OFFERING CIRCULAR **30 October 2023**

Finnair Plc

Rights Offering of a Maximum of 19,012,413,069 Offer Shares

Subscription Price EUR 0.03 per Offer Share

Finnair Plc ("**Finnair**" or the "**Company**"), a public limited liability company incorporated in Finland, offers for subscription in a rights issue pursuant to the shareholders' pre-emptive subscription right a maximum of 19,012,413,069 shares in the Company (the "**Offer Shares**") at a subscription price of EUR 0.03 per Offer Share (the "**Subscription Price**"), as described in more detail in this offering circular (the "**Offering Circular**") (the "**Offering**").

All shareholders of Finnair registered in the Company's shareholders' register maintained by Euroclear Finland Oy ("**Euroclear Finland**") on the record date 31 October 2023 (the "**Record Date**") will receive one (1) subscription right in the form of a book-entry entitling them to subscribe for Offer Shares (the "**Subscription Right**") for each share of the Company owned on the Record Date. In accordance with the normal clearing period for trading on Nasdaq Helsinki Ltd (the "**Helsinki Stock Exchange**"), trades in the Company's shares made no later than on 27 October 2023 will affect the shareholders' register of the Record Date. Each two (2) Subscription Rights entitle to subscribe for twenty-seven (27) Offer Shares at the Subscription Price (the "**Primary Subscription Right**"). No fractions of shares will be allotted and a Subscription Right cannot be exercised partially. The Subscription Rights will be registered on the shareholders' book-entry accounts in the book-entry system maintained by Euroclear Finland on 1 November 2023.

The subscription period for the Offer Shares will commence on 3 November 2023 at 9:30 a.m. (Finnish time) and end on 17 November 2023 at 4:30 p.m. (Finnish time) (the "**Subscription Period**"). The Subscription Rights are freely transferable, and they are subject to trading on the Helsinki Stock Exchange (trading code "FIA1SU0123") between 3 November 2023 and 13 November 2023. Subscription Rights that remain unexercised at the end of the Subscription Period on 17 November 2023 at 4:30 p.m. (Finnish time) will expire without value. See section "*Important Dates*".

Both holders of Subscription Rights and investors who do not hold Subscription Rights may submit orders to subscribe for any Offer Shares that have not been subscribed for pursuant to the Primary Subscription Right (the "**Secondary Subscription Right**"). Offer Shares remaining unsubscribed under the Primary Subscription Right and the Secondary Subscription Right may be directed for subscription as resolved by the Board of Directors of the Company, see "*Terms and Conditions of the Offering*".

The Company's largest shareholder, the State of Finland, and Varma Mutual Pension Insurance Company, Elo Mutual Pension Insurance Company and Ilmarinen Mutual Pension Insurance Company have irrevocably committed to subscribe in full for Offer Shares on the basis of Subscription Rights allocated to them (the "**Subscription Undertakings**"). The Subscription Undertakings represent approximately 59.3 per cent of the Offer Shares. Nordea Bank Abp and Deutsche Bank Aktiengesellschaft have entered into an underwriting agreement with the Company (the "**Underwriting Agreement**") pursuant to which they have severally agreed, subject to certain terms and conditions, to procure subscribers for any Offer Shares that may remain unsubscribed for in the Offering, excluding the Offer Shares that are covered by the Subscription Undertakings, or to subscribe for such Offer Shares themselves. For further information on the matter, see section "*Plan of Distribution in the Offering*".

Finnair's shares (the "**Shares**") are subject to trading on the Helsinki Stock Exchange under trading code "FIA1S" (ISIN code: FI0009003230). Trading in interim shares corresponding to the Offer Shares that have been subscribed for based on the Subscription Rights (the "**Interim Shares**") is expected to commence as an own share class on the Helsinki Stock Exchange (trading code "FIA1SN0123") on 6 November 2023. The Interim Shares will be combined with the Company's Shares once the Offer Shares have been registered with the Finnish Trade Register of the Finnish Patent and Registration Office (the "**Finnish Trade Register**"). The Offer Shares subscribed for pursuant to the Primary Subscription Right and the Secondary Subscription Right are expected to be registered in the Finnish Trade Register on or about 24 November 2023. Trading in the Offer Shares on the official list of the Helsinki Stock Exchange together with the existing Shares in the Company is expected to commence on or about 27 November 2023.

The Offering consists of (i) a public offering in Finland and Sweden and (ii) a private placement, described in "*Selling and Transfer Restrictions*" herein, in other jurisdictions outside the United States, in each case, in reliance on Regulation S of the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), and in accordance with applicable securities laws. The Subscription Rights and the Offer Shares have not and will not be registered under the U.S. Securities Act or under any state securities laws of the United States, and may not be offered or sold in or into the United States, directly or indirectly.

The Offering Circular may not be published or distributed 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 deliver the Subscription Rights or make an offering of the Offer Shares. The Subscription Rights or the Offer Shares may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into any such countries.

For certain risk factors involved in investing in the Subscription Rights or the Offer Shares, see section "*Risk Factors*" beginning on page 8.

Joint Global Coordinators

Deutsche Bank Nordea

IMPORTANT INFORMATION

In connection with the Offering, the Company has prepared a Finnish language prospectus (the "**Finnish Prospectus**") in accordance with the Finnish Securities Market Act (746/2012, as amended) (the "**Finnish Securities Market Act**"), Regulation (EU) 2017/1129 of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended, (the "**Prospectus Regulation**"), Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004, as amended, (Annexes 3 and 12), Commission Delegated Regulation (EU) 2019/979 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council with regard to regulatory technical standards on key financial information in the summary on a prospectus, the publication and classification of prospectuses, advertisements for securities, supplements to a prospectus and a notification portal, and repealing Commission Delegated Regulation (EU) No 382/2014 and Commission Delegated Regulation (EU) 2016/301, as amended, as well as the regulations and guidelines issued by the Finnish Financial Supervisory Authority ("**FIN-FSA**").

The Finnish Prospectus has been drawn up as a simplified prospectus in accordance with Article 14 of the Prospectus Regulation. This Offering Circular also contains the summary in the format required by Article 7 of the Prospectus Regulation. This Offering Circular is an English language translation of the Finnish Prospectus and summary except for certain additional information included for the benefit of non-Finnish shareholders and prospective investors. An English language translation of the Finnish Prospectus containing also a Swedish language translation of the summary will be, in accordance with the Prospectus Regulation, notified to the Swedish Financial Supervisory Authority (*Finansinspektionen*) to be used in Sweden (the "**Prospectus Notified in Sweden**"). The parties responsible for the Finnish Prospectus are also responsible for the Prospectus Notified in Sweden. The FIN-FSA, as the competent authority under the Prospectus Regulation, has approved the Finnish Prospectus. The FIN-FSA has only approved the Finnish Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Investors should make their own assessment as to the suitability of investing in the securities. Approval by the FIN-FSA of the Finnish Prospectus shall not be considered as an endorsement of the issuer that is the subject of the Finnish Prospectus. The journal number of the FIN-FSA's decision of approval is FIVA/2023/1805. In case of any discrepancies between the original Finnish Prospectus and this Offering Circular, the Finnish Prospectus shall prevail.

The Finnish Prospectus will expire when the Offer Shares are admitted to trading on the Helsinki Stock Exchange. The obligation to supplement the Finnish Prospectus in the event of significant new factors, material mistakes or material inaccuracies under the Prospectus Regulation does not apply after the Finnish Prospectus expires.

In this Offering Circular, any reference to the "Company", "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 or business unit only. References 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.

The Company has appointed Deutsche Bank Aktiengesellschaft ("**Deutsche Bank**") and Nordea Bank Abp ("**Nordea**") to act as the joint global coordinators for the Offering (Deutsche Bank and Nordea together, the "**Joint Global Coordinators**").

Prospective investors should not rely on the Joint Global Coordinators or any of their affiliated parties in connection with any investigation in respect of the accuracy of any information contained in this Offering Circular or their investment decision. Shareholders and prospective investors should rely solely on the information contained in the Offering Circular. Finnair or the Joint Global Coordinators have not authorised anyone to provide any information or give any statements other than those provided in the Offering Circular. Delivery of the Offering Circular shall not, under any circumstances, indicate that the information presented in the Offering Circular is correct on any day other than the date of the Offering Circular, or that there would not be any changes in the business of Finnair after the date of the Offering Circular. However, if a fault or omission is discovered in this Offering Circular after the FIN-FSA has approved the Finnish Prospectus but prior to the end of the Subscription Period or before the admission of the Offer Shares or the Interim Shares for trading on the Helsinki Stock Exchange (whichever occurs later) and such fault or omission may be of material importance to investors, the Offering Circular shall be supplemented in accordance with the Prospectus Regulation.

In a number of countries, in particular in the United States, Australia, Canada, Hong Kong, Japan, New Zealand, Singapore and South Africa, the distribution of the Offering Circular and the offer of the Offer Shares are subject to restrictions imposed by law (such as registration, admission, qualification and other regulations). The offer to subscribe for the Offer Shares does not include persons in any jurisdiction where such an offer would be illegal. No action has been or will be taken by the Company or the Joint Global Coordinators to permit the possession or distribution of the Offering Circular (or any other offering or publicity materials or application form(s) relating to the Offering) in any jurisdiction where such distribution may otherwise lead to a breach of any law or regulatory requirement.

The Subscription Rights or the Offer Shares may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any documents relating to the Offer Shares nor any advertisements may be distributed or published in any jurisdiction in which this would violate any laws or regulations. No action has been or will be taken by the Company or the Joint Global Coordinators to permit public offering of the Subscription Rights or the Offer Shares outside Finland and Sweden. The Company and the Joint Global Coordinators require that any person who receives this Offering Circular into their possession acquire adequate information of these restrictions and comply with them.

The Subscription Rights and the Offer Shares have not and will not be registered under the U.S. Securities Act or under any state securities laws of the United States. The Subscription Rights or the Offer Shares may not be offered, sold, exercised, pledged, transferred or delivered, directly or indirectly, in or into the United States. In addition to the United States, the legislation of certain other countries may restrict the distribution of this Offering Circular. This Offering Circular must not be considered an offer of securities in such country, where offering of the Offer Shares would be forbidden. The Subscription Rights or the Offer Shares may not be offered, sold, exercised, pledged, transferred or delivered, directly or indirectly, in or into such country.

Neither the Company nor the Joint Global Coordinators accept any legal responsibility for persons who have obtained the Offering Circular in violation of these restrictions, irrespective of whether these persons are prospective subscribers or purchasers of the Subscription Rights or the Offer Shares.

The Company reserves the right, in its sole and absolute discretion, to reject any subscription of the Offer Shares that the Company or its representatives believe may give rise to a breach or violation of any law, rule or regulation.

Investors must not construe the contents of this Offering Circular as legal, investment or tax advice. Each investor should consult such investor's own counsel, accountant or business advisor as to legal, investment and tax advice and related matters pertaining to the Offering, if they deem it necessary.

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SUMMARY

Introduction and Warnings

This summary contains all the sections required by the Prospectus Regulation to be included in a summary for this type of securities and issuer. This summary should be read as an introduction to the Offering Circular. Any decision to invest in the securities should be based on consideration of the Offering Circular as a whole by the investor. An investor investing in the securities could lose all or part of the invested capital. Where a claim relating to the information contained in the Offering Circular is brought before a court, the plaintiff investor might, under applicable law, have to bear the costs of translating the Offering Circular before legal proceedings are initiated. The Company assumes civil liability in respect of this summary and its Swedish language translation only if it is misleading, inaccurate or inconsistent when read together with the other parts of the Offering Circular, or if it does not provide, when read together with the other parts of the Offering Circular, key information in order to aid investors when considering whether to invest in the Offer Shares.

The identity and contact details of the issuer are as follows:

Name of the issuer:	Finnair Plc
Address:	Tietotie 9, FI-01530 Vantaa, Finland
Business identity code:	0108023-3
Legal entity identifier (LEI):	213800SB6EOB8SSK9W63
ISIN Code of the Shares:	FI0009003230
Trading code:	FIA1S

This is an English language translation (the "**Offering Circular**") of the original Finnish language prospectus (the "**Finnish Prospectus**") and summary except for certain additional information included for the benefit of non-Finnish shareholders and prospective investors. An English language translation of the Finnish Prospectus containing also a Swedish language translation of the summary will be, in accordance with the Prospectus Regulation, notified to the Swedish Financial Supervisory Authority (*Finansinspektionen*) to be used in Sweden (the "**Prospectus Notified in Sweden**"). The Finnish Prospectus has been approved by the Finnish Financial Supervisory Authority (the "**FIN-FSA**") as the competent authority under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") on 30 October 2023. The FIN-FSA has only approved the Finnish Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the FIN-FSA of the Finnish Prospectus shall not be considered as an endorsement of the issuer that is the subject of the Finnish Prospectus. The decision number of the approval of the Finnish Prospectus is FIVA/2023/1805.

The identity and contact details of the competent authority, the FIN-FSA, approving the Finnish Prospectus are as follows:

Financial Supervisory Authority
P.O. Box 103
FI-00101 Helsinki, Finland
Tel: +358 9 183 51
Email: registry@fiva.fi.

Key Information on the Issuer

Who Is the Issuer of the Securities?

The issuer's legal and commercial name is Finnair Plc ("**Finnair**" or the "**Company**") and it is domiciled in Helsinki, Finland. The Company is registered in the Finnish Trade Register of the Finnish Patent and Registration Office (the "**Finnish Trade Register**") under business identity code 0108023-3 and legal entity identifier (LEI) 213800SB6EOB8SSK9W63. The Company is a public limited liability company incorporated in Finland and operating under Finnish law.

General

Finnair is the flag carrier of, and the largest airline in, Finland. Finnair's route network connects Europe, North America and Asia 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 nine months of 2023, Finnair served 85 destinations in Europe, 6 destinations in North America, 11 destinations in Asia and 6 destinations in the Middle East[1].

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. During the first nine months of 2023, Finnair operated at an average capacity of 76.1 per cent, excluding wet leases, compared to the corresponding period of 2019 (measured in Available Seat Kilometres ("**ASK**")[2]).

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 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.

Major Shareholders

The following table sets forth ownership information of the ten largest shareholders of the Company as at 19 October 2023 pursuant to the shareholders' register maintained by Euroclear Finland Oy ("**Euroclear Finland**"):

Shareholder	**No. of shares**	**Shares, %**	**Votes, %**
State of Finland (acting through the Prime Minister's Office)	786,669,686	55.84	55.86
Varma Mutual Pension Insurance Company	30,881,263	2.19	2.19
The State Pension Fund	11,000,000	0.78	0.78
Elo Mutual Pension Insurance Company	10,169,000	0.72	0.72
Ilmarinen Mutual Pension Insurance Company	7,500,000	0.53	0.53
Nordea Pro Finland Fund	4,078,250	0.29	0.29
Mäkitalo Allan Risto Pekka	2,195,548	0.16	0.16
Finnairin Eläkesäätiö	1,505,262	0.11	0.11
Nordea Premium Asset Management Balanced Fund	1,490,434	0.11	0.11
Nordea Premium Asset Management Moderate Fund	1,417,328	0.10	0.10
Others	551,420,124	39.14	39.15
Total outstanding shares in the Company	**1,408,326,895**	**99.97**	**100**
Treasury shares	399,303	0.03	-
Total issued shares in the Company	**1,408,726,198**	**100**	**100**

[1] Tokyo-Haneda and Tokyo-Narita airports and flights between Doha and the Nordic capitals are considered separate destinations.

[2] 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 the first nine months of 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.

As at the date of this Offering Circular, the State of Finland (acting through the Prime Minister's Office) holds 55.8 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 (746/2012, as amended).

Key Directors and Statutory Auditor

The members of the Board of Directors of the Company are Sanna Suvanto-Harsaae (Chair), Montie Brewer (Vice Chair), Tiina Alahuhta-Kasko, Jukka Erlund, Hannele Jakosuo-Jansson, Henrik Kjellberg, Simon Large and Minna Pajumaa. Finnair's Executive Board consists of Topi Manner, Kaisa Aalto-Luoto, Antti Kleemola, Ole Orvér, Kristian Pullola, Christine Rovelli, Sami Sarelius, Jaakko Schildt, and Päivyt Tallqvist.

The Company's statutory auditor is KPMG Oy Ab, Authorised Public Accountant Firm, with Kirsi Jantunen, Authorised Public Accountant, as the auditor with principal responsibility.

What Is the Key Financial Information Regarding the Issuer?

The selected historical key financial information presented below has been derived from Finnair's unaudited consolidated interim report as at and for the nine months ended 30 September 2023, including the unaudited comparative consolidated financial information as at and for the nine months ended 30 September 2022, as well as audited consolidated financial statements as at and for the financial years ended 31 December 2022 and 31 December 2021.

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

	As at and for the nine months ended 30 September		**As at and for the year ended 31 December**	
	2023	**2022**	**2022**	**2021**
(EUR in millions, unless otherwise indicated)	**(unaudited)**		**(audited, unless otherwise indicated)**	
KEY FIGURES				
Revenue	2,261.3	1,669.3	2,356.6	838.4
Comparable operating result	161.4	-181.8	-163.9[1]	-468.9[1]
Comparable operating result, % of revenue	7.1	-10.9	-7.0	-55.9
Operating result	164.1	-238.6	-200.6	-454.4
Comparable EBITDA	409.7	54.1	153.2	-149.0
Comparable EBITDA, % of revenue	18.1	3.2	6.5	-17.8
Result for the period	194.1	-529.5	-476.2	-464.3
Earnings per share (EPS), EUR				
Basic	0.12	-0.39	-0.36	-0.34
Diluted	0.11	-0.39	-0.36	-0.34
Interest-bearing net debt	1,039.7	1,147.0	1,094.0[1]	1,530.9[1]
Net cash flow from operating activities	478.1	229.1	259.0	-25.3
Net cash flow from investing activities	-286.3	-21.2	-75.5	309.6
Net cash flow from financing activities	-517.0	103.9	42.1	73.4
Assets total	4,037.6	4,316.7	4,133.0	4,047.1
Equity total	463.3	357.5	410.7	475.7

(1 Unaudited.

What Are the Key Risks That Are Specific to the Issuer?

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

- 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.
- Litigation and regulatory rulings may result in significant costs and damage Finnair's brand and reputation.
- 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.
- 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 may be unable to achieve its goal of continuous cost efficiency.
- 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.
- Adverse developments in macroeconomic conditions may result in reduced access to capital and lower liquidity.
- Exchange rate fluctuations may affect Finnair's financial condition or results of operations.
- 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.

Key Information on the Securities

What Are the Main Features of the Securities?

Finnair is offering a maximum of 19,012,413,069 shares in the Company (the "**Offer Shares**") for subscription (the "**Offering**"). The Company's shares (the "**Shares**") are registered in the Finnish book entry system maintained by Euroclear Finland under the ISIN code FI0009003230 and are admitted to trading on the official list of Nasdaq Helsinki Ltd (the "**Helsinki Stock Exchange**") under the trading code "FIA1S". The Shares have no nominal value and they are denominated in euro.

The Offer Shares will carry equal rights along with all existing Shares of the Company. After they are registered in the Finnish Trade Register and recorded in the investor's book-entry account, the Offer Shares will entitle their holders to dividends and other distributions of funds (including distributions in the event of the dissolution of the Company) by the Company as well as other shareholder rights. The rights attached to the Shares include, among others, pre-emptive rights to subscribe for new shares in the Company, right to participate and exercise voting power at the General Meeting of Shareholders, right to dividend and distribution of other unrestricted equity, and right to demand redemption at a fair price from a shareholder that holds shares representing more than 90 per cent of all the Shares and votes in the Company, as well as other rights generally available under the Finnish Limited Liability Companies Act (624/2006, as amended) (the "**Finnish Companies Act**").

All Shares in the Company carry equal rights to dividends and other distributions by the Company. According to Finnair's shareholder return policy, Finnair aims to pay, on average, one-third of its earnings per Share as dividend or capital distribution during an economic cycle. Finnair does not expect to pay dividends or capital distribution for the financial year ending 31 December 2023. Finnair seeks to reinstate the Company's ability for shareholder distributions from 2025 onwards (based on 2024 earnings). When deciding on such distribution, Finnair intends to take into account its earnings trend and outlook, financial situation as well as capital and investment need for any given period. Any future distributions may be made in two annual instalments.

Where Will the Securities Be Traded?

The Company will submit an application for the Offer Shares to be admitted to trading on the official list of the Helsinki Stock Exchange under the share trading code "FIA1S".

Trading in interim shares corresponding to the Offer Shares that have been subscribed for based on the Subscription Rights (as defined below) (the "**Interim Shares**") is expected to commence as an own share class on the Helsinki

Stock Exchange (trading code "FIA1SN0123") on 6 November 2023. The Offer Shares subscribed for in the Offering are expected to be registered in the Finnish Trade Register on or about 24 November 2023. Trading in the Offer Shares on the official list of the Helsinki Stock Exchange together with the existing Shares in the Company is expected to commence on or about 27 November 2023.

The Subscription Rights will be subject to public trading on the Helsinki Stock Exchange (trading code "FIA1SU0123") from 3 November 2023 to 13 November 2023.

What Are the Key Risks That Are Specific to the Securities?

- The Company may be unable to, or decide not to, pay any dividends or other distributions of unrestricted equity in the future.
- The interests of the Company's major shareholder may not be aligned with the interests of other shareholders.
- A shareholder's ownership will be diluted if the shareholder does not exercise the Subscription Rights, and the Subscription Rights could lose all their value.

Key Information on the Offer of Securities to the Public and the Admission to Trading on a Regulated Market

Under Which Conditions and Timetable Can I Invest in This Security?

Shareholders of Finnair registered in the Company's shareholders' register maintained by Euroclear Finland on the record date of the Offering 31 October 2023 (the "**Record Date**") will receive one (1) subscription right in the form of a book-entry (the "**Subscription Right**") for each Share of the Company owned by the shareholder on the Record Date.

Each two (2) Subscription Rights entitle to subscribe for twenty-seven (27) Offer Shares at the Subscription Price (as defined below) (the "**Primary Subscription Right**"). No fractions of the Offer Shares will be allotted and a Subscription Right cannot be exercised partially. If the Offer Shares are not fully subscribed for pursuant to the Primary Subscription Right, both holders of Subscription Rights and investors who do not hold Subscription Rights have the right to subscribe for such Offers Shares (the "**Secondary Subscription Right**"). Offer Shares remaining unsubscribed under the Primary Subscription Right and Secondary Subscription Right may be directed for subscription as resolved by the Board of Directors of the Company.

The subscription period will commence on 3 November 2023 at 9:30 a.m. Finnish time and end on 17 November 2023 at 4:30 p.m. Finnish time (the "**Subscription Period**"). The Board of Directors is entitled to extend the Subscription Period. Any extension will be announced by the Company through a stock exchange release no later than on 17 November 2023.

Upon expiry of the Subscription Period, unexercised Subscription Rights will lapse and will be removed from the holder's book-entry account, without notification.

The subscription price is EUR 0.03 per Offer Share (the "**Subscription Price**").

Applicable Laws and Dispute Resolution

The Offering shall be governed by the laws of Finland. Any disputes arising in connection with the Offering shall be settled by the court of competent jurisdiction in Finland.

Fees and Expenses

Finnair expects to pay approximately EUR 12.1 million in fees and expenses in connection with the Offering, including the commissions and fees paid to the Joint Global Coordinators (as defined below).

No fees or expenses will be charged for the subscription of Offer Shares, and no transfer tax is payable for the subscription of Offer Shares. Account operators, custodians or securities brokers who execute subscription orders relating to the Subscription Rights may charge a commission in accordance with their own tariffs. Account operators and custodians may also charge a fee for the maintenance of a book-entry account and the custody of the shares.

Dilution

The maximum number of Offer Shares offered in the Offering represents 93.1 per cent of all Shares after the completion of the Offering. In the event that existing shareholders of Finnair do not subscribe for the Offer Shares in the Offering (except for the Offer Shares covered by the Subscription Undertakings), their total holdings in Finnair would be diluted by 93.1 per cent.

Why is This Prospectus Being Produced?

Reasons for the Offering

The Offering is aimed at reducing Finnair's financing costs, supporting the implementation of the strategy for sustainable profitable growth in the new operating environment shaped by the COVID-19 pandemic and the closure of Russian airspace and ensuring the Company's ability for future investments. Through the Offering the Company seeks to strengthen its balance sheet and financial position in order to allow the Company to better manage its outstanding financial liabilities, the amount of which has increased significantly in recent years due to the unprecedented changes in the operating environment. The Offering is also designed to position the Company to meet its key financial targets: a comparable operating profit margin of 6 per cent by the end of 2025, 1-2x net debt to comparable EBITDA by the end of 2025 and reinstate the Company's ability for shareholder distributions from 2025 onwards (based on 2024 earnings).

Proceeds Raised in the Offering and the Use of Proceeds

Assuming all of the Offer Shares are subscribed for in the Offering, the gross proceeds received by Finnair from the Offering will be approximately EUR 570.4 million.[3] The State of Finland has undertaken to subscribe for Offer Shares for a maximum sum of EUR 318.6 million, whereby the Subscription Price is paid by setting off EUR 318.6 million of the principal amount of the capital loan granted to the Company by the State of Finland (the "**Capital Loan**") against the Subscription Price for such Offer Shares, which will not generate any gross proceeds in cash to Finnair. Finnair expects to pay approximately EUR 12.1 million in fees and expenses in connection with the Offering, resulting in net proceeds of approximately EUR 558.2 million, of which cash of approximately EUR 239.6 million.

The Company will use the net proceeds to pay the portion of the Capital Loan that remains outstanding after the Offering and the accrued interest thereon in a total estimated amount of EUR 130.2 million (assuming that the repayment would take place on 24 November 2023). Following the repayment of the portion of the Capital Loan and the accrued interest on the Capital Loan, the net proceeds from the Offering will be used to further strengthen Finnair's balance sheet and financial position in order to position the Company to better manage its outstanding financial liabilities, to support the execution of its strategy to drive sustainable profitable growth, and ensure its ability for future investments.

The repayment of the Capital Loan together with the earlier redemption on 1 September 2023 of the Company's capital securities in the aggregate nominal amount of EUR 200 million is expected to provide a sustainable balance sheet and significantly reduce the Company's financing costs.

Subscription Undertakings and the Underwriting

The State of Finland, that holds approximately 55.8 per cent of the issued Shares in the Company as at the date of this Offering Circular, and Varma Mutual Pension Insurance Company, Elo Mutual Pension Insurance Company and Ilmarinen Mutual Pension Insurance Company, that hold approximately 3.4 per cent of the issued Shares in the Company, have irrevocably committed to subscribe in full for the Offer Shares on the basis of Subscription Rights allocated to them (the "**Subscription Undertakings**"). According to its Subscription Undertaking, the State of Finland will pay the Subscription Price in respect of all the Offer Shares that are allocated to it by setting off

[3] The gross proceeds of the Offering have been calculated by multiplying the Subscription Price by the maximum number of Offer Shares in the Offering. The final number of Offer Shares will be determined based on subscriptions made in accordance with the terms and conditions of the Offering and approved by the Company's Board of Directors.

EUR 318.6 million of the principal amount of the Capital Loan granted to Finnair by the State of Finland against the Subscription Price for such Offer Shares.

Deutsche Bank Aktiengesellschaft ("**Deutsche Bank**") and Nordea Bank Abp ("**Nordea**") have entered into the Underwriting Agreement with Finnair pursuant to which they have severally agreed, subject to certain terms and conditions, to procure subscribers for any Offer Shares that may remain unsubscribed for in the Offering, or to subscribe for such Offer Shares themselves, excluding the Offer Shares that are covered by the Subscription Undertakings.

Conflicts of Interest

Each of Deutsche Bank and Nordea (together, the "**Joint Global Coordinators**") 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. Furthermore, certain of the Joint Global Coordinators 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.

RISK FACTORS

An investment in the Company involves risks, which may be significant. The following describes the risks relating to the Offering, as well as the risks relating to the Company and its business and Shares. Many of the risks related to the Company and its business operations are inherent to its business and are typical in its industry. Potential investors should carefully review the information contained in this Offering Circular and, in particular, the risk factors described below.

Each of the risks presented may have a material impact on the Company's business, results of operations and financial position, and they may together or individually result in the Company failing to achieve its financial targets. Should these risks lead to a decline in the market price of the Shares, investors who have invested in them could lose part or all of their investment. The description of risk factors below is based on information available and estimates made on the date of this Offering Circular and, therefore, it is not necessarily exhaustive. As a part of the assessment of the risk factors, the Company has considered the probability of the realisation of the possible risks. Potential events that may or may not materialise are presented in the risk factors. Due to the uncertainty characteristic for these potential courses of events, the Company is unable to present an exact estimate for all the risks on the probability of such events materialising or failing to materialise.

The risks presented herein have been divided into six categories based on their nature. These categories are:

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 Shares; and

F. Risks Relating to the Subscription Rights and the Offering

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 the Company's business or on the market price of the Shares.

A. Risks Relating to the Airline Industry

1. 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.

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 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 Offering Circular, 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. Following the closure of Russian airspace, Finnair has, among other initiatives, increased its North Atlantic capacity, measured by Available Seat Kilometres ("**ASK**")[4], and established a strategic cooperation with Qatar Airways to better cover the Middle East region. As a result, the importance of the United States and the Middle East has significantly increased in Finnair's network. 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. If access to markets essential to Finnair's strategy would be 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[5] represented 31.3 per cent of Finnair's operating expenses[6] in 2022 and 31.0 per cent in the first nine months of 2023. 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

[4] 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 the first nine months of 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.

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

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

things, due to the impacts of the war in Ukraine. Fluctuations in jet fuel prices result in increased uncertainty in Finnair's profitability and cash flows.

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. Finnair applies the principle of time-diversification in its fuel hedging. According to Finnair's risk management policy, the hedging horizon is one year. According to the Company's risk management policy, the hedging ratio must be increased during each quarter of the calendar year, so that the hedging ratio is approximately between 60 per cent and 90 per cent, with the target ratio being 75 per cent for the following quarter. 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, 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, 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 three 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 cost efficiency improvement 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 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 or may not be able to reach its sustainability targets*" 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), 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. 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 Offering Circular 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*". Although the Company is committed to achieving its sustainability targets, 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 Offering Circular, three 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, the rights issue carried by Finnair in 2020 and the hybrid loan of maximum EUR 400 million, have been brought to the Court of Justice of the European Union. One of these cases is still pending, and two others have been appealed following dismissal, 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 Offering is 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 Offering. On 14 September 2023, the European Commission's Directorate-General for Competition issued a statement that the Finnish State's participation in the 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. Whilst the Company believes that it is in a strong legal 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 Offering Circular, 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, during the autumn of 2023, the Finnish Tax Administration will be carrying out a payroll tax audit at Finnair and the Japanese Tax Authority is planning to perform a tax audit on Japan tourist tax included in the flight ticket price. 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 of which only part (EUR 161.6 million as of 30 September 2023) is currently recognised on the Company's balance sheet 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's 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 will be 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 possible 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, 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 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.

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.

Finnair currently has no ongoing or upcoming negotiations relating to pending expirations of collective labour agreements, except for the negotiations on wage increases for the second year of the collective labour agreement regarding upper white-collar employees. However, 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. 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 new 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. Any actions by the government under the Government Programme, 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 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 30 September 2023, the balance sheet value of the entire fleet was EUR 1,748.6 million, which consisted of fleet (EUR 897.2 million) and right-of-use fleet (EUR 851.3 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 increased significantly during 2022, 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 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 30 September 2023, 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 program 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.

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 is currently searching for the successor for Finnair's CEO, Topi Manner.

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.

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 30 September 2023, 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 224.4 per cent.

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 which limit the Company's operating and financial flexibility resulting in a decrease in Finnair's capability to engage in business opportunities.

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 1,061.9 million as of 30 September 2023. 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 30 September 2023, a one percentage point rise in interest rates would increase the annual financial income of the investment portfolio by EUR 10.9 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 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 Shares

1. *The Company may be unable to, or decide not to, pay any dividends or other distributions of unrestricted equity in the future.*

Pursuant to the Finnish Companies Act, the amount distributed by the Company as dividends may not exceed the amount of distributable funds shown on its latest audited unconsolidated parent company financial statements adopted by the General Meeting of Shareholders. Any potential distribution of dividends or other distributions of unrestricted equity will depend on the Company's and its subsidiaries' results of operations, financial condition, cash flows, need for working capital, capital expenditure, future outlook, terms of the Company's financing agreements, ability to upstream any income to the Company from the subsidiaries and other factors. Any payment of dividends or other distributions of unrestricted equity will always be at the discretion of the Board of Directors of the Company and, ultimately, be dependent on a resolution of the General Meeting of Shareholders. Moreover, under the Finnish Companies Act, the distribution of dividends is not permitted if it would jeopardise the Company's solvency. The aim of Finnair's shareholder return policy is to pay on average one third of the earnings per share as dividend or capital distribution during an economic cycle. Finnair does not expect to pay dividends or capital distribution for the financial year ending 31 December 2023. Finnair seeks to reinstate the Company's ability for shareholder distributions from 2025 onwards (based on 2024 earnings). Finnair intends to take into account its earnings trend and outlook, financial situation as well as capital and investment need for any given period, which may result in a deviation or change in the shareholder return policy, including a decision not to distribute any dividends or capital. Finnair has not been able to pay dividends for the financial years ended 31 December 2022, 2021, 2020 and 2019, mainly due to the effects of COVID-19 pandemic. The amount of any dividends or capital distribution paid by the Company in any given financial year is, therefore, uncertain. Further, any payment of dividends, or other distributions of unrestricted equity, by the Company with respect to prior financial periods is not an indication of the dividends to be paid for financial periods in the future, if any. See also section "*Dividends and Shareholder Return Policy*".

2. The interests of the Company's major shareholder may not be aligned with the interests of other shareholders.

As at the date of this Offering Circular, the State of Finland is the largest shareholder in the Company with a holding of 55.8 per cent of the issued Shares in the Company. According to the Finnish State Shareholdings and the Ownership Steering Act (1368/2007, as amended, the "**Ownership Steering Act**") if the state were to renounce its majority holding in the Company, the Finnish parliament's approval will be required. The State of Finland has irrevocably committed to subscribe in full for the Offer Shares on the basis of the Subscription Rights allocated to it so that its percentage of ownership after the Offering will remain unchanged.

If the Offering is implemented as planned, the State of Finland will hold approximately 55.9 per cent of the issued Shares in the Company immediately after the Offering. As such, the State of Finland has control over resolutions to be made in the General Meetings of Shareholders, such as adopting financial statements, distribution of dividends, capital increases and election and dismissal of the members of the Company's Board of Directors. The interests of the Company's largest shareholder may not always be aligned with the interests of other shareholders.

3. Future share offerings or the sale of a significant number of shares could have adverse effects on the market price of the Company's Shares and any future share offerings may dilute the shareholdings of current shareholders.

The issuance or sale of a significant number of the Company's Shares or an understanding that such an issue or sale may take place in the future could have an adverse effect on the market price of the Company's Shares and on the Company's ability to obtain equity financing in the future. See also "*– The interests of the Company's major shareholder may not be aligned with the interests of other shareholders*" above. In addition, should the Company require further equity financing, the Company may organise share issues with pre-emptive subscription rights for the shareholders or directed share issues deviating from the shareholders' pre-emptive subscription rights, if the General Meeting of Shareholders provides an authorisation. Any possible future directed share issue or a rights issue where any existing shareholders decide not to exercise their subscription rights, could dilute shareholders' relative share of shares and votes.

4. Investors with a different reference currency than the euro are exposed to certain foreign exchange risks when investing in the Shares.

The Offer Shares are priced and traded on the Helsinki Stock Exchange in euros and possible dividends on the shares are paid in euros. Due to this, fluctuations in the value of the euro affect the value of possible dividends and other distributions of unrestricted equity, such as capital repayment, if the investor's reference or main currency differs from the euro. In addition, the market price of the Offer Shares in other currencies than the euro fluctuates in part due to changes in exchange rates. This can affect the value of the Offer Shares and possible dividends paid on the Shares if the investor's main currency is not the euro. In addition, exchanging euros into another currency may incur such investor's additional transaction costs.

F. Risks Relating to the Subscription Rights and the Offering

1. A shareholder's ownership will be diluted if the shareholder does not exercise the Subscription Rights, and the Subscription Rights could lose all their value.

Should a shareholder choose not to exercise its Subscription Rights or if a shareholder and the securities broker employed by the shareholder do not meet the requirements detailed in the section "*Terms and Conditions of the Offering*", the Subscription Rights shall expire and the investor may not necessarily receive any compensation for them. In such a case, the shareholder's total holdings in Finnair will be diluted by 93.1 per cent. Even if the shareholder decided to sell the Subscription Rights, that the shareholder has not exercised, or even if these Subscription Rights were sold in the name of the shareholder, the price received for the Subscription Rights in the markets will not necessarily correspond with the direct dilution attributable to the execution of the Offering.

2. It is possible that the Offering is unsuccessful in the collection of funds in full.

Based on its Subscription Undertaking, the Company's largest shareholder, the State of Finland, has undertaken to subscribe for Offer Shares for a maximum sum of EUR 318.6 million, whereby the Subscription Price is paid by setting off EUR 318.6 million of the principal amount of the Capital Loan (as defined below) granted to the Company by the State of Finland against the Subscription Price for such Offer Shares, which will not generate any gross proceeds in cash to Finnair. In addition, three other shareholders of the Company, representing approximately 3.4 per cent of the issued Shares in the Company, have irrevocably undertaken to subscribe for their respective pro rata share of the Offering, subject to certain customary terms and conditions. The Joint Global Coordinators have agreed to procure subscribers for any Offer Shares that may remain unsubscribed for in the Offering, excluding the Offer Shares that are covered by the Subscription Undertaking, or to subscribe for such Offer Shares themselves. By virtue of the Subscription Undertakings and the underwriting by the Joint Global Coordinators, the Offering is fully underwritten subject to the terms and conditions of the Underwriting Agreement and the Subscription Undertakings.

The Underwriting Agreement is subject to customary provisions allowing the Joint Global Coordinators to terminate their respective underwriting commitments in certain circumstances, as discussed in "*Plan of Distribution in the Offering*". In addition, the Subscription Undertaking given by the State of Finland is subject to certain conditions, such as the underwriting commitments by the Joint Global Coordinators being in force. In line with the market practice, the grantors of the Subscription Undertakings and the Joint Global Coordinators have neither provided security for the fulfilment of their obligations. Consequently, there can be no assurance that a situation could not arise, in which the Underwriting Agreement or the Subscription Undertakings would no longer be in force. Further, it is not certain that the grantors of the Subscription Undertakings, and the Joint Global Coordinators will fulfil their obligations in their entirety. If the Offering is not subscribed for in full due to non-fulfilment of a Subscription Undertaking or the underwriting commitments or due to each of those not being in force, it would reduce the equity and cash funds booked by the Company from the Offering, which might necessitate the acquisition of additional financing or hamper the Company's possibilities to implement its business strategy.

Any of the above-mentioned consequences could in turn have an adverse effect on Finnair's business, financial condition, results of operations and prospects.

3. Investors do not have the right to cancel the use of Subscription Rights or sales and other transfers of Interim Shares, and if the Offering would be cancelled, the Subscription Rights would have no value.

Subscriptions made in the Offering as well as sales and other transfers of Interim Shares are binding and may not be withdrawn, invalidated or changed, except in the special cases mentioned in the section "*Terms and Conditions of the Offering – Withdrawal of Subscriptions in Certain Circumstances*". In such circumstances, the right of cancellation is conditional upon the significant new factor, material mistake or material inaccuracy within the meaning of the Prospectus Regulation having become known or having been discovered prior to the expiry of the Subscription Period or the entry of the Offer Shares or the Interim Shares subject to cancellation in the subscriber's book-entry account (whichever occurs first). The Offer Shares subscribed for pursuant to the Subscription Rights will be credited to the subscriber's book-entry account as Interim Shares representing the Offer Shares after the subscription has occurred. The Offer Shares are paid for in connection with the subscription. The sales and other transfers of Interim Shares are paid in connection with the transaction in question. Therefore, the investors must make their investment decisions before the final outcome of the Offering is known. In case the Underwriting Agreement were not fulfilled, the Company's proceeds from the Offering could be considerably below the level planned herein.

Correspondingly, should the Board of Directors decide not to carry out the Offering, for example, if carrying out the Offering is not in the Company's interest or if the underwriting commitments by the Joint Global Coordinators would be terminated, the Subscription Price will be refunded to the holders of Interim Shares and to the subscribers of Offer Shares without Subscription Rights. See also "*Terms and Conditions of the Offering – Approval of Subscriptions and Publication of the Outcome in the Offering*". In the event that the Offering would be cancelled, the unused Subscription Rights could not be exercised and would have no value, which could cause losses to the investors who have acquired Subscription Rights from the market. Correspondingly, the investors who have acquired Interim Shares from the market may incur losses if the Subscription Price that is refunded in connection with a cancellation of the Offering is lower than the price paid by the investor for the Interim Shares.

4. The market price of the Subscription Rights and the Offer Shares could fluctuate considerably and the price of the Offer Shares could fall below the Subscription Price.

Finnair will apply for the listing of the Subscription Rights, Interim Shares and Offer Shares on the official list of Helsinki Stock Exchange. The market price of the Subscription Rights, the Interim Shares and the Offer Shares could be subject to significant fluctuations due to a change in sentiment in the market regarding the Subscription Rights, the Offer Shares or similar securities, and in response to various facts and events, including any variations in the Company's results of operations and business developments. The Interim Shares will not be fungible with the Company's new Shares until the Interim Shares are combined with the Company's existing share class. In addition, if the Offering would be cancelled, the Subscription Rights could not be exercised and would have no value. These factors may have an adverse effect on the market price and liquidity of the Interim Shares or the Subscription Rights. Further, stock markets may from time-to-time experience significant price and volume fluctuations that may be unrelated to the Company's operating performance or prospects. Any of these factors could result in a decline in the market price of the Offer Shares below the Subscription Price and/or result in a situation where the Subscription Rights would not have any demand.

5. Certain foreign shareholders may not necessarily be able to exercise their Subscription Rights.

According to Finnish legislation, shareholders have certain pre-emptive subscription rights pro rata their shareholdings, when the Company issues new shares or securities with entitlements to subscribe for new shares. Certain shareholders in the Company who reside, or will reside, or whose registered address is in certain countries outside Finland, such as the United States, may not necessarily be able to exercise their Subscription Rights in the Offering or in possible future share issues, unless the Shares have been registered according to the securities legislation in effect in the relevant country or in another corresponding way or an exception from registration or other similar requirements is available based on applicable legislation. This may dilute the shareholding of such shareholders in the Company. Furthermore, if the number of such shareholders who cannot exercise their Subscription Rights is large and their Subscription Rights are sold on the market, this may have an adverse effect on the price of the Subscription Rights. In addition, the legislation of the relevant country may limit the right of a foreign shareholder to receive information on share issues and other important transactions. For more information on shareholders' rights, see "*Shares and Share Capital – Shareholders' Rights*".

PARTIES RESPONSIBLE FOR THE OFFERING CIRCULAR

Finnair Plc
Business identity code: 0108023-3
Domicile: Helsinki, Finland
Address: Tietotie 9, FI-01530 Vantaa, Finland

STATEMENT REGARDING THE OFFERING CIRCULAR

The Company accepts responsibility for the information contained in the Offering Circular. The Company assures that to the best knowledge of the Company, the information in this Offering Circular is in accordance with the facts and that the Offering Circular contains no omission likely to affect its import.

INFORMATION DERIVED FROM THIRD-PARTY SOURCES

Where certain information contained in this Offering Circular has been derived from third party sources, such sources have been identified herein. The Company confirms that such third-party information has been accurately reproduced herein and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

AVAILABILITY OF THE FINNISH PROSPECTUS AND THE OFFERING CIRCULAR

The Finnish Prospectus and the documents incorporated therein by reference and the Prospectus Notified in Sweden will be available on or about 31 October 2023 on the website of the Company at www.finnair.com/osakeanti and at the registered office of the Company at Tietotie 9, FI-01530 Vantaa, Finland. In addition, the Finnish Prospectus and the Prospectus Notified in Sweden will be available on or about 31 October 2023 on the website of Nordea at www.nordea.fi/finnair.

This English language Offering Circular and the documents incorporated herein by reference will be available on or about 31 October 2023 on the website of the Company at www.finnair.com/rightsissue.

INFORMATION ON THE WEBSITE IS NOT INCLUDED IN THE OFFERING CIRCULAR

This Offering Circular will be published on the Company's website at www.finnair.com/rightsissue. Other information presented on the Company's website or information presented on any other website is not part of this Offering Circular and the prospective investors should not rely on such information in making their decision to invest in securities. However, as an exception to the above, the information incorporated by reference in the Offering Circular, which is available on the Company's website, as well as possible supplements of the Offering Circular, are part of the Offering Circular.

FINANCIAL STATEMENTS RELATED AND CERTAIN OTHER INFORMATION

Financial Statements and Interim Financial Information

The financial information presented in this Offering Circular has been derived from Finnair's unaudited consolidated interim report as at and for the nine months ended 30 September 2023, including the unaudited comparative consolidated financial information as at and for the nine months ended 30 September 2022, prepared in accordance with "IAS 34 Interim Financial Reporting", and Finnair's audited consolidated financial statements as at and for the years ended 31 December 2022 and 31 December 2021, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("**IFRS**").

Alternative Performance Measures

Finnair presents in this Offering Circular 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:

- Comparable operating result
- Comparable operating result, % of revenue
- 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*".

Auditors

The Company's consolidated financial statements for the financial years ended 31 December 2022 and 31 December 2021 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 23 March 2023, 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.

Other Information

The financial and other information presented in the tables in this Offering Circular are rounded. Accordingly, in certain cases the sum of numbers presented in a column or row does not always correspond to the presented total sum of a column or a row. In addition, certain percentages are calculated with accurate numbers before rounding, so they do not necessarily correspond to the results that would have been reached if rounded figures had been used.

In this Offering Circular, "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.

FORWARD-LOOKING STATEMENTS

Certain statements in the Offering Circular, such as certain statements set forth under "*Summary*", "*Risk Factors*", "*Background of the Offering and Use of Proceeds*", "*Business of the Company – Long-term Targets*" and "*Business of the Company – Outlook*" are based on the beliefs of the Company's management as well as assumptions made by and information currently available to the Company's management, and such statements may constitute forward-looking statements. The words "believe", "expect", "anticipate", "intend" or "plan" and similar expressions identify certain of such forward-looking statements.

Such forward-looking statements involve known and unknown risks, uncertainties and other important factors, and as a result, events described in the forward-looking statements may not occur or may fail to materialise. The section "*Risk Factors*" of this Offering Circular presents examples of these and other risks, uncertainties and other factors. Should one or more of these and other risks or uncertainties materialise or the underlying assumptions prove wrong, Finnair's actual results of operations or financial position could differ significantly from what is described in this Offering Circular as expected, believed, estimated or anticipated.

IMPORTANT DATES

31 October 2023	Record Date of the Offering on Euroclear Finland
3 November 2023	The Subscription Period for the Offering commences
3 November 2023	Trading in the Subscription Rights commences on the Helsinki Stock Exchange
6 November 2023	Trading in the Interim Shares commences on the Helsinki Stock Exchange
13 November 2023	Trading in the Subscription Rights ends on the Helsinki Stock Exchange
17 November 2023	The Subscription Period for the Offering ends and unexercised Subscription Rights expire without value
21 November 2023 (estimate)	Announcement of the preliminary results of the Offering
23 November 2023 (estimate)	Announcement of the final results of the Offering
24 November 2023 (estimate)	Trading in the Interim Shares ends on the Helsinki Stock Exchange
24 November 2023 (estimate)	The Offer Shares are registered in the Finnish Trade Register
27 November 2023 (estimate)	The Offer Shares subscribed for in the Offering will be recorded in the book-entry accounts of investors
27 November 2023 (estimate)	Trading in the Offer Shares on the official list of the Helsinki Stock Exchange commences

TERMS AND CONDITIONS OF THE OFFERING

Overview of the Offering

On 27 October 2023, the Extraordinary General Meeting of Shareholders of Finnair Plc ("**Finnair**" or the "**Company**") authorised the Board of Directors of the Company to decide on a new share issue of up to 22,000,000,000 shares. In the share issue, the shareholders of the Company will have a pre-emptive right to subscribe for new shares in proportion to their shareholdings in the Company. The Company's Board of Directors was also authorised by the Extraordinary General Meeting of Shareholders to decide upon other terms and conditions of the share issue. The Offering is aimed at reducing Finnair's financing costs, supporting the implementation of the strategy for sustainable profitable growth in the new operating environment shaped by the COVID-19 pandemic and the closure of Russian airspace and ensuring the Company's ability for future investments.

On 27 October 2023, the Board of Directors of the Company resolved, based on the authorisation granted by the Extraordinary General Meeting of Shareholders, to issue a maximum of 19,012,413,069 new shares in the Company (the "**Offer Shares**") in the offering for consideration based on the pre-emptive subscription right of the shareholders (the "**Offering**") as set forth in these terms and conditions.

As a result of the Offering, the total number of the shares in the Company may increase from 1,408,726,198 shares to a maximum of 20,421,139,267 shares. Assuming the Offering is fully subscribed, the Offer Shares represent approximately 1,350.0 per cent of the existing outstanding shares and votes in the Company prior the Offering, and approximately 93.1 per cent of all outstanding shares and votes in the Company after the completion of the Offering.

Subscription Rights

Shareholders of Finnair registered in the Company's shareholders' register maintained by Euroclear Finland Ltd ("**Euroclear Finland**") on the record date of the Offering 31 October 2023 (the "**Record Date**") will receive one (1) subscription right in the form of a book-entry (the "**Subscription Right**") for each share of the Company owned on the Record Date. No Subscription Rights will be allocated to the treasury shares of Finnair. See also section "*– Shareholders Resident in Certain Unauthorised Jurisdictions*" below.

The Subscription Rights will be registered on the shareholders' book-entry accounts on 1 November 2023 in the book-entry system maintained by Euroclear Finland.

Each two (2) Subscription Rights entitle to subscribe for twenty-seven (27) Offer Shares at the Subscription Price (as defined below) (the "**Primary Subscription Right**"). No fractions of the Offer Shares will be allotted and a Subscription Right cannot be exercised partially. If the Offer Shares are not fully subscribed for pursuant to the Primary Subscription Right, both holders of Subscription Rights and investors who do not hold Subscription Rights have the right to subscribe for such Offer Shares (the "**Secondary Subscription Right**"). Offer Shares remaining unsubscribed under the Primary Subscription Right and Secondary Subscription Right may be directed for subscription as resolved by the Board of Directors. See also "*– Participation of the Majority Shareholder in the Offering and the Underwriting*" and "*– Allocation of Offer Shares Subscribed for without Subscription Rights*".

The Subscription Rights will be publicly traded on Nasdaq Helsinki Ltd (the "**Helsinki Stock Exchange**") from 3 November 2023 to 13 November 2023.

Upon expiry of the Subscription Period (as defined below), unexercised Subscription Rights will lapse and will be removed from the investor's book-entry account without notification. If the Offering would be cancelled, the Subscription Rights could not be exercised and would have no value. See also "*– Approval of Subscriptions and Publication of the Outcome in the Offering*" and "*– Other Issues*" below as well as "*Plan of Distribution in the Offering*".

In order for the value of the Subscription Rights not to be lost, the holder must either:

- exercise the Subscription Rights to subscribe for the Offer Shares no later than on 17 November 2023, in accordance with instructions from the shareholder´s account operator, custodian or nominee; or
- sell the Subscription Rights that are not to be exercised no later than on 13 November 2023.

If a share in the Company entitling to a Subscription Right is pledged or subject to any other restrictions, the Subscription Right may not necessarily be exercised without the consent of the pledgee or the holder of any other right.

Subscription Undertakings and the Underwriting

The State of Finland, that holds approximately 55.8 per cent of the issued shares in the Company, and Varma Mutual Pension Insurance Company, Elo Mutual Pension Insurance Company and Ilmarinen Mutual Pension Insurance Company, who hold approximately 3.4 per cent of the issued Shares in the Company, have irrevocably committed to subscribe in full for the Offer Shares on the basis of Subscription Rights allocated to them ("**Subscription Undertakings**").

According to its Subscription Undertaking, the State of Finland will pay the Subscription Price in respect of all the Offer Shares that are allocated to it by setting off EUR 318.6 million of the principal amount of the capital loan granted to Finnair by the State of Finland (the "**Capital Loan**") against the Subscription Price for such Offer Shares. The remaining outstanding amount under the Capital Loan and accrued interest on the Capital Loan will be paid to the State of Finland from the cash proceeds of the Offering.

Deutsche Bank Aktiengesellschaft ("**Deutsche Bank**") and Nordea Bank Abp ("**Nordea**") have entered into the Underwriting Agreement with Finnair pursuant to which they have severally agreed, subject to certain terms and conditions, to procure subscribers for any Offer Shares that may remain unsubscribed for in the Offering, or to subscribe for such Offer Shares themselves, excluding the Offer Shares that are covered by the Subscription Undertakings. See "*Plan of Distribution in the Offering*".

Subscription Price

The subscription price is EUR 0.03 per Offer Share (the "**Subscription Price**").

The Subscription Price includes a customary discount compared to the theoretical ex-rights price based on the closing price of the Company's shares on the Helsinki Stock Exchange on the trading day immediately preceding the decision on the Offering. The Subscription Price shall be recorded into the invested unrestricted equity reserve of the Company.

Record Date

The Record Date of the Offering is 31 October 2023.

Subscription Period

The subscription period will commence on 3 November 2023 at 9:30 a.m. Finnish time and end on 17 November 2023 at 4:30 p.m. Finnish time (the "**Subscription Period**"). The Board of Directors is entitled to extend the Subscription Period. Any extension will be announced by the Company through a stock exchange release no later than on 17 November 2023.

Places of subscription (*i.e.*, account operators, custodians and nominees) may require their customers to submit subscription orders on specified dates and times before trading in the Subscription Rights or the Subscription Period end. Such dates and times may be different from the end in trading in Subscription Rights and the end of the Subscription Period.

Trading in Subscription Rights

Holders of Subscription Rights may sell their Subscription Rights at any time during the public trading of the Subscription Rights. Public trading of the Subscription Rights on the Helsinki Stock Exchange commences on 3 November 2023 at 10:00 a.m. Finnish time and ends on 13 November 2023 at 6:30 p.m. Finnish time. The price of the Subscription Rights on the Helsinki Stock Exchange will be determined in market trading. Subscription Rights may be sold or purchased by giving a sell or purchase order to one's own custodian.

The ISIN code of the Subscription Rights on the Helsinki Stock Exchange is FI4000561584 and the trading code is "FIA1SU0123".

Subscription for Offer Shares with Subscription Rights (Primary Subscription Right)

Directly Registered Shareholders

A shareholder may participate in the Offering by subscribing for the Offer Shares by using the Subscription Rights on the shareholder's book-entry account and by paying the Subscription Price. However, this shall not apply to shareholders resident in certain Unauthorised Jurisdictions (as defined below). Shareholders may be required in connection with any such subscription to certify that they are not in an Unauthorised Jurisdiction. In order to participate in the Offering, a shareholder must give a subscription order in accordance with the instructions provided by the shareholder's own account operator or custodian.

Holders of Subscription Rights purchased on the Helsinki Stock Exchange must submit their subscription orders in accordance with the instructions given by their own book-entry account operator or custodian.

Nominee-registered Shareholders

Shareholders and other investors participating in the Offering, whose existing shares in the Company or Subscription Rights are held through a nominee, must submit their subscription orders in accordance with the instructions given by their nominee or, if the holding is registered with more than one nominee, through each nominee. Subscription and payment must be made in accordance with instructions from the nominee. Banks and other nominees are required to read and comply with the restrictions described in the section "*Important Information*" and section "*– Shareholders Resident in Certain Unauthorised Jurisdictions*" below. Banks, custodians and other nominees may be required in connection with any such subscription to certify that shareholders on whose behalf they are holding the shares or Subscription Rights, are not in an Unauthorised Jurisdiction.

General

Subscriptions must be submitted separately for each book-entry account. Incomplete or erroneous subscriptions may be rejected. A subscription may be rejected if the subscription payment is not made according to these terms and conditions or if such payment is incomplete. In these situations, the subscription payment will be refunded to the subscriber. No interest will be paid on the refunded amount.

Any unexercised Subscription Rights will expire without value at the end of the Subscription Period on 17 November 2023 at 4:30 p.m. Finnish time.

Payments for the Subscriptions

The Subscription Price of the Offer Shares subscribed for in the Offering shall be paid in full in euros at the time of submission of the subscription order in accordance with the instructions given by the account operator or the custodian.

A subscription will be deemed effected only after the arrival of the subscription form at relevant account operator or custodian and of the payment of the Subscription Price in full.

Interim Shares

The Offer Shares subscribed for pursuant to the exercise of the Subscription Rights will be recorded on the subscriber's book-entry account as interim shares representing the Offer Shares (the "**Interim Shares**") after the subscription has been effected.

In case the Offering is cancelled, the Subscription Price will be refunded to the holders of the Interim Shares. No interest will be paid on the refunded amount. See also "*– Approval of Subscriptions and Publication of the Outcome in the Offering*", "*– Withdrawal of Subscriptions in Certain Circumstances*" and "*– Other Issues*" below as well as "*Plan of Distribution in the Offering*".

The Interim Shares are combined with the existing shares of the Company (ISIN code FI0009003230, trading code "FIA1S") after the Offer Shares have been registered with the Finnish Trade Register of the Finnish Patent and

Registration Office (the "**Finnish Trade Register**"). Such combination is expected to occur on or about 27 November 2023.

Trading with Interim Shares

The Interim Shares are freely transferable and trading with the Interim Shares on the Helsinki Stock Exchange, as a separate class of securities, is expected to take place during the period from and including 6 November 2023, up to and including 24 November 2023, under the trading code "FIA1SN0123". The ISIN code of the Interim Shares is FI4000561592.

Subscription for Offer Shares without Subscription Rights (Secondary Subscription Right)

Subscription for the Offer Shares without Subscription Rights shall be effected by a shareholder and/or other investor by submitting a subscription assignment and simultaneously paying the Subscription Price in accordance with the instructions provided by his/her book-entry account operator, custodian, or in case of nominee-registered holders, in accordance with instructions provided by the nominee. It may not be possible to provide a subscription on the basis of the Secondary Subscription Right via an equity savings account (the Finnish Act on Equity Saving Account, 680/2019) through certain account operators. In such case, shareholders should provide the secondary subscription via another book-entry account than the equity savings account.

The subscription assignment and payment shall be received by the shareholder's and/or investor's account operator, custodian or nominee on 17 November 2023 at the latest or on an earlier date in accordance with instructions by the book-entry account operator, custodian or nominee.

If several subscription orders are submitted in relation to a single book-entry account, the orders will be considered as one order per book-entry account.

The Offer Shares subscribed without Subscription Rights will be recorded on the subscriber's book-entry account as shares on or about 27 November 2023.

Approval of Subscriptions and Publication of the Outcome in the Offering

The Board of Directors of Finnair will approve subscriptions pursuant to the Subscription Rights made in accordance with these terms and conditions of the Offering and applicable laws and regulations on or about 23 November 2023. In addition, the Board of Directors of Finnair will, in accordance with the allocation principles set out below in "*– Allocation of Offer Shares Subscribed for without Subscription Rights*", approve subscriptions without Subscription Rights made in accordance with these terms and conditions of the Offering and applicable laws and regulations. The Company's Board of Directors may decide not to approve the subscriptions and not to carry out the Offering, if the Board of Directors concludes that carrying out the Offering is not in the Company's interest. In such an event the Subscription Price will be refunded to the holders of Interim Shares and the Subscription Price paid for Offer Shares subscribed without Subscription Rights will be refunded to persons that have subscribed for such Offer Shares. In the event the Offering is cancelled, the Subscription Rights cannot be exercised and have no value.

Finnair will publish the final results of the Offering in a stock exchange release on or about 23 November 2023.

Allocation of Offer Shares Subscribed for Without Subscription Rights

In the event that not all the Offer Shares have been subscribed for pursuant to the exercise of the Subscription Rights, the Board of Directors of Finnair shall determine the allocation of Offer Shares subscribed for without Subscription Rights as follows:

- first, to those that subscribed for Offer Shares also pursuant to Subscription Rights. If the Offering is oversubscribed by such subscribers, the allocation among such subscribers shall be determined per account in proportion to the number of Subscription Rights exercised by a subscriber for subscription of Offer Shares and, where this is not possible, by drawing of lots;
- second, to those that have subscribed for Offer Shares without Subscription Rights only and, if the Offering is oversubscribed by such subscribers, the allocation among such subscribers shall be determined

per account in proportion to the number of Offer Shares which such subscribers have subscribed for and, where this is not possible, by drawing of lots; and

- third, to subscribers procured by Deutsche Bank and Nordea, or, when such subscribers have not been procured, to Deutsche Bank or Nordea in accordance with, and subject to, the terms and conditions of the Underwriting Agreement. The subscription period with respect to Deutsche Bank or Nordea and/or to subscribers procured by them expires on 23 November 2023.

If the allocation of Offer Shares subscribed for without Subscription Rights does not correspond to the amount of Offer Shares indicated in the subscription assignment, the Subscription Price paid for non-allocated Offer Shares will be refunded to the subscriber starting from on or about 27 November 2023. No interest will be paid on the refunded amount.

Withdrawal of Subscriptions in Certain Circumstances

Any exercise of the Subscription Rights is irrevocable and may not be modified or cancelled other than as set forth below.

Where the Finnish language prospectus relating to the Offering (the "**Finnish Prospectus**") is supplemented in accordance with the Prospectus Regulation due to a significant new factor, material mistake or material inaccuracy, which may affect the assessment of the Offer Shares or the Interim Shares, investors who have subscribed for Offer Shares before the supplement is published shall have the right to withdraw their subscriptions during a withdrawal period. Such withdrawal period shall last for at least two working days from the publication of the supplement. The withdrawal right is further conditional on that the significant new factor, material mistake or material inaccuracy referred above was noted prior to the end of the Subscription Period or the delivery on the book-entry account of the subscriber of the Offer Shares or the Interim Shares which are subject to the withdrawal (whichever occurs earlier).

The procedure regarding the withdrawal of the subscriptions will be announced together with any such supplement to the Finnish Prospectus and its English translation as a supplement to this Offering Circular through a stock exchange release. Any withdrawal of a subscription shall relate to the entire subscription of the investor. The withdrawal must be made in writing at the account operator, custodian or nominee in which the subscription order was given.

After the end of the withdrawal period, the right of withdrawal will lapse. Where a subscription is withdrawn, the Subscription Price paid will be returned to the subscriber within approximately two business days from withdrawal. No interest will be paid on the funds returned. If the holder of a Subscription Right or an Interim Share has sold or otherwise transferred the Subscription Right or the Interim Share, such sale or transfer cannot be withdrawn.

Shareholders Resident in Certain Unauthorised Jurisdictions

The granting of Subscription Rights to shareholders resident in countries other than Finland and the issuance of the Offer Shares through exercise of Subscription Rights to persons resident in countries other than Finland may be affected by securities legislation in such countries. Consequently, subject to certain exceptions, shareholders whose existing shares are directly registered on a securities account and whose registered address is in the United States, Canada, Australia, Hong Kong, South Africa, Singapore, Japan, New Zealand or any other jurisdiction in which participation in the Offering would not be permissible (the "**Unauthorised Jurisdictions**"), may not receive any Subscription Rights and will not be allowed to subscribe for the Offer Shares. In Finland, each such shareholder, registered in the Company's shareholders' register, acting through banks, nominees, custodians or other financial intermediaries through which its shares are held, may consider selling any and all Subscription Rights held for its benefit to the extent permitted under their arrangements with such persons and applicable law and receiving the sales proceeds (less deduction of costs) on their account.

Trading in Offer Shares

Trading in the Offer Shares registered with Euroclear Finland commences on the Helsinki Stock Exchange on or about 27 November 2023.

Shareholder Rights

The Offer Shares will entitle their holders to possible dividend and other distribution of funds, if any, and to other shareholder rights in Finnair after the Offer Shares have been registered with the Finnish Trade Register, on or about 24 November 2023 and in the Company's shareholder register maintained by Euroclear Finland on or about 27 November 2023. Each Offer Share entitles its holder to one vote at the General Meeting of Shareholders of Finnair.

Costs and Expenses

No fees or expenses will be charged for the subscription of Offer Shares, and no transfer tax is payable for the subscription of Offer Shares. Account operators, custodians or securities brokers who execute subscription assignments relating to the Subscription Rights may charge a commission in accordance with their own tariffs. Account operators and custodians may also charge a fee for the maintenance of a book-entry account and the custody of the shares. See also "*Taxation*".

Applicable Law and Dispute Resolution

The Offering shall be governed by the laws of Finland. Any disputes arising in connection with the Offering shall be settled by the court of competent jurisdiction in Finland.

In case of any discrepancies between the original Finnish language version and the English language translation of these terms and conditions, the Finnish language version shall prevail.

Other Issues

Documents referred to in Chapter 5, Section 21 of the Finnish Companies Act (624/2006, as amended) are available for review at the website of Finnair at www.finnair.com/rightsissue.

Other issues and practical matters relating to the Offering will be resolved by the Board of Directors of Finnair. The Board of Directors may resolve not to accept subscriptions, including the subscriptions made with Subscription Rights, and not to carry out the Offering, if the Board of Directors would conclude that carrying out the Offering is not in the Company's interest. See also "*Plan of Distribution in the Offering*".

Nordea is acting as issuing and paying agent in respect of the Offering (i.e., assisting the Company with certain administrative services concerning the Offering). The fact that Nordea is acting as issuing and paying agent does not, in itself, mean that Nordea regards the subscriber as a customer of Nordea. For the purposes of the Offering, the subscriber is regarded as a customer of Nordea only if Nordea has provided advice to the subscriber regarding the Offering or has otherwise contacted the subscriber individually regarding the Offering, or if the subscriber has an existing customer relationship with the bank. As a consequence of Nordea not regarding the subscriber as a customer in respect of the Offering, the investor protection rules set forth in the Finnish Investment Service Act (747/2012, as amended) will not apply to the Offering. This means, among other things, that neither customer categorization nor a suitability assessment will take place with respect to the Offering. Accordingly, the subscriber is personally responsible for ensuring that he or she possesses sufficient experience and knowledge to understand the risks associated with the Offering.

Subscribers in the Offering will provide personal data to Nordea. Personal data provided to Nordea will be processed in data systems to the extent required to provide services and administer matters in Nordea. Personal data obtained from a party other than the customer to whom the processing relates may also be processed. Personal data may also be processed in data systems at companies and organizations with which Nordea cooperate. Information regarding the processing of personal data is provided by Nordea's branch offices, which also accept requests for correction of personal data. Information regarding addresses may be obtained by Nordea through automatic data runs at Euroclear Finland.

By subscribing for the Offer Shares in the Offering, the subscriber authorises his / her account operator to disclose necessary personal data, the number of his / her book-entry account and the details of the subscription to the parties involved in the processing of the subscription order or the execution of the assignment to allocate and settle the Offer Shares.

BACKGROUND OF THE OFFERING AND USE OF PROCEEDS

Reasons for the Offering

The Offering is aimed at reducing Finnair's financing costs, supporting the implementation of the strategy for sustainable profitable growth in the new operating environment shaped by the COVID-19 pandemic and the closure of Russian airspace and ensuring the Company's ability for future investments. Through the Offering the Company seeks to strengthen its balance sheet and financial position in order to allow the Company to better manage its outstanding financial liabilities, the amount of which has increased significantly in recent years due to the unprecedented changes in the operating environment. The Offering is also designed to position the Company to meet its key financial targets: a comparable operating profit margin of 6 per cent by the end of 2025, 1-2x net debt to comparable EBITDA by the end of 2025 and reinstate the Company's ability for shareholder distributions from 2025 onwards (based on 2024 earnings).

To this end, the Offering pursuant to the shareholders' pre-emptive subscription right of up to 19,012,413,069 Offer Shares at a subscription price of EUR 0.03 per Offer Share is intended to raise approximately EUR 558.2 million in net proceeds.

The Company's largest shareholder, the State of Finland, has irrevocably committed to subscribe in full for Offer Shares on the basis of Subscription Rights allocated to it, i.e. in total approximately 55.9 per cent of the Offer Shares. According to its Subscription Undertaking, the State of Finland will pay the Subscription Price in respect of all the Offer Shares that are allocated to it by setting off EUR 318.6 million of the principal amount of the capital loan granted to Finnair by the State of Finland (the "**Capital Loan**") against the Subscription Price for such Offer Shares.

Use of Proceeds

Assuming all of the Offer Shares are subscribed for in the Offering, the gross proceeds received by Finnair from the Offering will be approximately EUR 570.4 million.[7] The State of Finland has undertaken to subscribe for Offer Shares for a maximum sum of EUR 318.6 million, whereby the Subscription Price is paid by setting off EUR 318.6 million of the principal amount of the Capital Loan granted to the Company by the State of Finland against the Subscription Price for such Offer Shares, which will not generate any gross proceeds in cash to Finnair. Assuming all of the Offer Shares are subscribed for in the Offering, the gross cash proceeds received by Finnair from the Offering will be approximately EUR 251.8 million.

Finnair expects to pay approximately EUR 12.1 million in fees and expenses in connection with the Offering, resulting in net proceeds of approximately EUR 558.2 million, of which cash of approximately EUR 239.6 million.

The Company will use the net proceeds to pay the portion of the Capital Loan that remains outstanding after the setting off in connection with the Offering and the accrued interest thereon (see also "*Business of the Company – Liabilities and Capital Resources*") in a total estimated amount of EUR 130.2 million (assuming that the repayment would take place on 24 November 2023). Following the repayment of the portion of the Capital Loan and the accrued interest on the Capital Loan, the remaining net proceeds from the Offering (total estimated amount of EUR 109.5 million) will be used to further strengthen Finnair's balance sheet and financial position in order to position the Company to better manage its outstanding financial liabilities, to support the execution of its strategy to drive sustainable profitable growth, and ensure its ability for future investments.

[7] The gross proceeds of the Offering have been calculated by multiplying the Subscription Price by the maximum number of Offer Shares in the Offering. The final number of Offer Shares will be determined based on subscriptions made in accordance with the terms and conditions of the Offering and approved by the Company's Board of Directors.

The repayment of the Capita Loan together with the earlier redemption on 1 September 2023 of the EUR 200 million Hybrid Bonds (as defined below) is expected to provide a sustainable balance sheet and significantly reduce the Company's financing costs. If the Capital Loan would not be repaid, the Capital Loan would accrue interest of approximately EUR 52 million in 2024.[8]

[8] At the end of the third quarter of 2023 the accrued interest from the Capital Loan was EUR 42.1 million, the margin was 3.5%, and the reference rate was 4.102% (12-month Euribor). The current reference rate reset on 31 August 2023, and if the Capital Loan is not repaid, the reference rate will reset again on 31 August 2024. The margin of the Capital Loan steps up to 5.0% in March 2024 pursuant to its terms, and the terms set out additional margin step-ups beyond 2024. The Capital Loan interest rate (margin and reference rate) applies to both, the principal amount and any deferred interest. Finnair also pays a utilisation fee of 3.0% on the Capital Loan principal amount. The accrued interest on the Capital Loan for the year 2024 has been calculated assuming that the reference rate that resets on 31 August 2024 would remain at the current level (4.102 %), that the Capital Loan would be fully drawn throughout 2024 and that the margin on the Capital Loan would step up to 5.0 % in March 2024 pursuant to its terms.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the Company's capitalisation and indebtedness as at 30 September 2023 (i) based on the Company's unaudited consolidated interim report for the nine months ended 30 September 2023; and (ii) as adjusted by the gross proceeds of EUR 570.4 million[9] from the Offering and estimated expenses of EUR 12.1 million in connection with the Offering and by the share subscription of the State of Finland, whereby the Subscription Price will be paid by setting off EUR 318.6 million of the principal amount of the Capital Loan and by the repayment of EUR 81.4 million of the Capital Loan and EUR 48.8 million of accrued interest following the Offering. The table shall be read with consideration of the fact that there is not complete certainty that the Offering will be carried out, see "*Terms and Conditions of the Offering – Approval of Subscriptions and Publication of the Outcome in the Offering*".

This table should be read together with section "*Selected Financial Information*" and the Company's audited consolidated financial statements as at and for the year ended 31 December 2022 and the Company's unaudited consolidated interim report as at and for the nine months ended 30 September 2023, incorporated by reference to this Offering Circular.

EUR in millions	**As at 30 September 2023 Actual**	**As at 30 September 2023 Adjusted**
	(unaudited)	
Capitalisation		
Current borrowings		
Unguaranteed/Unsecured	0.0	0.0
Guaranteed/Secured(1	441.0	441.0
Total current borrowings	**441.0**	**441.0**
Non-current borrowings		
Unguaranteed/Unsecured	381.1	381.1
Guaranteed/Secured(1	1,565.3	1,565.3
Total non-current borrowings	**1,946.4**	**1,946.4**
Total borrowings	**2,387.4**	**2,387.4**
Equity		
Share capital	75.4	75.4
Other restricted funds	168.1	168.1
Hedging reserve and other OCI items	115.3	115.3
Unrestricted equity funds	765.8	1,326.5
Retained earnings	-1,061.3	-1,100.3
Capital loan	400.0	0.0(5
Total equity	**463.3**	**585.0(6**
Total equity and borrowings	**2,850.7**	**2,972.3**
Net indebtedness		
Cash and cash equivalents	328.1	437.6
Other financial assets	1,018.2	1,018.2
Liquidity (A)(2	**1,346,3**	**1,455.8(7**
Lease liabilities(3	199.3	199.3
Other interest-bearing liabilities(3	241.7	241.7
Cross currency interest rate swaps(3,(4	-1.3	-1.3
Current liabilities total (B)	**439.7**	**439.7**
Net current financial indebtedness (C = B - A)	**-906.6**	**-1,016.1**
Lease liabilities(3	1,038.6	1,038.6
Other interest-bearing liabilities(3	907.8	907.8
Non-current liabilities total (D)	**1,946.4**	**1,946.4**
Net indebtedness (C + D)	**1,039.7**	**930.3(7**

(1 Includes lease liabilities.
(2 Other financial assets include EUR 722.2 million of financial assets with a maturity of less than three months and EUR 296.0 million of financial assets with a maturity of more than three months but less than 12 months. There are no restrictions on the use of cash and cash equivalents or other financial assets.

[9] The gross proceeds of the Offering have been calculated by multiplying the Subscription Price by the maximum number of Offer Shares in the Offering. The final number of Offer Shares will be determined based on subscriptions made in accordance with the terms and conditions of the Offering and approved by the Company's Board of Directors.

(3 The Company presents the figure Adjusted interest-bearing liabilities in its financial reporting. Adjusted interest-bearing liabilities consist of non-current and current lease liabilities, non-current and current other interest-bearing liabilities and cross currency interest rate swaps. Adjusted interest-bearing liabilities amounted to EUR 2,386.1 million as at 30 September 2023.

(4 The 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 indebtedness calculation.

(5 The State of Finland has undertaken to subscribe for Offer Shares for a maximum sum of EUR 318.6 million, whereby the Subscription Price is paid by setting off EUR 318.6 million of the principal amount of the Capital Loan granted to the Company by the State of Finland against the Subscription Price for such Offer Shares. After offsetting the Subscription Price, the principal amount of the Capital Loan will be EUR 81.4 million. The Company will use the net proceeds to pay the portion of the Capital Loan that remains outstanding after the Offering of EUR 81.4 million and the accrued interest thereon in an estimated amount of EUR 48.8 million (assuming that the repayment would take place on 24 November 2023). Currently accumulated interest from capital loan has not been accounted or accrued as costs.

(6 In the table above, the gross proceeds of EUR 570.4 million of the Offering, which have been adjusted with the estimated transaction costs of EUR 12.1 million deducted by taxes in the amount of EUR 2.4 million, government subscription for the Offering by setting off EUR 318.6 million of the principal amount of the Capital Loan, redemption of the remaining Capital Loan after the Offering of EUR 81.4 million have been recognised in the unrestricted equity funds. Payment of accrued interest on the Capital Loan of EUR 48.8 million deducted by taxes in the amount of EUR 9.8 million have been recognised in the retained earnings. The Company's total equity would increase EUR 121.6 million as a result of the estimated net proceeds of the Offering, and consequently the equity ratio would increase from 11.5 per cent to 14.1 per cent. See also "*Selected Financial Information – Calculation of Certain Alternative Performance Measures, Key Operational Metrics and Other Key Figures*". The gross proceeds of the Offering have been calculated by multiplying the Subscription Price by the maximum number of Offer Shares in the Offering. The final number of Offer Shares will be determined based on subscriptions made in accordance with the terms and conditions of the Offering and approved by the Company's Board of Directors.

(7 In the table above, cash and cash equivalents have been adjusted with the gross proceeds of EUR 570.4 million of the Offering deducted by the estimated transaction costs of EUR 12.1 million, government subscription for the Offering by setting off EUR 318.6 million of the principal amount of the Capital Loan, redemption of the remaining Capital Loan after the Offering of EUR 81.4 million, and payment of accrued interest on the Capital Loan of EUR 48.8 million. Deferred tax assets of EUR 2.4 million and EUR 9.8 million realise in cash and cash equivalents later, when confirmed tax loss can be deducted from taxable profit. The Company's liquidity would increase EUR 109.5 million as a result of the estimated net proceeds of the Offering, and consequently the cash to sales, LTM, % would increase from 45.7 per cent to 49.4 per cent. Calculated in this way, the Company's net indebtedness would decrease EUR 109.5 million as a result of the estimated net proceeds of the Offering, and consequently the gearing would decrease from 224.4 per cent to 159.0 per cent. See also "*Selected Financial Information – Calculation of Certain Alternative Performance Measures, Key Operational Metrics and Other Key Figures*".

The State of Finland has undertaken to subscribe for Offer Shares for a maximum sum of EUR 318.6 million, whereby the Subscription Price is paid by setting off EUR 318.6 million of the principal amount of the Capital Loan granted to the Company by the State of Finland against the Subscription Price for such Offer Shares. The Company will use the net proceeds to pay the portion of the Capital Loan that remains outstanding after the Offering and the accrued interest thereon in a total estimated amount of EUR 130.2 million (assuming that the repayment would take place on 24 November 2023).

There have not been any other material changes in the Company's capitalisation and indebtedness since 30 September 2023.

The Company's balance sheet includes provisions totaling EUR 212.4 million as at 30 September 2023, consisting mainly of provisions for aircraft maintenance. Off-balance sheet lease liabilities as at 30 September 2023 amounted to EUR 17.1 million. The accrued interest on the Capital Loan at 30 September 2023 was EUR 42.1 million and it has not been accounted or accrued as costs. Investment commitments are described in section "*Business of the Company – Investments*". For further information on the Company's contingent liabilities, see note 23 of the Company's unaudited consolidated interim report as at and for the nine months ended 30 September 2023.

As at the date of this Offering Circular, Finnair has a pension premium loan of EUR 500 million and it is amortised by EUR 100 million every six months. However, the remaining two EUR 100 million tranches will be paid in full on 15 May 2025. In addition, the Company has issued senior unsecured notes maturing in 2025 with an outstanding amount of EUR 382.5 million. In addition, Finnair has EUR 200 million short-term, unsecured commercial paper programme, which is unused as at the date of this Offering Circular. See also "*Business of the Company – Liabilities and Capital Resources*".

Working Capital Statement

In the opinion of the Company's management, the Company's working capital is sufficient for the Company's present needs for the next 12 months following the date of this Offering Circular.

DIVIDENDS AND SHAREHOLDER RETURN POLICY

According to Finnair's shareholder return policy, Finnair aims to pay, on average, one-third of its earnings per Share as dividend or capital distribution during an economic cycle. Finnair does not expect to pay dividends or capital distribution for the financial year ending 31 December 2023. Finnair seeks to reinstate the Company's ability for shareholder distributions from 2025 onwards (based on 2024 earnings). When deciding on such distribution, Finnair intends to take into account its earnings trend and outlook, financial situation as well as capital and investment needs for any given period. Any future distributions may be made in two annual instalments. There can be no assurance regarding any financial period as to the amount of dividends or capital to be distributed or as to whether the Company will distribute dividends or capital at all.

No dividend has been paid by the Company for the year ended 31 December 2022.

Under the Finnish Companies Act, the General Meeting of Shareholders decides on the distribution of dividends and other unrestricted equity based on a proposal by the Company's Board of Directors. Dividends may be paid and unrestricted equity otherwise distributed after the General Meeting has approved the Company's financial statements. If dividends or unrestricted equity are distributed, all of the Shares of the Company are entitled to the same dividend or other distribution of funds. The dividends paid or unrestricted equity distributed by the Company for any financial period will not be indicative of the dividends to be paid or unrestricted equity to be distributed after the said financial period. For a description of the restrictions applicable to distributions of funds, see "*Shares and Share Capital – Shareholders' Rights – Dividend and Distribution of Other Unrestricted Equity*".

BUSINESS OF THE COMPANY

General

Finnair is the flag carrier of, and also the largest airline in, Finland[10]. 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 nine months of 2023, Finnair served 85 destinations in Europe, 6 destinations in North America, 11 destinations in Asia and 6 destinations in the Middle East[11].

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 for the twelve-month period of 1 October 2022 – 30 September 2023, Finnair's revenue reached EUR 2,948.6 million (for the twelve-month period of 1 October 2021 – 30 September 2022 Finnair's revenue was EUR 2,082.8 million). In the first nine months of 2023, Finnair operated at an average capacity of 76.1 per cent (27,107), excluding wet leases, compared to the corresponding period of 2019 (35,601), measured in ASK[12].

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 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 will wet lease two A330 aircraft together with crew for two years starting in October 2023 and early 2024, and then 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. With British Airways, which is also a member of the oneworld™ alliance, Finnair has concluded a wet lease agreement where four A320 aircraft together with crew are leased for the British Airways' European routes. 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

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

[11] Tokyo-Haneda and Tokyo-Narita airports and flights between Doha and the Nordic capitals are considered separate destinations.

[12] 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 the first nine months of 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.

coordination of prices, capacity and schedules on specific routes in accordance with applicable competition laws. According to Finnair's management's view, membership in the oneworld™ 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.

Finnair's revenue amounted to EUR 2,261.3 million for the nine months ended 30 September 2023 and EUR 1,669.3 million for the nine months ended 30 September 2022.

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.[13] 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[14] providing a base for long-term growth potential for Finnair. The Helsinki Airport offers a modern travel experience and its average departure punctuality was 79 per cent, compared to the European average of 64 per cent, between January 2023 and September 2023.[15] Further, three dedicated Finnair lounges serve Finnair's business class travellers and 4.5 million Finnair loyalty program members, offering a premium customer experience.

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 20.4 per cent of ASKs in the first nine months of 2023 when compared to 10.0 per cent in the first nine months of 2019) and balancing the weight of Asian destinations (34.7 per cent of ASKs in the first nine months of 2023 when compared to 49.3 per cent in the first nine months of 2019).[16] 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 the first nine months of 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 13.0 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[17]. In addition, Finnair has 24 aircraft designed for regional use, operated by Norra.

Air passenger travel is estimated to return to a long-term growth track. The number of air passengers, both worldwide and in Europe, are projected to surpass the 2019 level in 2024. However, during the same time, European demand growth is expected to remain above the capacity growth. In the long-term, the number of global air passengers is expected to double by 2040 (compared to 2019), growing with a CAGR of 3.4 per cent.[18] Finnair's management believes that Finnair's fleet, with its award-winning wide-body fleet cabins, in addition to operational

[13] Source: Cirium Diio Mi -database. Based on 2022 ASK for carriers' non-stop passenger flights from respective hub.

[14] Source: Finavia. Finavia's investment: Helsinki Airport Development Programme 2013–2023. In the first nine months of 2023, Helsinki Airport had a total of 11.6 million passengers.

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

[16] North America represented 12.0 per cent of ASK in the first nine months of 2023 and 9 per cent in the first nine months of 2019, whereas Middle East represented 8.4 per cent in the first nine months of 2023 and 1 per cent in the first nine months of 2019. Europe represented 41.2 per cent in the first nine months of 2023 and 37 per cent in the first nine months of 2019 and domestic represented 3.7 per cent in the first nine months of 2023 and 4 per cent in the first nine months of 2019.

[17] As at 30 September 2023, Finnair's wide-body fleet consisted of 17 Airbus A350 and 8 Airbus A330.

[18] Source: International Air Transport Association, Global Outlook for Air Transport – Highly Resilient, Less Robust, June 2023.

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 the first nine months of 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 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. Finnair prepares to submit short-term CO_2 intensity reduction targets to SBTi for validation in the first quarter of 2024. As an example of already achieved sustainability targets, in 2022 Finnair managed to halve the amount of plastic waste 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 regularity of 99.9 per cent compared to an industry average of 98.3 per cent, while maintaining a high on-time performance of 82.9 per cent compared to an industry average of 68.9 per cent during the first nine months of 2023.[19] Further, Finnair has been able to maintain a consistently high net promoter score (NPS) between 2019 and the first nine months of 2023 demonstrating its ability to deliver high-class customer experience.

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

Finnair's position as the Finnish flag carrier with well invested Helsinki hub, its global network and optimised fleet as well as 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[20] of 7.1 per cent in the first nine months of 2023 (5.7 per cent in the first nine months of 2019) and operating net cash flow of EUR 478.1 million in the first nine months of 2023 (EUR 444.4 million in the first nine months of 2019). As a result of the successful execution of its strategy, Finnair has been able to set an increased comparable operating profit margin target to 6 per cent by the end of 2025 (previously, 5 per cent from mid-2024 onwards). Further, Finnair's management believes that the Company will be able to continue to grow and has hence now issued incremental long-term targets to those announced in connection with the updated strategy during the second quarter of 2023 (see "*– Long-term Targets*"). Finnair targets, among other things, an interest-bearing net debt / comparable EBITDA ratio of 1-2x by the end of 2025 highlighting Finnair's focus on capital efficient operations supporting cash generation and strong returns on capital (see "*– Long-term Targets*").

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

[19] OAG Aviation Worldwide Limited, Monthly OTP Data. Industry average includes Aegean, Air France, British Airways, easyJet, KLM, Lufthansa, Norwegian Air Shuttle, Ryanair, SAS and Wizz Air.

[20] Comparable operating profit margin is equivalent to comparable operating result, % of revenue.

situation improved resulting in less restrictive measures, as a consequence. In the first quarter of 2023, the impacts of the COVID-19 pandemic on Finnair's operations were already significantly reduced and all of Finnair's key markets were open for travel. As of the second quarter of 2023, the impacts were almost non-existent, although travel volumes to China, which opened for travel in early 2023, remain low**.**

On the other hand, the war in Ukraine and the consequent closure of Russian airspace 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, 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 53.5 per cent (9,393) in the first nine months of 2023 compared to capacity in the first nine months of 2019 (17,561).[21] 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 operating profit margin of 6 per cent by the end of 2025 (previously, 5 per cent from mid-2024 onwards).

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.

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 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 new routes connecting Australia and Asia. Finnair's partnerships provide 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-

[21] 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 the first nine months of 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.

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. 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 end of 2024 in order to enhance the customer experience.

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 new 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 and aircraft returning from being wet-leased out 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.

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. As a result of Finnair's improved financial outlook, during the second quarter of 2023, Finnair was able to re-recognise EUR 99 million of the deferred tax assets related to 2020 and 2021 tax losses that were written down in the second quarter of 2022. In addition, Finnair exercised its right to redeem the Hybrid Bonds in full on 1 September 2023 (total with accrued interest EUR 220.4 million). The Company will use the net proceeds to pay the portion of the Capital Loan that remains outstanding after the Offering and the accrued interest thereon (total estimated amount of EUR 130.2 million assuming that the repayment would take place on 24 November 2023). The repayment of the Capital Loan and the redemption of the Hybrid Bonds is expected to provide a sustainable balance sheet and significantly reduce the Company's financing costs.

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 the world. 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.

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 40% reduction in emissions intensity by 2033 compared to 2023. The exact schedule and scope of the measures will be specified during the rest of 2023, as Finnair prepares to submit short-term CO_2 intensity reduction targets to SBTi for validation in the first quarter of 2024. 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 the first nine months of 2023, under 1% percent of the aviation fuel used by Finnair was renewable.

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.

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[22] of 6 per cent by the end of 2025;
- 1-2x net debt to comparable EBITDA[23] 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

[22] Comparable operating profit margin is equivalent to comparable operating result, % of revenue, which was 7.1% in the first nine months of 2023.

[23] Net debt to comparable EBITDA is equivalent to interest-bearing net debt / comparable EBITDA, LTM, which was 2.0 as at 30 September 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 celebrates 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.

Recent Events

There has been no significant change in Finnair's financial position and financial performance since 30 September 2023.

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 Offering Circular. 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.

Finnair estimates that in 2023, it will operate an average capacity of 80–85 per cent, as measured in ASKs, compared to 2019.[24] The capacity estimate also includes the agreed wet leases.

The Company estimates the full-year 2023 revenue to be in the range of EUR 2.9 billion and EUR 3.1 billion. Finnair estimates the full-year 2023 comparable operating result to be in the range of EUR 160–200 million. The Company's comparable operating result estimate is based on the jet fuel price and exchange rates at the date of the profit forecast (24 October 2023).

Specific risks related to Finnair's operating environment have normalised as the impacts of the COVID-19 pandemic have faded and the markets have adapted to the closure of Russian airspace. However, risks related to the impacts of inflation and rising interest rates on demand and costs remain elevated, thus, causing uncertainty in the operating environment. Also the prevailing situation in the Middle East causes uncertainty in the operating environment.

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.

[24] 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 the first nine months of 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.

Liabilities and Capital Resources

Finnair's cash funds as at 30 September 2023 amounted to EUR 1,346.3 million, consisting of cash and cash equivalents (EUR 328.1 million) and other financial assets (EUR 1,018.2 million). As at 31 December 2022, the corresponding amounts were EUR 1,524.4 million, EUR 785.8 million and EUR 738.6 million.

The Company has on 3 September 2020 issued capital securities in the aggregate nominal amount of EUR 200 million (the "**Hybrid Bonds**"). On 1 August 2023 the Company announced that it will exercise its right to redeem the Hybrid Bonds in full. As at 30 June 2023, the total outstanding nominal amount of the Hybrid Bonds was EUR 200 million and the Hybrid Bonds were redeemed in full on 1 September 2023 in accordance with the terms and conditions of the Hybrid Bonds. The Hybrid Bonds were recognised in the Company's equity.

The Company has on 10 May 2021 issued fixed-interest senior unsecured notes in the aggregate nominal amount of EUR 400 million (the "**Bonds**"). The Bonds mature on 19 May 2025 and bear a fixed annual interest at the rate of 4.250 per cent. The Bonds are callable before their final maturity. The Bonds are listed on the official list of the Helsinki Stock Exchange. The Company completed a tender offer of the Bonds in February 2023 in which the Company accepted for purchase Bonds in the aggregate nominal amount of EUR 17.5 million. The principal amount outstanding as at the date of this Offering Circular is thus EUR 382.5 million.

The Company's lease liabilities comprise leased aircraft and spare engines, real estate, cars and ground equipment. Aircraft account for the majority of the balance sheet value of the lease liabilities. The majority of the remaining liabilities comprise of real estate contracts. The majority of Finnair's existing lease agreements and lease payments for aircraft are denominated in USD. As at 30 September 2023, Finnair had 39 leased aircraft, of which 9 were subleased to Norra.

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 the Company will amortise the loan by EUR 100 million every six months starting from June 2023. However, the remaining two EUR 100 million tranches will be paid in full on 15 May 2025. Prior to the extension, the loan was planned to be repaid in two EUR 300 million tranches in December 2022 and in June 2023. The EU Commission's competition authority has approved the guarantee arrangement as well as the extension of the EUR 540 million guarantee by the State of Finland related to the pension premium loan. As at the date of this Offering Circular, the outstanding amount of the pension premium loan is EUR 500 million as the Company repaid the first EUR 100 million tranche of the pension premium loan in June 2023. The pension premium loan can be voluntarily prepaid by one-week's prior written notice by Finnair in accordance with the terms of the pension premium loan. The pension premium loan arrangement sets out certain conditions for the payment, set-off, redemption or buyback of or similar action relating to the Bonds.

Finnair and the State of Finland signed an agreement on 17 March 2021 on a hybrid loan of maximum EUR 400 million to support Finnair. Finnair drew EUR 290 million of the hybrid loan on 22 June 2022. The hybrid loan was converted into a capital loan (the "**Capital Loan**") on 30 June 2022 to support the Company's equity position. The conversion was approved by the EU Commission's competition authority on 20 June 2022. The remaining amount of EUR 110 million of the Capital Loan was drawn on 2 September 2022. The Capital Loan remains fully drawn as at the date of this Offering Circular and the drawn amount has been booked to the Company's equity as a separate balance sheet item. The Capital Loan does not have a determined maturity date, and it can be repaid in accordance with the Limited Liability Companies Act and the terms and conditions specified in the Capital Loan agreement. Finnair can pay accrued interest and other payments from the Capital Loan if the conditions and the rules of the Limited Liability Companies Act are met. The interest accrued on the Capital Loan has not been recorded as an expense as the prerequisites for repayment of capital loans as stipulated in the Limited Liability Companies Act were not fulfilled as at 31 December 2022 and the terms of the Capital Loan provide Finnair with discretion to determine the payment schedule. More information about the Capital Loan and accrued interest and expenses can be found in note 20 "Equity financing instruments" of Finnair's interim report 1 January – 30 September 2023.

The State of Finland has undertaken to subscribe for Offer Shares for a maximum sum of EUR 318.6 million, whereby the Subscription Price is paid by setting off EUR 318.6 million of the principal amount of the Capital

Loan granted to the Company by the State of Finland against the Subscription Price for such Offer Shares. After offsetting the Subscription Price, the principal amount of the Capital Loan will be EUR 81.4 million. The Company will use the net proceeds to pay the portion of the Capital Loan that remains outstanding after the Offering and the accrued interest thereon. The total amount to be repaid is estimated at EUR 130.2 million (assuming that the repayment would take place on 24 November 2023).

Finnair also has EUR 200 million short-term, unsecured commercial paper programme, which is unused as at the date of this Offering Circular.

The following table sets forth Finnair's interest-bearing financial liabilities on the dates indicated[25]:

Interest-bearing financial liabilities	As at 30 September		As at 31 December	
	2023	2022	2022	2021
(EUR in millions)	(unaudited)		(audited)	
Lease liabilities	1,237.9	1,470.6	1,330.7	1,381.0
Loans from financial institutions	499.5	599.8	598.8	599.4
Bonds	381.1	397.8	397.9	496.1
JOLCO loans and other[1]	268.8	337.1	301.8	332.5
Total	**2,387.4**	**2,805.3**	**2,629.1**	**2,808.9**

[1] JOLCO loans and other include the JOLCO loans (Japanese Operating Lease with Call Option) for three A350 aircraft and Export Credit Support for one A350. The transactions are treated as loans and owned aircraft in Finnair's accounting.

The following table sets forth maturity dates of financial liabilities as at 30 September 2023:

Maturity dates of financial liabilities as at 30 September 2023 (EUR in millions)	1-12 months	13-24 months	25-36 months	37-48 months	49-60 months	Later	Total
JOLCO loans and other, fixed interest	-	23.2	11.6	-	-	-	34.7
JOLCO loans and other, variable interest	41.8	95.2	35.7	10.4	10.5	43.6	237.2
Bonds, fixed interest	-	382.5	-	-	-	-	382.5
Lease liabilities, fixed interest	133.5	139.6	113.7	93.4	72.3	360.7	913.2
Lease liabilities, variable interest	65.8	59.8	38.8	36.6	37.3	86.5	324.7
Loans from financial institutions, variable interest	200.0	300.0	-	-	-	-	500.0
Interest-bearing financial liabilities total[1]	**441.1**	**1,000.3**	**199.7**	**140.3**	**120.1**	**490.9**	**2,392.3**
Payments from interest rate and currency derivatives	850.9	97.0	0.1	-	-	-	948.0
Income from interest rate and currency derivatives	-864.6	-100.1	-	-	-1.5	-	-966.3
Commodity derivatives	-44.7	-0.5	-	-	-	-	-45.2
Trade payables and other liabilities	285.5	-	-	-	-	-	285.5
Interest payments	113.4	93.4	48.8	37.5	30,2	92.6	415.8
Total	**781.5**	**1,090.0**	**248.6**	**177.9**	**148.7**	**583.5**	**3,030.1**

[1] The bonds maturing do not include the amortised cost of EUR 1.4 million paid in 2021 and due in 2025. Respectively, JOLCO loans do not include the amortised cost of EUR 3.1 million paid in 2016 and due in 2025. Loans from financial institutions do not include the amortised cost of EUR 0.5 million paid as arrangement fee from the pension premium loan in 2022. Therefore, the total amount of interest-bearing financial liabilities differs from the book value by the amount equal to the amortised costs.

[25] Interest-bearing financial liabilities do not include the Capital Loan (EUR 400.0 million as at 30 September 2023), which has been recognised as a separate balance sheet item in the Company's equity, nor the accrued interest on the Capital Loan (EUR 42.1 million as at 30 September 2023), which has not been recognised as an expense.

Operating Environment

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.

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 20 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. The cooperation with British Airways continues, but instead of cooperating to manage excess capacity, Finnair now seeks to gain in profitability and balance its business risk through its current wet lease agreement with British Airways. 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

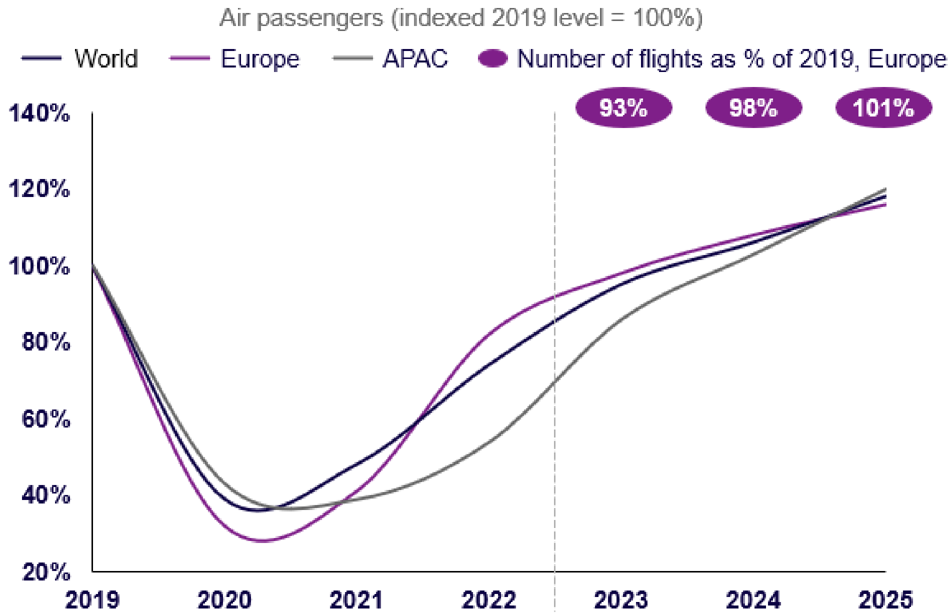
According to the Company's management, the airline industry is cyclical in nature and highly sensitive to general business conditions as well as to slow or moderate economic growth and private consumption trends. Typically, revenues are high during economic upswings and considerably lower during periods 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.[26] 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. It is currently estimated that the number of global air passengers will double from 2019 levels by 2040, and consequently, grow annually by 3.4 per cent CAGR during that time. The number of global air passengers is estimated to grow at CAGR of 11.4 per cent during 2023–2025, and the number of air passengers, both worldwide and in Europe, are projected to surpass the 2019 level in 2024. The following graph shows historical and estimated trends in air passenger numbers:[27]



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.

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

[27] Source: International Air Transport Association, Global Outlook for Air Transport – Highly Resilient, Less Robust, June 2023 and Eurocontrol, Forecast Update 2023-2029, 31 March 2023.

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 2022. Finnair's policy is to hedge its jet fuel purchases 12 months forward on a rolling basis. The maximum hedging ratio for the next 3-month period is approximately 90 per cent and the lower limit is approximately 60 per cent, with a target level of 75% for the following quarter. 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 half of the 2023. The hedging ratios for the next four quarters as at 30 September 2023 were 80%, 63%, 45% and 30%. Assuming jet fuel consumption at Finnair's estimated volumes and taking into account these hedges, over this 12-month period a 10% increase in jet fuel prices would have a cost impact of EUR 60 million, while without hedges the cost impact would be EUR 90 million.

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 Offering Circular:

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. 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 nine months ended 30 September 2023 (unaudited)	2022 (unaudited)	For the financial year ended 31 December 2022 (audited)	2021 (audited)
Passenger revenue	1,838.5	1,175.2	1,710.7	420.8
Ancillary revenue	104.1	90.7	123.2	44.1
Cargo	141.4	283.8	352.3	334.7
Travel services	177.3	119.6	170.3	38.7
Total	**2,261.3**	**1,669.3**	**2,356.6**	**838.4**

Passenger Revenue

Passenger revenue i.e. airline tickets sold to consumers, are the most important revenue source for Finnair. For the nine months ended 30 September 2023, passenger revenue accounted for 81.3 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. In comparison, for the nine months ended 30 September 2022, passenger revenue accounted for 70.4 per cent of Finnair's revenue and for the financial year ended 31 December 2021, passenger revenue accounted for 50.2 per cent of Finnair's revenue.

Finnair's passenger revenue increased significantly in 2022 compared to the financial year 2021 due to reduced impact of the COVID-19 pandemic and exceptionally high passenger yields in the latter part of 2022 resulting from a strong passenger demand and restricted capacity and the same trend continued through the first nine months of 2023. Despite the increase in total revenues during these periods, the negative impact of the COVID-19 pandemic and the closure of Russian airspace was still reflected in the passenger numbers especially on the Asian routes.

Even though the passenger traffic figures improved in 2022, the negative impact of the COVID-19 pandemic and related travel restrictions were still clearly visible in the 2022 figures and especially in the first quarter of the year. Further, the closure of Russian airspace had a negative impact on the figures in 2022. However, passenger revenue increased by 306.5 per cent and traffic capacity, measured in ASK, increased by 158.8 per cent overall in 2022 compared to the previous year 2021.

For the nine months ended 30 September 2023, Finnair carried 8.4 million passengers. The war in Ukraine has not had a significant impact on passenger demand during the first nine months of 2023. For the nine months ended 30 September 2023, European traffic accounted for 43.5 per cent, Asian traffic accounted for 31.4 per cent, North

Atlantic traffic accounted for 9.2 per cent, Middle East[28] accounted for 8.3 per cent and domestic traffic accounted for 6.8 per cent, of the passenger revenue, which in part reflected the Company's increased focus on North American and Middle Eastern routes.

For the financial year ended 31 December 2022, European traffic accounted for 52.5 per cent, Asian traffic accounted for 24.8 per cent, North Atlantic traffic accounted for 14.3 per cent and domestic traffic accounted for 7.5 per cent of the passenger revenue. For the financial year ended 31 December 2021, European traffic accounted for 57.9 per cent, Asian traffic accounted for 17.9 per cent, North Atlantic traffic accounted for 9.2 per cent and domestic traffic accounted for 14.3 per cent of the passenger revenue.

Amount of the passenger revenue, % Traffic area	For the nine months ended 30 September 2023 (unaudited)	For the financial year ended 31 December 2022 (unaudited)
Europe	43.5	52.5[1]
Asia	31.4	24.8
North Atlantic	9.2	14.3
Middle East	8.3	1,9[1]
Domestic	6.8	7.5
Unallocated	0.8	0.9

[1] Since the beginning of 2023, Finnair has reported Middle East as a separate traffic area and 2022 figures were restated.

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 4.6 per cent of Finnair's revenue for the nine months ended 30 September 2023 and for 5.2 per cent of Finnair's revenue for the financial year ended 31 December 2022. In comparison, ancillary revenue accounted for 5.4 per cent of Finnair's revenue for the nine months ended 30 September 2022 and for 5.3 per cent of Finnair's revenue for the financial year ended 31 December 2021. Excess baggage, advance seat reservations and frequent flyer programme related revenue were the largest ancillary categories in 2022.

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 6.3 per cent of Finnair's revenue for the nine months ended 30 September 2023 and for 15.0 per cent of Finnair's revenue for the financial year ended 31 December 2022. In comparison, cargo revenue accounted for 17.0 per cent of Finnair's revenue for the nine months ended 30 September 2022 and for 39.9 per cent of Finnair's revenue for the financial year ended 31 December 2021.

The global air cargo market was impacted by the COVID-19 pandemic and the war in Ukraine in 2022. Supply chain disruptions and lack of capacity resulted in delivery delays that benefited air cargo. This resulted in strong demand for air cargo and exceptionally high market prices in selected Asian routes. Because of the increased capacity and the high market prices, cargo revenue surged year-on-year. Finnair's cargo revenue reached a record high in 2022 as it rose slightly from 2021 primarily due to the higher number of flights operated. However, air cargo demand begun to soften towards the end of 2022 and, even though air cargo yields were elevated in the first nine months of 2023 compared to the pre-pandemic era, declining market prices – combined with regular seasonality patterns – resulted in lower cargo revenue quarter-on-quarter. Finnair estimates that air cargo demand will continue to soften and that prices will decline as market capacity increases.

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 7.8 per cent of Finnair's revenue for the nine months ended 30 September 2023 and for 7.2 per cent of Finnair's revenue for

[28] Since the beginning of 2023, Finnair has reported Middle East as a separate traffic area, whereas, in 2022, these figures were still included in the European traffic.

the financial year ended 31 December 2022. In comparison, revenue from travel services accounted for 7.2 per cent of Finnair's revenue for the nine months ended 30 September 2022 and for 4.6 per cent of Finnair's revenue for the financial year ended 31 December 2021.

In the first quarter of 2022, package holidays' financial development was significantly affected by the COVID-19 pandemic and the related travel restrictions and guidelines. Their impact was already very moderate in the second quarter of 2022 and they were lifted in Europe in the third quarter, thus, resulting in robust demand during the second half of the year 2022, which also continued during the first nine months of 2023. The war in Ukraine has not had a significant impact on demand for package holidays and the revenue derived from this business.

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 29.9 percent of Finnair's revenue for the nine months ended 30 September 2023 and 36.3 percent of Finnair's revenue for the nine months ended 30 September 2022. Fuel costs grew from EUR 606.0 million to EUR 676.6 million during the nine months ended 30 September 2023 compared to the nine months ended 30 September 2022 mainly due to the increased capacity (measured in ASK) and longer Asian routings. Personnel and other crew related costs represented 16.5 percent and 20.2 percent of Finnair's revenue for the nine months ended 30 September 2023 and 30 September 2022, respectively. During the same period, personnel and other crew related costs increased from EUR 337.0 million to EUR 374.0 million mainly due to the added capacity and longer Asian routings. Passenger and handling costs represented 13.7 percent and 14.9 percent of Finnair's revenue for the nine months ended 30 September 2023 and 30 September 2022, respectively. Passenger and handling costs (including also tour operation expenses related to e.g., hotels) were also driven up over the same period, from EUR 249.5 million to EUR 309.7 million, by the increased volumes, especially in passenger traffic.

Traffic Performance

Finnair reports its traffic statistics monthly. The following table set forth traffic statistics for the nine months ended 30 September 2023 and changes compared to the corresponding period in 2022 as well as for the financial year ended 31 December 2022 and changes compared to the financial year ended 31 December 2021.

	For the nine months ended 30 September		For the financial year ended 31 December	
Total traffic	**2023**	**Change, %**	**2022**	**Change, %**
	(unaudited)		**(unaudited)**	
Passengers 1,000	8,373	26.0	9,096	218.9
Available seat kilometres (ASK), million	27,107	17.3	31,298.4	158.8
Revenue passenger kilometres (RPK), million	21,012	37.9	21,156.8	308.6
Passenger load factor %	77,5	11.6p	67.6	24.8p
Cargo tons total	98,082.5	6.6	122,719.0	16.9
Available cargo ton kilometres million	1,062.3	10.0	1,281.8	30.6
Revenue cargo ton kilometres million	590.6	-1.6	788.4	2.2

Fleet

Fleet Operated by Finnair

Finnair's fleet is managed by Finnair Aircraft Finance Oy, a wholly-owned subsidiary of the Company. As at 30 September 2023, Finnair operated 55 aircraft, of which were 25 wide-body and 30 narrow-body aircraft. Of the aircraft operated by Finnair, 30 were on operating lease. As at 30 September 2023, the average age of the fleet operated by Finnair was 12.2 years. The following table sets forth the fleet operated by Finnair as at 30 September 2023:

Fleet operated by Finnair[1] on 30 September 2023	Seats	Number of aircraft	Change from 31 December 2022	Own[2]	Leased	Average age on 30 September 2023	Ordered
Narrow-body fleet							
Airbus A319	144	5	-1	5	0	22.3	-
Airbus A320	174	10	-	10	0	21.1	-
Airbus A321	209	15	-	1	14	9.2	-
Wide-body fleet							
Airbus A330	289/263	8	-	4	4	13.9	-
Airbus A350	297/336	17	-	5	12	5.9	2
Total		**55**	**-1**	**25**	**30**	**12.2**	**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.

As at 30 September 2023, 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.

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 30 September 2023:

Fleet operated by Norra[1] on 30 September 2023	Seats	Number of aircraft	Change from 31 December 2022	Aircraft owned by Finnair	Leased (Operating lease)	Average age on 30 September 2023	Ordered
ATR	68-70	12	-	6	6	14.2	-
Embraer E190	100	12	-	9	3	15.3	-
Total		**24**	**0**	**15**	**9**	**14.7**	**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 Offering Circular, 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 oneworld™ airlines and benefit from access to over 600 premium airport lounges.

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 will wet lease two A330 aircraft for two years, and then dry lease two A330 aircraft to Qantas for two and half years starting late in 2025. The first wet lease aircraft will start operating in October 2023 and the second aircraft in early 2024. 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 33 per cent market share and the Atlantic Joint Business a 23 per cent market share in the markets in which they operate.[29]

Finnair's Customers and Finnair Plus Loyalty Program

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 nine months ended 30 September 2023, Finnair's overall customer satisfaction measured by Net Promoter Score (NPS) was 36.

The Finnair customer loyalty program Finnair Plus was started in 1996. As at 30 September 2023, Finnair Plus had approximately 4.5 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 program 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 program is also connected to other Frequent Flyer programs within oneworld™ and Finnair Plus members can earn and redeem points on all oneworld™ member airlines. In August 2023, Finnair announced that Finnair will renew Finnair Plus by introducing Avios as its new loyalty currency in early 2024. Partnering with IAG Loyalty to adopt Avios is aimed at bringing new opportunities for existing and new Finnair Plus members to collect and use the program's new loyalty currency. The Finnair Plus program will also move to a new spend-based platform.

Finnair Plus members use Finnair's services more than non-members, and customers who are engaged with the program 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 5,201 employees as at 30 September 2023. 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

[29] For October 2022 - September 2023, market share data from SRS Analyser (measured in ASK).

28 February 2025, or, if there is no agreement on wage increases for the second year, on 29 February 2024. 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

Capital expenditure excluding advance payments totalled EUR 209.4 million for the nine months ended 30 September 2023 and was primarily related to fleet investments. Finnair's investment commitments for property, plant and equipment as of 30 September 2023 totalled EUR 355,9 million and they relate mainly to firm aircraft orders and other aircraft related investments. Out of the total investment commitments, EUR 72.4 million takes place within the next 12 months and EUR 283.5 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, the ongoing fleet renewal is expected to possibly require new debt financing.

Finnair has not made any material investments or any resolutions on new material investments between 30 September 2023 and the date of this Offering Circular.

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 exceeded the pre-pandemic level in 2022 and the comparison period figure as it totalled 2.3 million. In 2022, the number of active users of the Finnair mobile application increased by 118.1 per cent to 711,000 year-on-year. In 2022, the share of digital direct sales of total ticket sales fell to 44.0 per cent while total sales clearly increased. For the nine months ended 30 September 2023, the average monthly number of unique Finnair's website visitors remained above the pre-pandemic level but declined from the comparison period level as it totalled 2.1 million. The decrease was mainly caused by the revised cookie consent policy. For the nine months ended 30 September 2023, the number of active users of the Finnair mobile application increased by 21.9 per cent to 863,000 year-on-year. During the same period, share of passengers in Finnair's modern channels[30] grew to 67.9 per cent (66.6 per cent in the corresponding period of 2022). Finnair has continued to introduce new distribution technologies and e.g., signed an agreement with Amadeus to bring NDC (new distribution capability) content to

[30] 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.

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 program 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.

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 Offering Circular, 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 June 22, 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.

In July 2021, Ryanair sought annulment of European Commission of 12 March 2021 on state aid related to Finnair's hybrid loan. The state aid concerned the hybrid loan of maximum EUR 400 million. According to the information available to the Company, no hearing date has been scheduled yet.

Material Contracts

Other than the below, between the period 1 January 2021 and the date of this Offering Circular, Finnair has not, outside its ordinary course of business, concluded material agreements based on which some Group company would have material obligations or rights from the Group's perspective.

Financing Agreements

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 the Finnair will amortise the loan by EUR 100 million every six months starting from June 2023. However, the remaining two EUR 100 million tranches will be paid in full on 15 May 2025.

In addition, Finnair and the State of Finland signed an agreement on 17 March 2021 on a hybrid loan of maximum EUR 400 million to support Finnair. Finnair drew EUR 290 million of the hybrid loan on 22 June 2022. The hybrid loan was converted into a capital loan on 30 June 2022 to support the Company's equity position. The conversion was approved by the EU Commission's competition authority on 20 June 2022. The remaining amount of EUR 110 million of the Capital Loan was drawn on 2 September 2022. The Capital Loan remains fully drawn as at the date of this Offering Circular and the drawn amount has been booked to the Company's equity as a separate balance sheet item. In accordance with the State of Finland's Subscription Undertaking, the Capital Loan will be partly converted into Offer Shares in connection with the Offering and the residual amount of the Capital Loan, together with accrued interest will be repaid in full with the cash proceeds of the Offering. See also "– *Liabilities and Capital Resources*".

The Company has on 10 May 2021 issued fixed-interest unsecured Bonds in the aggregate nominal amount of EUR 400 million with an outstanding amount of EUR 382.5 million as at the date of this Offering Circular. The Bonds mature on 19 May 2025 and bear a fixed annual interest at the rate of 4.250 per cent. The Bonds are callable before their final maturity. See also "– *Liabilities and Capital Resources*".

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 30 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.

Following the now expired wet lease agreement conducted in 2022 due to the closure of Russian airspace between Finnair and British Airways, Finnair and British Airways have concluded another wet lease agreement where Finnair leases four A320 aircraft with crew for the British Airways' European routes. Flights have commenced in March 2023. The current wet lease agreement with British Airways is in force until March 2024.

During the second quarter of 2023, Finnair signed an aircraft lease agreement with its oneworld™ partner, Qantas. Based on the agreement, Finnair will wet lease two A330 aircraft for two years, and then dry lease two A330 aircraft to Qantas for two and half years starting in 2025. The first wet lease aircraft will start flying Qantas flights in October 2023 and the second aircraft in early 2024. Wet lease aircraft are used on Qantas flights between Australia and Asia.

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.

Underwriting Agreement

Finnair and the Joint Global Coordinators entered into the Underwriting Agreement on 27 October 2023, pursuant to which the Joint Global Coordinators have severally agreed, subject to certain terms and conditions, to procure subscribers for any Offer Shares that may remain unsubscribed for in the Offering, excluding the Offer Shares that are covered by the Subscription Undertakings, or to subscribe for such Offer Shares themselves at the Subscription Price. See also "*Plan of Distribution in the Offering*".

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 Offering Circular, 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 limitations to Finnair's flight routes and increase payments 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 utilize 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 regulation provides temporary measures which allow more flexible response to unexpected developments in the near future. The revised rules will be applicable until 28 October 2023.

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.

In December 2011, the European Commission published a package of measures containing proposed revisions to the regulation of slot allocations. 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. According to the 2023 Commission work programme, a new proposal on the revision of the airport slot Regulation would be published in the third quarter of 2023.

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% renewable aviation fuel in 2025 and 70% 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 program containing such measures, which complies with the requirements of a civil aviation security program approved by a national aviation authority. The Company has concluded that it complies with the rules of the aviation security program.

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 Offering Circular. 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 Offering Circular, 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 organizations and their efficiency. The supervision is based on national and EU legislation as well as other rules applicable to Finnish aviation organizations.

SUMMARY OF RECENT DISCLOSURES

*The following summary sets forth information disclosed by the Company pursuant to the Market Abuse Regulation (EU) No 596/2014 ("**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 Offering Circular, which is to the Company's knowledge still relevant as at the date of this Offering Circular. 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 Company during the above-mentioned period of time.*

Stock Exchange Releases Specifying Inside Information

On 13 June 2023, Finnair announced that it was updating its profit outlook for the financial year 2023 and issued a positive profit warning. Finnair updated its profit outlook and announced that contrary to previous guidance, the Company estimates that the comparable operating result will probably reach or even exceed the 2019 level (EUR 162.8 million). In terms of 2023 revenue, Finnair still estimates that it will not yet reach the 2019 level (EUR 3,097.7 million). Finnair estimated in its guidance published on 27 April 2023 that its 2023 revenue will significantly increase, and comparable operating result will significantly improve year-on-year, especially as the first half of 2022 was heavily burdened by both the COVID-19 pandemic and the closure of Russian airspace. However, the Company estimated that revenue and comparable operating result would not yet reach the level of 2019. As a result of the improved profit outlook, Finnair's strategic comparable operating profit margin target of at least 5 per cent from mid-2024 onwards would be reached 12–18 months earlier than anticipated. As a result of the successful execution of its strategy, in its interim report for the first half of 2023, Finnair set an increased comparable operating profit margin target to 6 percent by the end of 2025. However, uncertainty in Finnair's operating environment continues as the fuel price is still high and also since the end of the closure of Russian airspace is not in sight. In addition, the extent of the impacts of inflation and rising interest rates on demand and costs is uncertain.

On 18 August 2023, Finnair announced that Finnair's CEO, Topi Manner, has 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. Until then, Manner continues as normal in his CEO role at Finnair. Finnair announced that the search for Manner's successor starts immediately.

On 6 October 2023, Finnair announced that it is planning for an up to EUR 600 million rights offering. Finnair announced the terms and conditions of the Offering on 27 October 2023.

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 and Executive Board" of this Offering Circular.

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, Chief Investment Officer, Elo Mutual Pension Insurance Company, is replaced by Jukka Vähäpesola, Head of Equities, Elo Mutual Pension Insurance Company. 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. Aalto-Luoto will start in her new role at the latest on 23 November 2023. 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.

Changes to Financing Arrangements and Bonds

On 12 December 2022, Finnair announced that in order to maintain its cash funds in the prevailing uncertain operating environment, the Company had agreed with other parties to extend the EUR 600 million pension premium loan drawn down in 2020 and the guarantees given for the loan by the State of Finland and a commercial bank. The EU Commission's competition authority approved the extension of the EUR 540 million guarantee by the State of Finland related to the pension premium loan on 20 June 2022. The loan maturity is extended until 2025 and the repayment schedule is amended so that the Company will amortise the loan by EUR 100 million every 6 months. However, the remaining two EUR 100 million tranches will be paid in full on 15 May 2025. As opposed to the previous schedule, the loan will not be amortised in December 2022.

On 16 February 2023, Finnair announced that it invites the holders of its outstanding EUR 400 million 4.250 per cent Bonds due 19 May 2025 (ISIN: FI4000507132) to tender the Bonds for cash on the terms and conditions set out in the English tender offer memorandum dated 16 February 2023. On 24 February 2023, Finnair announced that the Bonds validly tendered by the noteholders with a price equal to, or lower than, the final purchase price, was EUR 17,546,000 and the Company will accept for purchase, at the final purchase price, all such tenders of Bonds. The Company will also pay accrued and unpaid interest on the notes accepted for purchase being 1.16875 per cent of the nominal amount of each note. All the Bonds purchased by the Company will be cancelled. The Bonds not purchased pursuant to the tender offer will remain outstanding.

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 will be redeemed in full on 1 September 2023 in accordance with the terms and conditions of the Hybrid Bonds. On the redemption date, the Company will pay 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.

Decisions of the General Meetings

On 27 January 2023, Finnair published the proposals by the Shareholders' Nomination Board to the Annual General Meeting, and on 2 March 2023 Finnair published the notice to the Annual General Meeting 2023. The Annual General Meeting was held on 23 March 2023.

On 23 March 2023, Finnair announced the decisions of the Annual General Meeting, which were made in accordance with the proposals of the Board of Directors and the Shareholders' Nomination Board. In addition to approving the Company's annual accounts, discharging the members of the Board of Directors and CEO of the Company from liability and supporting the remuneration policy for governing bodies, the Annual General Meeting resolved: (i) that no dividend be paid based on the balance sheet adopted for the year 2022; (ii) on the remuneration of the Chair and the members of the Board of Directors; (iii) on the re-election of the members of the Board of Directors exclusive of Jouko Karvinen and Maija Strandberg who were not available for re-election, and the election of Sanna Suvanto-Harsaae and Minna Pajumaa as new members of the Board of Directors; (iv) that KPMG Oy Ab is re-elected auditor; (v) to authorise the Board of Directors to decide on the repurchase of the Company's own shares and/or on the acceptance as pledge of the Company's own shares as described in section "*Shares and Share Capital – Share Information – Valid Authorisations*"; (vi) to authorise the Board of Directors to decide on the issuance of shares as described in section "*Shares and Share Capital – Share Information – Valid Authorisations*"; (vii) that the Charter of the Shareholders' Nomination Board be amended with certain technical amendments and so that the shareholders entitled to appoint a member are determined on the basis of the shareholders' register of the Company maintained by Euroclear Finland Oy on the first working day in June each year and that the Shareholders' Nomination Board be amended so that the Chair of the Company's Board of Directors shall act as the non-voting expert of the Shareholders' Nomination Board; (viii) that the Articles of Association be amended to enable convening a General Meeting of shareholders as a virtual meeting without a meeting venue as an alternative to a physical meeting or a hybrid meeting; and (ix) to authorise the Board of Directors to decide on donations up to an aggregate maximum of EUR 250,000 for public-benefit or corresponding purposes and that the Board be authorized to determine the recipients, purposes and other terms and conditions of the donations.

On 23 March 2023, Finnair announced the decisions of the constitutive meeting of the Board of Directors. In its constitutive meeting, the Board of Directors of the Company elected Montie Brewer the Vice Chairman of the Board of Directors. The Board also appointed members to its Audit Committee and People and Remuneration Committee.

On 27 October 2023, Finnair announced the decisions of the Extraordinary General Meeting, which were made in accordance with the proposals of the Board of Directors. The Extraordinary General Meeting authorised the Board of Directors to decide on the issuance of up to 22,000,000,000 new shares by way of a rights issue. See "*Shares and Share Capital – Share Information – Valid Authorisations*".

Decisions Relating to Incentive Plans

On 23 January 2023, Finnair announced that its Board of Directors had approved Finnair's long-term incentive plans. The plans support the implementation of Finnair's strategy to restore its profitability and the performance criteria for the plans is Finnair's operating profit margin. The target levels for the improved operating profit margin during 2023 –2025 are the same for all personnel groups. The cash-based Staff incentive plan 2023–2025 covers all those personnel groups who have contributed with savings agreements in the reduction of the Company's unit costs, which is one of the key actions of the strategy. The other incentive plan is share-based, and its participants include the Finnair Executive Board as well as other management and experts. Further information on Finnair's share-based incentive plans is available in section "*Board of Directors and Executive Board – Incentive Plans*" of this Offering Circular.

On 31 March 2023, Finnair announced that its Board of Directors had resolved on an issue of 1,324,933 new shares to the Company itself without consideration based on the share issue authorisation granted by the Annual General Meeting held on 23 March 2023. The shares to be issued to the Company will be used for reward payments under the Company's incentive plans. The total number of the Company's shares after the share issue is 1,408,726,198 shares, of which 1,724,236 shares are held by the Company. Further, on 3 April 2023 Finnair announced that it has transferred a total of 1,324,933 own shares held by the Company as treasury shares gratuitously as a reward payment to participants of FlyShare, Finnair Group's Employee Share Savings Plan. After the transfer of shares, Finnair holds 399,303 own shares as treasury shares.

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 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 by the end of 2025 and to reinstate the Company's ability for shareholder distributions from 2025 onwards.

SELECTED FINANCIAL INFORMATION

The following tables present selected consolidated financial information for the Company as at and for the nine months ended 30 September 2023 and 2022 and as at and for the financial years ended 31 December 2022 and 2021. The financial information presented below has been derived from the Company's unaudited consolidated interim report as at and for the nine months ended 30 September 2023, including unaudited comparative financial information as at and for the nine months ended 30 September 2022 prepared in accordance with "IAS 34 Interim Financial Reporting", and from the audited consolidated financial statements as at and for the financial years ended 31 December 2022 and 31 December 2021, prepared in accordance with IFRS.

The selected financial information provided herein should be read together with "*Financial Statements Related and Certain Other Information*" and the Company's audited consolidated financial statements as at and for the year ended 31 December 2022 and as at and for the year ended 31 December 2021 and unaudited consolidated interim report as at and for the nine months ended 30 September 2023 incorporated by reference into this Offering Circular.

Consolidated Income Statement

	For the nine months ended 30 September		For the year ended 31 December	
	2023	2022	2022	2021
	(unaudited)		(audited)	
(EUR in millions)				
Revenue	**2,261.3**	**1,669.3**	**2,356.6**	**838.4**
Other operating income	88.7	116.3	153.5	62.5
Operating expenses				
Staff and other crew related costs	-374.0	-337.0	-449.6	-229.3
Fuel costs	-676.6	-606.0	-835.1	-211.4
Capacity rents	-79.4	-76.3	-102.5	-71.3
Aircraft materials and overhaul	-149.5	-159.4	-192.4	-117.2
Traffic charges	-175.4	-155.4	-206.5	-120.4
Sales, marketing and distribution costs	-88.8	-76.3	-103.1	-38.1
Passenger and handling services	-309.7	-249.5	-348.0	-148.0
Depreciation and impairment	-248.2	-268.6	-349.8	-319.8
Property, IT and other expenses	-84.3	-95.6	-123.7	-99.7
Operating result	**164.1**	**-238.6**	**-200.6**	**-454.4**
Financial income	41.1	-0.5	6.5	12.8
Financial expenses	-108.7	-101.2	-137.9	-117.8
Exchange rate gains and losses	6.2	-85.7	-38.8	-22.5
Result before taxes	**102.7**	**-426.1**	**-370.7**	**-581.9**
Income taxes	91.4	-103.4	-105.4	117.6
Result for the period	**194.1**	**-529.5**	**-476.2**	**-464.3**
Attributable to				
Owners of the parent company	194.1	-529.5	-476.2	-464.3
Earnings per share attributable to shareholders of the parent company, EUR				
Basic earnings per share	0.12	-0.39	-0.36	-0.34
Diluted earnings per share	0.11	-0.39	-0.36	-0.34

Consolidated Statement of Comprehensive Income

	For the nine months ended 30 September		For the year ended 31 December	
	2023	2022	2022	2021
	(unaudited)		(audited)	
(EUR in millions)				
Result for the period	**194.1**	**-529.5**	**-476.2**	**-464.3**
Other comprehensive income items				

Items that may be reclassified to profit or loss in subsequent periods				
Change in fair value of hedging instruments	69.4	-2.3	-13.8	30.1
Tax effect	-11.2	0.1	0.1	-6.0
Items that will not be reclassified to profit or loss in subsequent periods				
Actuarial gains and losses from defined benefit plans	17.8	41.7	49.9	43.0
Tax effect	-3.6	-8.3	-10.0	-8.6
Other comprehensive income items total	**72.4**	**31.1**	**26.2**	**58.4**
Comprehensive income for the period	**266.5**	**-498.3**	**-450.0**	**-405.9**
Attributable to				
Owners of the parent company	266.5	-498.3	-450.0	-405.9

Consolidated Balance Sheet

	As at 30 September		**As at 31 December**	
	2023	**2022**	**2022**	**2021**
	(unaudited)		**(audited)**	
(EUR in millions)				
ASSETS				
Non-current assets				
Fleet	897.2	879.1	894.8	946.3
Right-of-use fleet	851.3	955.7	932.9	1,025.3
Fleet total	1,748.6	1,834.8	1,827.6	1,971.6
Other fixed assets	142.8	152.4	150.1	162.3
Right-of-use other fixed assets	143.1	147.4	145.4	156.4
Other fixed assets total	285.9	299.8	295.5	318.7
Pension assets	132.7	111.9	120.0	80.9
Other non-current assets	3.2	4.1	4.5	6.9
Deferred tax assets	161.3	80.0	80.6	191.9
Non-current assets total	**2,331.7**	**2,330.7**	**2,328.3**	**2,569.9**
Current assets				
Receivables related to revenue	163.1	146.8	134.9	110.9
Inventories and other current assets	125.5	132.7	122.0	55.8
Derivative financial instruments	70.9	97.6	23.5	26.1
Other financial assets	1,018.2	788.5	738.6	531.4
Cash and cash equivalents	328.1	820.4	785.8	734.3
Current assets total	**1,705.9**	**1,986.0**	**1,804.8**	**1,458.5**
Assets held for sale	-	-	-	18.7
Assets total	**4,037.6**	**4,316.7**	**4,133.0**	**4,047.1**
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	75.4	75.4	75.4	75.4
Other equity	387.9	282.0	335.2	400.2
Equity total	**463.3**	**357.5**	**410.7**	**475.7**
Non-current liabilities				
Lease liabilities	1,038.6	1,258.1	1,128.0	1,204.1
Other interest-bearing liabilities	907.8	691.4	1,058.4	986.2
Pension obligations	0.7	0.8	0.7	0.7
Provisions and other liabilities	174.4	204.9	186.4	200.7
Non-current liabilities total	**2,121.5**	**2,155.2**	**2,373.5**	**2,391.6**
Current liabilities				
Lease liabilities	199.3	212.6	202.7	176.9
Other interest-bearing liabilities	241.7	643.2	240.1	441.7
Provisions	43.0	61.0	71.7	13.8
Trade payables	114.5	92.6	90.3	53.5
Derivative financial instruments	7.4	30.8	36.7	0.4
Deferred income and advances received	564.0	513.1	452.0	291.1
Liabilities related to employee benefits	111.8	100.2	111.2	74.4
Other liabilities	171.0	150.6	144.4	128.1
Current liabilities total	**1,452.8**	**1,804.0**	**1,348.9**	**1,179.8**
Liabilities total	**3,574.3**	**3,959.2**	**3,722.4**	**3,571.4**
Equity and liabilities total	**4,037.6**	**4,316.7**	**4,133.0**	**4,047.1**

Consolidated Cash Flow Statement

(EUR in millions)	As at and for the nine months ended 30 September 2023 (unaudited)	2022 (unaudited)	As at and for the year ended 31 December 2022 (audited)	2021 (audited)
Cash flow from operating activities				
Result before taxes	102.7	-426.1	-370.7	-581.9
Depreciation and impairment	248.2	268.6	349.8	319.8
Financial income and expenses	61.4	187.5	170.2	127.5
Sales gains and losses on aircraft and other transactions	-2.9	-6.7	-6.6	-19.4
Change in provisions	-11.9	55.4	45.2	19.8
Employee benefits	10.9	11.9	12.7	-4.3
Other adjustments	2.2	-0.5	2.1	3.3
Non-cash transactions	1.2	66.8	60.0	18.9
Changes in trade and other receivables	-26.8	-106.8	-86.9	-49.9
Changes in inventories	-0.6	-9.5	-10.1	1.9
Changes in trade and other payables	155.7	292.2	249.5	257.3
Changes in working capital	128.3	175.9	152.5	209.2
Financial expenses paid, net	-60.9	-36.9	-96.1	-99.3
Net cash flow from operating activities	**478.1**	**229.1**	**259.0**	**-25.3**
Cash flow from investing activities				
Investments in fleet	-156.5	-69.8	-83.1	-70.3
Investments in other fixed assets	-1.8	-3.3	-4.9	-6.0
Divestments of fleet, other fixed assets and shares	0.4	25.5	25.5	441.7
Lease and lease interest payments received	0.3	0.3	0.4	11.7
Change in other current financial assets (maturity over 3 months)	-128.6	26.1	-12.8	-67.5
Change in other non-current assets	-0.1	-0.1	-0.7	0.0
Net cash flow from investing activities	**-286.3**	**-21.2**	**-75.5**	**309.6**
Cash flow from financing activities				
Proceeds from loans	-	-	-	396.7
Loan repayments	-147.4	-134.3	-144.0	-154.8
Repayments of lease liabilities	-149.2	-141.3	-193.4	-146.8
Hybrid bond repayments	-200.0	-	-	-
Hybrid bond interests and expenses	-20.4	-20.5	-20.5	-20.5
Proceeds from capital loan	-	400.0	400.0	-
Acquisitions of own shares	-	-	-	-1.1
Net cash flow from financing activities	**-517.0**	**103.9**	**42.1**	**73.4**
Change in cash flows	**-325.2**	**311.8**	**225.6**	**357.8**
Liquid funds, at beginning	1 375.6	1,150.0	1,150.0	792.2
Change in cash flows	-325.2	311.8	225.6	357.8
Liquid funds, at end*	**1,050.3**	**1,461.8**	**1,375.6**	**1,150.0**
***Liquid funds**				
Other financial assets	1,018.2	788.5	738.6	531.4
Cash and cash equivalents	328.1	820.4	785.8	734.3
Cash funds	**1,346.3**	**1,608.9**	**1,524.4**	**1,265.7**
Other current financial assets (maturity over 3 months)	-296.0	-147.1	-148.8	-115.7
Liquid funds	**1,050.3**	**1,461.8**	**1,375.6**	**1,150.0**

Key Figures

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

(EUR in millions, unless otherwise indicated)	As at and for the nine months ended 30 September 2023 (unaudited, unless otherwise indicated)	2022	As at and for the year ended 31 December 2022 (unaudited, unless otherwise indicated)	2021
Revenue and profitability				
Revenue	2,261.3	1,669.3	2,356.6[1]	838.4[1]
Comparable operating result	161.4	-181.8	-163.9	-468.9
Comparable operating result, % of revenue	7.1	-10.9	-7.0	-55.9
Operating result	164.1	-238.6	-200.6[1]	-454.4[1]
Comparable EBITDA	409.7	54.1	153.2	-149.0
Comparable EBITDA, % of revenue	18.1	3.2	6.5	-17.8
Earnings per share (EPS), basic, EUR	0.12	-0.39	-0.36[1]	-0.34[1]
Earnings per share (EPS), diluted, EUR	0.11	-0.39	-0.36[1]	-0.34[1]
Unit revenue per available seat kilometre (RASK), cents/ASK	8.34	7.22	7.53	6.93
Unit revenue per revenue passenger kilometre (yield), cents/RPK	8.75	7.71	8.09	8.13
Unit cost per available seat kilometre (CASK), cents/ASK	7.75	8.01	8.05	10.81
CASK excluding fuel, cents/ASK	5.25	5.38	5.38	9.06
Capital structure				
Equity ratio, %	11.5	8.3	9.9	11.8
Gearing, %	224.4	320.9	266.4	321.8
Interest-bearing net debt	1,039.7	1,147.0	1,094.0	1,530.9
Interest-bearing net debt / Comparable EBITDA, LTM	2.0	17.2	7.1	-10.3
Gross capital expenditure	209.4	137.8	199.6	434.5
Return on capital employed (ROCE), LTM, %	8.3	-9.3	-6.1	-13.9
Cash to sales, LTM, %	45.7	77.2	64.7	151.0
Traffic				
Passengers, 1,000	8,373	6,645	9,096	2,852
Flights, number	75,499	64,855	88,713	41,392
Available seat kilometres (ASK), million	27,107	23,113	31,298	12,094
Revenue passenger kilometres (RPK), million	21,012	15,239	21,157	5,178
Passenger load factor (PLF), %	77.5	65.9	67.6	42.8
Customer-centric commercial and operational excellence				
Net Promoter Score (NPS)	36	40	40	38
On-time performance, %	82.9	78.5	79.0	82.3
Share of passengers in modern channels, %[3]	67.9	66.6	66.3	71.5
Average number of monthly visitors at finnair.com, millions	2.1	2.4	2.3	1.1
Active users for Finnair mobile app, thousands	863.0	708.0	711.0	326.0
Ancillary revenue[4]	104.1	90.7	123.2[1]	44.1[1]
Among industry sustainability leaders				
Jet fuel consumption, tonnes	717,776	577,505	788,104	364,478
Flight CO_2 emissions, tonnes	2,260,995	1,819,140	2,482,528[2]	1,148,107[2]
Flight CO_2 emissions, g/ASK	83.4	78.7	79.3	94.9
Flight CO_2 emissions, g/RTK[5]	915.5	927.6	926.9	931.7
Adaptable Finnair culture driven by engaged people				
Average number of employees	5,195	5,363	5,336	5,614
Absences due to illness, %	4.33	5.14	5.4	2.3
Lost-time injury frequency (LTIF)	5.6	7.8	6.8	5.6
Attrition rate, LTM, %	4.3	8.2	7.3	6.8

[1] Audited.
[2] The figures differ slightly from the figures originally reported as more exact amounts are verified in connection with the assurance on selected environmental performance indicators.
[3] 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.

[4] Ancillary revenue sales are the additional services that are sold to passengers in connection with airline ticket sales.
[5] RTK = tonne-kilometres sold, i.e. capacity utilisation by payload weight.

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	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 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	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	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.

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.

(EUR in millions)	1 Jan – 30 Sep 2023 (unaudited)	1 Jan – 30 Sep 2022 (unaudited)	31 December 2022 (unaudited, unless otherwise indicated)	31 December 2021 (unaudited, unless otherwise indicated)
Operating result	**164.1**	**-238.6**	**-200.6**(1	**-454.4**(1
Unrealised changes in foreign currencies of fleet overhaul provisions	1.3	28.0	8.8	11.7
Fair value changes of derivatives where hedge accounting is not applied	-1.0	-2.1	-0.9	0.0
Sales gains and losses on aircraft and other transactions	-2.9	-6.7	-6.6	-5.6
Impairment on A330 aircraft	-	32.7	32.7	-
Changes in defined benefit pension plans	-	-	-	-20.6
Restructuring costs	-0.1	4.8	2.6	0.0
Comparable operating result	**161.4**	**-181.8**	**-163.9**	**-468.9**
Depreciation and impairment	248.2	235.9(2	317.1(2	319.8
Comparable EBITDA	**409.7**	**54.1**	**153.2**	**-149.0**

(1 Audited.
(2 Excludes the EUR 32.7 million impairment related to four A330 aircraft in the financial year 2022 because of the closure of Russian airspace and the prolonged flight times to many Asian destinations.

Gearing

(EUR in millions)	30 September 2023 (unaudited)	30 September 2022 (unaudited)	31 December 2022 (audited, unless otherwise indicated)	31 December 2021 (audited, unless otherwise indicated)
Lease liabilities	1,237.9	1,470.6	1,330.7	1,381.0
Other interest-bearing liabilities	1,149.4	1,334.7	1,298.5	1,427.9
Cross currency interest rate swaps(1	-1.3	-49.4	-10.7(2	-12.3(2
Adjusted interest-bearing liabilities	**2,386.1**	**2,755.9**	**2,618.4**(2	**2,796.6**(2
Other financial assets	-1,018.2	-788.5	-738.6	-531.4
Cash and cash equivalents	-328.1	-820.4	-785.8	-734.3
Cash funds	**-1,346.3**	**-1,608.9**	**-1,524.4**	**-1,265.7**
Interest-bearing net debt	**1,039.7**	**1,147.0**	**1,094.0**(2	**1,530.9**(2
Equity total	463.3	357.5	410.7	475.7
Gearing, %	**224.4**	**320.9**	**266.4**(2	**321.8**(2

(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 Unaudited.

Interest-bearing net debt / Comparable EBITDA, LTM

(EUR in millions)	30 September 2023 (unaudited)	30 September 2022 (unaudited)	31 December 2022 (unaudited)	31 December 2021 (unaudited)
Interest-bearing net debt	1,039.7	1,147.0	1,094.0	1,530.9
Comparable EBITDA, LTM	508.8	66.7	153.2	-149.0
Interest-bearing net debt / Comparable EBITDA, LTM	**2.0**	**17.2**	**7.1**	**-10.3**

Equity ratio

(EUR in millions)	30 September 2023 (unaudited)	30 September 2022 (unaudited)	31 December 2022 (unaudited, unless otherwise indicated)	31 December 2021 (unaudited, unless otherwise indicated)
Equity total	463.3	357.5	410.7(1	475.7(1
Equity and liabilities total	4,037.6	4,316.7	4,133.0(1	4,047.1(1
Equity ratio, %	**11.5**	**8.3**	**9.9**	**11.8**

(1 Audited.

Gross capital expenditure

(EUR in millions)	1 Jan – 30 Sep 2023 (unaudited)	1 Jan – 30 Sep 2022 (unaudited)	31 December 2022 (unaudited)	31 December 2021 (unaudited)
Additions in fixed assets	157.1	84.8	125.8	28.7
New contracts in right-of-use assets	8.2	5.8	9.5	380.6
Reassessments and modifications in right-of-use assets	44.1	47.1	64.3	25.3
Gross capital expenditure	**209.4**	**137.8**	**199.6**	**434.5**

Return on capital employed (ROCE), LTM, %

(EUR in millions)	30 September 2023 (unaudited)	30 September 2022 (unaudited)	31 December 2022 (unaudited, unless otherwise indicated)	31 December 2021 (unaudited, unless otherwise indicated)
Result before taxes, LTM	158.0	-530.9	-370.7(1	-581.9(1
Financial expenses, LTM	145.4	134.8	137.9(1	117.8(1
Exchange rate gains and losses, LTM	-53.1	96.9	38.8(1	22.5(1
Return, LTM	**250.3**	**-299.2**	**-194.0**	**-441.6**
Equity total	463.3	357.5	410.7(1	475.7(1
Lease liabilities	1,237.9	1,470.6	1,330.7(1	1,381.0(1
Other interest-bearing liabilities	1,149.4	1,334.7	1,298.5(1	1,427.9(1
Capital employed	**2,850.7**	**3,162.8**	**3,039.8**	**3,284.6**
Capital employed, average of reporting period and comparison period	**3,006.7**	**3,214.7**(2	**3,162.2**	**3,180.0**(2
Return on capital employed (ROCE), LTM, %	**8.3**	**-9.3**	**-6.1**	**-13.9**

(1 Audited.
(2 Capital employed accounted was EUR 3,266.7 million as at 30 September 2021 and EUR 3,075.4 million as at 31 December 2020.

Cash to sales, LTM, %

(EUR in millions)	30 September 2023 (unaudited)	30 September 2022 (unaudited)	31 December 2022 (unaudited, unless otherwise indicated)	31 December 2021 (unaudited, unless otherwise indicated)
Other financial assets	1,018.2	788.5	738.6(1	531.4(1
Cash and cash equivalents	328.1	820.4	785.8(1	734.3(1
Cash funds	**1,346.3**	**1,608.9**	**1,524.4**(1	**1,265.7**(1
Revenue, LTM	**2,948.6**	**2,082.8**	**2,356.6**(1	**838.4**(1
Cash to sales, LTM, %	**45.7**	**77.2**	**64.7**	**151.0**

(1 Audited.

Comparable operating result, % of revenue

(EUR in millions)	1 Jan – 30 Sep 2023 (unaudited)	1 Jan – 30 Sep 2022 (unaudited)	1 Jan – 31 Dec 2022 (unaudited, unless otherwise indicated)	1 Jan – 31 Dec 2021 (unaudited, unless otherwise indicated)
Comparable operating result	161.4	-181.8	-163.9	-468.9
Revenue	2,261.3	1,669.3	2,356.6(1	838.4(1
Comparable operating result, % of revenue	7.1	-10.9	-7.0	-55.9

(1 Audited.

Comparable EBITDA, % of revenue

(EUR in millions)	1 Jan – 30 Sep 2023 (unaudited)	1 Jan – 30 Sep 2022 (unaudited)	1 Jan – 31 Dec 2022 (unaudited, unless otherwise indicated)	1 Jan – 31 Dec 2021 (unaudited, unless otherwise indicated)
Comparable EBITDA	409.7	54.1	153.2	-149.0
Revenue	2,261.3	1,669.3	2,356.6(1	838.4(1
Comparable EBITDA, % of revenue	18.1	3.2	6.5	-17.8

(1 Audited.

BOARD OF DIRECTORS AND EXECUTIVE BOARD

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 Offering Circular, the Board of Directors of the Company consists of the following persons:

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

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

	Memberships in other Boards of Directors and positions of trust *Ilmarinen Mutual Pension Insurance Company*, Member of the Board (2021–) *Confederation of Finnish Industries (EK)*, Member of the Economy and Tax Committee (2012–) *Finnish Commerce Federation*, Chair of the Tax and Economic Policy Committee (2011–) *Varma Mutual Pension Insurance Company*, Member of the Supervisory Board (2018–2020)
Hannele Jakosuo-Jansson Born 1966, M.Sc. (Tech) **Member of the Board (2021**–) **Chair of the People and Remuneration Committee**	*Neste Corporation*, SVP Human Resources, HSSEQ and Procurement (2014–) and Senior Vice President, Human Resources (2006–2014) **Memberships in other Boards of Directors and positions of trust** *Confederation of Finnish Industries (EK)*, Vice Chair of Skilled work force committee (2017–) *The Chemical Industry Federation of Finland*, Chair of Skills and Competence Committee (2010–) *Ahlstrom-Munksjö Corporation*, Member of the Board (2013–2021) *Natural Resources Institute Finland (Luke)*, Member of the Board (2018–2020)
Henrik Kjellberg Born 1971, M.Sc. (Econ.) **Member of the Board (2018–)** **Member of the Audit Committee**	*Awaze Limited*, Chief Executive Officer (2018–) *Expedia Group, Inc.*, various senior positions, inter alia, President of the Hotwire Group and President of Expedia® Affiliate Network (2001–2017) **Memberships in other Boards of Directors and positions of trust** *eLong, Inc.*, Member of the Board (2006–2015) *VOYAGES-SNCF.COM*, Member of the Board (2007–2013)
Simon Large Born 1969, BA (Bachelor of Arts) **Member of the Board (2022**–) **Member of the Audit 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)
Minna Pajumaa Born 1963, M.Sc. (Econ.), CEFA **Member of the Board (2023**–)	*The Prime Minister's Office*, Government Ownership Steering Department, Senior Financial Counsellor (2017–) and Senior Financial Adviser (2009–2017) *HSH Norbank AG*, Client Executive, Structured Corporate Finance and Project Manager, Export and Project Finance (2002–2008)

	Skandinaviska Enskilda Banken AB (publ), Vice President, Export and Project Finance (1998–2002) *Finnish Export Credit Ltd*, Regional Representative, Singapore Office and Assistant Regional Representative, Hong Kong Office (1994–1998) **Memberships in other Boards of Directors and positions of trust** *Posti Group Corporation*, Member of the Board (2019–) *Gasum Ltd*, Member of the Board (2019–2023) *Veikkaus Ltd*, Member of the Board (2017–2019) *Finnish Minerals Group* (previously *Terrafame Group Oy*), Member of the Board (2015–2019) *Vapo Oy*, Member of the Board (2013–2019) *Suomen Lauttaliikenne Oy*, Member of the Board (2010–2017)

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 Offering Circular, the Audit Committee consists of Mr. Jukka Erlund (Chair), Mr. Montie Brewer, Mr. Henrik Kjellberg, Mr. Simon Large 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 Offering Circular, the People and Remuneration Committee consists of Ms. Hannele Jakosuo-Jansson (Chair), Ms. Tiina Alahuhta-Kasko, Ms. Minna Pajumaa and Ms. Sanna Suvanto-Harsaae. All members of the People and Remuneration Committee except Minna Pajumaa 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. At the date of this Offering Circular, the CEO of the Company is Topi Manner. Topi Manner has given a notice that he would leave his position as CEO by 1 March 2024. Finnair has commenced the process to identify his successor.

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 Offering Circular, the Executive Board consists of the following persons:

Name:	**Background:**
Topi Manner Born 1974, M.Sc. (Econ.) **President & Chief Executive Officer (2019–)**	*Nordea Bank Abp*, Member of Group Executive Management and Head of Personal Banking (2016–2018) and various other management positions (2006–2016) **Memberships in other Boards of Directors and positions of trust** *UPM-Kymmene Corporation*, Member of the Board and Remuneration Committee (2022–) *Elisa Corporation*, Member of the Board and Audit Committee (2020–) *International Air Transport Association (IATA)*, Member of the Board of Governors and Chair of the Audit Committee (2020–) *Palvelualojen työnantajat PALTA ry*, Member of the Board (2019–)

	Finland Chamber of Commerce, Vice Chair of the Board (2019–2021)
Jaakko Schildt Born 1970, MBA, B.Sc. (Engineering) **Chief Operating Officer (2016–)**	*Thomas Cook Group Plc*, Accountable Manager (2015–2016) and Head of Group Maintenance Organisation (2014–2015) *Finnair Plc*, Vice President, Technical Operations (2012–2014) *Blue1 Oy*, Chief Operating Officer (2008–2011) and various other leadership positions (2001–2006)
Ole Orvér Born 1966, Degree in Market Economics **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)
Antti Kleemola Born 1980, M.Sc. (Econ.) **Chief Information Officer (2022–)**	*Outokumpu Oyj*, Senior Vice President and Chief Information Officer (2021–2022) *VR-Group Plc*, Chief Digital Officer (2018–2021) and Head of Business Technology (2017–2018) *Vapo Oy*, Chief Information Officer (2015–2017) *Posti Group Corporation*, Leadership positions in digital and IT services (2011–2015)
Kristian Pullola Born 1973, M.Sc. (Econ.) **Chief Financial Officer (2022–)**	*Nokia Corporation*, Chief Financial Officer and other leadership positions within accounting, finance and investor relations (1999–2020) **Memberships in other Boards of Directors and positions of trust** *FinanceKey Ltd*, Chair of the Board (2022–) *Kemira Oyj*, Member of the Board (2021–) *Terveystalo Plc*, Member of the Board (2021–) *Eduhouse Oy*, Chair of the Board (2021–) *Antilooppi Management Oy*, Chair of the Board (2020–2023)
Kaisa Aalto-Luoto Born 1979, M.Sc. (Econ.) **Chief People Officer (2023–)**	*Sanoma Media Finland Ltd*, Chief Human Resources Officer (2021–2023 *Metso Outotec Corporation*, Vice President Human Resources, Services Business Area (2020–2021) *Outotec Oyj*, Senior Vice President Human Resources & Communications and several roles as Head of Human Resources in different business units (2013–2020)

	Mandatum Life Insurance Company Limited, Vice President Human Resources & Customer Experience and Vice President Human Resources (2009–2013)
Christine Rovelli Born 1974, MBA **Senior Vice President, Strategy and Fleet (2022–)**	*Finnair Plc*, Senior leadership roles in resource management, strategy, finance and fleet management (2012–) Various positions at *Royal Bank of Scotland plc*, *Morgan Stanley & Co. Limited*, *Citigroup Inc.* and *Ing Capital LLC* (1999–2012)
Päivyt Tallqvist Born 1970, M.Sc. (Econ.) **Senior Vice President, Communications (2020–)**	*Finnair Plc*, Director, Media Relations (2011–2020) *Nokia Corporation*, Head of Press Services team (2010–2011) and Senior Manager, Communications, Press Services (2005–2009)
Sami Sarelius Born 1971, LL.M. **Senior Vice President and General Counsel (1998–)**	*Finnair Plc*, Senior Vice President and General Counsel (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 Offering Circular, the current members of the Shareholders' Nomination Board are Kimmo Viertola, Timo Sallinen and Jukka Vähäpesola.

Statement on the Company's Board of Directors and Management

As at the date of this Offering Circular none of the members of the Board of Directors, Executive Board or the CEO, have during the five previous years:

- been convicted in relation to fraudulent offences;
- held an executive function, been included in the executive management, or been a member of the administrative, management or supervisory bodies of any company, or acted as a general partner with individual liability in a limited partnership at the time of or preceding any bankruptcy, receivership, administration of an estate or liquidation; or
- been subject to any official public incrimination and/or sanctions by any statutory or regulatory authorities (including any designated professional bodies) or been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

There are no family relationships between the members of the Board of Directors, CEO and the members of the Executive Board.

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, apart from Minna Pajumaa, are independent of the Company and its significant shareholders. Minna Pajumaa is not deemed to be independent of the Company's significant shareholder as she is a civil servant of the government of Finland.

Incentive Plans

Performance Share Plan for Key Personnel (LTI)

Finnair operates a Performance Share Plan structure for top management and nominated personnel. The purpose of the arrangement is to encourage personnel to work in the long term, increasing shareholder value, and to further commit them to the Company.

The annually commencing plans include a three-year performance period and potential share rewards will be delivered to the participants in one tranche after the performance period and they are at the participants' free disposal after delivery. A member of the Executive Board is expected to accumulate and, after reaching it, maintain a share ownership equal to the amount of her/his fixed annual salary as long as she/he is a member of the management team. The maximum combined value of all variable compensation paid to an individual participant in any given calendar year may not exceed 120 per cent of the participant's annual gross base salary. The Performance Share Plan offers participants the opportunity to earn Finnair's shares as a long-term incentive reward if the performance targets set by the Board of Directors for the program are met.

The plans 2018–2020, 2019–2021 and 2020–2022 were cancelled in 2020 for the CEO and members of Finnair's Executive Board in order to align with the restrictions set by the European Commission. Finnair has an ongoing LTI program covering the years 2021–2023 for its key personnel.

No new long-term incentive plan was started in 2022. In January 2023, Finnair's Board of Directors decided on the latest plan covering the years 2023–2025, which has two earning periods: 2023–2024 and 2023–2025. The possible share rewards of the 2023–2024 program will be delivered to participants in the spring of 2025 and of the years 2023–2025 in the spring of 2026 if Finnair achieves the comparable operating profit margin target set in the plan. If the goals set for the years 2023–2025 are realised in full, the number of shares to be delivered to the participants of the program will be approximately 8,500,000 per earning period. The shares are taxable income and taxes will be deducted from the gross number of shares. The remaining net share of the shares is delivered to the participants' book-entry account. The number of persons entitled to the program for the period 2023–2025 is approximately 70.

Rebuild Incentive Plans 2020–2023

In 2020, a separate new Rebuild incentive plan for CEO and Executive Board was launched in order to support the recovery and rebuilding of the Company. The program contains a three-year performance period (7/2020–6/2023) and it is designed to contain only the single plan. The potential share rewards will be delivered to the participants in a pre-determined proportion of shares and cash after the end of the performance period and the rewards are at the participants' free disposal after delivery. If the combined value of incentive rewards in 2023 exceeds 120 per cent of the executive's annual salary, the exceeding Rebuild-reward is deferred to coming years so that the combined incentive pay-out in any year does not exceed 120 per cent of the executive's annual base salary. The total expense for the plan is recognised over the vesting period, which is three years. The grant date is at the beginning of performance period and the compensation is measured in shares.

Staff Incentive Plan 2023–2025

Finnair has a one-time plan related to new saving agreement deals, which covers approximately 87 per cent of Finnair's employees. Part of the savings will be repaid as an incentive for participating personnel after the saving period has successfully ended. The cash pay-out will occur during first quarter of 2026 if Finnair achieves the comparable operating profit margin target set in the plan. The plan covers all those personnel groups who have contributed with savings agreements in the reduction of the Company's unit costs.

Other Incentive Programs

Short-term Incentive Plan (STI)

For the purposes of driving individual and organisational performance and supporting rapid implementation of strategic initiatives, Finnair has a short-term incentive plan. When target level performance is achieved, the STI pay-out ranges from 2.5–45 per cent of base salary, depending on the position. If an individual exceeds his or her targets substantially, the pay-out may, at a maximum, reach 5–90 per cent of yearly base salary. The variable pay is calculated based on the individual's base salary for the period in question.

Employee Share Savings Plan FlyShare

FlyShare, a voluntary employee share savings plan established in 2013, was discontinued by the Board of Directors on 20 September 2022 as part of Finnair's savings targets. The decision to discontinue the plan had no impact on the ongoing FlyShare plans that were initiated in 2020 and 2021, and the matching shares earned via these plans were and will paid as planned in early 2023 and 2024 with last pay-out occurring in March of 2024. The expense recognised for FlyShare employee share saving plans in 2022 amounted to EUR 0.9 million.

Profit-sharing Plan (Personnel fund)

Finnair has a profit-sharing plan in which a share of Finnair's profits is allocated to the personnel. The share of profit is determined on the basis of targets set by the Board of Directors. All Finnair employees are eligible for the profit-sharing plan, excluding the CEO, other members of the Executive Board and the participants of the performance share plan. The Board of Directors decided not to set targets for the years 2021 and 2022 for the profit-sharing plan as the plan was frozen due to the COVID-19 pandemic.

OWNERSHIP STRUCTURE AND RELATED PARTY TRANSACTIONS

Ownership Structure

As at 19 October 2023, there were altogether 117,141 holders of Shares in the Company, of which 10 largest shareholders are listed below with their respective ownership participation percentage. As at 10 October 2023, the Company held 399,303 treasury Shares, which corresponds to approximately 0.03 per cent of the Shares and votes in the Company.

The following table sets forth ownership information of the ten largest shareholders of the Company as at 19 October 2023 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)	786,669,686	55.84	55.86
Varma Mutual Pension Insurance Company	30,881,263	2.19	2.19
The State Pension Fund	11,000,000	0.78	0.78
Elo Mutual Pension Insurance Company	10,169,000	0.72	0.72
Ilmarinen Mutual Pension Insurance Company	7,500,000	0.53	0.53
Nordea Pro Finland Fund	4,078,250	0.29	0.29
Mäkitalo Allan Risto Pekka	2,195,548	0.16	0.16
Finnairin Eläkesäätiö	1,505,262	0.11	0.11
Nordea Premium Asset Management Balanced Fund	1,490,434	0.11	0.11
Nordea Premium Asset Management Moderate Fund	1,417,328	0.10	0.10
Others	551,420,124	39.14	39.15
Total outstanding Shares in the Company	**1,408,326,895**	**99.97**	**100**
Treasury Shares	399,303	0.03	-
Total Shares in the Company	**1,408,726,198**	**100**	**100**

As at the date of this Offering Circular, the State of Finland (acting through the Prime Minister's Office) holds 55.8 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, 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 and thus the ownership of the State of Finland may not decrease below 50.1 per cent. According to Programme of Prime Minister Petteri Orpo's Government on 20 June 2023, a new Government Resolution on State Ownership Policy will be prepared during 2023.

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 emphasizes 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 and Executive Board – 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.

Related Party Transactions

Finnair's related parties include subsidiaries, associated companies, joint ventures, Finnair pension fund and Finnair Group Sickness fund as well as the management (the Board of Directors, the President and CEO and the Executive Board) and their close family members and controlled entities.

The following table sets forth the related party transactions of Finnair between 1 January 2023 and 30 September 2023. Transactions with the related parties have been carried out on market-based terms. Related party transactions include such operations that are not eliminated in the Group's consolidated financial statement.

(EUR in millions)	For the nine months ended 30 September 2023 (unaudited)
Sales of goods and services	
Joint ventures	18.9
Pension fund	0.0
Sickness fund	0.1
Employee benefits	
Pension fund	8.3
Sickness fund	0.6
CEO and Executive Board	5.6
The Board of Directors	0.3
Purchases of goods and services	
Joint ventures	63.3
Pension fund	1.1
Financial income	
Pension fund	3.3
Receivables	
Joint venture	6.7
Pension fund	132.4
Liabilities	
Joint ventures	4.7
Sickness fund	0.1

The Company's largest shareholder, the State of Finland, has given a Subscription Undertaking concerning the Offering. The State of Finland has irrevocably committed to subscribe in full for Offer Shares on the basis of Subscription Rights allocated to it, i.e. in total approximately 55.9 per cent of the Offer Shares. According to its Subscription Undertaking, the State of Finland will pay the Subscription Price in respect of all the Offer Shares that are allocated to it by setting off EUR 318.6 million of the principal amount of the Capital Loan against the Subscription Price for such Offer Shares.

The following tables set forth the remuneration of the CEO as well as the members of the Executive Board and the Board of Directors for the nine months ended 30 September 2023. Management remuneration is presented on an accrual basis.

The CEO and Executive Board remuneration	**For the nine months ended 30 September 2023 (unaudited)**		
(EUR in thousands)	**President and CEO Topi Manner**	**Executive Board**	**Total**
Fixed pay	580	1,586	**2,166**
Short-term incentives[1]	251	611	**862**
Fringe benefits	14	68	**83**
Share-based payments	595	1,373	**1,968**
Pensions (statutory)[2]	137	368	**505**
Pensions (voluntary, defined contribution)	0	23	**23**
Total	**1,577**	**4,029**	**5,606**

[1] Short-term incentives are estimates based on pay-out at target level.
[2] Statutory pensions include Finnair's share of the payment to Finnish statutory "TyEL" pension plan.

The Board of Directors remuneration	**For the nine months ended 30 September 2023 (unaudited)**		
(EUR)	**Fixed remuneration**	**Meeting compensation**	**Total**
Karvinen, Jouko[1]	15,750	5,400	**21,150**
Strandberg, Maija[1]	7,575	3,600	**11,175**
Minna Pajumaa[2]	15,150	7,800	**22,950**
Sanna Suvanto-Harsaae (Chair)[2]	31,500	13,800	**45,300**
Alahuhta-Kasko, Tiina	22,725	10,800	**33,525**
Brewer, Montie	24,525	15,600	**40,125**
Erlund, Jukka	24,525	8,400	**32,925**
Jakosuo-Jansson, Hannele	24,525	10,800	**35,325**
Kjellberg, Henrik	22,725	15,600	**38,325**
Large, Simon	22,725	15,600	**38,325**
Total	**211,725**	**107,400**	**319,125**

[1] For the period 1 January 2023 – 23 March 2023.
[2] Since 24 March 2023.

In addition to the above, Finnair has neither had any other significant related party transactions, nor has there been any material changes in the related party transactions after the period between 1 January 2023 and 30 September 2023.

SHARES AND SHARE CAPITAL

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.

Share Information

General

The Company has one share class and all Shares are entitled to one vote and equal dividend and other distributions of funds (including distributions in the event of the dissolution of the Company). The Shares have no par value. The Shares are recorded in the Finnish book-entry system maintained by Euroclear Finland and they are subject to public trading on the official list of the Helsinki Stock Exchange. The trading code of the Shares is "FIA1S" and the ISIN code is FI0009003230. The denomination currency of the Shares is the euro.

The Company's registered share capital at the date of this Offering Circular is EUR 75,442,904.30 and the Company has 1,408,726,198 fully paid Shares. On 30 September 2023, the Company held 399,303 treasury Shares.

Valid Authorisations

The Annual General Meeting held on 23 March 2023 authorised the Board of Directors to decide on the repurchase of the Company's own Shares and/or on the acceptance as pledge of the Company's own Shares. The number of own Shares to be repurchased and/or accepted as pledge shall not exceed 50,000,000 Shares, which corresponds to approximately 3.6 per cent of all the Shares in the Company. Only the unrestricted equity of the Company can be used to repurchase own Shares on the basis of the authorisation. Own Shares can be repurchased at a price formed in public trading on the date of the repurchase or otherwise at a price formed on the market.

The Board of Directors decides how own Shares will be repurchased and/or accepted as pledge. Own Shares can be repurchased using, inter alia, derivatives. Own Shares can be repurchased otherwise than in proportion to the shareholdings of the shareholders (directed repurchase). Own Shares may be repurchased and/or accepted as pledge in order to, inter alia, develop the capital structure of Finnair, to finance or carry out acquisitions, investments or other business transactions, or in order to use the Shares as part of the Company's incentive and remuneration schemes. The authorisation is effective for a period of 18 months from the resolution of the Annual General Meeting.

The Extraordinary General Meeting of the Company held on 27 October 2023 authorised the Board of Directors to decide on the issuance of a maximum of 22,000,000,000 new Shares for the implementation of the Offering. The Shares are offered to the Company's shareholders for subscription on the basis of pre-emptive subscription rights in the same proportion as their existing shareholdings in the Company. Shares not subscribed for on the basis of pre-emptive subscription rights may be offered for subscription on a secondary basis to other shareholders or other persons. The Board of Directors is entitled to decide to whom the unsubscribed Shares are offered. The authorisation can only be used once and it does not give the Board of Directors the right to carry out several share issues. The Board of Directors is authorised to determine all other terms and conditions of the share issue. The authorisation is valid until the end of the next Annual General Meeting, but not longer than 30 June 2024.

In addition, the Extraordinary General Meeting held on 27 October 2023 authorised the Board of Directors to decide on the issuance of a maximum of 132,935,562 Shares. However, the authorisation is always limited to 0.6 per cent of the total number of Shares in the Company, so that upon completion of the Offering, the maximum number of Shares to be issued pursuant to the authorisation will be reduced to the nearest whole number corresponding to 0.6 per cent of the total number of Shares in the Company. The Board of Directors decides on all the conditions of the issuance of Shares, including to whom, at what price and in which manner the Shares are issued. The authorisation concerns both the issuance of new Shares as well as the transfer of treasury Shares. The issuance may also be carried out in deviation from the shareholders' pre-emptive rights (directed issue), e.g., for using the Shares to develop the Company's capital structure, to finance or carry out acquisitions, investments or other business transactions, or in order to use the Shares as part of the Company's incentive and remuneration schemes. This authorisation is conditional on the completion of the Offering, will take effect from the registration of the Offer Shares to be issued in the Offering, will replace the authorisation to issue Shares granted by the Annual General Meeting on 23 March 2023 and will have substantially the same content as the authorisation granted by the Annual General Meeting, except for the increase in the number of Shares covered by the authorisation. The authorisation is valid until 23 September 2024 and, once it enters into force, it will cancel the authorisation to issue Shares granted by the Annual General Meeting of 23 March 2023.

Shareholders' Rights

Pre-emptive Subscription Rights

Under the Finnish Companies Act, existing shareholders have pre-emptive right to subscribe for new Shares of the Company. A resolution to issue new Shares waiving pre-emptive rights as well as a resolution to grant option rights and other special rights entitling to the Company's Shares requires at least two-thirds of all votes cast and Shares represented at a General Meeting of Shareholders. In addition, such resolution requires that there is a weighty financial reason for the Company to do so. According to the Finnish Companies Act, a resolution on a share issue without payment waiving the shareholders' pre-emptive rights requires that there is an especially weighty reason for the Company and in regard to the interests of all shareholders in the Company.

Certain shareholders who reside or whose registered address is outside Finland, including "U.S. Persons" (as defined in Regulation S of the U.S. Securities Act), may not necessarily be able to exercise their pre-emptive subscription rights unless the Shares have been registered according to the securities legislation in effect in the relevant country or an exception from registration or other similar requirements is available.

General Meeting of Shareholders

Under the Finnish Companies Act, shareholders exercise their power to decide on corporate matters at General Meetings. According to the Company's Articles of Association, the Annual General Meeting shall be held by the end of May each year. The Annual General Meeting shall decide, among others, upon the approval of the financial statements, auditor's report, distribution of dividend and elections of members of the Board of Directors and the auditor and their remuneration. The Annual General Meeting decides also upon discharge of the Board of Directors and of the CEO from liability. Extraordinary General Meetings in respect of specific matters must be held when considered necessary by the Board of Directors, or when requested in writing by the auditor of the Company or by shareholders of the Company holding at least 10 per cent of all the Shares of the Company.

According to the Finnish Companies Act and the Company's Articles of Association, the notice convening a General Meeting of Shareholders shall be delivered to the shareholders no more than three months and no less than three weeks before the meeting, however, at least nine days before the record date of the General Meeting of Shareholders. The notice shall be delivered to the shareholders with a notification published in the Company's website. To be entitled to attend the General Meeting of Shareholders, the shareholder shall notify his/her attendance to the Company at the latest by the date mentioned in the notice convening the meeting, which date may be no more than ten days before the General Meeting of Shareholders.

In order to have the right to attend and vote at a General Meeting of Shareholders, a shareholder must be registered, in accordance with the Act on the Book-entry System and Clearing Operations, in the shareholders' register maintained by Euroclear Finland no later than eight business days prior to the relevant General Meeting of Shareholders (the record date of the General Meeting of Shareholders). A beneficial owner wishing to attend and vote at the General Meeting of Shareholders should seek a temporary registration in the shareholders' register. The notification of temporary registration should be made at the latest on the date mentioned in the notice to the General

Meeting of Shareholders, which shall according to the Finnish Companies Act be after the record date of the General Meeting of Shareholders, and such notification is considered a notice of participation in the General Meeting of Shareholders. If the shareholder is participating in the General Meeting of Shareholders through several authorised representatives, the shareholder shall in connection with the notice of participation notify the Shares on the basis of which each authorised representative represents the shareholder.

Except for certain exceptions stipulated in the Finnish Companies Act, there are no quorum requirements for General Meetings of Shareholders.

Voting Rights

A shareholder may attend and vote at a General Meeting of Shareholders in person or through an authorised representative. Each Share in the Company entitles its holder to one vote at a General Meeting of Shareholders. If the shareholder's Shares are recorded on more than one book-entry account, the shareholder has the right to use a different authorised representative for each book-entry account. The shareholder may also vote differently with a part of his owned votes. In order to attend and vote at a General Meeting of Shareholders, a shareholder must be registered in the shareholders' register maintained by Euroclear Finland.

At the General Meeting of Shareholders, most resolutions are passed by a simple majority of the votes cast. However, certain resolutions, such as amending the Articles of Association, waiving shareholders' pre-emptive right to subscribe for Shares in a new issue and resolutions on a merger, a demerger or dissolution of the Company require at least a two-thirds majority of the votes cast and the Shares represented at the meeting.

Dividend and Distribution of Other Unrestricted Equity

A General Meeting of Shareholders decides on the payment of dividend and other distribution of funds by the majority of the votes cast. All Shares of the Company carry equal rights to dividends and other distributions by the Company. In accordance with prevailing practice in Finland, dividends on shares of a Finnish company are generally only paid annually and only after shareholder approval of the company's financial statements and of the amount of the dividend proposed by the Board of Directors. However, under the Finnish Companies Act the General Meeting of Shareholders may also authorize the Board of Directors to resolve upon payment of dividends.

Under the Finnish Companies Act, a limited liability company's shareholders' equity is divided into restricted and unrestricted equity. Restricted equity consists of the share capital, the fair value funds and the revaluation fund as well as any possible reserve fund and share premium fund formed subject to the old Finnish Companies Act effective prior to 1 September 2006. The other equity reserves are included in unrestricted equity. Accordingly, unrestricted equity includes the profit for the preceding financial year, retained earnings from previous financial years and the Company's other unrestricted equity, including the funds in the invested unrestricted equity fund, less the reported losses and the amount that the Articles of Association of the Company require to be left undistributed, and certain other undistributable funds.

The Finnish Companies Act emphasises the maintenance of the company's solvency in connection with the distribution of funds and, consequently, no funds may be distributed if, when making the decision on the distribution, the persons knew or should have known that the Company was insolvent or that it would become insolvent due to the distribution of the funds.

Under the Finnish Companies Act, the amount of dividend may not exceed the amount proposed or accepted by the Board of Directors. However, shareholders holding no less than 10 per cent of all the shares may request at the Annual General Meeting that the amount distributed as dividend shall be at least one-half of the company's profit for the last preceding financial year, less the amount that the Articles of Association of the company may require to be left undistributed and any dividends previously distributed in respect of the financial year in question. However, the dividend so paid may neither exceed the amount distributable without the creditors' consent nor 8 per cent of the total shareholders' equity of the parent company.

Dividend can be paid and unrestricted equity can be otherwise distributed for a certain financial year after the General Meeting of Shareholders has adopted the financial statements for the year in question and resolved on the amount of the dividend or other distribution of unrestricted equity on the basis of the proposal prepared by the Board of Directors. Pursuant to the Finnish Companies Act, payment of dividends or other distribution of unrestricted equity can be also based on other financial statements than the adopted financial statements for the latest financial year, provided that the General Meeting of Shareholders has adopted the financial statements in question. Significant changes in the Company's financial position that have occurred after the financial statements were prepared must be considered when deciding on the distribution of profits.

Under the Finnish Companies Act, dividends and other distributions are paid to shareholders or persons registered as holders of nominee-registered shares entered in the shareholders' register on the relevant record date. Such register is maintained by Euroclear Finland through the account operators. No dividends are payable to shareholders not entered in the shareholders' register.

The right to dividends is forfeited within three years from the dividend payment date. If no payment on a dividend is taken before the right to dividends expires, the right to dividends ceases and the company retains the funds corresponding to the unpaid dividends. Distribution of other unrestricted equity is effected essentially in the same way as described above regarding the distribution of dividend.

For information on the taxation of dividends, see "*Taxation*".

Obligation to Make a Mandatory Bid and Redemption Obligations and Rights

According to the Finnish Securities Market Act, a shareholder holding more than three-tenths or more than half of the voting rights attached to shares in a company after the shares or securities entitling to such shares of the company have entered into public trading, is obligated to make an offer for all such remaining shares and securities entitling to such shares in the company at fair value (mandatory bid). According to the Finnish Securities Market Act, the obligation to launch a mandatory bid shall, however, not arise if the securities resulting in the threshold referred to above being exceeded have been acquired through a voluntary takeover bid, provided that the initial voluntary takeover bid is made for all securities entitling to shares of the target company. Moreover, the obligation to launch a mandatory bid shall not arise if the exceeding of the threshold for a mandatory bid is caused solely by the actions of the target company or another shareholder. The obligation to launch a mandatory bid shall no longer exist if the person obliged to offer within a month from the emergence of the obligation gives up the share of voting rights exceeding the threshold for a mandatory bid by assigning shares of the target company or otherwise decreasing its share of voting rights in the target company and acts in accordance with the Securities Market Act.

Under the Finnish Companies Act, a shareholder holding shares representing more than 90 per cent of all the shares and votes in a company has the right to redeem the remaining shares in the company at fair market value (squeeze-out). In addition, a shareholder whose shares can be redeemed in the above manner is entitled to demand redemption of his/her shares from the majority shareholder entitled to exercise redemption (sell-out).

Dilution of Ownership

To the extent that a shareholder decides not to subscribe for the full amount of new Shares, or is restricted from subscribing, the proportionate ownership and voting interest in the Company of such shareholder will be diluted accordingly and such shareholder's original share percentage of the increased amount of all Shares issued by the Company will be proportionally reduced.

The Company's equity per Share as at 30 September 2023 was EUR 0.33.

Transfer of Shares

When the Shares are sold through the book-entry system, the Shares are transferred as a bank transfer from the seller's book-entry account to the buyer's book-entry account. For the purpose of the sales, allocation data is entered in the Infinity T2S clearing system of Euroclear Finland and, if necessary, a reservation regarding the book-entries is entered in the book-entry account. The purchase is marked as a pre-sale until it has been cleared and the Shares have been paid, after which the buyer is automatically entered in the Company's shareholders' register. If the Shares are nominee registered and the Shares of both seller and buyer are held in the same custodial nominee account, the sale of Shares does not cause any notes on the book-entry system unless the nominee registration custodian is changed or the Shares are not transferred from the custodial nominee account as a result of the sale.

Exchange Control

Foreign people can acquire shares of a Finnish company without any specific exchange control authorisation. Foreign people can also receive dividends without any specific exchange control authorisation, but the company distributing the dividend must deduct the tax-at-source from the assets transferred outside Finland, unless otherwise stated in an applicable tax treaty. Foreign people who have acquired shares of a Finnish company may receive shares in connection with a capitalisation or participate in a rights issue without any specific exchange control authorisation. Foreign people may sell their shares in a Finnish company in Finland and the assets acquired in connection with such sale can be transferred outside Finland in any convertible currency. There are no exchange control rules in Finland which would restrict the selling of shares of a Finnish company to another foreign person.

PLAN OF DISTRIBUTION IN THE OFFERING

Underwriting

Finnair and the Joint Global Coordinators entered into the Underwriting Agreement on 27 October 2023, pursuant to which the Joint Global Coordinators have severally agreed, subject to certain terms and conditions, to procure subscribers for any Offer Shares that may remain unsubscribed for in the Offering, excluding the Offer Shares that are covered by the Subscription Undertaking, or to subscribe for such Offer Shares (the "**Rump Shares**") themselves at the Subscription Price in the percentages set forth below:

	Percentage of Rump Shares
Deutsche Bank	50
Nordea	50

The obligations of the Joint Global Coordinators are subject to certain conditions that are customary for an agreement of this nature. These conditions include, among other things, that Offer Shares covered by the Subscription Undertaking have been subscribed and paid for, as described in "*– Participation of the State of Finland and the Subscription Undertakings*" below, the accuracy of the representations and warranties in the Underwriting Agreement and approval for listing of the Offer Shares on the Helsinki Stock Exchange having taken place on or prior to the closing date. Finnair has given customary representations and warranties to the Joint Global Coordinators, including in relation to Finnair's business and legal compliance, the existing Shares and the Offer Shares and the contents of this Offering Circular. In addition, Finnair has agreed to indemnify the Joint Global Coordinators against certain expenses and liabilities in connection with the Offering.

The Underwriting Agreement is subject to customary provisions allowing the Joint Global Coordinators to terminate their respective underwriting commitments in certain circumstances. These include the occurrence of certain material adverse changes in the business, condition (financial, legal or otherwise), results of operations or prospects of Finnair and certain changes in, among other things, certain national or international political, financial or economic conditions. If any of the above-mentioned conditions are not satisfied or any of the above-mentioned events occurs, the Underwriting Agreement may be terminated. See also "*Risk Factors – Risks Relating to the Subscription Rights and the Offering – It is possible that the Offering is unsuccessful in the collection of funds in full*".

The Rump Shares are being offered and sold by the Joint Global Coordinators to institutional investors in certain jurisdictions outside the United States, in compliance with Regulation S.

Fees and Expenses

Finnair expects to pay approximately EUR 12.1 million in fees and expenses in connection with the Offering, including fees and expenses payable to the Joint Global Coordinators. The Company has also agreed to pay certain expenses of the Joint Global Coordinators in connection with the Offering.

Interests of the Joint Global Coordinators

Each of the Joint Global Coordinators 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. Furthermore, certain of the Joint Global Coordinators or their respective affiliates have acted and may in the future act as arrangers, lenders or guarantors under certain facility agreements of Finnair for which they have received, or will receive, customary fees and expenses. For example, Nordea has guaranteed 10 per cent of the principal of the Finnair's EUR 600 million pension premium loan from Ilmarinen Mutual Pension Insurance Company (see "*Business of the Company – Material Contracts – Financing Agreements*").

Participation of the State of Finland and the Subscription Undertakings

Finnair has received an irrevocable commitment from the Company's largest shareholder, the State of Finland, to subscribe for Offer Shares. Such Subscription Undertaking represents approximately 55.9 per cent of the Offer Shares. The State of Finland's Subscription Undertaking is subject to certain conditions, such as the underwriting commitments by the Joint Global Coordinators being in force.

Other shareholders of the Company, Varma Mutual Pension Insurance Company, Elo Mutual Pension Insurance Company and Ilmarinen Mutual Pension Insurance Company, that hold approximately 3.4 per cent of the issued Shares in the Company, have irrevocably undertaken to subscribe for their respective pro rata share of the Offering, subject to customary terms and conditions.

Lock-ups

Finnair has agreed with the Joint Global Coordinators that, subject to certain exceptions, during the period ending on the date that falls 180 days from the closing of the Offering, without the prior written consent of the Joint Global Coordinators, Finnair will not undertake any capital markets offering of equity securities, including securities exchangeable/convertible into to the Shares and neither Finnair nor any of its subsidiaries or affiliates will undertake any capital markets offering involving equity securities, including securities exchangeable/convertible into the Shares, or enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences of the ownership of the Shares, including any Offer Shares issued or to be issued pursuant to the Offering, or publicly disclose the intention to make any such issue, sale, transfer, pledge, lien, charge, grant or offer. The foregoing undertaking does not apply, among others, to the Company's current incentive schemes or any future schemes that are adopted in volume and other terms comparable to the current schemes.

Dilution

The maximum number of Offer Shares offered in the Offering represents 93.1 per cent of all Shares after the completion of the Offering. In the event that existing shareholders of Finnair do not subscribe for the Offer Shares in the Offering (except for the Offer Shares covered by the Subscription Undertakings, see "*– Participation of the State of Finland and the Subscription Undertakings*" above), their total holdings in Finnair would be diluted by 93.1 per cent.

Listing of Shares

Finnair will file an application for the Offer Shares to be admitted to trading on the official list of the Helsinki Stock Exchange.

General

In making an investment decision, investors are also recommended to rely on their own examination, analysis and enquiry of Finnair and the terms of the Offering, including the merits and risks involved. Neither the Company nor the Joint Global Coordinators, nor any of their respective affiliates or representatives, is making any representation to any offeree, subscriber or purchaser of the Subscription Rights or the Offer Shares regarding the legality of an investment in the Subscription Rights or the Offer Shares by such offeree, subscriber or purchaser under the laws applicable to such offeree, subscriber or purchaser. Each investor should, at their discretion, consult their own advisors before purchasing the Subscription Rights or subscribing for the Offer Shares. Investors should make their independent assessment of the legal, tax, business, financial and other consequences of a purchase of the Subscription Rights or subscription for the Offer Shares. They should also make their independent assessment of the risks involved in the purchase of the Subscription Rights or subscription for the Offer Shares. Any tax consequences arising from an investor's participation in the Offering will be solely on account of such investor.

The Joint Global Coordinators are acting exclusively for the Company and no-one else in connection with the Offering. They will not regard any other person (whether or not a recipient of this document) as their respective client in relation to the Offering. The Joint Global Coordinators will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for giving advice in relation to the Offering or any transaction or arrangement referred to herein.

In connection with the Offering, both Joint Global Coordinators and any of their respective affiliates, acting as an investor for its own account, may take up Subscription Rights or Offer Shares in the Offering and in that capacity may retain, purchase or sell for its own account any Subscription Rights or Offer Shares or related investments and may offer or sell such Subscription Rights or Offer Shares or other investments otherwise than in connection with the Offering. Accordingly, references in this Offering Circular to shares being offered should be read as including any offering of the Subscription Rights or the Offer Shares to any of the Joint Global Coordinators or any of their respective affiliates acting in such capacity. Neither one of the Joint Global Coordinators intends to disclose the extent of such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

FINNISH SECURITIES MARKET

The following summary is a general description of the Finnish securities market and it is based on the laws in force in Finland on the date of this Offering Circular. The following summary is not exhaustive.

Regulation of the Finnish Securities Market

The securities market in Finland is supervised by the FIN-FSA. The primary laws governing securities markets are the Finnish Securities Market Act, which contains provisions in respect of, among others, company and shareholder disclosure obligations, prospectus requirements and public tender offers, the Prospectus Regulation, containing regulation relating to, among others, on the duty to prepare a prospectus and its contents, as well as the MAR containing regulation relating to, among others, insider dealing, disclosure of inside information and the obligation of the issuer's management to notify transactions. The regulation governing admission of securities and other financial instruments to public trading and trading in listed financial instruments is compiled under the Finnish Act on Trading in Financial Instruments (1070/2017, as amended). The role of the FIN-FSA is to monitor compliance with these provisions.

The Finnish Securities Market Act and the MAR specify minimum disclosure requirements for companies whose securities are admitted to trading on a regulated market in Finland (a Finnish listed company). A Finnish listed company is under an obligation to regularly publish financial information on the company as well as to inform the markets of any matters concerning directly the company which, if made public, would be likely to have a significant effect on the price of the financial instruments of the issuer.

A shareholder is required to notify, without undue delay, a Finnish listed company and the FIN-FSA when its voting rights in, or its percentage ownership of the total number of shares of such Finnish listed company reaches, exceeds or falls below 5, 10, 15, 20, 25, 30, 50 or 90 per cent or two thirds (66.67 per cent), calculated in accordance with the Finnish Securities Markets Act (flagging notification). A flagging notification must also be made when a shareholder is entitled to acquire, on the basis of a financial instrument, a number of shares that will reach, exceed or fall below any such threshold or, when the combined ownership share based either on direct holding or holding through financial instruments reaches, exceeds or falls below the flagging threshold described above. In this connection, the definition of financial instrument also refers to such financial instruments the value of which is determined on the basis of the company's share and which have a similar economic effect as a financial instrument that entitles its holder to receive the company's shares. A flagging notification must be made regardless of whether the underlying asset of the financial instrument will be settled physically or in cash. The notification must be submitted without an undue delay, however no later than on the following trading day after the shareholder was informed or should have known about such a change in the shareholder's voting rights or ownership. The shareholder shall be deemed to have been informed of the said transaction no later than two trading days after the transaction. When a Finnish listed company has received a flagging notification, it must disclose the information in a stock exchange release without undue delay.

According to the Finnish Securities Market Act, a shareholder, whose holding increases to more than 30 per cent or more than 50 per cent of the voting rights attached to shares in a Finnish listed company, is obligated to make a public offer for all remaining shares and securities entitling to such shares in the company at fair value (mandatory takeover bid). Under the Finnish Companies Act, a shareholder holding shares representing more than 90 per cent of all the shares and votes in a company has the right to redeem the remaining shares in the company at fair value (right of squeeze-out). In addition, a shareholder whose shares may be redeemed in the above-mentioned manner is entitled to demand redemption (right of sell-out). Detailed rules apply to the calculation of the proportions of shares and votes discussed above.

According to the Finnish Securities Market Act, a Finnish listed company shall directly or indirectly belong to an independent body representing the economy on a wide basis and established in Finland, which has issued a recommendation to promote compliance with good securities markets practice on the actions of the management of the offeree company with regard to a takeover bid (the "**Helsinki Takeover Code**"). According to the Finnish Securities Market Act, a Finnish listed company must provide an explanation for not committing to complying with the Helsinki Takeover Code.

The FIN-FSA must be notified of net short positions in shares listed on the Helsinki Stock Exchange in accordance with Regulation (EU) No 236/2012 on short selling and certain aspects of credit default swaps. The obligation to notify net short positions applies to all investors and market participants. A net short position in relation to the shares of a Finnish listed company must be disclosed where the position reaches, exceeds or falls below the threshold of 0.2 per cent of the target company's issued share capital. A new notification must be submitted for each 0.1 per cent above the threshold. The FIN-FSA will publish any notified net short position that reaches, exceeds or falls below the threshold of 0.5 per cent of the target company's issued share capital on its website.

The Finnish Penal Code (39/1889, as amended) contains provisions relating to breach of disclosure requirements, the misuse of inside information, unauthorized disclosure of inside information and market manipulation. Acts described in such provisions have been criminalized. Pursuant to the MAR, the Finnish Securities Markets Act and the Finnish Act on the Financial Supervisory Authority (878/2008, as amended), the FIN-FSA has the right to impose administrative sanctions for certain breaches provided that the offence is not investigated or charged under the Finnish Penal Code. The FIN-FSA can, for example, issue a public warning, prohibit the person involved to trade securities or impose administrative fines or penalty payments. The disciplinary board of the Helsinki Stock Exchange may give a warning or note or impose a disciplinary fine or order the company to be removed from the official list.

Trading and Settlement on the Helsinki Stock Exchange

Share trading on the Helsinki Stock Exchange occurs through automatic order matching. In carrying out share trades, the Helsinki Stock Exchange uses the INET Nordic trading platform, which is an order-based system in which buy and sell orders are matched as trades when the price and the volume information tally.

The main trading phases in the Helsinki Stock Exchange are pre-trading, continuous trading, the closing auction and post-trading. During the pre-trading session from 9:00 a.m. to 9:45 a.m., orders may be entered, changed or deleted. The opening call begins at 9:45 a.m. and ends at 10:00 a.m. Continuous trading begins sequentially immediately after the end of the opening call at 10:00 a.m., at which time the first share's opening price is determined. Approximately ten minutes later, the opening prices of all the shares have been determined and trading based on market demand continues until 6:25 p.m. The closing auction begins at 6.25 p.m. and ends at approximately 6:30 p.m., when the closing prices are determined. In post-trading between 6:30 p.m. and 7:00 p.m., the only trades that may be registered are contract trades for shares at prices established during the trading day.

Trades are primarily cleared in Euroclear Finland's automated clearing and settlement system (Infinity T2S system) on the second (2nd) banking day after the trade date (T+2) unless otherwise agreed by the parties.

Trading in securities on the Helsinki Stock Exchange and clearing of trades in Euroclear Finland takes place in euros, with the minimum tick size for trading quotations depending on the tick size table. All price information is produced and published only in euros.

The Finnish Book-Entry Securities System

General

Any issuer established in the European Union that issues or has issued transferable securities which are admitted to trading or traded on trading venues, shall arrange for such securities to be represented in book-entry form. An issuer has the right to choose the central securities depository in which its securities are recorded. In Finland, the book-entry system is maintained by Euroclear Finland, which is acting as the central securities depositary. Euroclear Finland maintains a book-entry securities register for both equity and debt securities. The registered office of Euroclear Finland is located at Urho Kekkosen katu 5C, FI-00100, Helsinki, Finland.

Euroclear Finland keeps issuer-specific shareholder registers of companies entered into the book-entry system. According to the Regulation (EU) No 909/2014, central securities depositories are not obliged to offer shareholders free book-entry accounts sponsored by issuers, but may offer such accounts based on a voluntary business decision. The account operators, which consist of, among others, banks, investment services companies and other institutions licensed to act as clearing parties by the central securities depository, are entitled to make entries in the book-entry register and administer the book-entry accounts.

Registration

Shareholders of all companies entered into the book-entry securities system must establish a book-entry account with an account operator or register its securities through nominee registration in order to effect share entries. A

Finnish shareholder may not hold his or her shares through a nominee registered account in the Finnish book-entry system. All transactions in securities registered with the book-entry securities system are executed as computerized book-entry transfers.

Each book-entry account must contain specific information with respect to the account holder or custodian and other holders of rights to the book-entries in the account as well as information on the account operator for the account. Any nominee-registered account must be identified as such when making entries in the account. Euroclear Finland and the account operators are responsible for maintaining the confidentiality of the information they receive. However, a Finnish listed company must keep the shareholders' register accessible to everyone at the head office of the company or, if the company's shares are incorporated in the book entry system, at the registered office of the central securities depository in Finland.

Each account operator is liable for possible errors and omissions in the book-entry registers maintained by it and for any breach of data protection. However, if an account holder has suffered loss as a result of a faulty registration and the account operator is unable to compensate such a loss, such account holder is entitled to receive compensation from the statutory registration fund of Euroclear Finland. The compensation to be paid to one injured party is limited to EUR 25,000. The liability of the registration fund to pay damages in relation to each incident is limited to EUR 10 million.

Custody of Securities and Nominee Registration

According to the Finnish laws, a non-Finnish shareholder may appoint an account operator (or certain non-Finnish organizations approved by the central securities depository) to act as a custodial nominee account holder on its behalf. In some cases, nominee-registration of Finnish shareholders abroad may be possible by virtue of Regulation (EU) No 909/2014 or other EU regulation or, if a Finnish company issues its shares in another EU country. A nominee-registered shareholder is entitled to receive dividends and to exercise all share subscription rights and other financial and administrative rights attached to the shares held in its name. A nominee-registered shareholder wishing to attend and vote at General Meetings of Shareholders should seek a temporary registration in the shareholders' register. A custodial nominee account holder or another nominee is required to disclose to the FIN-FSA and to the relevant issuer, upon request, the actual identity of the shareholder, or the representative acting on behalf of the nominee-registered shareholder if the name of the nominee-registered shareholder is not known, of any shares registered in the name of such a nominee as well as the number of shares owned by such nominee-registered shareholder.

Shareholders wishing to hold their shares in the book-entry securities system in their own name but who do not maintain a book-entry account in Finland are required to open a book-entry account with an account operator as well as a bank account denominated in euros in Finland.

Compensation Fund for Investors

Under Finnish law, investors are divided into professional and non-professional investors. The definition of professional investors includes business enterprises and public entities which can be deemed to know the securities markets and the risks related thereto. Private investors are generally considered to be non-professional investors.

Credit institutions, and such investment services companies managing or retaining clients' assets that do not provide solely intermediation or investment advisory services or organizing of multilateral trading, must belong to a compensation fund for investors. The compensation fund safeguards payment of clear, indisputable receivables that are due when an investment services company or a credit institution, for a reason other than temporary insolvency, is not capable of paying within a determined period of time. Only claims of non-professional investors are paid by the compensation fund. An investor is paid 90 per cent of the investor's receivable, subject to a maximum amount of EUR 20,000. The compensation fund does not compensate for losses due to a fall in equity prices or incorrect investment decisions. If a bank becomes insolvent, customers of a credit institution can be compensated from a statutory deposit guarantee fund for claims up to EUR 100,000.

TAXATION

The following summary is based on the tax laws of Finland as in effect on the date of this Offering Circular, and is subject to changes in Finnish law, including changes that could have a retroactive effect on taxation. The following summary is not exhaustive and does not take into account or deal with the tax laws of any country other than Finland. Prospective investors are advised to consult their own professional tax advisors as to the Finnish or foreign tax consequences of the subscription, ownership and disposition of the Offer Shares and Subscription Rights. Tax legislation of the countries of residence of potential investors may have an effect in addition to Finnish tax legislation on the possible income of the Offer Shares and Subscription Rights, and prospective investors should consult their tax advisors with respect to the tax consequences applicable to their particular circumstances.

The following is a description of the material Finnish income tax consequences that may be relevant with respect to this Offering. The following description of Finnish domestic tax legislation relating to dividend distributions and capital gains arising from the sale of Offer Shares and Subscription Rights is applicable to natural persons and limited liability companies both resident and non-resident in Finland.

The following description does not address tax considerations applicable to the holders of the Offer Shares or Subscription Rights that may be subject to special tax rules, including, among others, different restructurings of corporations, controlled foreign corporations (CFC), non-business carrying entities, income tax-exempt entities or general or limited partnerships. Furthermore, this description addresses neither Finnish inheritance nor gift tax consequences.

This description is based on:

- The Finnish Income Tax Act (1535/1992, as amended);
- The Finnish Business Income Tax Act (360/1968, as amended);
- The Finnish Act on Taxation of Non-residents (627/1978, as amended); and
- The Finnish Transfer Tax Act (931/1996, as amended).

In addition, relevant case law as well as decisions and statements made by the tax authorities in effect and available on the date of this Offering Circular have been taken into account.

All of the foregoing is subject to change, which could apply retroactively and affect the tax consequences described below.

General

Residents and non-residents of Finland are treated differently for tax purposes. The worldwide income of persons resident in Finland is subject to taxation in Finland. Non-residents are taxed on Finnish source income only. In addition, any income received by a non-resident from a permanent establishment in Finland is subject to taxation in Finland. Finnish tax treaties may limit the applicability of the domestic tax legislation and also the right to tax the non-resident’s income that is received from Finland.

Generally, an individual is deemed a resident of Finland if such individual stays in Finland for more than six consecutive months or if the permanent home and dwelling of such individual is in Finland. A Finnish citizen who has left Finland to live in a foreign country is deemed a tax resident in Finland during the tax year of their relocation and three following years unless they can demonstrate that no material ties between them and Finland have existed during the relevant tax year.

Earned income, including salary, is taxed at progressive rates. Capital income is currently taxed at a rate of 30 per cent. However, if the capital income exceeds EUR 30,000 during the calendar year, the tax for the exceeding amount is 34 per cent. Corporate entities established under the laws of Finland and foreign corporate entities whose place of effective management is in Finland are regarded as residents of Finland and are subject to corporate income tax on their worldwide income. Currently, the corporate income tax rate is 20 per cent.

The following is a summary of certain Finnish tax consequences relating to the ownership and disposal of the Offer Shares and Subscription Rights by Finnish resident and non-resident shareholders. The summary also briefly addresses tax questions relating to the purchase of the Offer Shares and Subscription rights.

Taxation of Dividends and Equity Returns

Any distribution of assets from unrestricted equity fund (Chapter 13, Section 1, Subsection 1 of the Finnish Companies Act) by a publicly listed company, as defined in the Finnish Income Tax Act Section 33 a, Subsection 2 (the "**Listed Company**"), is taxed as distribution of dividends. Therefore, the following also applies to the distribution of funds from unrestricted equity fund of the Company.

Resident Individuals

85 per cent of dividends paid by a Listed Company to a Finnish individual shareholder is considered capital income of the recipient, taxable at the rate of 30 per cent (however, if the overall capital income exceeds EUR 30,000 during the calendar year, the tax for the exceeding amount is 34 per cent) while the remaining 15 per cent is tax-exempt.

Distribution of dividends by a Listed Company is obligated to cause advance tax withholding from dividends paid to resident individuals. Currently, the amount of the advance tax withholding is 25.5 per cent of the amount of the dividend. The advance tax withheld by the distributing company is credited against the final tax payable by the individual shareholder for the dividend received. Where shares are held through a nominee account by a Finnish resident individual the withholding rate is 50 per cent if the dividend beneficiary information has not been provided to the payer of the dividend.

Resident individuals must review their pre-completed tax form to confirm that the received dividend income during the tax year is correct. If necessary, the taxpayer must report the correct amount of dividend income and the amount of prepaid income tax to the tax authorities, should these amounts be incorrectly entered in the pre-completed tax form.

If dividends are paid for Shares that are kept on a share savings account, the dividends are considered profit of the share savings account. Such profit is subject to capital tax income at the time when the profit of the share savings account is withdrawn from the share savings account. If a person who is a tax resident in Finland has a share savings account in another member state of the EU or EEA in accordance with the law of that country, the Finnish tax regulations subject to share savings accounts can be applied if the account can be considered comparable to a Finnish share savings account.

Finnish Limited Liability Companies

Dividends received by a Listed Company from another Listed Company are generally tax-exempt. However, in case the shares are included in the investment assets of the shareholder (only financial, insurance and pension institutes may have investment assets referred to in this context), 75 per cent of the dividend is taxable income while the remaining part of the dividend is tax-exempt.

Dividends received by a non-listed Finnish company from a Listed Company are generally taxable income with respect to 100 per cent of the dividend. However, in cases where the non-listed company directly owns 10 per cent or more of the share capital of the Listed Company distributing the dividend, the dividend received on such shares is tax-exempt provided that the shares are not included in the investment assets of the shareholder. If the shares are included in the investment assets of the shareholder, 75 per cent of the dividend is taxable income while the remaining part of the dividend is tax-exempt.

Where shares are held through a nominee account by a Finnish resident company the withholding rate is 50 per cent if the dividend beneficiary information has not been provided to the payer of the dividend.

Non-residents

Dividends paid by a Finnish company to non-residents are subject to Finnish withholding tax. The withholding tax as a final tax at source is withheld by the company distributing the dividend at the time of the dividend payment. The withholding tax rate for a dividend received by a non-resident individual shareholder is 30 per cent whereas the withholding tax rate for a dividend received by a non-resident company is 20 per cent unless otherwise set forth in an applicable tax treaty.

Finland has entered into double tax treaties with many countries pursuant to which the withholding tax rate on dividends paid to persons entitled to the benefits under such treaties is reduced. For example, in the case of the treaties with the following countries, Finnish withholding tax rate regarding dividends of portfolio shares is generally reduced to the following per centages: Austria: 10 per cent; Belgium: 15 per cent; Canada: 15 per cent; Denmark: 15 per cent; France: 0; Germany: 15 per cent; Ireland: 0; Italy: 15 per cent; Japan: 15 per cent; the Netherlands: 15 per cent; Norway: 15 per cent; Spain: 15 per cent; Sweden: 15 per cent; Switzerland: 10 per cent; the United Kingdom: 0; and the United States: 15 per cent. This list is not exhaustive. A further reduction in the withholding tax rate is usually available to corporate shareholders for dividend distributions on qualifying holdings (usually ownership of at least 10 or 25 per cent of the share capital or voting rights of the distributing company). The benefit of reduced withholding rate in an applicable tax treaty will be available if the receiver of the dividend has provided to the payer of the dividend required details on the applicability of the tax treaty.

Where shares in a Finnish company are held through a nominee account, the Finnish distributing company pays the dividends to the nominee account managed by the custodian, who then delivers the dividend payment to the beneficial owner. In case the dividend beneficiary is unknown and therefore the payer of the dividend or the authorised intermediary is unable to report the information on an annual information return to the Tax Administration, 35 per cent tax is withheld on the dividend.

Any tax withheld in excess can be reclaimed after the year of the dividend payment by submitting a refund application to the Finnish Tax Administration no later than by the end of the third calendar year following the dividend payment year provided that the non-resident can prove to be entitled to a lower withholding tax rate under the Finnish tax regulation or applicable tax treaty.

Foreign Companies Residing in the European Union Member States

No withholding tax is levied under Finnish tax laws on dividends paid to foreign corporate entities that reside, and are subject to corporate tax, in an EU member state as specified in Article 2 of the Directive 2011/96/EU on the common system of taxation applicable in the case of parent companies and subsidiaries of different member states (Parent Subsidiary Directive), as amended by the Council Directive EU2013/13/EU and 2017/86/EU, and that directly hold at least 10 per cent of the capital of the dividend distributing Finnish company.

Foreign Companies Residing in the European Economic Area

Dividends paid to certain foreign companies residing in the EEA are either tax-exempt in full or a lowered rate of withholding tax is applied depending on how the dividend would be taxed if paid to a corresponding Finnish corporate entity.

No withholding tax will be levied in Finland from dividends paid by a Finnish company to a non-resident entity, if (i) the entity receiving the dividend resides in the EEA; (ii) the Council Directive 2011/16/EU on Administrative Cooperation in the Field of Taxation and Repealing Directive 77/799/EEC as amended by the Council Directive (EU) 2015/2376 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation, or an agreement on mutual assistance and information exchange in tax matters applies to the home state of the receiver of the dividends; and (iii) the company receiving dividend is equivalent to a Finnish entity defined in the Finnish Income Tax Act Section 33d, Subsection 4 or in Section 6a of the Finnish Business Income Tax Act; (iv) the dividend would be tax-exempt in full if paid to a corresponding Finnish limited liability company (see above " − *Finnish Limited Liability Companies*"): and (v) the entity provides a report (a certificate from the home member state's tax authority) clarifying that in accordance with the treaties on avoiding double taxation applicable in the home state of the receiver of dividends, the withholding tax cannot be reimbursed in full.

If dividend is paid to a foreign company that fulfils the requirements presented above in section (iii) and resides in a country which fulfils the criteria set out in sections (i) and (ii) above, but the dividend would be only partly tax exempt if it was paid to a corresponding Finnish entity (see above "− *Finnish Limited Liability Companies*"), a withholding tax will be withheld on the dividends (see above "− *Non-residents*"*),* but the withholding tax for such dividends will be lowered to 15 per cent (instead of 20 per cent). Thus, notwithstanding entities as defined in the Parent Subsidiary Directive, which fulfil the criteria for tax exemption by directly owning at least 10 per cent of the capital of the Finnish company paying the dividends (see above "− *Foreign Companies Residing in the*

European Union Member States"), the withholding tax rate of 15 per cent will be applied to dividends paid to a foreign entity, if the shares of the Finnish company paying dividends belong to the investment assets of the company receiving the dividends. Depending on the applicable treaty on avoiding double taxation, the applicable withholding tax can also be lower than 15 per cent (see above "− *Non-residents*").

Foreign Individuals Residing in the European Economic Area

The dividends paid to a foreign non-resident individual can upon request by the individual in question be taxed, instead of as withholding tax (see above "− *Non-residents*"), in accordance with the Act on Assessment Procedure (1558/1995, as amended) and thus similarly as resident individuals in Finland are taxed (see above "− *Resident Individuals*"), provided that (i) the individual receiving the dividend resides in the EEA; (ii) the Council Directive 2011/16/EU on Administrative Cooperation in the Field of Taxation and Repealing Directive 77/799/EEC, as amended by the Council Directive (EU) 2015/2376 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation, or an agreement on mutual assistance and information exchange in tax matters applies to the home state of the receiver of the dividend; and (iii) the individual provides a report (a certificate from the home member state's tax authority) clarifying that in accordance with the treaties on avoiding double taxation applicable in the home state of the receiver of dividends, the withholding tax cannot be reimbursed in full.

Capital Gains Taxation

Resident Individuals

Capital gain or loss arising from the sale of the Offer Shares or the Subscription Rights (other than in the context of business activities) is taxable as capital gain or as capital loss deductible from capital gains for resident individuals. Capital gains are currently taxed at a rate of 30 per cent (however, if the overall capital income exceeds EUR 30,000 during the calendar year, the tax for the exceeding amount is 34 per cent). If the disposition of shares is connected to the business activities (business income source) of the seller, any gain arising from the sale is deemed to be a the seller's business income, which will be divided according to the Finnish Income Tax Act to be taxed as earned income at a progressive tax rate and capital income at a flat rate of 30 per cent (however, if the overall capital income exceeds EUR 30,000 during the calendar year, the tax for the exceeding amount is 34 per cent).

Any capital gain or loss is calculated by deducting the original acquisition cost and sales related expenses from the sales price. Alternatively, individuals may, instead of deducting the actual acquisition costs, choose to apply a so-called presumptive acquisition cost, which is equal to 20 per cent of the sales price or, if the shares have been held for at least ten years, 40 per cent of the sales price. If the presumptive acquisition cost is used instead of the actual acquisition cost, any sales related expenses are deemed to be included therein and, therefore, may not be separately deducted from the sales price.

When a shareholder sells its Offer Shares subscribed for in the Offering, the date of acquisition of the Offer Shares is deemed to be the date of acquisition of the underlying shares based on which the shareholder received the Subscription Rights. The acquisition costs of the shares are determined by dividing the total of the acquisition costs of the previously owned shares and the subscription prices of the new Shares subscribed based on the previously owned shares by the total number of the shares based on which the new Shares have been subscribed and the subscribed new Shares. When a shareholder sells the Subscription Rights it has received in connection with the Offering without exercising them for subscribing for the Offer Shares in the Offering, the acquisition cost of the Subscription Rights is deemed to be zero and in such shareholder's taxation the date of acquisition for the Subscription Rights is deemed to be the date of acquisition of the underlying shares entitling to the Subscription Rights. Consequently, the presumptive acquisition cost of 20 per cent or, if the underlying shares have been owned for ten years or more, of 40 per cent may be used in calculating the capital gains resulting from the sales of Subscription Rights.

If the Offer Shares have been subscribed for by the virtue of purchased Subscription Rights, the acquisition date of the Offer Shares shall be deemed to be the date when the Subscription Rights were purchased. The said date shall also determine the applicable amount of presumptive acquisition cost. If the seller wishes to use the actual acquisition costs in connection with the sale of the shares so subscribed, the capital gains or losses shall be calculated by deducting the acquisition cost of both the Subscription Rights and the Offer Shares (and sales related expenses) from the sales price. If purchased Subscription Rights are sold without exercising them for subscribing for the Offer Shares in the Offering, the seller may choose whether the presumptive acquisition cost is used or whether the acquisition cost is deemed to be the actual aggregate of acquisition cost of the Subscription Rights and the sales related expenses.

A capital loss arising from the sale of securities, such as the Offer Shares, is primarily deductible from the resident individual's capital gains and secondarily from other capital income arising in the same year and during the following five calendar years. Capital losses will not be taken into account when calculating the capital income deficit for the calendar year in question. Thus, such capital losses do not affect the amount of the deficit.

Profit generated from the sale of securities kept on a share savings account is not considered as taxable income until the profit is withdrawn from the account. Correspondingly, any loss resulting from the disposal of the securities is not considered deductible for tax purposes. However, the loss generated in the share savings account is deductible in that case when the share savings account will be closed.

Notwithstanding the above, capital gains arising from the sale of assets, such as the Offer Shares, are exempt from tax provided that the proceeds of all assets sold by the resident individual during the calendar year do not, in the aggregate, exceed EUR 1,000 (not including proceeds of assets the sale of which is tax-exempt pursuant to Finnish tax laws). Correspondingly, capital losses are not tax deductible if the acquisition cost of all assets sold during the calendar year does not, in the aggregate, exceed EUR 1,000 and also the proceeds of all assets sold by the resident individual during the calendar year do not, in the aggregate, exceed EUR 1,000.

An individual resident in Finland has to enter information regarding the sale of securities (such as the Offer Shares or Subscription Rights) occurred during the relevant calendar year on the pre-completed tax form.

Finnish Limited Liability Companies

The following applies only to Finnish limited liability companies taxed in accordance with the Finnish Business Income Tax Act. Generally, capital gain arising from the Offer Shares or Subscription Rights is taxable income of the limited liability company.

Shares may be fixed assets, current assets, investment assets (only financial, insurance and pension institutes may have investment assets referred to in this context), financial assets or other assets of a limited liability company. The taxation of a disposal of shares and loss of value may vary according to the asset type for which the shares qualify. Shares may only exceptionally qualify as other than business income source assets of a limited liability company. The provisions of the Finnish Income Tax Act are applied to the capital gains arising from the sale of assets from other income source.

Any sales price from the sale of shares is generally included in the business income of a Finnish company. The acquisition cost of the shares is similarly deductible from business income upon disposal of the shares. However, a participation exemption for capital gains on share disposals is available for Finnish limited liability companies, provided that certain strictly defined requirements are met. Under the participation exemption and except for investment companies, capital gains arising from the sale of shares that are part of the fixed assets of the selling company are not considered as taxable business income and, correspondingly, capital losses incurred on the sale of such shares are not tax deductible, provided, among others, that (i) that the selling company has continuously owned at least 10 per cent of the share capital in the company whose shares are sold and such sold shares have been owned for at least one year, which period has ended no later than one year before the sale, (ii) the company whose shares have been sold is not a real estate or residential housing company or limited liability company whose activities, on a factual basis, consist of ownership or possession of property, and (iii) the company whose shares are sold is resident in Finland or a company meant in Article 2 of the Parent-Subsidiary Directive or it is resident in a country with which Finland has entered into a tax treaty for the elimination of double taxation which is applicable to dividends. Further, based on case law, the application of the participation exemption also requires among other things, that there is an operational connection between the company disposing of the shares and the company whose shares are being sold.

Tax deductible capital losses pertaining to the sale of shares (other shares than shares sold under the participation exemption) that are part of the fixed assets of the selling company can only be deducted from capital gains arising from the sale of shares included in the fixed assets in the same fiscal year and the subsequent five years. Tax deductible capital losses arising from the sale of shares belonging to other assets are tax deductible only from capital gains arising from the sale of other assets in the same fiscal year and the subsequent five years. Capital losses pertaining to the sale of shares that are not part of fixed assets or other assets are tax deductible from taxable income in the same fiscal year and the subsequent ten years in accordance with the general rules concerning losses carried forward.

Non-residents

Non-residents are generally not tax liable in Finland on capital gains realized on the sale of shares or subscription rights of a Finnish company, unless the non-resident taxpayer is deemed to have a permanent establishment in Finland as meant in the Finnish Income Tax Act and the shares are considered as assets of that permanent establishment.

Finnish Transfer Tax

In Finland, transfer tax is not payable in connection with the issuance or subscription of new shares. Transfer tax is generally not payable on the transfer of shares or subscription rights subject to public trading against fixed cash consideration. The transaction is not subject to transfer tax provided that an investment company or a foreign investment service company or another investment service provider, as defined in the Finnish Investment Services Act (747/2012, as amended), is brokering or serving as a party to the transaction or that the transferee has been approved as a trading party in the market where the transfer is executed. If the transferee's broker or other party to the transfer is not a Finnish investment firm, Finnish credit institution or Finnish branch or office of a foreign investment firm or credit institution, the transfer will be tax exempt provided that the transferee liable for tax notifies the Finnish tax authorities of the transfer within two months thereof or that the broker submits an annual declaration concerning the transfer to the Finnish Tax Administration as set forth in the Finnish Act on Assessment Procedure (1558/1995 as amended). Tax exemption does not apply to transfers executed as capital investments or distribution of funds or to transfers in which consideration comprises whether in full or in part of work contribution, or to certain other transfers set out in the Finnish Transfer Tax Act. Accordingly, in case law it has been considered that if an incentive scheme remuneration of key persons is paid in money and the receiver of the remuneration is obliged to purchase shares in the Listed Company with a part of the cash remuneration, consideration of the share purchase comprises in full or in part of work contribution and is thus subject to transfer tax.

The buyer is liable to pay transfer tax amounting to 1.6 per cent of the transaction price in share transfers that do not fulfil the above criteria (2.0 per cent on transfers of shares in a company qualified as a real estate company under the transfer tax act). If the buyer in that case is not tax resident in Finland or a foreign credit institution's or an investment firm's or a fund management company's or an EEA alternative investment fund manager's Finnish branch, the seller must charge the tax from the buyer. If the broker is a Finnish stockbroker or a credit institution or a foreign stockbroker's or credit institution's Finnish branch, it is liable to charge the transfer tax from the buyer and effect the payment on the buyer's behalf. If neither party to the transaction is generally liable for tax in Finland or a foreign credit institution's or an investment firm's or a fund management company's or an EEA alternative investment fund manager's Finnish branch, transfer tax will not be payable on the transfer of shares (excluding transfers of qualified real estate company shares). No transfer tax is levied if the amount of the tax is less than EUR 10.

SELLING AND TRANSFER RESTRICTIONS

Restrictions on Offers and Sales in United States

The Offering has not been approved, disapproved or recommended by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of such regulatory authorities passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this Offering Circular. Any representation to the contrary is a criminal offence in the United States.

The Subscription Rights and the Offer Shares have not been and will not be registered under the U.S. Securities Act, or any state securities laws in the Unites States. Accordingly, the Subscription Rights may not be offered, sold, purchased or exercised, directly or indirectly, in the United States, and the Offer Shares may not be subscribed for, offered or sold, directly or indirectly, in the United States, unless in either case they are registered under the U.S. Securities Act or are subject to an exemption from the registration requirements of the U.S. Securities Act. The Subscription Rights and the Offer Shares are only to be offered and sold outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act.

Although all existing shareholders of the Company, regardless of the jurisdiction in which they reside, will be allocated Subscription Rights, due to such restrictions under applicable laws and regulations, the Company expects that certain shareholders and investors residing in the United States may not be able to receive this Offering Circular and may not be able to exercise the Subscription Rights or subscribe for the Offer Shares.

Each purchaser of the Subscription Rights and Offer Shares outside the United States pursuant to Regulation S will be deemed to have represented and agreed as follows:

1. The purchaser is purchasing Subscription Rights and/or Offer Shares in an offshore transaction meeting the requirements of Regulation S.

2. The purchaser has not purchased the Subscription Rights and/or the Offer Shares as a result of any directed selling efforts.

3. The purchaser is aware that the Subscription Rights and Offer Shares have not been and will not be registered under the U.S. Securities Act, or with any securities regulatory authority of any state of the United States, and are subject to restrictions on transfer.

4. The purchaser will not offer, sell, pledge, or transfer any Subscription Rights or Offer Shares, except in accordance with the U.S. Securities Act and any applicable laws of any state of the United States and any other jurisdictions.

5. The purchaser is not engaged in the business of distributing securities or, if it is, the purchaser agrees that it will not offer or sell in the United States (a) any Subscription Rights and Offer Shares that it acquires in the Offering at any time or (b) any Subscription Rights and Offer Shares that it acquires other than in the Offering until 40 days after the date hereof, except in both cases in transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act.

6. The Company shall not recognize any offer, sale, pledge or other transfer of the Shares made other than in compliance with the above-stated restrictions.

Restrictions on Offers and Sales in the European Economic Area and the United Kingdom

In relation to each relevant member state of the EEA (each, a "**Relevant Member State**"), this Offering Circular is only addressed to, and is only directed at, investors (including existing shareholders of the Company) in that Relevant Member State that fulfil the criteria for exemption from the obligation to publish a prospectus, including qualified investors, within the meaning of the Prospectus Regulation as implemented in each such Relevant Member State.

This Offering Circular has been prepared on the basis that all offers of Subscription Rights and Offer Shares, other than the offer contemplated in Finland and Sweden, will be made pursuant to an exemption under the Prospectus Regulation from the requirement to produce a prospectus for offers of Subscription Rights and Offer Shares.

Accordingly, any person making or intending to make any offer within the EEA of Subscription Rights and Offer Shares which is the subject of the placement contemplated in this Offering Circular should only do so in circumstances in which no obligation arises for the Company or any of the Joint Global Coordinators to produce a prospectus for such offer. Neither the Company nor the Joint Global Coordinators have authorised, nor does any of the Company or the Joint Global Coordinators authorise, the making of any offer of Subscription Rights and Offer Shares through any financial intermediary, other than offers made by the Joint Global Coordinators which constitute the final placement of Offer Shares contemplated in this Offering Circular.

The Subscription Rights and Offer Shares have not been, and will not be, offered to the public in any Relevant Member State, other than Finland and Sweden. Notwithstanding the foregoing, an offering of the Subscription Rights and the Offer Shares may be made in a Relevant Member State: (i) to any qualified investor as defined in the Prospectus Regulation; (ii) to fewer than 150 natural or legal persons per Relevant Member State (other than qualified investors as defined in the Prospectus Regulation subject to obtaining the prior consent of the Joint Global Coordinators); (iii) to investors who acquire Subscription Rights or Offer Shares for a total consideration of at least EUR 100,000 per investor, for each separate offer; (iv) in any other circumstances falling within Article 1(4) of the Prospectus Regulation; provided that no such offer of Subscription Rights or Offer Shares shall result in a requirement for the publication by the Company or any of the Joint Global Coordinators of a prospectus pursuant to Article 3 of the Prospectus Regulation or a supplementary prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “offer to the public” in relation to any Subscription Rights and Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering, the Subscription Rights and the Offer Shares so as to enable an investor to decide to purchase Subscription Rights and purchase or subscribe for Offer Shares.

United Kingdom Restrictions

The Subscription Rights and Offer Shares have not been, and will not be, offered to the public in the United Kingdom, except that the Subscription Rights and the Offer Shares may be offered to the public in the United Kingdom: (i) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation (as defined below); (ii) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or (iii) in any other circumstances falling within Section 86 of the Financial Services and Markets Act 2000 (the “**FSMA**”), provided that no such offer of the Subscription Rights and the Offer Shares shall require the Company or the Joint Global Coordinators to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation. For the purposes of this provision, the expression an “offer to the public” in relation to the Subscription Rights and the Offer Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Subscription Rights or Offer Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Subscription Rights or Offer Shares and the expression “UK Prospectus Regulation” means the Prospectus Regulation as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

In the United Kingdom, this Offering Circular is being distributed only to, and is directed only at, and any offer subsequently made in relation to any Subscription Rights and Offer Shares may only be directed at persons (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”) and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “**Relevant Persons**”). This Offering Circular must not be acted on or relied on in the United Kingdom by persons who are not Relevant Persons. In the United Kingdom, any investment or investment activity, to which this Offering Circular relates, is only available to, and will be engaged in with, Relevant Persons.

Although all existing shareholders of the Company, regardless of the jurisdiction in which they reside, will be allocated Subscription Rights, due to restrictions under applicable laws and regulations in jurisdiction outside of Finland, certain existing shareholders may not be able to receive this Offering Circular and may not be able to exercise their allocated Subscription Rights and to subscribe for the Offer Shares. The Company makes no offer or solicitation to any person under any circumstances that may be unlawful.

Restrictions on Offers and Sales in Canada, Australia and Japan

This Offering Circular may not be distributed or otherwise made available, the Offer Shares may not be offered, sold or subscribed for, directly or indirectly, and the Subscription Rights may not be offered, sold, purchased or exercised, directly or indirectly, in Canada, Australia or Japan, unless such distribution, offering, sale, acquisition, exercise or subscription is permitted under applicable laws of the relevant jurisdiction, and the Company and the Joint Global Coordinators receive satisfactory documentation to that effect.

Due to such restrictions under applicable laws and regulations, the Company expects that certain shareholders and investors residing in Canada, Australia, Japan and other jurisdictions may not be able to receive this Offering Circular and may not be able to exercise the Subscription Rights or subscribe for the Offer Shares. No offer and no solicitation to any person are being made by the Company in any jurisdiction or under any circumstances that would be unlawful.

Information to Distributors

Solely for the purposes of the product governance requirements contained within the MiFID II Product Governance Requirements, and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the securities that are the subject of the Offering have been subject to a product approval process, which has determined that the Subscription Rights and the Offer Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Subscription Rights and the Offer Shares may decline and shareholders and investors could lose all or part of their investment; the Subscription Rights and the Offer Shares offer no guaranteed income and no capital protection; and an investment in the Subscription Rights and the Offer Shares is compatible only with shareholders and investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Global Coordinators will only procure investors who meet the criteria of professional clients and eligible counterparties (except for a public offering to shareholders and investors in Finland and Sweden conducted pursuant to a separate prospectus that has been approved by and registered with the FIN-FSA).

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any shareholder or to any investor or group of shareholders or group of investors to invest in, or purchase, or take any other action whatsoever with respect to, the Subscription Rights and Offer Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Subscription Rights and the Offer Shares and determining appropriate distribution channels.

LEGAL MATTERS

Certain legal matters in connection with the Offering have been passed upon for the Company by Roschier, Attorneys Ltd. Certain legal matters in connection with the Offering have been passed upon for the Joint Global Coordinators by White & Case LLP.

INFORMATION INCORPORATED BY REFERENCE

The Company's consolidated financial statements for the financial years ended 31 December 2022 and 31 December 2021 and unaudited consolidated interim report for the nine months ended 30 September 2023 are incorporated into and form part of the Offering Circular by reference. The non-incorporated information in the documents incorporated by reference is not relevant for investors or can be found elsewhere in the Offering Circular. The referenced documents are available on the Company's website at www.finnair.com/rightsissue.

Document	Information by reference
Finnair Group Annual Report 2022, pages 52–104 https://investors.finnair.com/en/annual-report-2022.pdf	Audited consolidated financial statements and the auditor's report for the financial year ended 31 December 2022
Finnair Group Annual Report 2021, pages 44–95 https://investors.finnair.com/en/annual-report-2021.pdf	Audited consolidated financial statements and the auditor's report for the financial year ended 31 December 2021
Finnair Group Interim Report 1 January–30 September 2023 https://investors.finnair.com/2023/finnair-interim-report-q3-2023-en.pdf	Unaudited consolidated interim report for the nine months ended 30 September 2023

DOCUMENTS ON DISPLAY

In addition to the documents incorporated by reference, the Company's Finnish language Articles of Association, the Finnish Prospectus and this Offering Circular are available on the Company's website at www.finnair.com/rightsissue.

THE COMPANY

Finnair Plc
Tietotie 9
FI-01053 Vantaa
Finland

JOINT GLOBAL COORDINATORS

Deutsche Bank Aktiengesellschaft
Taunusanlage 12
60325 Frankfurt am Main
Germany

Nordea Bank Abp
Satamaradankatu 5
FI-00020 NORDEA
Finland

LEGAL ADVISER TO THE COMPANY

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

LEGAL ADVISER TO THE JOINT GLOBAL COORDINATORS

White & Case LLP
Aleksanterinkatu 44
FI-00100 Helsinki
Finland

AUDITOR

KPMG Oy Ab
Töölönlahdenkatu 3 A
FI-00100 Helsinki
Finland