Steering Department of the Prime Minister's Office is responsible for the preparation of ownership steering policies and consistency of the policies as well as the coordination of the collaboration between the Ministries. Under all circumstances, decisions-making relating to ownership policy is vested in the minister responsible for ownership steering and the Government, and decision-making relating to business operations is vested in the companies' own bodies.

Ownership steering is based on independent owner-strategic influence and financial analysis, as well as preparation based on these. The State is an active owner. According to the Resolution on the State Ownership Policy, the Boards of Directors and the management of State-owned companies are responsible for discussing with the significant shareholders about matters related to the development of the shareholder value or other important matters concerning the shareholders and, respectively, the State as an owner carries out dialogue with the companies within the framework of legislation and with due consideration to other shareholders.

From the State ownership's perspective, the central decision-making body of the companies is the company's Board of Directors. Finnair has a Shareholders' Nomination Board, which is tasked with, and retains the competence to, annually prepare and present proposals on the number of the members of the Board of Directors, its composition and the remuneration to be paid for the members of the Board of Directors and its committees to the Annual General Meeting and, if required, Extraordinary General Meeting and surveying for possible successors for the members of the Board of Directors (see "*Board of Directors, Management and Auditors – Shareholders' Nomination Board*"). The number of and the remuneration for the member of the Board of Directors will be decided, as well as the Chairman, Vice Chairman and the members of the Board of Directors elected in the Annual General Meeting.

The Shareholders' Nomination Board consists of three members, which are nominated annually. The three biggest shareholders of the Company are each entitled to nominate one member. According to the Resolution, the State manages its assets in the companies as an active owner by appointing the representatives familiar with the State's objectives in the Board of Directors of the companies. The aim is to have the representative, appointed based on the State's proposal, as a member of the Board of Directors for a term of office of five, and in maximum seven, years. Such target can be deviated if it is justified by the company's strategy, change of operating environment, knowledge of the Board or diversity.

***State Ownership Steering's Policy on Remuneration***

The remuneration statement included in the Resolution outlines the executive remuneration of the State-owned companies. According to the statement, management and personnel remuneration is a tool for the company's Board of Directors that is used to promote achieving the set objectives and growth in the company's value. The State majority-owned companies must adhere to the statement, unless the common interest of the shareholders otherwise requires. State-owned companies must be able to hire management and personnel under competitive terms. As an owner, the State always requires remuneration to be reasonable, fair and transparent. The company's Board of Directors resolves on the remuneration of the management and personnel. As an owner, the State does not make decisions on remuneration.

In terms of the salaries and remuneration of the management determined within the framework of the Resolution, the will of the State as an owner is that the remuneration of the management in State-owned companies is reasonable, especially in terms of fixed salaries. The highest fixed salaries are adjusted downward, if necessary, when drafting new contracts, in which case the flexibility of the variable remuneration can, respectively, be increased.

According to the statement on the remuneration, fixed salary of the Managing Director and the members of the executive management team must be defined in terms of a total salary that includes all the benefits for which the employer incurs any expenses. As an owner, the State’s position is that supplementary pensions are not to be used as a form of remuneration. If the company has other owners, the company’s Board of Directors decides on supplementary pension. Any supplementary pension payment exceeding the level referred to in the Employees Pensions Act must be on a cash basis. The pension benefits must be based on the fixed monthly salary.

The objectives constituting the basis of performance bonuses to be paid in addition to the fixed total salary must be demanding and the beneficiary must be able to influence the attainment of the objective with their own contribution. The total amount of variable remuneration for listed companies and comparable unlisted companies in the State’s ownership steering is at most 50 per cent of the beneficiary’s fixed annual salary each year. If the performance of the company and the beneficiary is exceptionally good, the total maximum amount of the payable remuneration may annually be at most 120 per cent of the fixed annual salary. However, the State does not approve remuneration schemes that include stock options or other instruments that require the issuance of new shares. According to the statement on the remuneration, the State expects the companies to integrate corporate responsibility with the remuneration.

In the State’s view, the combined pay for the notice period and the severance package in the new employment contracts to be concluded by listed companies and large, commercially operating companies should not exceed the regular 12 months’ fixed salary.

## SUMMARY OF RECENT DISCLOSURES

*The following summary sets forth information disclosed by Finnair pursuant to the Market Abuse Regulation (EU) No 596/2914 ("**MAR**") as well as certain other information disclosed by the Company pursuant to the rules of Helsinki Stock Exchange, over the last 12 months preceding the date of this Prospectus, which is to the Issuer's knowledge still relevant as at the date of this Prospectus. The summary does not discuss periodic financial reporting nor other disclosure obligations not pertaining to the MAR or the rules of Helsinki Stock Exchange. Therefore, the summary is not exhaustive and does not discuss all stock exchange releases issued by the Issuer during the above-mentioned period of time.*

### Updated outlook

On 23 April 2024, in connection with the publication of Finnair's Group Interim Report 1 January – 31 March 2024, the Issuer announced its updated outlook. The Issuer announced that global air traffic is expected to continue growing in 2024. However, risks related to the impact of inflation and higher interest rates on demand and costs remain elevated, causing uncertainty in the operating environment. International conflicts and global political instability also cause uncertainty in the operating environment. These factors may affect the demand for air travel and cargo. Furthermore, Finnair updated its guidance and now plans to increase its total capacity, measured by ASKs, by c. 10 per cent in 2024. The capacity estimate includes the agreed wet leases. This growth will mainly focus on Asia and Europe. Finnair's revenue is now expected to grow at a slower pace than capacity in 2024. In its previous guidance, Finnair planned to increase its capacity by more than 10 per cent and its revenue was expected to grow at a somewhat slower pace than capacity in 2024. In accordance with its disclosure policy, Finnair provides full-year comparable EBIT estimate in connection with the half-year report in July. Finnair will update its outlook and guidance in connection with the 2024 half-year report.

On 14 February 2024, Finnair updated its guidance. Finnair announced that global air traffic is expected to continue growing in 2024, but the risks related to the impact of inflation and higher interest rates on demand and costs remain elevated, causing uncertainty in the operating environment. Finnair estimated that international conflicts and global political instability also cause uncertainty in the operating environment and these factors may affect the demand for air travel and cargo. Finnair announced that it plans to increase its total capacity by more than 10 per cent in 2024. The capacity estimate includes the agreed wet leases. This growth will mainly focus on Asia and Europe. Finnair's revenue is expected to grow at a somewhat slower pace than capacity in 2024. Further, in accordance with its disclosure policy, Finnair expects to provide full-year comparable EBIT estimate in connection with the half-year report in July and it will update its outlook and guidance in connection with the Q1 2024 interim report.

### Rights offering and reverse split

On 6 October 2023, Finnair announced that it was planning for an up to EUR 600 million rights offering. Finnair announced the terms and conditions of the Offering on 27 October 2023 and preliminary results on 21 November 2023, according to which a total of 19,038,769,224 new shares were subscribed for, and thus, the Offering was oversubscribed. The subscription price was EUR 0.03 per share and Finnair will receive gross proceeds of approximately EUR 570.4 million from the right offering. The proceeds include the EUR 318.6 million pro rata subscription by the State of Finland through the offset of a corresponding amount of the capital loan, granted to Finnair by the State of Finland. The final results were announced on 23 November 2023 and as a result of the offering, the total number of shares in the Company increased by 19,012,413,069 shares from 1,408,726,198 shares to 20,421,139,267 shares. The Company received net proceeds of approximately EUR 558.2 million, of which cash of approximately EUR 239.6 million, taking into account transaction costs in connection with the rights offering.

On 19 December 2023, Finnair announced that it had acquired six previously leased aircraft and repaid a part of its pension premium loan with the cash funds resulting from the rights issue. As a result of the aircraft purchases and the loan repayment as part of Finnair's strategy implementation, Finnair's cash to sales ratio is close to but still exceeds the target of 30 per cent that was announced in autumn 2023. In addition, these measures will contribute to reaching Finnair's target of reinstating shareholder distributions, based on the 2024 result, starting from spring 2025.

On 20 March 2024, Finnair announced the execution of a reverse split, i.e. the reduction of the number of shares in the Company, and a related directed share issue without consideration, redemption of shares and cancellation of shares. After these measures, the new number of shares in the Company was 204,811,392. After carrying out the reverse split, every 100 shares in the Company corresponds to one (1) share in the Company. After the directed share issue, the Company redeemed without compensation 99 shares for each 100 shares in the Company, in accordance with the resolution of the Annual General Meeting. The Company's shares redeemed in connection with the reverse split have been cancelled immediately.

**Decisions of Annual General Meeting**

On 18 March 2024, Finnair announced the decisions of the Annual General Meeting (AGM). The AGM approved the company's annual accounts including the consolidated annual accounts for the financial year 2023, discharged the members of the Board of Directors and CEO of the company from liability and decided to approve the remuneration report for governing bodies. In addition, the AGM adopted, in accordance with the proposals of the Board of Directors and the Shareholders' Nomination Board, the following resolutions.

- the profit for the financial year, EUR 231,458,763.52, be recorded in the company's retained earnings/losses and that no dividend is distributed;
- the remuneration of the Board of Directors;
- the Board of Directors be composed of eight (8) members. Tiina Alahuhta-Kasko, Montie Brewer, Jukka Erlund, Hannele Jakosuo-Jansson, Henrik Kjellberg, Simon Large and Sanna Suvanto-Harsaae were re-elected to the Board of Directors, and Jussi Siitonen was elected as a new member to the Board of Directors;
- election of the auditor and the sustainability reporting assurance provider and their remuneration;
- authorising the Board of Directors to decide on the repurchase and/or on the acceptance as pledge of the company's own shares up to 730,000,000 shares (or 7,300,000 shares after the reverse split), which corresponds to approximately 3.6 per cent of all the shares in the company. The authorisation is effective for a period of 18 months;
- the Board of Directors be authorized to decide on the issuance of shares up to 120,000,000 (or 1,200,000 shares after the reverse split), which corresponds to approximately 0.6 per cent of all the shares in the company. The authorisation is effective for a period of 18 months;
- authorising the Board of Directors to decide on donations for public-benefit purposes; and
- reverse split and a related directed share issue and redemption of shares.

**Change of CEO**

On 18 August 2023, Finnair announced that Finnair's CEO, Topi Manner, had given notice of his resignation from the Company to join another Finnish listed company as their new CEO, starting at the latest on 1 March 2024.

On 11 January 2024, Finnair announced that it had appointed Turkka Kuusisto (44, MSc. Tech) as CEO of Finnair and he will start in this role on 11 July 2024, at the latest[36]. Kuusisto joins Finnair from Posti Group Corporation, where he has served as the CEO since 2020. Prior to his CEO role in Posti Group Corporation, Kuusisto served in senior leadership positions in Posti Group Corporation and in Lindorff Group. Jaakko Schildt, Chief Operating Officer of Finnair, will act as an interim CEO between 15 January and the start of the new CEO.

**Changes in the Company's Management and Shareholders' Nomination Board**

*Information under this subsection concerns Finnair's management and the Shareholders' Nomination Board, on which further information is available in section "Board of Directors, Executive Board and Auditors" of this Prospectus.*

On 18 March 2024, Finnair announced, following the resolution of the Annual General Meeting 2024, that Montie Brewer was elected as the Vice Chair of the Board and Jukka Erlund as the Chair of the Audit Committee and Montie Brewer, Henrik Kjellberg, Jussi Siitonen and Sanna Suvanto-Harsaae as other members of the Audit Committee and Hannele Jakosuo-Jansson as the Chair of the People and Remuneration Committee and Tiina

[36] Turkka Kuusisto started as CEO on 24 April 2024.

Alahuhta-Kasko, Simon Large and Sanna Suvanto-Harsaae as other members of the People and Remuneration Committee.[37]

On 14 June 2023, Finnair announced, following the resolution of the Annual General Meeting 2023, that the following persons were appointed to Finnair's Shareholders' Nomination Board: Kimmo Viertola, Timo Sallinen and Hanna Hiidenpalo. On 18 September 2023, Finnair announced that the composition of Finnair's Shareholders' Nomination Board changes as a member of the Shareholders' Nomination Board Hanna Hiidenpalo is replaced by Jukka Vähäpesola. The composition remains otherwise unchanged.

On 23 May 2023, Finnair announced that Kaisa Aalto-Luoto had been appointed as Finnair's Chief People Officer and member of the Executive Board. Kaisa Aalto-Luoto has previously worked as Chief Human Resources Officer at Sanoma Media Finland Ltd and Senior Vice President, Human Resources and Communications in Outotec Oyj, and has a long career in demanding HR management positions at Outotec Oyj and Mandatum Life Insurance Company Limited.

**Decisions Relating to Incentive Plans**

On 19 February 2024, Finnair announced that its Board of Directors had decided on a new period for the long-term incentive plan for management and experts. As part of the existing long-term incentive scheme structure, the Board of Directors approved a new individual performance share plan period covering the years 2024–2026 related to certain performance targets (earnings per share, free cash flow and CO2 emissions/revenue ton kilometre (CO2/RTK) (fuel efficiency)). The number of employees eligible to participate in the plan is approximately 75 persons that include the Finnair Executive Board as well as other management and experts. The potential share rewards will be delivered to the participants in the spring 2027. The maximum combined value of all variable compensation paid to an individual participant in any given year may not exceed hundred and twenty per cent of the participant's annual gross base salary. If the targets set for the plan for years 2024–2026 are fully achieved, the maximum number of shares to be delivered based on this plan is approximately 118,000,000 shares (before the reverse split and 1,180,000 after the reverse split).

**Changes in financial targets**

On 6 October 2023, Finnair announced that it has set additional key long-term financial targets, which it seeks to achieve over time. Finnair seeks to achieve a comparable operating profit margin[38] of 6 per cent by the end of 2025, as previously announced. In addition, Finnair seeks to achieve 1-2x net debt to comparable EBITDA[39] by the end of 2025 and to reinstate the Company's ability for shareholder distributions from 2025 onwards.

**Financing related**

On 14 May 2024, the Issuer announced an invitation to the holders of Existing Notes to tender their Existing Notes for purchase by the Issuer for cash (the "**Tender Offer**"). The Tender Offer was made on the terms and subject to the conditions contained in the tender offer memorandum dated 14 May 2024. On 24 May 2024, the Issuer completed a purchase of a total nominal value of EUR 320,126,000 of the Existing Notes validly tendered in the Tender Offer. As at the date of this Prospectus, the total outstanding nominal amount of the Existing Notes is EUR 62,328,000 million.

On 23 April 2024, the Issuer announced that S&P Global Ratings has assigned a long-term issuer credit rating of BB+ to Finnair Plc, with a stable outlook. According to the Issuer, its first public rating enables deeper funding sources from the debt capital markets and increases the execution certainty of financing transactions. The Issuer

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[37] Sanna Suvanto-Harsaae continued to act as the Chair of the Board.

[38] Comparable operating profit margin is the same performance measure as Comparable operating result, % of revenue (Comparable EBIT margin).

[39] Net debt to comparable EBITDA is the same performance measure as Interest-bearing net debt / Comparable EBITDA, LTM.

also announced that it had signed a secured revolving credit facility of EUR 200 million for general corporate purposes with a three-year tenor and financial covenant of net debt to EBITDA ratio 3.75x or less.

On 1 August 2023, Finnair announced that it will exercise its right to redeem its EUR 200 million Hybrid Bonds issued on 3 September 2020 (ISIN: FI4000441860). The Hybrid Bonds were redeemed in full on 1 September 2023 in accordance with the terms and conditions of the Hybrid Bonds. On the redemption date, the Company paid to the holders of the Hybrid Bonds a redemption price equal to the principal amount of the note together with any accrued interest to, but excluding, the redemption date.

## BOARD OF DIRECTORS, EXECUTIVE BOARD AND AUDITORS

### General

In its decision making and administration, Finnair applies the Finnish Companies Act, the Finnish Securities Markets Act, the regulations and guidelines issued by the FIN-FSA and other laws and regulations applicable to Finnish public companies as well as the Company's Articles of Association. Finnair also follows the rules and instructions for listed companies issued by the Helsinki Stock Exchange. As a Finnish listed company, Finnair complies with the Finnish Corporate Governance Code 2020 as published by the Finnish Securities Market Association effective as of 1 January 2020. Finnair does not deviate from any single recommendation of the Corporate Governance Code.

Pursuant to the provisions of the Finnish Companies Act and the Company's Articles of Association, responsibility for the governance and management of Finnair is divided between the governing bodies of the Company, including the General Meeting of Shareholders, the Board of Directors and the Chief Executive Officer (the "**CEO**"). Shareholders participate in the supervision and governance of the Company through resolutions passed at General Meetings of Shareholders. General Meetings of Shareholders are generally convened upon notice given by the Board of Directors. In addition, General Meetings of Shareholders are held when requested in writing by an auditor of the Company or by shareholders representing at least one-tenth of all the outstanding shares of the Company.

The business address of the members of the Board of Directors, the CEO and the Executive Board is Tietotie 9 A, FI-01530, Vantaa, Finland.

### Board of Directors

The Board of Directors supervises Finnair's operations and governance, deciding on significant matters concerning the Company's strategy, investments, organisation and finance. According to the Finnish Companies Act, the Board of Directors represents all shareholders of the Company and has the general duty to act diligently in the interests of the Company. Under law, the Board of Directors is accountable to the shareholders for the appropriate governance of the Company and for ensuring that the operations of the Company are run adequately. In addition to the Board of Directors' statutory tasks, certain significant matters are reserved for the Board of Directors' decision, as set out in the charter of the Board of Directors. The Board of Directors prepares and adopts the charters of the Board and of its committees. The Board of Directors also confirms the Internal Audit and Risk & Compliance Charters. The Board of Directors sets the Company's strategic aims and monitors the implementation of the strategy. The Board of Directors approves other significant strategic matters, business plans, significant partnerships and other decisions exceeding the limits that the Board of Directors has set to the CEO's decision-making authority. The Board of Directors decides on guarantees and other commitments for external parties' liabilities. The Board of Directors convenes normally ten (10) times a year. At the date of this Prospectus, the Board of Directors of the Company consists of the following persons:

| **Name:** | **Background:** |
|---|---|
| **Sanna Suvanto-Harsaae**<br>Born 1966, B.Sc. (Business Administration)<br><br>**Chair and Member of the Board (2023**–)<br><br>**Member of the Audit Committee**<br><br>**Member of the People and Remuneration Committee** | *Reckitt Benckiser Nordic A/S*, Managing Director Scandinavia (2004–2008)<br><br>*Synoptik International Retail*, Director of Marketing and Business development (2001–2004)<br><br>*Procter & Gamble Europe SA*, European Marketing Manager (1998–2001)<br><br>**Memberships in other Boards of Directors and positions of trust**<br><br>*N'Age ApS*, Chair of the Board (2022–)<br><br>*Orthex Corporation*, Chair of the Board (2021–*)*<br><br>*Elopak AS*, Member of the Board (2021–)<br><br>*Posti Group Corporation*, Chair of the Board (2020–)<br><br>*BoConcept A/S*, Chair of the Board (2016–)<br><br>*TCM Group A/S*, Chair of the Board (2016–) |

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| | *Broman Group Oy / Motonet Oy*, Member of the Board (2016–)<br><br>*Nordic Pet Care Group A/S*, Chair of the Board (2012–)<br><br>*Anora Group Plc*, Vice Chair of the Board (2013–2023)<br><br>*Babysam A/S*, Chair of the Board (2008–2023)<br><br>*Harvia Plc*, Vice Chair of the Board (2020–2022)<br><br>*Swedish Match AB*, Member of the Board (2022–2022)<br><br>*Scandinavian Airlines System Aktiebolag (SAS Group)*, Member of the Board (2013–2021)<br><br>*IsaDora AB*, Chair of the Board (2018–2020)<br><br>*Footway Group AB*, Chair of the Board (2015–2020)<br><br>*Paulig Ltd*, Chair, Vice Chair and Member of the Board (2008–2020)<br><br>*Clas Ohlson AB*, Member of the Board (2010–2017)<br><br>*SATS Group*, Chair of the Board (2010–2013)<br><br>*Jetpak Sverige Aktiebolag*, Member of the Board (2006–2012) |
| **Montie Brewer**<br>Born 1957, BA (Business Administration)<br><br>**Vice Chair of the Board (2022–)**<br><br>**Member of the Board (2018–)**<br><br>**Member of the Audit Committee** | *Air Canada*, President & Chief Executive Officer (2004–2009) and Executive Vice President Commercial (2002–2004)<br><br>Senior positions at *United Airlines, Inc.*, *Northwest Airlines Corp.*, *Republic Airlines, Inc.*, *Braniff, Inc.* and *Trans World Airlines, Inc.*<br><br>**Memberships in other Boards of Directors and positions of trust**<br><br>*Allegiant Travel Company*, Member of the Board (2009–)<br><br>*AirHelp Limited*, Member of the Board (2015–2018)<br><br>*Swiss International Air Lines AG*, Member of the Board (2012–2017)<br><br>*Aer Lingus Limited*, Member of the Board (2010–2015)<br><br>*Air Canada*, Member of the Board (2002–2010)<br><br>*Star Alliance Services GmbH*, Member of the Board<br><br>*The International Air Transport Association (IATA)*, Member of the Board of Governors (2008–2009) |
| **Tiina Alahuhta-Kasko**<br>Born 1981, M.Sc. (Econ.), CEMS MIM<br><br>**Member of the Board (2019–)**<br><br>**Member of the People and Remuneration Committee** | *Marimekko Corporation*, President & Chief Executive Officer (2016–), President (2015–2016), Chief Operating Officer and Member of the Management Group (2014–2015), Chief Marketing Officer and Member of the Management Group (2012–2015) and Head of PR/PR Manager (2005–2012)<br><br>**Memberships in other Boards of Directors and positions of trust**<br><br>*Climate Leadership Coalition*, Member of the Board (2022–) |
| **Jukka Erlund**<br>Born 1974, M.Sc. (Econ.), eMBA<br><br>**Member of the Board (2019–)** | *Kesko Corporation*, Executive Vice President and Chief Financial Officer (2011–), Vice President and Corporate Controller (2007–2010) and Corporate Business Controller (2004–2007)<br><br>*Kesko Food Ltd.*, Vice President for Finance (2010–2011) |

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| **Chair of the Audit Committee** | **Memberships in other Boards of Directors and positions of trust**<br>*Ilmarinen Mutual Pension Insurance Company*, Member of the Board (2021–)<br>*Confederation of Finnish Industries (EK)*, Member of the Economy and Tax Committee (2012–)<br>*Finnish Commerce Federation*, Chair of the Tax and Economic Policy Committee (2011–)<br>*Varma Mutual Pension Insurance Company*, Member of the Supervisory Board (2018–2020) |
| **Hannele Jakosuo-Jansson**<br>Born 1966, M.Sc. (Tech)<br>**Member of the Board (2021**–)<br>**Chair of the People and Remuneration Committee** | *Neste Corporation*, SVP Human Resources, HSSEQ and Procurement (2014–) and Senior Vice President, Human Resources (2006–2014)<br>**Memberships in other Boards of Directors and positions of trust**<br>*Confederation of Finnish Industries (EK)*, Vice Chair of Skilled work force committee (2017–)<br>*The Chemical Industry Federation of Finland*, Chair of Skills and Competence Committee (2010–)<br>*Ahlstrom-Munksjö Corporation*, Member of the Board (2013–2021)<br>*Natural Resources Institute Finland (Luke)*, Member of the Board (2018–2020) |
| **Henrik Kjellberg**<br>Born 1971, M.Sc. (Econ.)<br>**Member of the Board (2018–)**<br>**Member of the Audit Committee** | *Awaze Limited*, Chief Executive Officer (2018–)<br>*Expedia Group, Inc.*, various senior positions, inter alia, President of the Hotwire Group and President of Expedia® Affiliate Network (2001–2017)<br>**Memberships in other Boards of Directors and positions of trust**<br>*eLong, Inc.*, Member of the Board (2006–2015)<br>*VOYAGES-SNCF.COM*, Member of the Board (2007–2013) |
| **Simon Large**<br>Born 1969, BA (Bachelor of Arts)<br>**Member of the Board (2022**–)<br>**Member of the People and Remuneration Committee** | *Cathay Pacific Airways Ltd.*, Director, Customer and Executive Committee Member (2017–2021), Director, Cargo and Executive Committee Member (2015–2017), GM, Marketing Loyalty Programmes and CRM (2012–2015) and GM, Japan (2009–2012) |
| **Jussi Siitonen**<br>Born 1969, M.Sc. (Econ.)<br>**Member of the Board (2024**–)<br>**Member of the Audit Committee** | *Fiskars Group*, Chief Financial Officer (CFO) & deputy to the CEO (2021–)<br>*Amer Sports*, CFO and member of the Amer Sports Executive Board (2011–2021), Senior Vice President Finance (2009–2010)<br>*Stora Enso Group*, Senior Vice President and Group Controller (2008–2009), Senior Vice President and Chief Accounting Officer (2006–2008), Several leadership positions (1992–2006) |

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| | **Memberships in other Boards of Directors and positions of trust**<br>*Marimekko Oyj*, Member of the Board (2021)<br>*Suunto Oy*, Chair of the Board (2012-2019)<br>*Peak Performance*, Chair of the Board (2018-2019) |

**Board Committees**

***General***

The Board of Directors delegates certain of its functions to the Audit Committee and to the People and Remuneration Committee. The Board of Directors appoints an Audit Committee and a People and Remuneration Committee from among its members. The minimum number of members in both Committees is three (3). Each Committee meets regularly under their respective charters. The Committees report on their work regularly to the Board of Directors but they do not have decision-making powers independent from the Board of Directors, except where expressly authorised by the Board of Directors.

***Audit Committee***

As at the date of this Prospectus, the Audit Committee consists of Mr. Jukka Erlund (Chair), Mr. Montie Brewer, Mr. Henrik Kjellberg, Mr. Jussi Siitonen and Ms. Sanna Suvanto-Harsaae. All the members of the Audit Committee are independent of the Company and its significant owners. The Audit Committee monitors and evaluates the Company's reporting process of financial statements and the efficiency of the internal control and risk management systems as well as the internal audit. The committee monitors the statutory audit and evaluates the independence of the auditor. In addition, the Audit Committee monitors the efficiency of the Company's compliance systems.

Pursuant to the Corporate Governance Code, the members of the Audit Committee shall have the qualifications necessary to perform the responsibilities of the committee, and at least one of the members shall have expertise specifically in accounting or auditing.

The Audit Committee monitors the financial position of the Company, monitors and assesses the financial reporting process, monitors and assesses the efficiency of the Company's internal control and risk management systems as well as internal audit, monitors the statutory audit of the financial statements, monitors and assesses the independence of the statutory auditor, and particularly the provision by the auditor of non-audit services to the Company, prepares for the Board of Directors' proposals to the Annual General Meeting regarding the election of the auditor and its remuneration, reviews the auditors' and internal auditors' audit plans and reports, monitors and assesses agreements and transactions between the Company and its related parties with respect to compliance with the governance and disclosure requirements of the same, reviews the Company's corporate governance statement, prepares the Group's risk management policies for the Board of Directors, monitors the processes and risks relating to cyber security, prepares decisions on significant changes in the accounting principles or in the valuations of the Group's assets for the Board of Directors, assesses the efficiency of the Company's compliance systems as well as maintains contact with the auditor.

***People and Remuneration Committee***

As at the date of this Prospectus, the People and Remuneration Committee consists of Ms. Hannele Jakosuo-Jansson (Chair), Ms. Tiina Alahuhta-Kasko, Mr. Simon Large and Ms. Sanna Suvanto-Harsaae. All members of the People and Remuneration Committee are independent of the Company and its major shareholders. The People and Remuneration Committee assists the Board of Directors in matters pertaining to the compensation and benefits of the CEO and other senior management as well as their performance evaluation, appointment and successor planning. The Committee assists the Board of Directors also in establishing and evaluating the Group's compensation structures and other personnel policies. By virtue of the Board of Directors' authorisation, the People and Remuneration Committee reviews and confirms the achievement of short-term incentives targets for and approves the payment of incentives to the CEO and other senior management.

The People and Remuneration Committee prepares for the Board of Directors the key principles of the Company's compensation policies and practices, remuneration and other material terms of the contract of the CEO and the Executive Board members, the CEO's and the Executive Board members' incentive and retention plans, the CEO's and the Executive Board members' performance reviews, nominations of the CEO and the Executive Board members, composition and responsibilities of the Executive Board, CEO's and the Executive Board members' succession planning and leadership development, assessment of the people strategy and key development initiatives, equity-based incentive plans, the remuneration policy for the Company's governing bodies and annual remuneration reporting based on the recommendations of the Corporate Governance Code.

**CEO and the Executive Board**

***Chief Executive Officer***

The Company's Board of Directors appoints the CEO. The CEO is responsible for the daily management of the Company's administration in accordance with the Finnish Companies Act and the guidelines and instructions given by the Board of Directors. In addition, the CEO is responsible for ensuring that the Company's accounting has been carried out according to applicable laws and that asset management has been organised in a reliable manner. The CEO manages the Company's daily business and is responsible for controlling and steering the business areas.

Turkka Kuusisto (44, MSc. Tech) started as CEO of Finnair on 24 April 2024.

***Executive Board***

The Executive Board of the Company is led by the CEO. The Executive Board comprises senior management responsible for Finnair's operations, commercial and customer experience activities, finance, digital services, people and culture, strategy, communications, and legal affairs. At the date of this Prospectus, the Executive Board consists of the following persons:

| **Name:** | **Background:** |
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| **Turkka Kuusisto**<br>Born 1979, M.Sc. (Tech)<br>**President & Chief Executive Officer (2024–)** | *Posti Group Oyj*, CEO (2020–2024), Interim CEO (2019–2020), Member of the Managing Group (2016–2020), Senior Vice President of Parcel and eCommerce (2019), Senior Vice President of Postal Services (2016–2018)<br>*Lindorff Group AB,* Executive Vice President, Group Head of Debt Collection and various other leadership positions (2009–2015)<br>**Memberships in other Boards of Directors and positions of trust**<br>*Palta,* Member of the Board (2020–)<br>*VR Group,* Member of the Board (2022–2024)<br>*East Office of Finnish Industries Oy,* Member of the Board (2019–2022)<br>*Ilmarinen Mutual Pension Insurance Company,* Member of the Supervisory Board (2022–)<br>*LähiTapiola Keskinäinen Vakuutusyhtiö,* Member of the Supervisory Board (2020–2023)<br>*Idego Consulting Oy,* Chairman of the Board (2007–2020)<br>*Irpola Oy,* Chairman of the Board (2007– 2020) |
| **Jaakko Schildt**<br>Born 1970, MBA, B.Sc. (Engineering)<br>**Chief Operating Officer (2016–)** | *Thomas Cook Group Plc,* Accountable Manager (2015–2016) and Head of Group Maintenance Organisation (2014–2015)<br>*Finnair Plc,* Vice President, Technical Operations (2012–2014) |

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| **Interim CEO (2024–)** | *Blue1 Oy*, Chief Operating Officer (2008–2011) and various other leadership positions (2001–2006)<br>**Memberships in other Boards of Directors and positions of trust**<br>*Pirkanmaan Osuuskauppa*, Member of the Board (2022–)<br>*Nordic Regional Airlines Oy*, Chair of the Board (2018–)<br>*Kallioinen Yhtiöt Oy*, Member of the Board (2017–) |
| **Ole Orvér**<br>Born 1966, Degree in Market Economics<br>**Chief Commercial Officer (2019–)** | Several leadership positions with *Qatar Airways Company Q.C.S.C.*, *LOT Polish Airlines*, *Air Berlin GmbH & Co. Luftverkehrs KG* and *Scandinavian Airlines System Aktiebolag (SAS Group)* (2002–2017)<br>**Memberships in other Boards of Directors and positions of trust**<br>*SkyClean Energy AB,* Member of the Board of Directors (2023–) |
| **Antti Kleemola**<br>Born 1980, M.Sc. (Econ.)<br>**Chief Information Officer (2022–)** | *Outokumpu Oyj*, Senior Vice President and Chief Information Officer (2021–2022)<br>*VR-Group Plc*, Chief Digital Officer (2018–2021) and Head of Business Technology (2017–2018)<br>*Vapo Oy*, Chief Information Officer (2015–2017)<br>*Posti Group Corporation*, Leadership positions in digital and IT services (2011–2015)<br>**Memberships in other Boards of Directors and positions of trust**<br>*Directors of ICT Leaders Finland ry,* Member of the Board (2023–) |
| **Kristian Pullola**<br>Born 1973, M.Sc. (Econ.)<br>**Chief Financial Officer (2022–)** | *Nokia Corporation*, Chief Financial Officer and other leadership positions within accounting, finance and investor relations (1999–2020)<br>**Memberships in other Boards of Directors and positions of trust**<br>*FinanceKey Ltd*, Chair of the Board (2022–)<br>*Kemira Oyj*, Member of the Board (2021–)<br>*Terveystalo Plc*, Member of the Board (2021–)<br>*Eduhouse Oy*, Chair of the Board (2021–)<br>*Instructor HoldCo Oy,* Chair of the Board (2021–)<br>*Antilooppi Management Oy*, Chair of the Board (2020–2023) |
| **Kaisa Aalto-Luoto**<br>Born 1979, M.Sc. (Econ.)<br>**Chief People Officer (2023–)** | *Sanoma Media Finland Ltd*, Chief Human Resources Officer (2021–2023<br>*Metso Outotec Corporation*, Vice President Human Resources, Services Business Area (2020–2021) |

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| | *Outotec Oyj*, Senior Vice President Human Resources & Communications and several roles as Head of Human Resources in different business units (2013–2020)<br><br>*Mandatum Life Insurance Company Limited*, Vice President Human Resources & Customer Experience and Vice President Human Resources (2009–2013)<br><br>**Memberships in other Boards of Directors and positions of trust**<br><br>*Uudenmaan Osuuspankki*, Member of the Board (2022–) |
| **Christine Rovelli**<br>Born 1974, MBA<br><br>**Senior Vice President, Strategy and Fleet (2022–)** | *Finnair Plc*, Senior leadership roles in resource management, strategy, finance and fleet management (2012–)<br><br>Various positions at *Royal Bank of Scotland plc*, *Morgan Stanley & Co. Limited*, *Citigroup Inc.* and *Ing Capital LLC* (1999–2012)<br><br>**Memberships in other Boards of Directors and positions of trust**<br><br>*ISTAT Foundation*, Member of the Board (2019–) |
| **Päivyt Tallqvist**<br>Born 1970, M.Sc. (Econ.)<br><br>**Senior Vice President, Communications (2020–)** | *Finnair Plc*, Director, Media Relations (2011–2020)<br><br>*Nokia Corporation*, Head of Press Services team (2010–2011) and Senior Manager, Communications, Press Services (2005–2009) |
| **Sami Sarelius**<br>Born 1971, LL.M.<br><br>**Senior Vice President and General Counsel (2010–)** | *Finnair Plc*, joined Finnair in 1998 |

**Shareholders' Nomination Board**

Finnair has a permanent Shareholders' Nomination Board (the "Shareholders' Nomination Board"). The Shareholders' Nomination Board consists of three (3) members, which shall be appointed by the Company's three largest shareholders, who shall appoint one member each. The Chair of the Company's Board of Directors shall act as an expert to the Shareholders' Nomination Board. The Chair of the Company's Board of Directors is not a member of the Shareholders' Nomination Board and has no voting rights. However, the Chair of the Board of Directors is entitled to attend meetings of the Shareholders' Nomination Board and to receive materials relating to the meetings. The members shall be nominated annually, and their term of office shall end when new members are nominated to replace them. The purpose and task of the Shareholders' Nomination Board is to prepare and present to the Annual General Meeting, and, if necessary, to an Extraordinary General Meeting, a proposal on the remuneration of the members of the Board of Directors, a proposal on the number of members of the Board of Directors and a proposal on the members of the Board of Directors. In addition, the task of the Shareholders' Nomination Board is to seek candidates as potential board members. At the date of this Prospectus, the current members of the Shareholders' Nomination Board are Kimmo Viertola, Timo Sallinen and Jukka Vähäpesola.

**Conflicts of Interest**

Provisions regarding the conflicts of interest of the management of a Finnish company are set forth in the Finnish Companies Act. Pursuant to Chapter 6, Section 4 of the Finnish Companies Act, a member of the Board of Directors may not participate in the handling of a contract between himself or herself and the company. Further, pursuant to Chapter 6, Section 4 a of the Finnish Companies Act, a member of the Board of Directors may not participate in the handling of a contract between himself or herself or an entity that is related to himself or herself as defined in the IAS 24 standard, and the company or its subsidiary, unless the agreement is part of the company's ordinary course of business or is conducted on normal market terms. This provision also applies to any other legal act, legal proceeding or other similar matter. Further, this provision also applies to the CEO.

The members of the Board of Directors, Executive Board or the CEO do not have any conflicts of interest between their duties relating to the Company and their private interests and/or their other duties. The members of the Board are independent of the Company and its significant shareholders.

**Auditors**

The Company's consolidated financial statements for the financial year ended 31 December 2023 have been audited by KPMG Oy Ab, with Kirsi Jantunen, Authorised Public Accountant, as the auditor with principal responsibility. Kirsi Jantunen is registered in the auditor register in accordance with Chapter 6 Section 9 in the Finnish Auditing Act (1141/2015, as amended).

At the Annual General Meeting held on 18 March 2024, Authorised Public Accountants KPMG Oy Ab was re-elected as auditor of the Company, with Authorised Public Accountant Kirsi Jantunen acting as the auditor with principal responsibility, until the end of the next Annual General Meeting. The business address of the principal auditor and KPMG Oy Ab is Töölönlahdenkatu 3 A, FI-00100 Helsinki, Finland).

## ARRANGEMENTS WITH THE JOINT LEAD MANAGERS

The interests of the Joint Lead Managers are normal business interests in the financial markets. The Joint Lead Managers were paid a fee by the Issuer in respect of the Offering and issue of the Notes.

The Joint Lead Managers and other entities within the same group and/or their respective affiliates have performed, and may in the future perform, advisory, consulting and/or banking services for Finnair in the ordinary course of their business for which they have received, or will receive, customary fees and expenses. In addition, certain Joint Lead Managers also act as dealer managers in a tender offer relating to the Existing Notes. Furthermore, certain of the Joint Lead Managers or their respective affiliates have acted and may in the future act as arrangers or lenders under certain facility agreements of Finnair for which they have received, or will receive, customary fees and expenses. The Joint Lead Managers and their respective affiliates may hold long or short positions, and may trade or otherwise effect transactions, for their own account or the accounts of their customers, in debt or equity securities of the Issuer.

## LEGAL MATTERS

Certain legal matters in connection with the Offering have been passed upon for the Issuer by Roschier, Attorneys Ltd.

## INFORMATION INCORPORATED BY REFERENCE

The Company's audited consolidated financial statements for the financial year ended 31 December 2023 and unaudited interim report for the three months ended 31 March 2024 as well as the report of the Board of Directors for the financial year 2023 as set out below are incorporated into and form part of the Prospectus by reference. The non-incorporated information in the documents incorporated by reference is not relevant for investors or can be found elsewhere in the Prospectus.

The referenced documents are available on the Company's website at, https://investors.finnair.com/en.

| Document | Information by reference |
|---|---|
| Finnair Annual Report 2023 | Audited consolidated financial statements and the auditor's report for the financial year ended 31 December 2023 and the report of the Board of Directors for the financial year 2023, pages 5 to 104. |
| Finnair Group Interim Report 1 January – 31 March 2024 | Unaudited consolidated interim report for the three months ended 31 March 2024. |

## DOCUMENTS ON DISPLAY AND AVAILABLE INFORMATION

In addition to the documents incorporated by reference, the Issuer's Articles of Association are available on the Company's website at, https://investors.finnair.com/en.

The Company will publish annual reports, including audited consolidated financial statements, quarterly interim financial information and other information as required by the Finnish Securities Market Act and the rules of the Helsinki Stock Exchange. All annual reports, interim reports and stock exchange releases are published in Finnish and English. Such information will be available on the Issuer's website at https://investors.finnair.com/en/reports-and-presentations.

**THE COMPANY**

**Finnair Plc**
Tietotie 9 A
FI-01053 Vantaa
Finland

**JOINT LEAD MANAGERS**

**Danske Bank A/S**
c/o Danske Bank, Finland Branch
Kasarmikatu 21 B
FI-00130 Helsinki
Finland

**Deutsche Bank Aktiengesellschaft**
Taunusanlage 12
60325 Frankfurt am Main
Germany

**Nordea Bank Abp**
Satamaradankatu 5
FI-00500 Helsinki
Finland

**OP Corporate Bank plc**
Gebhardinaukio 1
FI-00510 Helsinki
Finland

**Skandinaviska Enskilda Banken AB (publ)**
c/o Skandinaviska Enskilda Banken AB (publ) Helsinki Branch
Eteläesplanadi 18
FI-00130 Helsinki
Finland

**LEGAL ADVISER**

**Roschier, Attorneys Ltd.**
Kasarmikatu 21 A
FI-00130 Helsinki
Finland

**AUDITOR**

**KPMG Oy Ab**
Töölönlahdenkatu 3 A
FI-00100 Helsinki
Finland