Financial Information 2024

Contents

CEO REVIEW

Review of the year 2024

During 2024, we continued to execute Finnair's strategy in a highly competitive market. Travel demand and average ticket fares declined after a record strong year 2023, while capacity in the market increased.

We carried 11.7 million passengers during the year, approximately 6 per cent more than in the previous year. Our revenue increased by 2 per cent, mainly driven by higher ancillary revenue. Our comparable operating result decreased by 18 per cent from the strong comparison year, as operating expenses increased more than revenue, mainly due to higher capacity. Unit revenue per available seat kilometre decreased by 3.6 per cent, as ticket fares and travel demand declined from the previous year.

Our net cash flow from operating activities was strong, and we systematically implemented measures to further strengthen the balance sheet during the year. Thanks to the positive result and our strengthened financial position, we have the opportunity to reward our shareholders after a long time with a return of capital of 0.11 euros per share as proposed by the Board of Directors.

Measured in available seat kilometres and taking wet lease outs into account, our capacity increased by 6.8 per cent during the year, which was less than we predicted due to industrial action in the early and late part of the year and aircraft maintenance needs, among other things. At the end of the year, we received the 18th Airbus A350 wide-body aircraft,

"We are currently finalising a strategy update focusing on a deeper understanding of our customers' needs and strengthening Finnair's competitiveness."

which immediately began operating on our long-haul flights and supports the growth of our business. Two of our Airbus A330s are leased to our **one**world partner Qantas.

During the year, we flew a successfully balanced route network. On our eleven Asian routes, we continue to have a strong foothold in key Asian markets. At the same time, the role of North Atlantic and European traffic in our business has grown. We increased flights to, for example, Finnish Lapland, the Canary Islands, northern Norway and London, reopened our route to Nagoya in Japan and added weekly frequencies to Dallas.

Customer satisfaction, measured by Net Promoter Score, was 37 for the full year. We completed the cabin renovation of our long-haul aircraft, and the new premium economy class, the completely redesigned business class and the refreshed economy class are now available on all our long-haul routes. In July, we opened a new, bigger lounge in the Schengen area of Helsinki airport. Our loyalty program Finnair Plus entered a new era in March when we introduced the Avios loyalty currency, and the program became based on money spent. In the fourth quarter, the pilots' industrial action and other traffic disruptions weakened customer satisfaction to some extent. We invest in the management of disruptions so that we can minimise their impact and provide customers with high-quality and timely service even in exceptional situations. A deeper understanding of customer needs and meeting those play a key role in the development of Finnair's offering and customer service and will be a special focus area for us in the upcoming strategy period.

In October, we set a science-based emissions reduction target, which was validated by the Science Based Targets Initiative (SBTi). Our goal is to reduce the emission intensity (CO_2e/RTK) of our operations by 34.5 per cent by 2033 from a 2023 baseline. We focus on reducing our own emissions, and our means of achieving this goal consist of investing in sustainable aviation fuel beyond regulatory requirements, improving operational efficiency, optimising the network and investing in fleet renewal. Increasing the use of sustainable aviation fuel accounts for more than half of the CO_2e reduction we are aiming for, and the development of its availability and price is crucial to achieving the climate targets of Finnair and other airlines. The costs of reducing the environmental impact of aviation will increase significantly due to regulatory measures, such as the abolition of free emissions allowances and sustainable aviation fuel mandates. We aim to cover the cost increases with profitable flying and, for example, by optimising ancillary sales.

Finnair's personnel play a key role in executing the company's strategy and customer experience. At the end of the year, we introduced a new tool to hear the views of our personnel. A strong safety culture, support from the work community, meaningfulness of work, equality and commitment to common ethical principles emerged as strengths in the personnel survey. As development areas, the personnel raised remuneration, well-being at work and the feeling of appreciation. During the year, we invested in the competence development of our personnel and managerial work and introduced new employee benefits. We continue to develop the personnel experience and build a unified Finnair spirit as part of the company's strategy.

Looking ahead, we are currently finalising a strategy update focusing on a deeper understanding of our customers' needs and strengthening Finnair's competitiveness. Continuous improvement and cost efficiency are essential in developing our competitiveness in a highly competitive market. We invest in customer experience and in developing our operations to ensure that our position as a safe and high-quality airline and a trusted partner for our customers is maintained and strengthened. As part of the strategy update, we are also preparing a partial renewal of our narrow-body fleet.

I would like to warmly thank both our customers and shareholders for their trust in Finnair. A warm thank you also to all Finnair employees for their committed work in serving customers and ensuring smooth and safe flights.

Turkka Kuusisto,
CEO

Report of the Board of Directors

REPORT OF THE BOARD OF DIRECTORS

Business model and operating environment

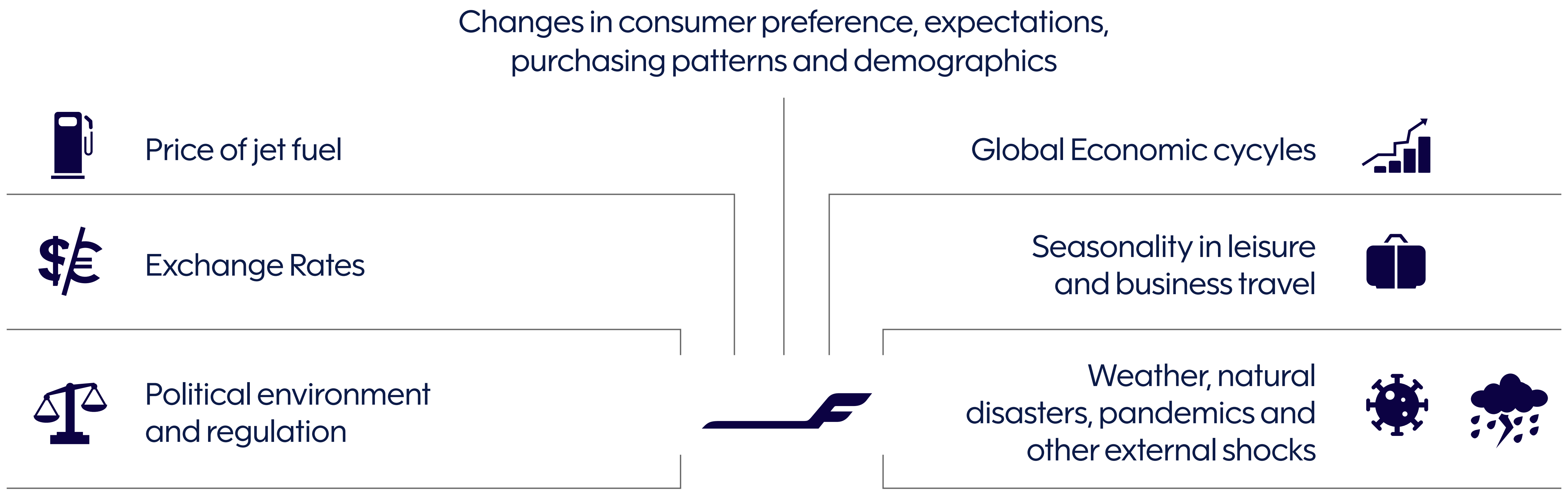
Finnair is a network airline that specialises in passenger and cargo traffic between Europe, North America, Asia and Middle East. It also offers package tours under its Aurinkomatkat-Suntours (later Aurinkomatkat) brand. Finnair offers direct flights to approximately 40 countries and over 100 destinations.

The company's loyalty programme Finnair Plus strengthens engagement with customers and generates valuable customer data. It is one of Finland's leading loyalty programmes with more than 5 million members. The number of Finnair Plus members grew by 8 per cent during 2024. The programme currently has around 100 partners. In the spring of 2024, Finnair's frequent flyer programme entered a new era, as the frequent flyer currency was replaced by Avios, which is the common currency for frequent flyers used by several partner airlines. With Avios, Finnair's loyal customers have even wider opportunities to take advantage of the benefits they have accrued in the program.

Finnair engages in close cooperation with certain **one**world partners. The company participates in joint businesses, namely the Siberian Joint Business (SJB) on flights between Europe and Japan, and the Atlantic Joint Business (AJB) on flights between Europe and North America. Further, Finnair cooperates with Qatar Airways in the Middle East and Qantas on the routes connecting Australia and Asia which Finnair operates.

Read more on Finnair's website.

External factors influencing airlines



Finnair's business is cyclical in nature and, in addition to long-term megatrends, heavily influenced by external factors described in the adjacent picture. Many of these factors have had a strong impact on Finnair's operations, especially in recent years.

The company's key intangible resources include the brand and reputation built over the years, skilled and competent employees and strategic partnerships with key suppliers. These resources enable Finnair to maintain its competitive edge and are a key part of the company's long-term growth strategy.

Business environment in 2024

In 2024, the aviation market normalised after the exceptional post-pandemic surge. As demand stabilized, and industry capacity increased, average ticket fares decreased from record high levels. The uncertain economic outlook in Finland combined with weaker than expected demand development in Asia had a negative impact on Finnair's performance in its main markets. Towards the end of the year, the demand environment showed signs of improvement.

The ongoing closure of the Russian airspace to EU carriers in 2022 significantly affected Finnair's Asian routes, necessitating up to 40 percent longer flight paths. The company has continued operating to most of its Asian destinations but has limited operations especially to China. Finnair has encountered increased competition from Chinese carriers on Asian routes, as the ability of these carriers to utilise the Russian airspace bestows upon them a competitive advantage. Furthermore, demand for air travel between Europe and China has yet to recover.

Scheduled market capacity, measured in available seat kilometres, increased by 9.2 per cent (10.4) between origin Helsinki and Finnair's European destinations, by 18.7 per cent (95.2) between Finnair's Asian and European destinations and by 0.8 per cent (17.4) between Finnair's North Atlantic and European destinations. Industrial action in Finland had an impact on Finnair's operations, leading to the cancellation of approximately 550 flights in the first quarter and more than 500 flights in the fourth quarter.

Demand for Aurinkomatkat travel packages grew from the exceptionally strong comparison year, despite a weakening demand environment. Especially towards the end of the year, the effects of inflation and weaker consumer confidence became visible and resulted in tougher price competition. The warm and sunny weather in Finland and the hot summer of the Mediterranean destinations weakened demand during the summer season, increasing sales of cheaper last-minute departures. Winter season capacity was increased to popular destinations such as Thailand, Madeira and the Canary Islands. The growth in demand for city holidays levelled off after the strong growth seen in the previous years. Globally increased demand for popular travel destinations increased hotel prices and weakened their availability. The crisis in the Middle East has not had a significant impact on the demand for travel packages. Aurinkomatkat continued to invest in customer experience, resulting in weighted NPS (Net Promoter Score) of 64 (60). Consumers rated Aurinkomatkat as the best company in terms of customer experience in the Customer Index 2024 survey conducted by the Customer Marketing Association. According to the 2024 travel package statistics compiled by the Finnish Tourism Association SMAL, the share of Aurinkomatkat of the total number of passengers on travel packages abroad by air was the largest, 33.1% (34.9%).

The cargo business faced headwinds early in the year in the form of growing supply and softening demand. As the year progressed, demand began to level, positively impacting market prices. The situation in the Red Sea caused supply chain disruptions favourable to air freight, especially from Asia. Sea cargo shipping delays supported higher air freight yields.

The US dollar, which is the most significant expense currency for Finnair after the euro, weakened by 0.1 per cent against the euro. Both the US dollar and the euro-denominated average market prices of jet fuel were 10.0 per cent lower than in the previous year. Changes in fuel price and exchange rates are, however, not directly reflected in Finnair's result due to its hedging policy, as the company hedges its fuel purchases and key foreign currency items.

Financial performance in 2024

Revenue

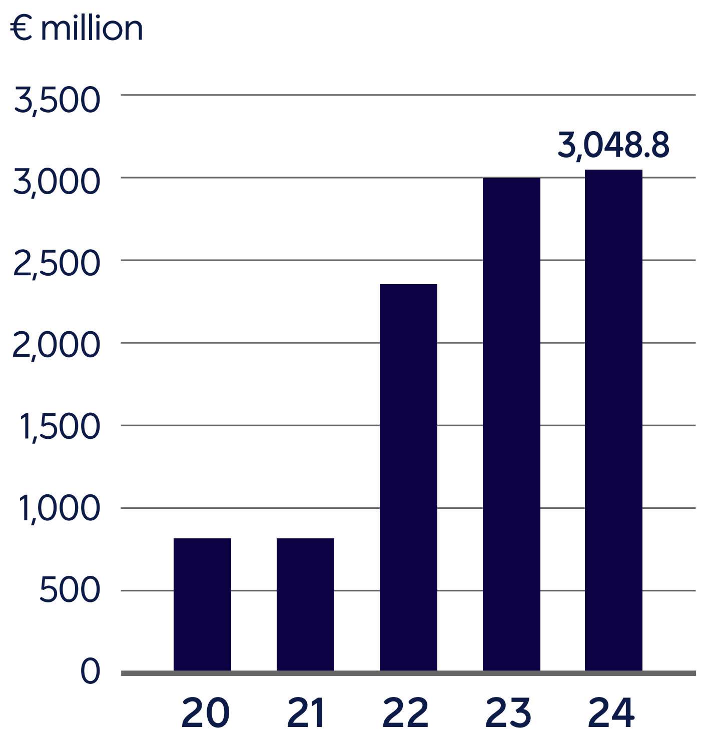
Finnair's total revenue increased by 2.0 per cent compared to the previous year, mainly driven by higher ancillary revenue.

Unit revenue (RASK) decreased by 3.6 per cent and amounted to 7.97 cents (8.27). The decrease was caused by lower passenger yields, a lower passenger load factor and normalised revenue recognition related to expired tickets.

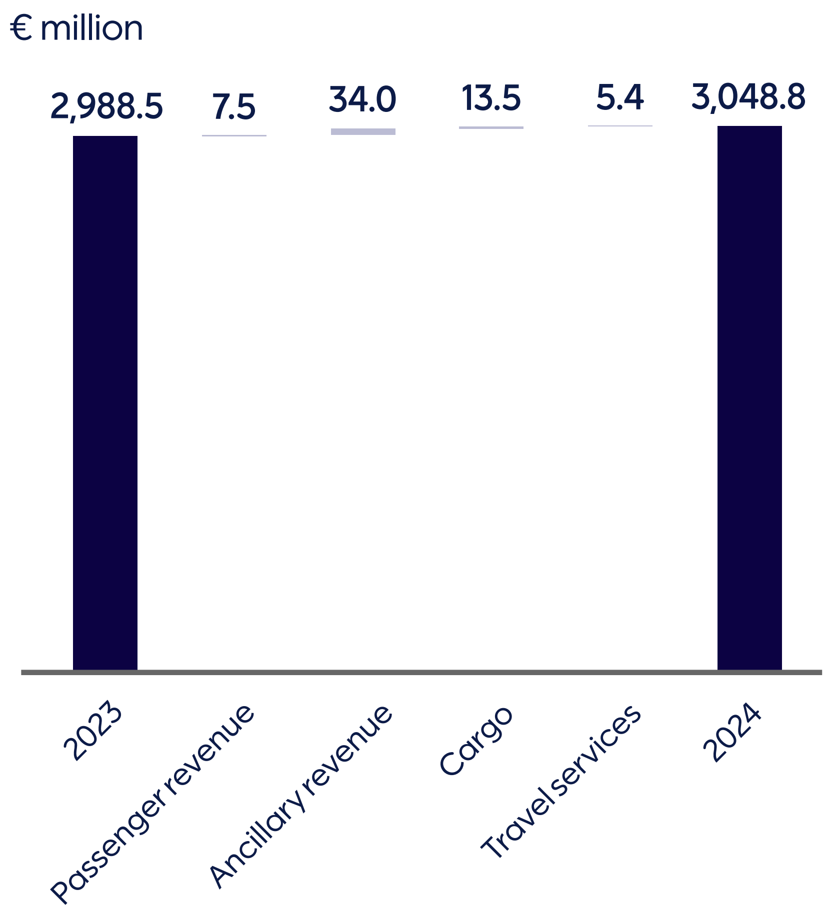
Revenue by product

EUR million	2024	2023	Change %
Passenger revenue	2,419.0	2,411.6	0.3
Ancillary revenue	181.8	147.8	23.0
Cargo	205.5	192.0	7.0
Travel services	242.4	237.1	2.3
Total	**3,048.8**	**2,988.5**	**2.0**

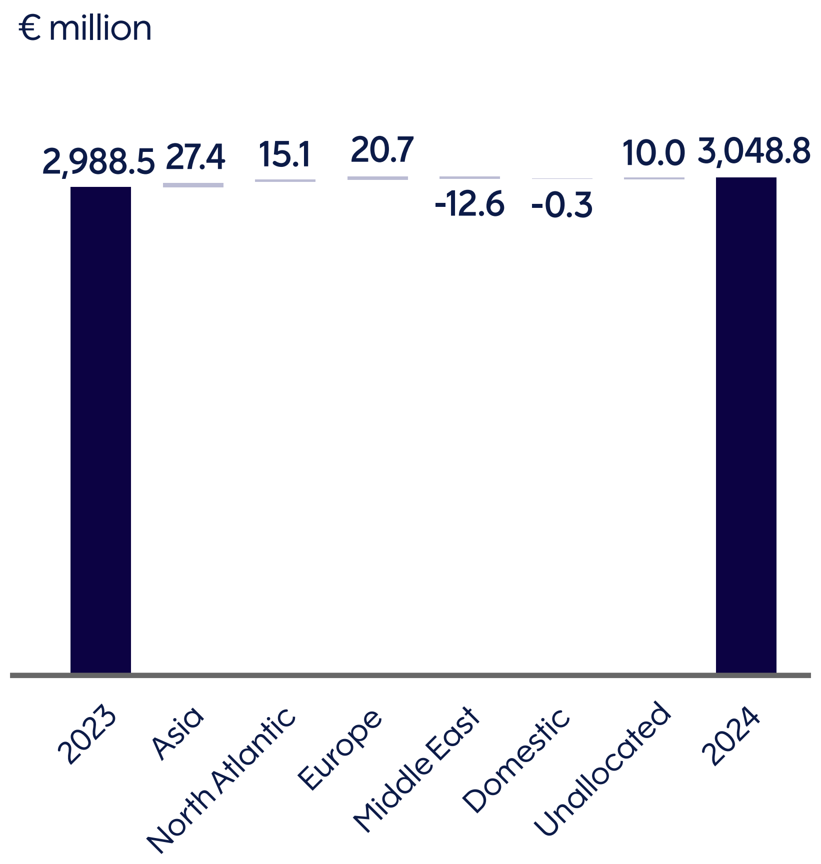
Revenue



Revenue bridge by product



Revenue bridge by traffic area



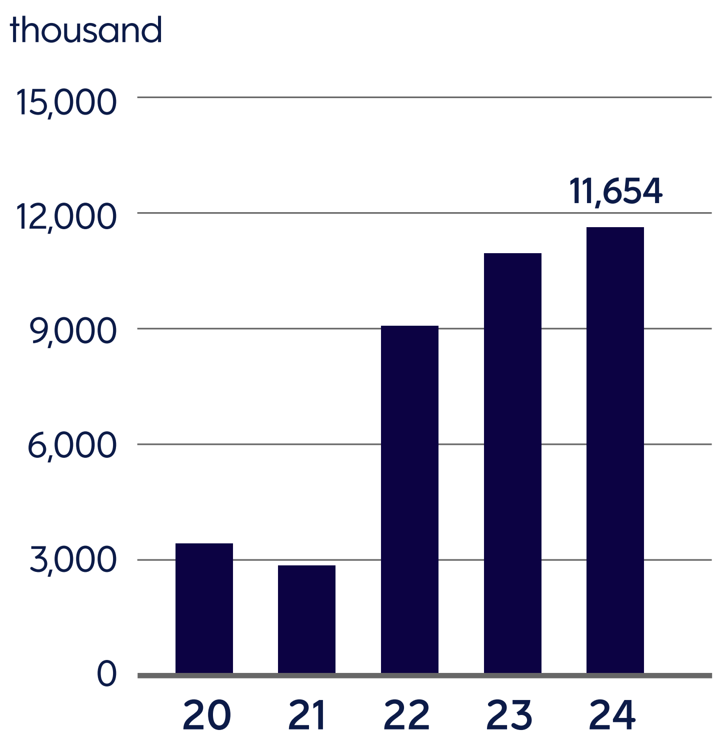
Passenger traffic

Passenger revenue increased by 0.3 per cent, while traffic capacity, measured in Available Seat Kilometres (ASK), increased by 5.8 per cent. The increase was partly explained by the additional narrow-body capacity that was in Finnair's own, more efficient use since April 2024 after the wet lease outs to British Airways ended in March. The additional capacity was allocated to European and domestic traffic. Including wet lease outs, Available Seat Kilometres increased by 6.8 per cent, driven by the co-operation with Qantas started in Q4 2023. Growth was slower than expected due to operational reasons and industrial action. The number of passengers increased by 6.1 per cent to 11,654,500 passengers. Traffic, measured in Revenue Passenger Kilometres (RPK), increased by 5.0 per cent, but the passenger load factor (PLF) decreased by 0.6 percentage points to 75.8 per cent.

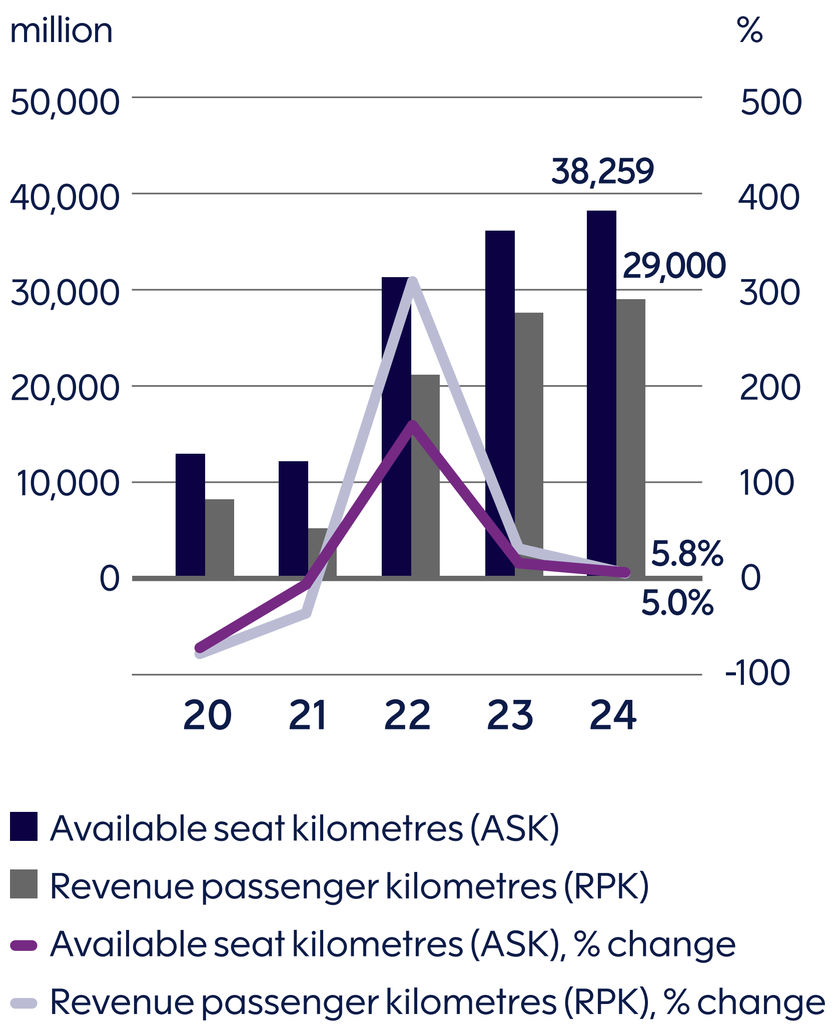
The distance-based reported traffic figures are based on the great circle distance and, thus, do not reflect the longer Asian routings caused by the closure of the Russian airspace. As a result, they are not fully comparable with the figures prior to the airspace closure. During the period, adjusted ASKs, taking into account the longer sector lengths, would be c. 15 per cent higher than the reported ASKs.

In Asian traffic, ASKs grew by 5.9 per cent due to increased capacity to Japan. RPKs increased by 7.1 per cent and, consequently, the PLF increased by 0.9 percentage points to 77.4 per cent.

Number of passengers



Available seat kilometres (ASK) and revenue passenger kilometres (RPK)



Passenger revenue and traffic data by area

	Passenger revenue		ASK		RPK		PLF	
Traffic area	2024 MEUR	2023 MEUR	2024 Mill. km	2023 Mill. km	2024 Mill. km	2023 Mill. km	%	Change %-p
Asia	775.1	763.2	13,506.9	12,752.0	10,450.5	9,755.9	77.4	0.9
North Atlantic	225.4	214.9	3,958.1	4,162.9	3,107.4	3,019.7	78.5	6.0
Europe	1,050.0	1,045.3	16,268.7	14,760.0	12,234.8	11,618.9	75.2	- 3.5
Middle East	196.1	206.3	2,944.7	3,054.4	2,134.5	2,211.9	72.5	0.1
Domestic	171.0	172.7	1,580.9	1,425.3	1,073.0	1,019.8	67.9	- 3.7
Unallocated	1.4	9.3						
Total	**2,419.0**	**2,411.6**	**38,259.3**	**36,154.5**	**29,000.2**	**27,626.4**	**75.8**	**- 0.6**

In North Atlantic traffic, ASKs decreased by 4.9 per cent due to cut frequencies to many US destinations, while RPKs increased by 2.9 per cent. As a result, the PLF increased by 6.0 percentage points to 78.5 per cent.

In European traffic, ASKs grew by 10.2 per cent, as majority of the increase in narrow-body capacity was allocated to routes in Europe. RPKs grew only by 5.3 per cent and, thus, the PLF decreased by 3.5 percentage points to 75.2 per cent.

In Middle Eastern traffic, ASKs decreased by 3.6 per cent, mainly due to temporarily ceased operations to Israel. RPKs decreased by 3.5 per cent and, thus, the PLF increased by 0.1 percentage points to 72.5 per cent.

Domestic traffic capacity increased by 10.9 per cent due to the additional narrow-body capacity allocated to northern routes. RPKs increased by 5.2 per cent and, consequently, the PLF decreased by 3.7 percentage points to 67.9 per cent.

Ancillary

Ancillary revenue increased by 23.0 per cent to 181.8 million euros (147.8), while ancillary revenue per passenger increased by 15.9 per cent to 15.60 euros (13.46). The positive change was mainly explained by the ticket reforms introduced in June 2023, which increased both customers' freedom of choice and ancillary sales. Advance seat reservations, excess baggage and frequent flyer programme-related revenue were the largest ancillary categories.

Cargo

Revenue cargo tonne kilometres increased by 6.6 per cent and total cargo tonnes by 8.6 per cent. Cargo revenue increased by 7.0 per cent, driven by higher volumes. It should be noted that Finnair reports the cargo traffic figures related to the Qatar Airways cooperation as the operating carrier. However, revenue related to these flights is reported in passenger revenue in full.

Travel services

Travel services' financial development was supported by higher volumes but burdened by inflation, weaker consumer confidence and limited hotel availability. The total number of travel service passengers increased by 1.0 per cent, while the load factor in allotment-based capacity was 93.4 per cent. Travel service revenue increased by 2.3 per cent to 242.4 million euros (237.1).

Other operating income

Other operating income increased by 9.4 per cent to 128.0 million euros (117.0) as a result of Qantas wet lease out flights started in Q4 2023.

Operating expenses included in comparable operating result

Finnair's operating expenses, included in the comparable operating result, increased by 3.6 per cent, mainly due to higher capacity. In addition, the capacity increase to Asia increased costs, as the closure of Russian airspace in 2022 increased routings by up to 40 per cent. Finnair continued its cost efficiency actions during the year.

Operating expenses included in comparable operating result

EUR million	2024	2023	Change %
Staff and other crew related costs	518.6	498.1	4.1
Fuel costs	893.0	899.6	-0.7
Capacity rents	111.7	107.2	4.2
Aircraft materials and overhaul	216.9	207.2	4.7
Traffic charges	270.6	233.8	15.7
Sales, marketing and distribution costs	123.0	117.1	5.1
Passenger and handling costs	440.3	414.1	6.3
Property, IT and other expenses	121.7	111.9	8.8
Depreciation	329.5	332.6	-0.9
Total	**3,025.4**	**2,921.5**	**3.6**

Unit cost (CASK) decreased by 2.4 per cent and totalled 7.57 cents (7.76). CASK excluding fuel decreased by 0.6 per cent and amounted to 5.24 cents (5.27). The decrease was driven by increased capacity, lower jet fuel price[1], as well as achieved cost savings.

Operating expenses included in the comparable operating result, excluding fuel, increased by 5.5 per cent.

Fuel costs, including hedging results and emissions trading costs, decreased by 0.7 per cent thanks to lower jet fuel price, despite increased capacity. Fuel efficiency (as measured in fuel consumption per ASK) weakened by 1.5 per cent. Fuel consumption per Revenue Tonne Kilometre (RTK), which also accounts for developments in both passenger and cargo load factors, weakened by 1.9 per cent due to a lower passenger load factor.

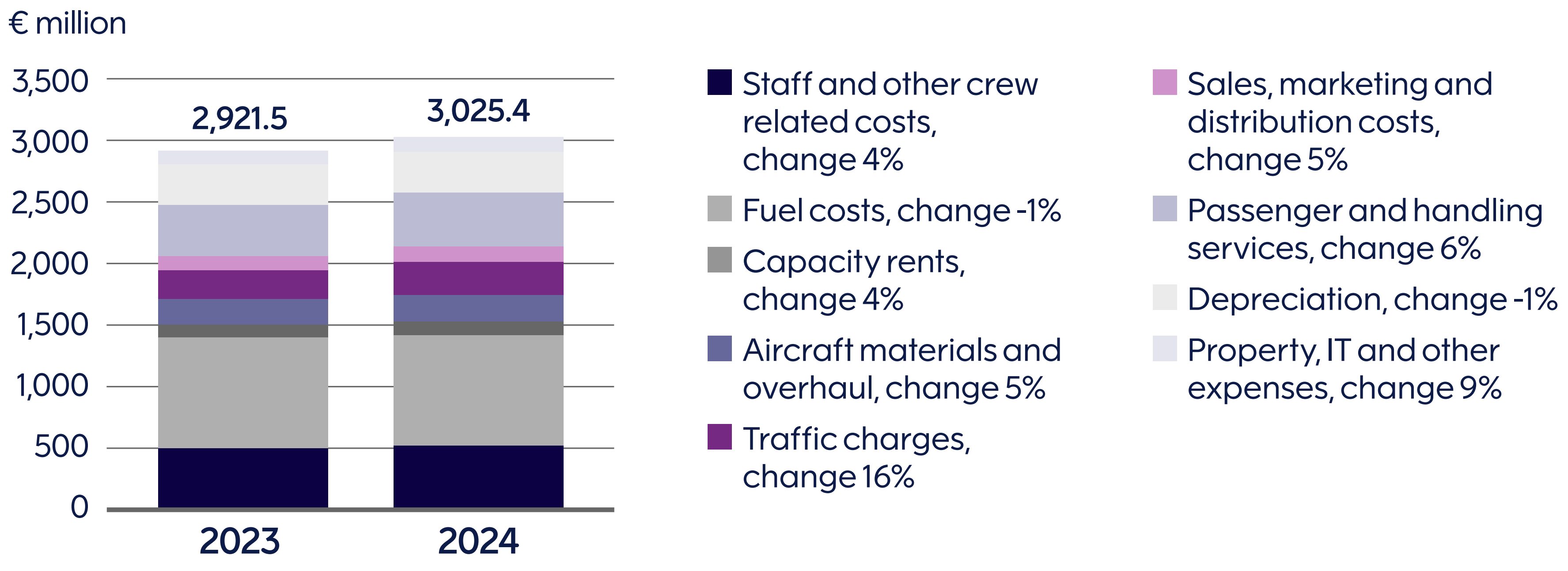
Staff and other crew-related costs, aircraft materials and overhaul costs, sales, marketing and distribution costs as well as passenger and handling costs increased due to added capacity and a larger number of passengers.

Traffic charges increased more than capacity due to higher navigation and landing charges. Further, some costs were reallocated from passenger and handling costs to traffic charges during the year and, thus, these cost items are not fully comparable.

Capacity rents, covering purchased traffic from Norra and any wet lease ins, increased as a result of growth in capacity and price increases. Property, IT and other expenses increased mainly due to higher IT costs and exchange rate changes.

[1] Fuel price impact including the impact of currencies and hedging.

Operating expenses included in comparable operating result



Key Figures – Revenue and profitability

		2024	2023	2022	2021	2020
Revenue	EUR mill.	3,048.8	2,988.5	2,356.6	838.4	829.2
change from previous year	%	2.0	26.8	181.1	1.1	-73.2
Comparable operating result	EUR mill.	151.4	184.0	-163.9	-468.9	-595.3
Comparable operating result of revenue	%	5.0	6.2	-7.0	-55.9	-71.8
Operating result	EUR mill.	114.2	191.4	-200.6	-454.4	-464.5
Comparable EBITDA of revenue	%	15.8	17.3	6.5	-17.8	-30.3
Basic earnings per share (EPS)[1]	EUR	0.18	2.25	-6.03	-5.74	-8.63
Unit revenue per available seat kilometre (RASK)	cents/ ASK	7.97	8.27	7.53	6.93	6.41
Unit revenue per revenue passenger kilometre (yield)	cents/ RPK	8.34	8.73	8.09	8.13	6.48
Unit cost per available seat kilometre (CASK)	cents/ ASK	7.57	7.76	8.05	10.81	11.01
CASK excluding fuel	cents/ ASK	5.24	5.27	5.38	9.06	9.21

[1] A rights offering was implemented in November 2023 and, therefore, 2020-2022 key figures based on the number of shares have been restated accordingly. In March 2024, Finnair executed a reverse split, i.e. a reduction of the number of shares where every 100 old shares in the company corresponds to one new share.

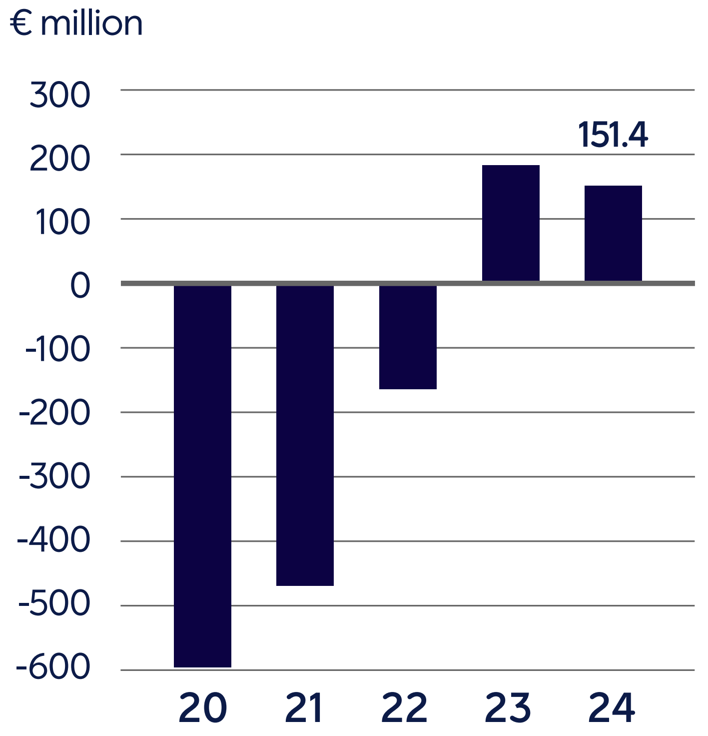
Result

Finnair's comparable EBITDA and comparable operating result both decreased from the strong comparison period, as operating expenses increased more than revenue, mainly driven by capacity growth.

Operating result decreased, primarily due to changes in defined benefit pension plans of -40.2 million euros (0.0). These changes were mainly related to the obligations of Finnair Pension Fund, for which indexation was partially returned based on the precedent issued by the Supreme Administrative Court of Finland. In 2020, Finnair had booked a corresponding positive one-off item of 133 million euros related to the removal of indexation of the obligations of Finnair Pension Fund. Unrealised changes in foreign currencies relating to fleet overhaul provisions were -6.1 million euros (7.1). Finnair recognised an impairment of 0.7 million euros (13.7) related to lease agreements for a maintenance hangar and its land area situated in the Helsinki airport area. Other items affecting comparability consisted of fair value changes of derivatives for which hedge accounting is not applied, sales gains or losses and restructuring costs. These items totalled 9.8 million euros (14.0) and were mostly related to positive result impacts from lease buyouts regarding one A350 and one A321 aircraft.

Net financial expenses decreased on the back of lower financial expenses, driven by e.g. loan repayments and buy-outs of previously leased aircraft. Income taxes in the comparison year included a total of 117 million euros of re-recognised deferred tax assets related to 2020 and 2021 tax losses that had been written down earlier, as well as 28 million euros of deferred tax assets related to 2022 tax losses. Result for the period was positive, thanks to profitable Q2 and Q3.

Comparable operating result



Result

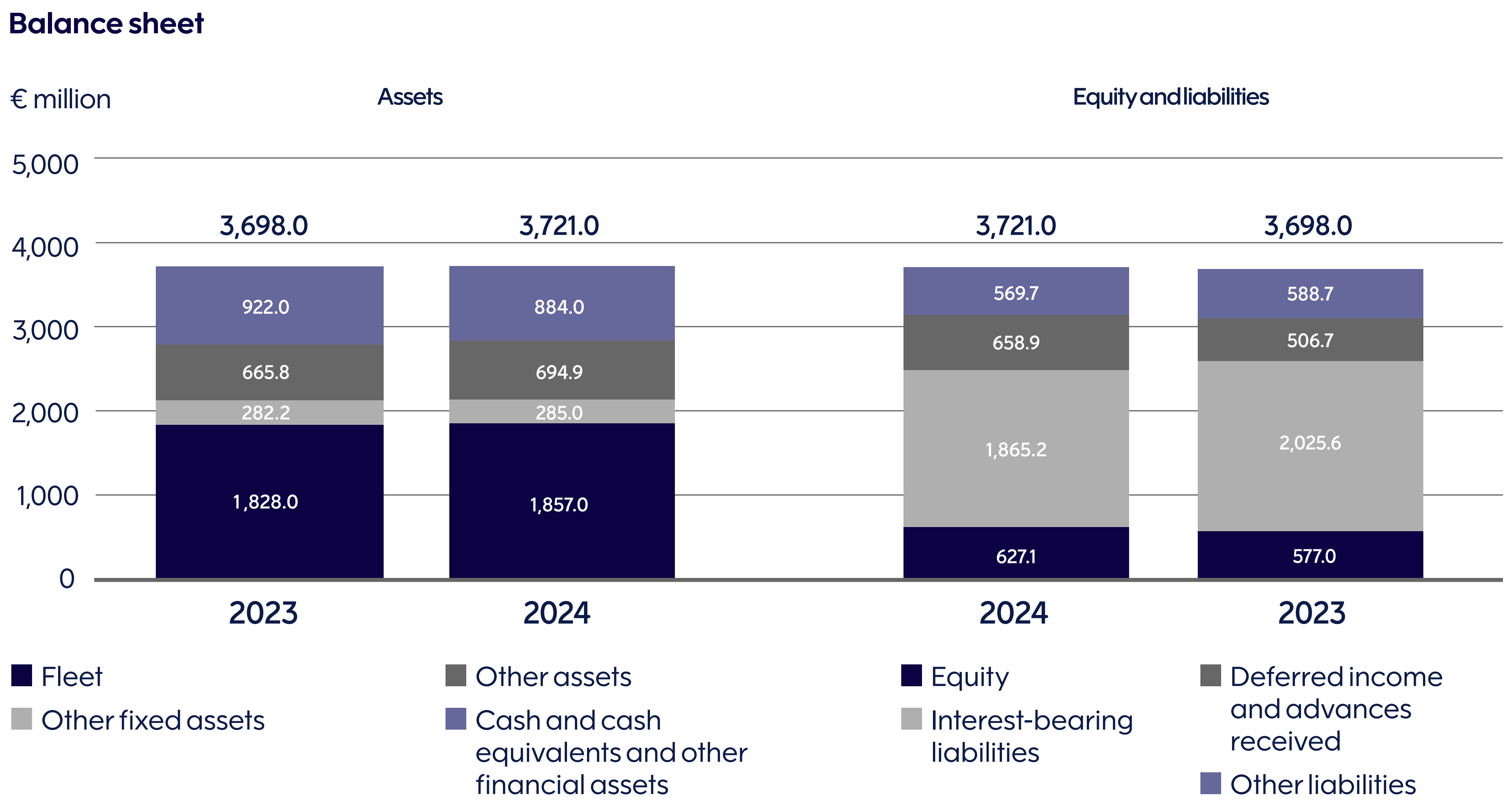
EUR million	2024	2023	Change %
Comparable EBITDA	**480.9**	**516.5**	**-6.9**
Depreciation and impairment	-329.5	-332.6	0.9
Comparable operating result	**151.4**	**184.0**	**-17.7**
Items affecting comparability	-37.2	7.5	<-200
Operating result	**114.2**	**191.4**	**-40.3**
Financial income	44.9	56.2	-20.1
Financial expenses	-107.2	-142.2	24.6
Exchange gains and losses	-5.8	13.7	-142.3
Result before taxes	**46.1**	**119.1**	**-61.3**
Income taxes	-9.1	135.2	-106.8
Result for the period	**37.0**	**254.3**	**-85.5**

Financial position and capital expenditure

Balance sheet

The Group's balance sheet totalled 3,721.0 million euros at the end of December (3,698.0). Fleet book value increased by 167.8 million euros to 1,220.8 million euros (1,053.0) due to the reception of a new A350 aircraft in December and the lease buyouts of one A350 and one A321 aircraft. The right-of-use fleet decreased by 138.8 million euros to 636.2 million euros (775.0) due to depreciation and lease buyouts.

Receivables related to revenue increased by 10.7 million euros to 165.1 million euros (154.4). Net deferred tax assets declined to 221.7 million euros (234.0). Pension assets declined to 95.0 million euros (128.0), as indexation of the obligations of Finnair Pension Fund was partially returned. Pension obligations declined slightly to 0.6 million euros (0.8).

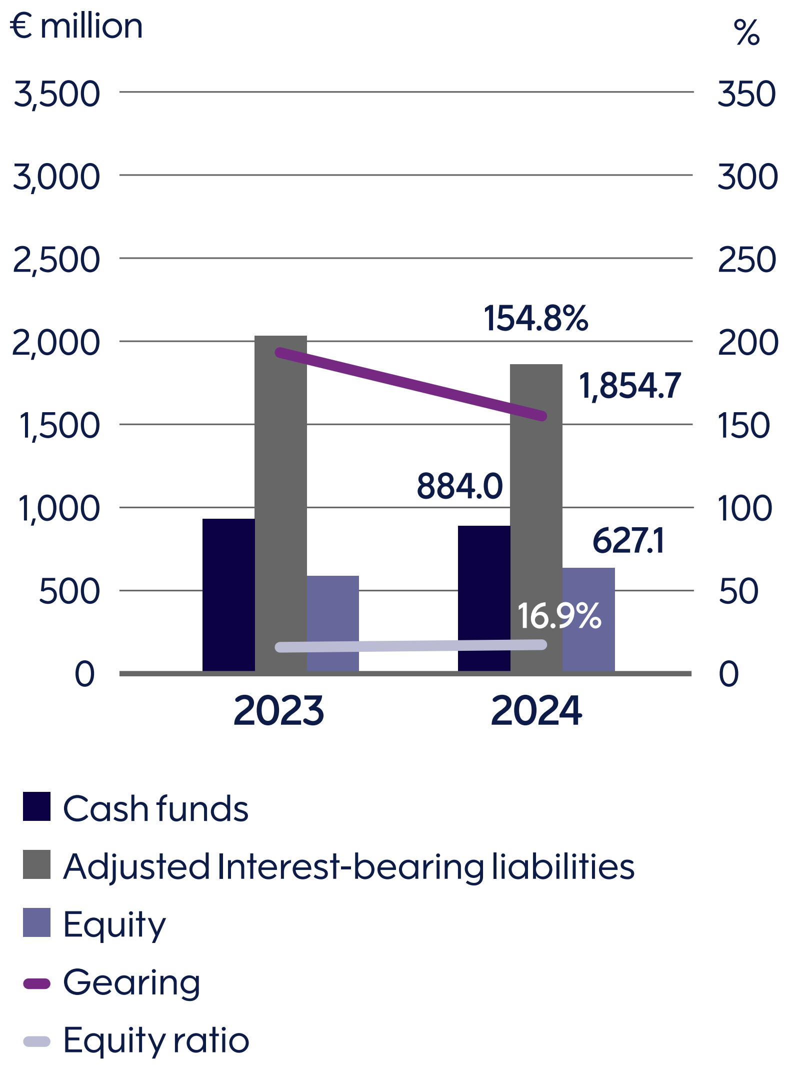


Deferred income and advances received increased by 152.2 million euros to 658.9 million euros (506.7), mainly due to an increase in the unflown ticket liability, which amounted to 525.4 million euros (394.8).

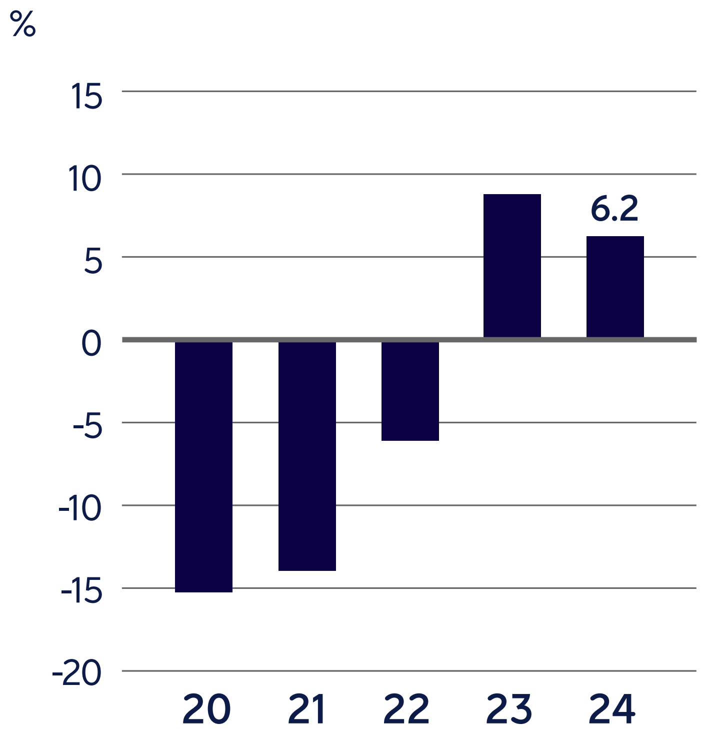
Shareholders' equity increased to 627.1 million euros (577.0), or 3.07 euros per share (2.82[2]), primarily due to the positive result for the year. Shareholders' equity includes a fair value reserve that is affected by changes in the fair values of jet fuel and currency derivatives used for hedging, as well as actuarial gains and losses related to defined benefit plans. The value of the item at the end of December was 61.8 million euros after deferred taxes (48.6). The increase was primarily due to actuarial gains from defined benefit plans.

[2] *A reverse split, where every hundred old shares were combined into one new share, was executed during Q1 2024. As the total number of shares decreased accordingly, it had a hundredfold impact on equity per share. The shareholders' equity per share for the comparison period has been restated accordingly.*

Equity ratio and gearing



Return on capital employed (ROCE)



Key Figures – Capital structure

		2024	2023	2022	2021	2020
Equity ratio	%	16.9	15.6	9.9	11.8	24.6
Gearing	%	154.8	192.8	266.4	321.8	153.2
Interest-bearing net debt	EUR mill.	970.7	1,112.5	1,094.0	1,530.9	1,373.8
Interest-bearing net debt / Comparable EBITDA		2.0	2.2	7.1	-10.3	-5.5
Gross capital expenditure	EUR mill.	463.8	484.2	199.6	434.5	515.9
Return on capital employed (ROCE)	%	6.2	8.8	-6.1	-13.9	-15.2
Cash to sales	%	29.0	30.9	64.7	151.0	99.3

Cash flow and financial position

Net cash flow from operating activities increased, supported by changes in working capital and lower net financial expenses. Net cash flow from investments was negative mainly due to fleet-related investments. Net cash flows from both operating activities and investments were impacted by the transfer of receivables of 57 million euros from a payment processing company from short-term to long-term receivables. Net cash flow from financing activities was also negative, even though Finnair issued a new, unsecured 500-million-euro senior bond maturing in 2029 during the second quarter. Loan repayments, including a repayment of the old, unsecured 400-million-euro senior bond and the remaining 280 million euros of the 600-million-euro pension premium loan, totalled c. 706 million euros. Further, the company made lease liability repayments and paid share issue costs.

The equity ratio on 31 December 2024 improved compared to the year-end 2023 on the back of a positive result for the period. Gearing declined, thanks to lower interest-bearing net debt.

The company's liquidity at the end of the period remained strong on the back of a good net cash flow from operating activities and limited investments. Further, in April, Finnair agreed on a new secured revolving credit facility[3] of 200 million euros for general corporate purposes. The arrangement was unused at the end of the year and carries a three-year tenor with a one-year extension option.

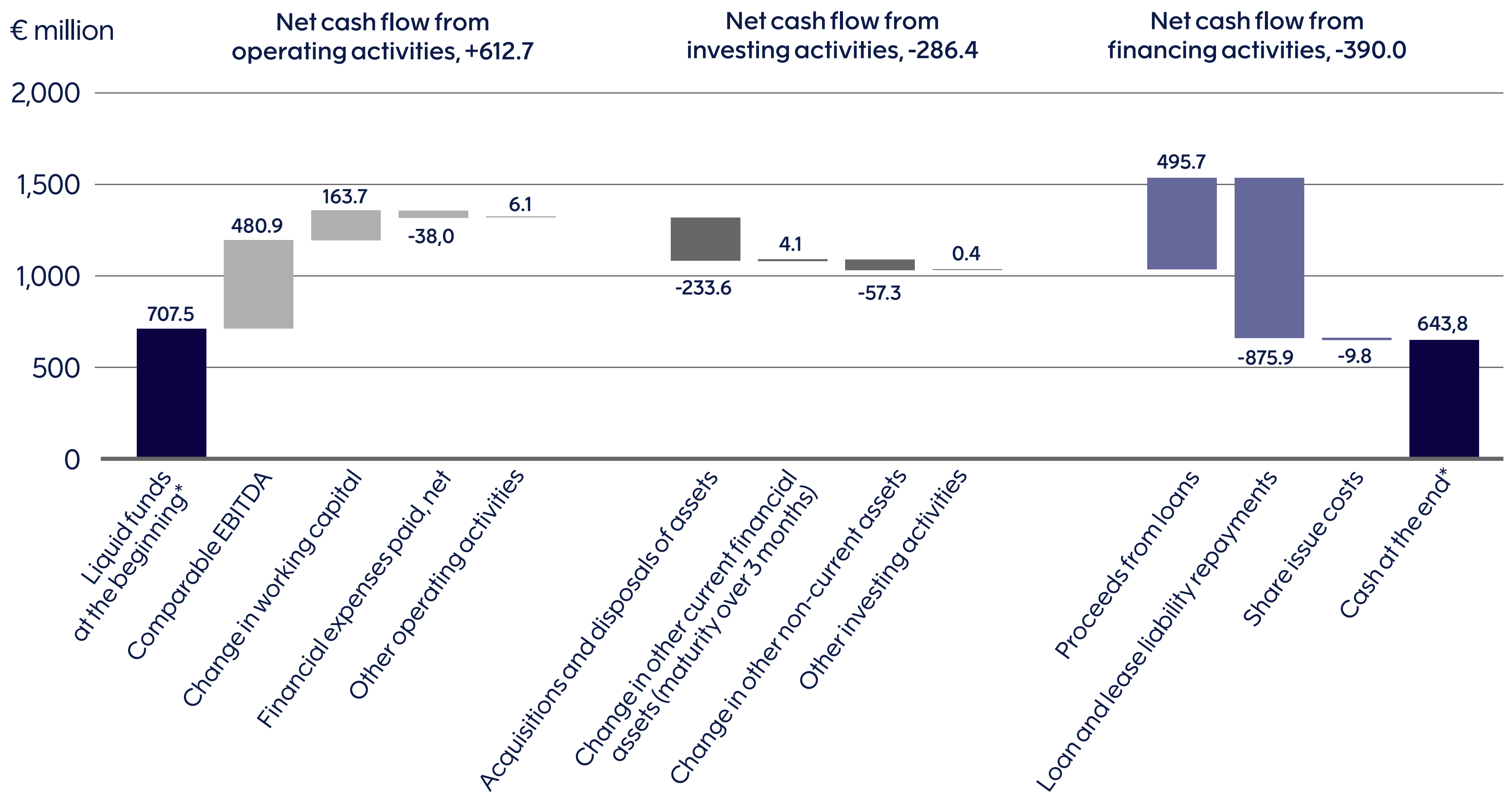
Adjusted interest-bearing liabilities decreased from year-end 2023, thanks to loan and lease liability repayments. The share of lease liabilities totalled 1,004.4 million euros (1,115.0).

[3] *The financial covenant of the facility is a net debt to EBITDA ratio of 3.75 or less. At the end of the year, Finnair's ratio was 2.0.*

Cash flow

EUR million	2024	2023
Net cash flow from operating activities	612.7	472.3
Net cash flow from investing activities	-286.4	-464.0
Net cash flow from financing activities	-390.0	-676.4

Cash flow change 2024



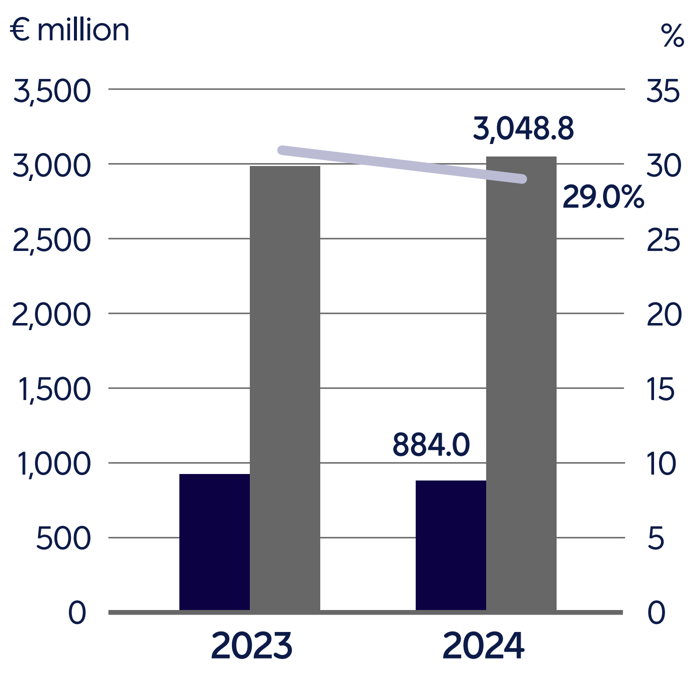
Capital structure

%	31 Dec 2024	31 Dec 2023
Equity ratio	16.9	15.6
Gearing	154.8	192.8

Liquidity and net debt

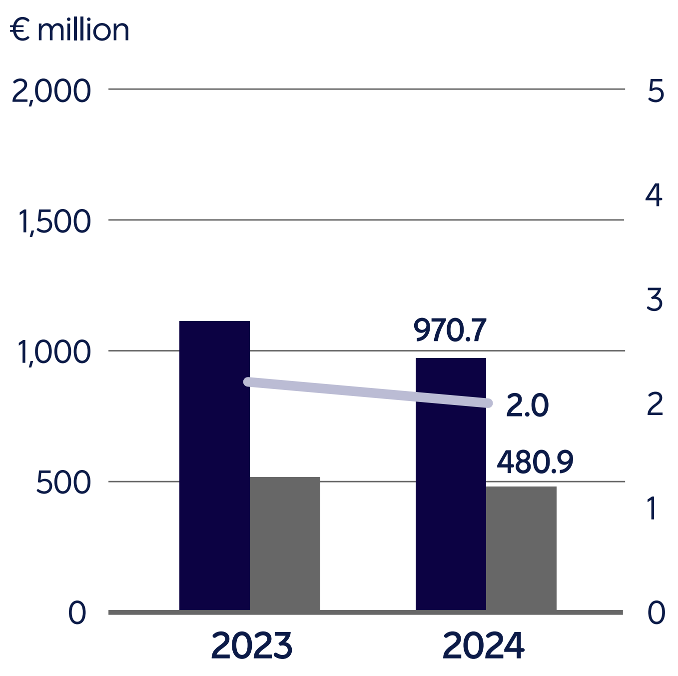
EUR million	31 Dec 2024	31 Dec 2023
Cash funds	884.0	922.0
Adjusted interest-bearing liabilities	1,854.7	2,034.5
Interest-bearing net debt	**970.7**	**1,112.5**

Cash to sales



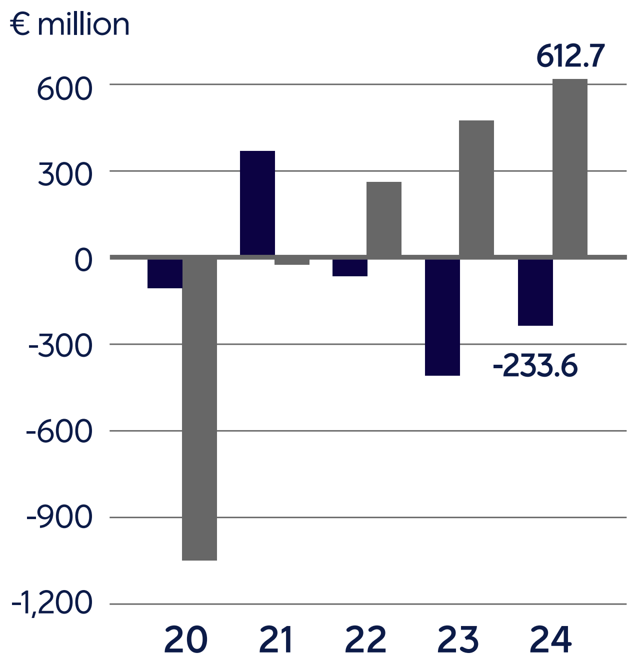
■ Cash funds
■ Revenue
▬ Cash to sales

Net debt to EBITDA



■ Interest-bearing net debt
■ Comparable EBITDA
▬ Interest-bearing net debt / comparable EBITDA

Investments cash flow and net cash flow from operations



■ Investment cash flow*
■ Net cash flow from operations
* Including investments and divestments of fixed assets and group shares.

Capital expenditure

Gross capital expenditure, excluding advance payments, totalled 463.8 million euros during 2024 (484.2) and was primarily related to fleet investments. Cash flow from investments (including fixed asset investments and divestments, sublease payments received, advance payments and change in other non-current assets) totalled -290.5 million euros (-403.3). The ECA (Export Credit Agency) financed A350 aircraft received in December is not included in cash flow from investments, as the cash flow related to the acquisition of the aircraft did not go through Finnair, but from the financier to Airbus.

Change in other current financial assets (maturity over three months) totalled 4.1 million euros (-60.7) and is part of the total net cash flow from investments, which amounted to -286.4 million euros (-464.0).

For the financial year 2025, cash flow from investments (including only fixed asset investments and advance payments) relates mainly to the fleet and is expected to total -92 million euros. Investment cash flow includes both committed investments as well as estimates for planned, but not yet committed, investments.

The company has 44 unencumbered aircraft, which account for approximately 38.4 per cent of the balance sheet value of the entire fleet of 1,857.0 million euros.[4]

[4] Fleet value includes right of use assets, as well as prepayments of future aircraft deliveries.

Shareholder return policy and the Board's proposal for the distribution of profit

The aim of Finnair's shareholder return policy is to pay, on average, one-third of earnings per share as dividend or capital distribution during an economic cycle. 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 payments.

In connection with the 570-million-euro rights issue implemented in November 2023, Finnair announced that it is targeting to reinstate its ability for shareholder distributions from 2025 onwards based on the 2024 financial statements.

In 2024, earnings per share were 0.18 euros (2.25). Finnair Plc's distributable equity amounted to 634,622,303.69 euros on 31 December 2024. The Board of Directors proposes to the Annual General Meeting that a return of capital of 0.11 euros per share be distributed to shareholders. The return of capital shall be paid in two instalments. The first instalment of 0.06 euros per share shall be paid to a shareholder who is registered in the shareholder register of the company maintained by Euroclear Finland Oy on the record date of 31 March 2025. The payment date proposed by the Board of Directors for this instalment is 7 April 2025. The second instalment of 0.05 euros per share shall be paid in November. It shall be paid to a shareholder who is registered in the shareholder register of the company maintained by Euroclear Finland Oy on the record date, which, together with the payment date, shall be decided by the Board of Directors in its meeting scheduled for 28 October 2025.

Fleet

Finnair's operating fleet

Finnair's fleet is mainly managed by Finnair Aircraft Finance Oy, a wholly-owned subsidiary of Finnair Plc, and partly by Finnair Plc. At the end of the year, Finnair itself operated 56 aircraft, of which 26 were wide-body and 30 narrow-body aircraft. Finnair took delivery of its 18th A350 aircraft in December. The average age of the fleet operated by Finnair was 13.2 years.

Fleet renewal

At the end of the year, Finnair had eighteen A350 aircraft, which were delivered between 2015–2024, and one A350 aircraft on order from Airbus. The last aircraft on order is scheduled to be delivered to Finnair in Q2 2026, but the delivery is likely to be delayed until the second half of 2026. Finnair has successfully completed the rollout of its new 200-million-euro long-haul cabin renewal, with all long-haul aircraft refurbished since Q2 2024.

Finnair's investment commitments for property, plant and equipment, totalling 163 million euros, include the upcoming investments in the wide-body fleet.

Fleet operated by Norra (purchased traffic)

Nordic Regional Airlines (Norra) operates a fleet of 24 aircraft for Finnair on a contract flying basis. All the aircraft operated by Norra are leased from Finnair Aircraft Finance Oy.

Fleet operated by Finnair[1]

31 Dec 2024	Seats	#	Change from 31 Dec 2023	Own[2]	Leased	Average age 31 Dec 2024	Ordered
Narrow-body fleet							
Airbus A319	144	5		5	0	23.6	
Airbus A320	174	10		10	0	22.4	
Airbus A321	209	15		8	7	10.4	
Wide-body fleet							
Airbus A330	279	8		4	4	15.2	
Airbus A350	278/321	18	1	7	11	6.8	1
Total		**56**	**1**	**34**	**22**	**13.2**	**1**

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

Fleet operated by Norra[1]

31 Dec 2024	Seats	#	Change from 31 Dec 2023	Own	Leased	Average age 31 Dec 2024	Ordered
ATR	68–70	12		6	6	15.4	
Embraer E190	100	12		9	3	16.5	
Total		**24**	**0**	**15**	**9**	**16.0**	

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

Strategy implementation

Finnair's current strategy period ends at the end of 2025. An updated strategy will be communicated during 2025.

In Q2 2023, Finnair set a new financial target: comparable operating profit margin of 6% by the end of 2025. The strategy themes to achieve this target are:

- 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

In the last quarter of 2023, Finnair carried out a rights issue of 570 million euros. At the same time, the company supplemented its key long-term financial targets. In addition to the previously announced comparable EBIT margin target of 6%, Finnair aims to achieve a net debt of 1–2 times comparable EBITDA by the end of 2025, and to restore the company's ability for shareholder distributions from 2025 onwards.

In Q4 2024, Finnair decided to align its long-term climate ambition with the industry's united objective of achieving net-zero carbon emissions by 2050.

Finnair'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 be 80–100 million euros annually; the company would be able to utilise its recognised deferred tax assets[5], which would limit the corporate tax payable over the medium term; and the company would maintain a cash to sales ratio of 30 per cent over time.

Customer-centric commercial and operational excellence

Finnair aims to be a modern Nordic airline, providing customers with the ability to tailor their journey at each step of the process as well as to remain relevant outside of the air travel experience. The first step has been to significantly increase the share of direct distribution, improve digital sales capability, and develop revenue optimisation and partner utilisation. The next step is to smooth the process from the customer's perspective by shifting to customer-centric and data-driven sales, strengthening customer relationships by providing the right product at the right time and increasing customer engagement with more targeted sales communications. Safety as well as excellent on-time performance and regularity remain at the core of Finnair's operational quality, and the company invests in the use of analytics and data to provide a smooth and timely travel experience.

[5] On 31 December 2024, Finnair had 179 million euros of recognised deferred tax assets related to confirmed tax losses, which would limit payable corporate taxes when utilised.

The role of digital services is a key part of Finnair's strategy, and its importance will continue to grow. The average monthly number of unique and verified Finnair website visitors in 2024 increased by 30.4 per cent compared to the previous year and totalled 2.8 million (2.1). The number of active users of the Finnair mobile application increased by 22.9 per cent to 1,057,000, as customers were able to effect more changes and purchase more ancillaries directly from the app. The share of passengers in Finnair's modern channels[6] grew to 70.5 per cent (67.8), driven by the increasing NDC (New Distribution Capability) share in all customer segments.

The updated strategy still emphasises the utilisation of joint businesses with airline partnerships (Atlantic Joint Business or AJB and Siberian Joint Business or SJB). This highlights the role of **one**world 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 the new routes connecting Australia and Asia which Finnair operates. Finnair's partnerships provide Finnair customers with an extensive global network and, on the other hand, significantly strengthen Finnair's distribution power.

Product and service quality are still differentiating factors for Finnair, in which operative quality plays an important role. Finnair's on-time performance declined to 75.4 per cent (80.9) in 2024, impacted by airspace and air traffic control capacity restrictions in Europe, difficult weather conditions, renovation work at Helsinki Airport and industrial action. Finnair's long-haul traffic emphasises a high-quality, differentiating travel experience, while smoothness, simplicity and efficiency are key to intra-European traffic. Finnair's Net Promoter Score (NPS) measuring customer satisfaction was at a good level of 37 (35). NPS has been positively impacted e.g. by the refurbished wide-body aircraft cabin, which has received very positive feedback from Finnair customers. In addition, customers have appreciated Finnair's new lounge opened in July at Helsinki Airport. Finnair continues to invest in customer experience, next renewing the cabins of the Embraer aircraft used in European traffic. The first refurbished Embraer cabin has been in operation since the end of October. During the winter season 2024–2025, seven more aircraft are renewed.

[6] Modern sales channels include direct as well as modern, digital indirect channels.

Key Figures – Customer centric commercial and operational excellence

		2024	2023	2022	2021	2020
Net Promoter Score		37	35	40	38	48
On-time performance	%	75.4	80.9	79.0	82.3	90.2
Share of passengers in modern channels[6]	%	70.5	67.8	66.5	71.5	51.2
Average number of monthly visitors at finnair.com	mill.	2.8	2.1	2.3	1.1	1.1
Active users for Finnair mobile app	1 000	1,057	860	711	326	187
Ancillary revenue	EUR mill.	181.8	147.8	123.2	44.1	62.3
Ancillary revenue per passenger	EUR	15.60	13.46	13.54	15.47	17.88

Balanced growth supported by optimised fleet

Due to the closure of the Russian airspace, Finnair's hub lost its unique geographic advantage, as flying around Russia lengthens the routings between Helsinki and the mega cities in Japan, South Korea and China by up to 40 per cent, depending on the destination. Finnair has therefore re-balanced its network with an emphasis on the West and the Middle East and optimised its European network and traffic structure to increase efficiency.

Through the Qantas wet and dry lease agreements and the cooperation with Qatar Airways, Finnair is able to productively deploy its A330 fleet despite the closure of the Russian airspace, while maintaining flexibility in the near term to restore connectivity between Asia and Europe. In Q3 2024, Finnair agreed with Qatar Airways that the cooperation ends on 15 January 2025 on flights between Stockholm, Copenhagen and Doha, but Finnair continues to offer codeshare flights to Qatar Airways Airways in addition to the flights between Helsinki and Doha it still operates. Finnair is able to productively deploy the two available A330 aircraft starting in January 2025 also in its own network.

Faster, standardised turnarounds at airports, improved aircraft utilisation and aircraft returned from British Airways wet lease outs, as well as the A350 aircraft delivery in Q4 2024 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

Maintaining profitable and competitive operations require Finnair to continuously review its cost levels with a view to containing cost increases. However, the company has moved from programme-based cost reductions towards continuous cost efficiency improvement to ensure its competitiveness and to protect the opportunity to maintain investments in customer experience also in the future.

During the year, Finnair continued to advance existing savings projects and developed new projects that, among other things, utilise opportunities offered by artificial intelligence.

Among industry sustainability leaders

Finnair is committed to continuously and systematically developing its operations in every relevant aspect of sustainability. The company aims to be among the most sustainable airlines in the world. To achieve this, the company must perform visible and effective acts of social and environmental sustainability, as well as cooperate closely with its partners and supply chain. To invest more sustainably, the company must also ensure that the economic development of its business supports such investments.

In October 2024, Finnair redefined its climate commitments and set a new science-based target to reduce its carbon emissions intensity (CO_2e/RTK) by 34.5 per cent by 2033 from a 2023 baseline. The Science Based Targets initiative (SBTi) has validated the company's target. Translated to absolute CO_2e emissions, the target equates to a reduction of approximately 13 per cent in CO_2e emissions using the parameters that have been established for the period.

SBTi requires airlines to decarbonise within their own operations, and Finnair's toolkit to reaching the target is comprised of investing in sustainable aviation fuels (SAF) beyond regulatory requirements, further improving operational efficiency, optimising its network, and eventually updating its fleet renewal plan. Increasing the use of SAF accounts for over half of the targeted CO_2e reduction for Finnair.

In November 2024, Finnair launched a new feature in the flight booking system, whereby customers have the possibility to make a SAF contribution when booking their flights on Finnair's website or through the Finnair app.

In connection with setting the new SBTi target, Finnair reviewed its long-term climate target of achieving carbon neutrality by 2045. After careful consideration, the company decided to align its long-term climate ambition with the industry's united objective of achieving net-zero carbon emissions by 2050.

Social responsibility is a key component of the company's sustainability work. This means taking care of the safety and health of its employees and customers in all circumstances, promoting human rights, equality, non-discrimination, and diversity in the workplace and in the company's value chain, and offering accessible services.

Key Figures – Among industry sustainability leaders

		2024	2023	2022	2021	2020
Fuel consumption	tonnes	1,031,296	960,357	788,104	364,478	365,492
CO_2 emissions	tonnes	3,248,584	3,025,124	2,482,528	1,148,107	1,151,299
CO_2 emissions	g/ASK	84.9	83.7	79.3	94.9	89.0
CO_2 emissions	g/RTK	938.1	920.5	926.9	931.7	948.6

Key Figures – Adaptable Finnair culture driven by engaged people

		2024	2023	2022	2021	2020
Average number of employees		5,533	5,195	5,336	5,614	6,573
Absences due to illness, target decrease from the previous year		4.2	4.6	5.4	2.3	3.8
Attrition rate	%	2.5	3.7	7.3	6.8	7.4
LTIF (Lost-time injury frequency)	%	5.4	5.5	6.8	5.6	4.4

Building a sustainable balance sheet

In building a sustainable balance sheet, it is essential to maintain the achieved business profitability. This strengthens equity and improves cash flows, which enables debt repayment and – together with continuous cost efficiency – builds a sustainable balance sheet. This strategy theme is also incorporated into other strategy themes.

In 2024, Finnair's financial position continued to strengthen, as its net cash flow from operating activities improved compared to the previous year. Furthemore, S&P Global Ratings assigned a long-term issuer credit rating of BB+ to Finnair Plc with a stable outlook. It is the first credit rating for Finnair. A public rating enables deeper funding sources from debt capital markets and increases execution certainty of financing transactions. As a testament to this, Finnair signed a binding secured revolving credit facility of 200 million euros for general corporate purposes and successfully issued a new 500-million-euro unsecured senior bond to refinance the old 400-million-euro unsecured senior bond. The new bond will mature in 2029 and carries a fixed annual interest of 4.750 per cent. Finnair also repaid the remaining 280 million euros of the 600-million-euro pension premium loan ahead of schedule. In addition, Finnair purchased one A350 and one A321 aircraft that had previously been leased.

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 twin crises caused by the pandemic and Russia's attack on Ukraine, followed by the closure of Russian airspace. Going forward, the company will focus even more on nurturing and developing this cultural strength and will invest in its people to further improve employee competence, employee and customer experience, and business results.

Finnair recorded an average employment of 5,533 people in 2024 (5,195), continuing with solid growth of 6.5 per cent compared to the previous year. Total headcount was 5,587 at the end of December (5,223), indicating a 7.0 per cent growth during the year. Both attrition rate and absences due to illness declined compared to the previous year. Attrition rate was 2.5 per cent[7] (3.7) and absences due to illness 4.2 per cent (4.6). LTIF (Lost-time Injury Frequency) declined slightly to 5.4 (5.5).

[7] *Since the beginning of 2024, attrition rate calculation has been based on the total number of employees instead of the number of employees actively employed.*

Changes in company management

On 11 January 2024, Finnair announced that it has appointed Turkka Kuusisto as CEO of Finnair. He started in this role on 24 April 2024. Kuusisto joined Finnair from Posti Group Corporation, where he served as the CEO since 2020. Prior to his CEO role at Posti Group Corporation, Kuusisto served in senior leadership positions at Posti Group Corporation and at Lindorff Group. Finnair's previous CEO Topi Manner left the company on 15 January 2024 to later take on the role of CEO at Elisa Corporation. Jaakko Schildt, Chief Operating Officer of Finnair, acted as an interim CEO between 15 January and the start of the new CEO.

Finnair appointed Simon Large (BA) as Chief Customer Officer as of 1 October 2024 and Christine Rovelli (MBA) as Chief Revenue Officer as of 10 September 2024. Finnair's Chief Commercial Officer Ole Orvér left his position in Finnair Executive Board and worked as executive advisor at Finnair until 31 December 2024. As of 10 September 2024, Finnair also appointed Jaakko Schildt, Chief Operating Officer as Deputy to the CEO (Chief Executive Officer), and Chief Information Officer Antti Kleemola as Chief Digital Officer. At the same time, Finnair's Strategy function moved under the responsibility of Chief Financial Officer Kristian Pullola.

After the review period, on 14 February 2025 Finnair announced that Kristian Pullola, Finnair's CFO, is leaving the company. The recruitment of a new CFO has begun, and Kristian Pullola will continue actively in his current role, until he leaves Finnair by 12 August 2025 at the latest.

Shares and shareholders

Shares and share capital

On 31 December 2024, the number of Finnair Plc shares recorded in the Trade Register was 204,811,392 (20,481,139,267). The decrease was explained by the reverse split carried out on 20 March 2024. The registered share capital was 75,442,904.30 euros. The company's shares are quoted on Nasdaq Helsinki. Each share has one vote at the General Meeting.

Share price development and trading

Finnair Plc's market capitalisation was 452.9 million euros (815.1) at the end of December, and the closing price of the share was 2.21 euros (3.98). During 2024, the highest price for the Finnair Plc share on the Nasdaq Helsinki was 4.04 euros (10.03), the lowest price 2.08 euros (3.04) and the average price 2.72 euros (6.36). The share prices have been restated due to the reverse split executed on 20 March 2024 to make them comparable. Some 1,497 million company shares, with a total value of 195.8 million euros, were traded on the Nasdaq Helsinki exchange.

Key Figures – Share

		2024	2023	2022	2021	2020
Equity/share[1]	EUR	3.07	2.82	4.90	5.68	10.70
Dividend for the financial year[2]	EUR mill.	22,5	0.0	0.0	0.0	0.0
Dividend/share[2]	EUR	0,11	0.00	0.00	0.00	0.00
Dividend/earnings[2]	%	60,9	0.0	0.0	0.0	0.0
Dividend yield[2]	%	5,0	0.0	0.0	0.0	0.0
Cash flow from operating activities/share[1]	EUR	3.00	4.90	3.09	-0.30	-16.64
P/E ratio		12.24	1.77	-1.08	-1.74	-1.47

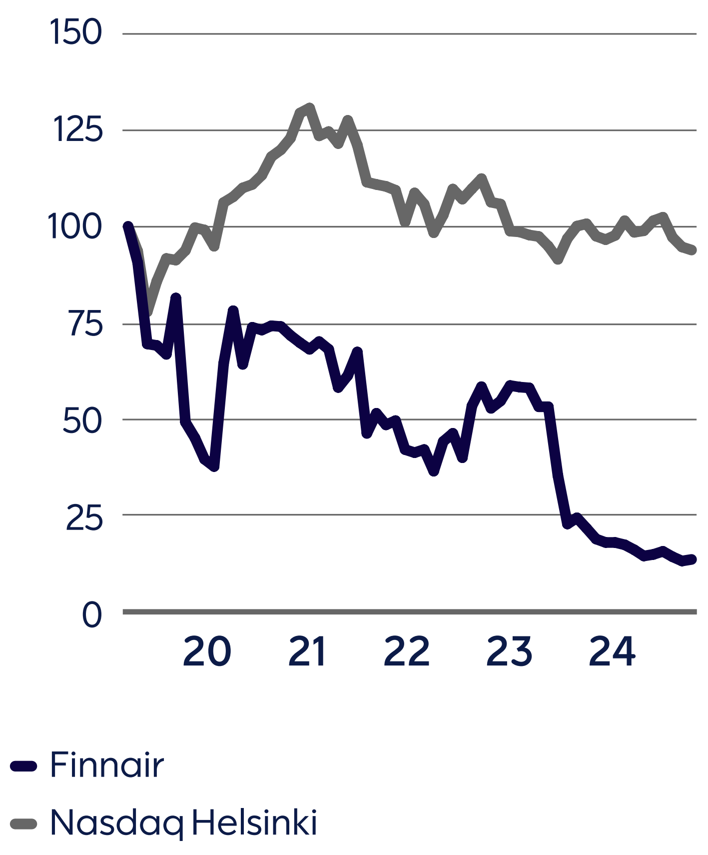
[1] A rights offering was implemented in November 2023 and, therefore, 2020-2022 key figures based on the number of shares have been restated accordingly. In March 2024, Finnair executed a reverse split, i.e. a reduction of the number of shares where every 100 old shares in the company corresponds to one new share.

[2] The return of capital for year 2024 is a proposal of the Board of Directors to the Annual General Meeting.

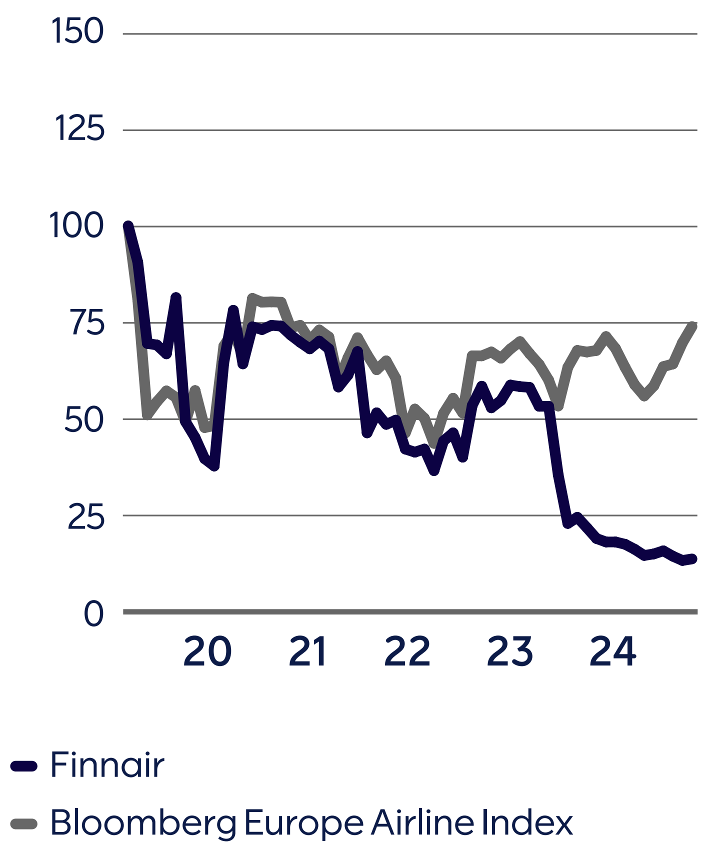
Finnair share 2020–2024*

* A rights offering was implemented in November 2023 and, therefore, Finnair's share prices have been restated accordingly.

Comparison Nasdaq Helsinki



Comparison European Airlines



Shareholders

The number of Finnair Plc's shareholders declined by 2.5 per cent in 2024 to 119,978 shareholders (excluding nominee registered shareholders). The number of domestic retail shareholders declined from 120,727 to 117,738, while their combined share of ownership increased by 1.0 percentage points. Nominee registered or foreign investors held 9.1 per cent (9.5) of all shares.

Flagging notifications

No flagging notices were issued in 2024.

Government ownership

At the end of 2024, the Finnish Government owned 55.7 per cent of Finnair Plc's shares and votes. According to the decision made by the Finnish Parliament on 20 June 1994, the Government must own more than a half of Finnair Plc's shares. Decreasing the ownership below this level would require a revision of the Parliament's decision.

Finnair Plc's largest shareholders as of 31 December 2024

		Number of shares	%
1	Prime Minister's Office	114,067,105	55.7
2	Varma Mutual Pension Insurance Company	5,827,783	2.8
3	Ilmarinen Mutual Pension Insurance Company	2,788,500	1.4
4	Elo Mutual Pension Insurance Company	2,100,000	1.0
5	The State Pension Fund	1,795,000	0.9
6	Nordea Bank ABP	780,080	0.4
7	Säästöpankki Pienyhtiöt	729,000	0.4
8	Danske Invest Finnish Equity Fund	604,240	0.3
9	Nordea Pro Finland Fund	529,923	0.3
10	Finnair Oyj	256,284	0.1
	Nominee registered	18,451,745	9.0
	Others	56,881,732	27.7
	Total	**204,811,392**	**100.0**

Shareholders by type at 31 December 2024

	Number of shares	%	Number of shareholders	%
Public bodies	126,743,390	61.9	9	0.0
Households	48,860,318	23.9	117,738	98.1
Private companies	6,668,548	3.3	1,849	1.5
Financial institutions	3,659,683	1.8	48	0.0
Associations	227,999	0.1	59	0.0
Finnish shareholders, total	186,159,938	90.9	119,703	99.8
Registered in the name of a nominee	18,451,745	9.0	9	0.0
Outside Finland	199,709	0.1	275	0.2
Nominee registered and foreign shareholders, total	18,651,454	9.1	284	0.2
Total	**204,811,392**	**100.0**	**119,987**	**100.0**

Shareholders by type at 31 December 2024

	Number of shares	%	Number of shareholders	%
1–100	1,700,937	0.8	69,543	58.0
101–500	7,556,674	3.7	31,148	26.0
501–1 000	6,356,531	3.1	8,713	7.3
1,001–10,000	25,566,570	12.5	9,965	8.3
10,001–100,000	12,259,654	6.0	577	0.5
100,001–1,000,000	6,340,893	3.1	27	0.0
1,000,001–10,000,000	12,511,283	6.1	4	0.0
10,000,001–	114,067,105	55.7	1	0.0
Registered in the name of nominee	18,451,745	9.0	9	0.0
Total	**204,811,392**	**100**	**119,987**	**100**

Share ownership by management

On 31 December 2024, the members of the company's Board of Directors owned a total of 49,330 Finnair Plc's shares. The CEO Turkka Kuusisto owned 20,000 shares. The members of the Executive Board, including the CEO, owned a total of 214,163 shares, representing 0.10 per cent of all shares and votes.

Own shares

On 31 December 2023, Finnair held 49,565,650 treasury shares, representing 0.24 per cent of the total number of shares and votes.

On 4 March 2024, Finnair transferred a total of 9,419,258 own shares to participants of the Employee Share Savings Plan FlyShare.

Finnair's Annual General Meeting resolved on 18 March 2024 on a reverse split and on a related redemption of shares so that after carrying out the reverse split, every 100 shares correspond to one share. Concurrently with the execution of the reverse split, Finnair implemented a directed share issue without consideration resolved by the Annual General Meeting in which the company issued a total of 4,714,922 treasury shares held by the company to make the number of shares in each book-entry account holding Finnair's shares divisible by 100.

On 23 April 2024, Finnair transferred without consideration 54,233 own shares as a reward for the rebuild incentive plan's performance period 1 July 2020 - 30 June 2023 to the members of the Executive Board who were participants in these plans. The transfer of the shares was based on the authorisation given by the Annual General Meeting 2024.

On 13 December 2024, Finnair transferred without consideration 43,798 own shares as a reward for the rebuild incentive plan's performance period 1 July 2020 - 30 June 2023 to the members of the Executive Board who were participants in these plans. The transfer of the shares was based on the authorisation given by the Annual General Meeting 2024.

On 31 December 2024, Finnair held 256,284 treasury shares, representing 0.1 per cent of the total number of shares and votes.

Shareholder agreements

Finnair is not aware of any shareholder agreements pertaining to share ownership or the use of voting rights.

Change of control provisions in material agreements

Some of Finnair's financing agreements include a change of control clause under which the financier shall be entitled to request prepayment of the existing loan or to cancel the availability of a loan facility in the event that a person other than the Finnish state acquires control of Finnair either through a majority of the voting rights or otherwise.

Share-based incentive schemes

In February 2024, the Board of Directors of Finnair approved a new individual performance share plan period covering the years 2024–2026. Within the plan, the participants have the opportunity to earn Finnair shares as a long-term incentive reward, if the performance targets set by the Board of Directors for the plan are achieved. The potential share rewards will be delivered to the participants in the spring of 2027. The plan applies to some 75 persons. It is described in more detail in a stock exchange release published by the company and on the company's website.

Effective authorisations granted by the Annual General Meeting 2024

Finnair's Annual General Meeting was held in Helsinki on 18 March 2024.

The AGM authorised the Board of Directors to decide on the repurchase and/or on the acceptance as pledge of the company's own shares as follows. The number of own shares to be repurchased and/or accepted as pledge based on the authorisation shall not exceed 730,000,000 shares, or 7,300,000 shares after the reverse split, which corresponds to approximately 3.6 per cent of all the shares in the company. Only the unrestricted equity of the Company can be used to repurchase own shares on the basis of the authorisation. The authorisation is effective for a period of 18 months from the resolution of the AGM. Due to the resolution by the Annual General Meeting on the reverse split, the number of own shares to be repurchased and/or accepted as pledge based on the authorisation shall not exceed 7,300,000 shares after the reverse split.

The AGM authorised the Board of Directors to decide on the issuance of shares as follows. The number of shares to be issued based on the authorisation shall not exceed 120,000,000 shares, or at maximum 1,200,000 shares after the reverse split, which corresponds to approximately 0.6 per cent of all the shares in the company. The authorisation is effective for a period of 18 months from the resolution of the AGM and cancels the authorisation given by the Extraordinary General Meeting on 27 October 2023 to decide on issuance of shares.

The AGM authorised the Board of Directors to decide on donations up to an aggregate maximum of EUR 250,000 for public-benefit or corresponding purposes and on the recipients, purposes and other terms and conditions of the donations. The donations can be made in one or multiple instalments. The authorisation is effective until the next Annual General Meeting.

The resolutions of the AGM are available in full on the **company's website**.

Risk management

Risk management framework and principles

Finnair operates in a global and highly competitive environment that is sensitive to economic fluctuations. In executing its strategy, Finnair and its operations are exposed to a broad range of risks and opportunities.

Risk management is an integral part of effective management practice to ensure that Finnair is successful in achieving its business objectives. Uncertainty (opportunity or threat) is an inevitable element in all decision-making, and thus an integral component of running the business.

Finnair's Risk Management Framework has been defined and established to ensure the identification, evaluation and management of risks and uncertainties associated with the set objectives. The framework is designed to take a corporate-wide portfolio view of risks. The risk management principles are summarised as follows:

- Risk management extends beyond internal control to strategy-setting, governance, and measuring performance;
- Risks are managed as an integrated part of strategic and operational planning, day-to-day decision making, and operational processes;
- Three Lines of Defence model is applied as the primary governance principle to ensure that the segregation of duties is defined and established between risk management and risk control;
- The performance and efficiency of Finnair's risk management and internal control systems are subject to systematic monitoring.

Risk management policy and process

The framework and principles for risk management have been defined in the Finnair Internal Control and Risk Management Policy, which has been approved by the Board of Directors. The policy is supplemented by other policies for managing risks in specific areas. Examples of other risk policies are Treasury Policy, Procurement Policy, Information Security Policy, Data Privacy Policy, Competition Policy, and Trade Sanction Policy.

The Finnair Risk Management Framework and principles are based on the internationally recognised best practices for risk management (COSO Enterprise Risk Management – Integrating with Strategy and Performance, and ISO 31000:2009 standard).

Risk identification and evaluation include the following phases:

- Identification of external and internal events affecting the achievement of objectives;
- Distinction between risks and opportunities;
- Analysis of identified risks;
- Integration (aggregation) of risks;
- Evaluation and prioritisation of risks based on their impact and likelihood.

Risk governance

1st Line of Defence

Business units and shared functions are responsible for setting the objectives and managing day-to-day performance. As risk owners, the business units and shared functions identify and evaluate risks and make risk-informed decisions. They manage risks by defining and implementing controls. Thus, they are responsible for conducting day-to-day control and risk management activities in accordance with Finnair's Risk Management and Internal Control Frameworks.

As a part of the first line of defence, Finnair's CEO and the Finnair Executive Board have the overall accountability for appropriate risk management practices.

2nd Line of Defence

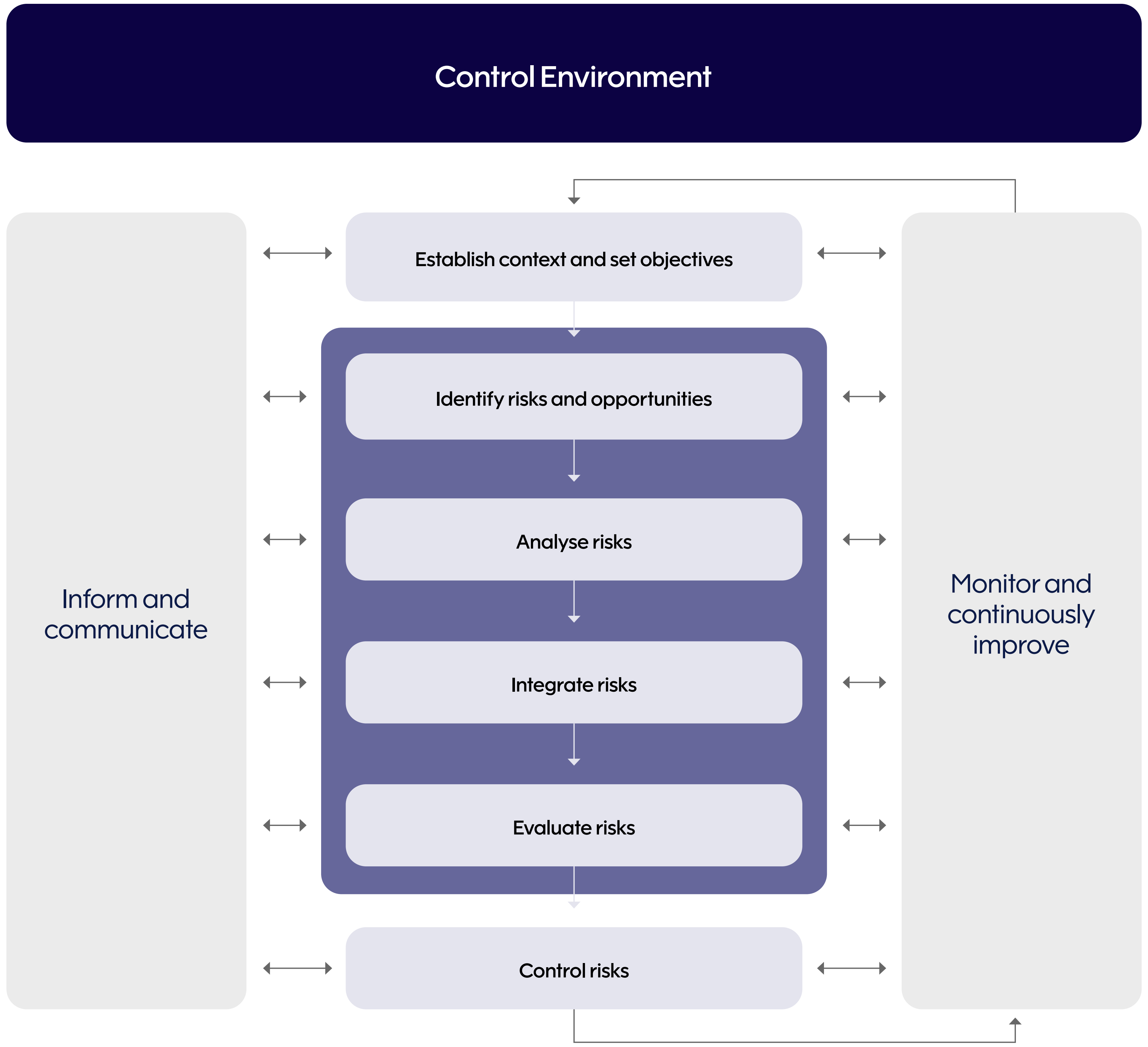
Risk & Compliance provides expertise in risk assessment and risk management, and acts as a control function that is responsible for developing and maintaining the Risk Management Framework and Internal Control Framework as well as for continuously monitoring the implementation of the policies, rules, procedures and key controls within the frameworks. Risk & Compliance has a reporting line to the Audit Committee of the Board of Directors.

Outside the scope of the Risk & Compliance function is Finnair's statutory Safety Management System, which is required by Finnair's Air Operator's Certificate and applicable Aviation Regulation and is subject to specific responsibility matrix and supervision prescribed by the supervisory authorities. Safety & Compliance acts as a control function with respect to the Safety Management System.

3rd Line of Defence

Internal Audit performs audits and provides the Audit Committee with an independent assessment of the overall effectiveness and maturity of the internal control and risk management systems.

Risk management process



Significant risks and uncertainties

In the implementation of its strategy and business, Finnair is faced with various risks and opportunities. Finnair has a comprehensive risk management process to ensure that risks are identified and mitigated as much as possible, although many risks are not within the company's full control. The risks and uncertainties described below are considered as potentially having a significant impact on Finnair's business, financial result or future outlook at least for the next 12 months. This list is not intended to be exhaustive.

Flight safety is the highest priority in Finnair's business. The company manages aviation safety risks through a safety management system developed in accordance with the industry's best practices, which is regulated and supervised by the authorities. General news coverage related to flight safety may affect customers' perceptions of flight safety, and this may have a negative impact on airlines' business, including Finnair.

Factors such as geopolitical uncertainty, the threat of trade wars, the threat of terrorism and cyber-attacks, as well as other potential external disruptions may, if they materialise, significantly affect Finnair's operations. Geopolitical tensions may have an adverse effect on the global economic environment, and on Finnair's network and profitability. The war in Ukraine has already significantly impacted the global trade in the form of sanctions and countersanctions, and as regards to civil aviation, closures of the airspace. Cyber-attacks and other potential external disruptions, a possible escalation of the war and unrest in conflict areas in the Middle East may have adverse effects on, for example, the demand for air travel, fuel prices, availability and pricing of insurances, the flight network and the use of airspace. Their negative impact on Finnair's operating result and financial position depends on the company's ability to adjust its route network, costs, revenue generating sources and financing in the new operating environment.

Macroeconomic factors continue to be a key driver of air transportation demand, as there has historically been a strong correlation between air travel and the development of macroeconomic factors, such as GDP. Due to this correlation, aviation is an industry that is highly sensitive to global economic cycles and reacts quickly to external disruptions, seasonal variations and economic trends, as the global COVID-19 pandemic and the war in Ukraine have demonstrated. The recovery of business travel to pre-COVID-19 levels is likely to be affected by the adoption of virtual and teleconferencing tools.

Factors beyond Finnair's control are related to the duration of the Russian airspace closure, resource challenges in the European aviation system caused by the pandemic, as well as the recovery of demand for air travel. In addition, other general risk factors in the industry and business, such as the fluctuation of jet fuel prices and its weakened supply, fluctuation in demand for air travel in general, and fluctuations in currency exchange rates, as well as regulatory and tax changes are also beyond Finnair's control. Other general macroeconomic conditions, such as deterioration in business or consumer confidence, changing customer preferences or employment levels, lower availability of credit, rising interest rates, a rise in prevailing high inflation, a recession, or changes in taxation may have an adverse impact on private consumption and, consequently, on the demand for air travel. The key factors affecting revenue and operating result, which Finnair can partially affect, are operating costs and the volume of production.

As jet fuel costs are the largest variable expense item for Finnair, jet fuel price development has a material effect on the company's profitability. Fuel price fluctuations may result in increased uncertainty around Finnair's financial performance and cash flow. Jet fuel prices have historically fluctuated significantly, and fluctuations are expected to continue in the future due to e.g. the impacts of the war in Ukraine. Finnair's ability to pass on the increased costs of jet fuel to its customers by increasing fares is limited by the fierce competition in the airline industry. 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. The residual effect of jet fuel price fluctuations is determined by the hedges in use at a given point in time. Increasing jet fuel costs, disruptions in 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 result or future outlook. Derivatives used to hedge against adverse price movements in jet fuel may prove to be inefficient, resulting in an increased jet fuel price in relation to market prices. The volatile market impacts the pricing and availability of hedging instruments. Finnair manages risks related to fuel costs in accordance with the current risk management policy.

Capacity increases, product improvements or more aggressive pricing among Finnair's existing or new competitors may have an effect on the demand for, and yield of, Finnair's services. Competition in the airline industry is intense, and the market situation is continuously changing, as new entrants and/or alliances expand, industry participants consolidate and airlines form marketing or operational alliances, which might gain competitive advantage over Finnair's **one**world alliance or its joint businesses.

Finnair, like other airlines, strives to distribute its services in increasingly versatile and flexible ways and at a lower cost by adopting and utilising new distribution technologies and channels, including a 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. Hence, the introduction of new digital distribution technologies and channels involves implementation, as well as commercial, risks.

The aviation industry is affected by a number of regulatory trends. Estimating the exact impacts of regulatory changes on airlines' operational activities and/or costs in advance is difficult. Examples of such regulatory trends include regulation related to emissions trading, noise regulation and other environmental regulation, as well as regulation on privacy and consumer protection.

Finnair is exposed to the risk of operating losses from natural events, pandemics or health epidemics and weather-related events influencing operating costs and revenue. Outbreaks of epidemics or pandemics can adversely affect the demand for air travel and have a significant effect on Finnair's operations. Further, natural hazards arising from climate change, such as increased extreme weather conditions, including substantial snowfall, atmospheric turbulence, earthquakes, hurricanes, typhoons, or severe thunderstorms, may result in substantial additional costs for Finnair. Such weather conditions may, for example, lead to flight cancellations, increased waiting times, increased fuel consumption or higher costs associated with aircraft de-icing, which could result in additional costs for Finnair and thus have an adverse effect on Finnair's results and financial condition.

In a changing aviation business environment, it is difficult to predict the impact that potential changes in the geopolitical situation may have on airline market access and traffic right opportunities in general. Potentially increasing protectionism in the political environment may have an adverse impact on the market access required for the implementation of Finnair's strategy. At the same time, it is possible that connectivity needs increase in some countries, leading to increasing market access opportunities and new traffic rights.

The transport industry, including commercial aviation, is vulnerable to industrial action. Depending on their timing, duration and scope, strikes and other industrial action in Finland and elsewhere may have a significant adverse impact on Finnair's operations and result.

Seasonal variation and sensitivities in business operations

Due to the seasonality of the airline business, the Group's revenue and result are generally at their lowest in the first quarter and at their highest in the third quarter of the year.

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

The company 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 the risk management policy approved annually by the Board of Directors. Finnair hedges its fuel purchases 18 months forward on a rolling basis. The maximum hedging ratio for the first 3-month period is 93 per cent, while the lower limit is 68 per cent and the average hedging ratio approximately 80 per cent. The hedging ratio decreases towards the end of the 18-month hedging period.

Sensitivities in business operations, impact on comparable operating profit (rolling 12 months from date of financial statements)

	1 percentage point change
Passenger load factor (PLF, %)	EUR 37 million
Average yield of passenger traffic	EUR 26 million
Unit cost (CASK excl. fuel)	EUR 22 million

Fuel sensitivities (rolling 12 months from date of financial statements)

	10% change, without hedging	10% change, taking hedging into account
Fuel	EUR 76 million	EUR 37 million

Fuel hedging and average hedged price (rolling 18 months from date of financial statements)

	Hedged fuel, tonnes[1]	Average hedge price, USD/ton[1,2]
Q1 2025	216,000	795
Q2 2025	198,000	790
Q3 2025	162,000	789
Q4 2025	96,000	763
Q1 2026	60,000	743
Q2 2026	24,000	748
Total	**756,000**	**783**

[1] *Based on the hedged period, i.e., not hedging related cash flow.*
[2] *Average of swaps and bought call options strikes.*

Hedging of foreign currency exposure in balance sheet

Finnair's balance sheet includes asset-related foreign currency exposure due to the recognition of the present value of qualifying operating lease liabilities in the balance sheet as right-of-use assets. Unrealised foreign exchange losses/gains caused by the translation of the USD denominated liability have an impact on Finnair's net result. In the future, the effect and amount of foreign currency exchange could be positive or negative, depending on the USD-rate at the closing date. Finnair has mitigated the foreign exchange volatility introduced by this difference by using derivatives, as well as by partly investing liquidity in foreign currency money market funds or other financial assets where possible. The annual effect in net result going forward is dependent on the size of the qualifying operating lease portfolio, the duration of the leases and hedging ratio. At the end of December, the hedging ratio of USD denominated interest-bearing liabilities (including IFRS 16) was approximately 90 per cent.

Currency distribution, %	2024	2023	Currency sensitivities USD and JPY (rolling 12 months from date of financial statements for operational cash flows)		Hedging ratio for operational cash flows (rolling next 12 months)
Sales currencies			10% change without hedging	10% change taking hedging into account	
EUR	59	59	-	-	-
USD*	10	9	see below	see below	see below
JPY	5	4	EUR 15 million	EUR 6 million	56%
KRW	3	3	-	-	-
SEK	4	3	-	-	-
GBP	4	4	-	-	-
NOK	2	3	-	-	-
Other	14	14	-	-	-
Purchase currencies					
EUR	58	60	-	-	-
USD[1]	35	34	EUR 70 million	EUR 30 million	58%
Other	6	6	-	-	-

[1] Hedging ratio and sensitivity analysis for USD basket, which consists of net cash flows in USD and HKD. The sensitivity analysis assumes that the correlation of the Hong Kong dollar with the US dollar is strong.

Outlook

Guidance on 13 February 2025

Global air traffic is expected to continue growing in 2025. However, international conflicts, global political instability and a tense labour market situation in Finland cause uncertainty in the operating environment.

Finnair plans to increase its total capacity, measured by ASKs, by c. 10 per cent in 2025. The capacity estimate includes the agreed wet leases. Finnair expects its revenue to be within the range of 3.3–3.4 billion euros and its comparable operating result to be within the range of 100–200 million euros in 2025. In 2025, profitability is burdened particularly by additional costs caused by the sustainable aviation fuel distribution obligation introduced in the EU, as well as rising navigation and landing charges, which will weigh on the comparable operating result especially for the seasonally low first quarter. In addition, the first quarter's comparable operating result will be negatively impacted by the timing of Easter.

The estimates regarding capacity, revenue and comparable operating result do not include impacts of industrial action. In January 2025, the estimated negative impact of industrial action on comparable operating result was around 5 million euros.

Finnair will update its outlook and guidance in connection with the 2025 first quarter interim report.

Performance indicators classified as alternative performance measures

Finnair uses alternative performance measures referred to in the European Securities Markets Authority (ESMA) Guidelines on Alternative Performance Measures to describe its operational and financial performance, to provide a comparable view of its business and to enable better comparability relative to its industry peers. The alternative performance measures do not replace IFRS indicators.

Alternative performance measures	Calculation	Reason to use the measure
Items affecting comparability	Unrealized 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 + Changes in defined benefit pension plans + Restructuring costs	Component used in calculating comparable operating result.
Comparable operating result	Operating result - 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	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 airline business which aims to reflect comparable operating result excluding capital cost.
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.
Adjusted interest-bearing liabilities	Lease liabilities + Other interest-bearing liabilities + Cross currency interest rate swaps in derivative financial instruments	Component used in calculating gearing.

Alternative performance measures	Calculation	Reason to use the measure
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.
Gearing, %	Interest-bearing net debt / Equity total x 100	Gearing provides view of the level of the Group's indebtedness.
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 and depreciation.
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 capitalized 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.

Reconciliation of performance indicators classified as alternative performance measures

Items affecting comparability

Items affecting comparability are reconciled in note 1.3.7 Items affecting comparability.

EUR in millions	2024	2023
Operating result	**114.2**	**191.4**
Unrealized changes in foreign currencies of fleet overhaul provisions	6.1	-7.1
Fair value changes of derivatives where hedge accounting is not applied	1.5	-0.7
Sales gains and losses on aircraft and other transactions	-12.0	-13.3
Impairment	0.7	13.7
Changes in defined benefit pension plans	40.2	-
Restructuring costs	0.8	-0.1
Comparable operating result	**151.4**	**184.0**
Depreciation	329.5	332.6
Comparable EBITDA	**480.9**	**516.5**

Equity ratio

EUR in millions, unless otherwise indicated	31 Dec 2024	31 Dec 2023
Equity total	627.1	577.0
Equity and liabilities total	3,721.0	3,698.0
Equity ratio, %	**16.9**	**15.6**

Gearing, interest-bearing net debt and interest-bearing net debt / Comparable EBITDA, LTM

EUR in millions, unless otherwise indicated	31 Dec 2024	31 Dec 2023
Lease liabilities	1,004.4	1,115.0
Other interest-bearing liabilities	860.8	910.6
Cross currency interest rate swaps[1]	-10.5	8.9
Adjusted interest-bearing liabilities	**1,854.7**	**2,034.5**
Other financial assets	-664.9	-776.8
Cash and cash equivalents	-219.1	-145.1
Cash funds	**-884.0**	**-922.0**
Interest-bearing net debt	**970.7**	**1,112.5**
Equity total	627.1	577.0
Gearing, %	**154.8**	**192.8**
Comparable EBITDA, LTM	480.9	516.5
Interest-bearing net debt / Comparable EBITDA, LTM	**2.0**	**2.2**

[1] Cross-currency interest rate swaps are used for hedging 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 and reported in note 3.8 Derivatives is considered an interest-bearing liability in net debt calculation.

Gross capital expenditure

EUR in millions	2024	2023
Additions in fixed assets	419.7	409.4
New contracts in right-of-use assets	13.9	24.3
Reassessments and modifications in right-of-use assets	30.2	50.5
Gross capital expenditure	**463.8**	**484.2**

Return on capital employed (ROCE), LTM

EUR in millions, unless otherwise indicated	31 Dec 2024	31 Dec 2023
Result before taxes, LTM	46.1	119.1
Financial expenses, LTM	107.2	142.2
Exchange rate gains and losses, LTM	5.8	-13.7
Return, LTM	**159.1**	**247.6**
Equity total	627.1	577.0
Lease liabilities	1,004.4	1,115.0
Other interest-bearing liabilities	860.8	910.6
Capital employed	**2,492.3**	**2,602.5**
Capital employed, average of reporting period and comparison period	**2,547.4**	**2,821.2**[1]
Return on capital employed (ROCE), LTM, %	**6.2**	**8.8**

[1] Capital employed accounted was EUR 3,039.8 million on 31 December 2022.

Cash to sales, LTM

EUR million, unless otherwise indicated	31 Dec 2024	31 Dec 2023
Other financial assets	664.9	776.8
Cash and cash equivalents	219.1	145.1
Cash funds	**884.0**	**922.0**
Revenue, LTM	3,048.8	2,988.5
Cash to sales, LTM %	**29.0**	**30.9**

Other performance indicators

Revenue and profitability	
Earnings per share (EPS), basic	(Result for the period - Hybrid bond and capital loan expenses net of tax) / Average number of outstanding shares during the period
Earnings per share (EPS), diluted	(Result for the period - Hybrid bond and capital loan 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

Traffic	
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
Revenue tonne kilometres (RTK)	Total revenue load consisting of passengers, cargo and mail × great circle distance in kilometres

Customer-centric commercial and operational excellence	
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.
On-time performance	The share of flights arrived less than 15 minutes late
Share of passengers in modern channels	Share of passengers in Finnair's direct 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 centers, Aurinkomatkat sales and group tool sales.
Ancillary revenue per passenger	Ancillary revenue / number of passengers

Among industry sustainability leaders	
Flight CO_2 emissions	CO_2 emissions from jet fuel consumption of Finnair's own flights

Adaptable Finnair culture driven by engaged people	
Absences due to illness	Share of sickness absence hours relating to planned work hours
Lost-time injury frequency	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 employments on average during the last twelve months

Share	
Equity/share	Equity / Number of outstanding shares at the end of period
Dividend/earnings	Dividend per share / Earnings per share (EPS) x 100
Dividend yield, %	Dividend per share / Share price at the end of period x 100
Cash flow from operating activities/share	Net cash flow from operating activities / Average number of outstanding shares during the period
P/E ratio	Share price at the end of period / Earnings per share (EPS) x 100

Sustainability Report

GENERAL INFORMATION

ESRS 2 General disclosures

BP-1 General basis for preparation of the Sustainability Report

Finnair's Sustainability Report for the reporting period 2024 has been prepared in accordance with the Finnish Accounting Act, EU Taxonomy Regulation, and European Sustainability Reporting Standards (ESRS) issued by the European Financial Reporting Advisory Group (EFRAG) under the EU Corporate Sustainability Reporting Directive (CSRD). The scope of consolidation of the Sustainability Report encompasses the operations of the parent company Finnair Plc and all subsidiaries controlled by Finnair Plc (hereafter "Finnair"). In addition, the Sustainability Report covers Finnair's value chain, meaning the upstream and downstream value chain. Possible exceptions to this scope are disclosed in connection with the relevant indicator. Environmental information includes also the fuel consumption of Nordic Regional Airlines AB (Norra) for flights operated as purchased traffic for Finnair. This is in accordance with the operational control principle of the GHG Protocol, where a company accounts for 100% of emissions from operations over which it has operational control. Reporting of value chain information is limited to information available in-house or publicly in accordance with the transitional provisions defined in ESRS 1 General requirements. In the process to identify and assess material impacts, risks, and opportunities, consideration has been extended to include also Finnair's upstream and downstream value chain.

No information or data points have been omitted based on the information containing intellectual property, know-how, or the results of innovation.

BP-2 Disclosures in relation to specific circumstances

The reporting principles and specific circumstances have been disclosed in detail alongside the respective data points in topical standards.

Time horizons: The reported time horizons are as defined in ESRS 1 General requirements: short-term corresponds to the reporting period, medium-term covers the period from the end of the short-term period up to 5 years, and long-term refers to a period beyond 5 years. Possible exceptions to the application of these time horizons are disclosed alongside the respective data points.

Value chain estimation: The reported value chain information is limited to information available in-house or publicly in accordance with the transitional provisions defined in ESRS 1 General requirements. Environmental information reported under E1 Climate change covers also fuel consumption and emissions for flights operated by Norra as purchased traffic for Finnair (Scope 1) and value chain emissions (Scope 3). Any use of proxies, estimations, or sector-average data used in the reporting, the resulting level of accuracy, and planned actions to improve accuracy in the future, are disclosed alongside the respective data points.

Sources of estimation and outcome uncertainty: Where information and data points are subject to estimation or measurement uncertainty as it relates to measurement technique, assumptions, approximations, or judgements, this is disclosed alongside the respective data points. Information under E1 Climate change regarding future impacts of climate change and energy transition have been comprised using climate scenarios and regulatory and technology pathways, which are subject to assumptions. Information under E5 Resource use and circular economy regarding waste and recycling in outstations is subject to assumptions as Finnair does not have verifiable information on waste handling in outstations.

Changes in preparation or presentation of sustainability information and reporting errors in prior periods: The Sustainability Report has been prepared for the first time in accordance with the ESRS for the reporting period 2024. This has resulted in changes in the preparation and presentation of information in comparison to previous periods, namely in the amount and extent of information presented and the assurance report issued by the sustainability reporting auditor.

Disclosures stemming from other legislation or generally accepted sustainability reporting pronouncements: The Sustainability Report has been prepared in accordance with the ESRS. Where information and data points are subject to other legislation, standards and frameworks, that is disclosed alongside the respective data points. See also *Appendix B List of datapoints in cross-cutting and topical standards that derive from other EU legislation.*

Incorporation by reference: All disclosures under ESRS are included in the Sustainability Report, and no information or data points have been incorporated by reference.

Use of phase-in provisions: In accordance with the phase-in provisions defined in ESRS 1 General requirements Appendix C, Finnair has omitted the following Disclosure Requirements for the first year of preparation of its Sustainability Report: Anticipated financial effects from material impacts, risks, and opportunities under ESRS 2 General disclosures, E1 Climate change, E4 Biodiversity and ecosystems, and E5 Resource use and circular economy. In addition, the following Disclosure Requirements have been omitted for S1 Own workforce: S1-7 Characteristics of non-employee workers in the undertaking's own workforce, S1-11 Social protection, and S1-12 Percentage of employees with disabilities.

GOV-1 The role of the administrative, management and supervisory bodies

The Board of Directors and its Audit Committee

The Finnair Board of Directors (hereafter "Board") is composed entirely of non-executive and independent members. No employees or other worker representatives are part of the Board. The number of female Board members in 2024 was three (43% of Board) and the number of male Board members was four (57% of Board). Members of the Board possess extensive financial expertise in addition to experience relevant to the aviation and tourism sectors having held key positions of trust in relevant companies. In addition, the Board members possess expertise related to Finnair's sustainability reporting and material sustainability matters and impacts, risks, and opportunities through key positions in various companies, committees, and boards. The Board's composition has expertise from markets and geographic locations relevant to Finnair, namely from Europe, Asia, and North America.

The Board is the most senior level body exercising oversight of the sustainability reporting process and is responsible for monitoring Finnair's sustainability agenda and initiatives as part of strategy implementation, in which sustainability is embedded. The Board's accountability pertains specifically to the reliability of sustainability reporting, as well as to the effectiveness of internal control and risk management systems related to sustainability matters. The Board also approves Finnair's significant sustainability matters and impacts following the double materiality assessment (DMA) and ensures that matters arising from the DMA are properly considered in the administration, risk management, and overall strategy of Finnair.

The Board has delegated some of its functions over to the Audit Committee, namely overseeing the quality and integrity of the sustainability reporting, the functioning of the internal control and risk management systems related to sustainability reporting, and the sustainability reporting auditor's qualifications, performance, and independence. The Committee convenes quarterly and reports on their work to the Board. The Committee does not have decision-making power independent from the Board, except where expressly authorised by the Board.

The Board approves Finnair's sustainability strategy, targets and those strategic matters, business plans, partnerships, and other decisions related to sustainability that exceed the limits of the CEO's decision-making power. The Board guides the strategic sustainability work by setting performance objectives for Finnair's Executive Board and CEO.

The Board is regularly briefed on Finnair's sustainability targets, initiatives and the strategy's implementation status by the Executive Board and on the status and processes related to sustainability reporting by the Audit Committee. The Board members also have access to expertise and training through Finnair's internal subject matter experts and training platforms.

The Executive Board

The Finnair Executive Board and CEO are accountable for conducting business in accordance with Finnair's values and policies and ensuring the effective execution of Finnair's sustainability strategy and management of sustainability matters. The Executive Board's responsibilities include the setting of sustainability targets and strategic priorities. The Executive Board approves climate-related transition plans, major investments, and resource allocations related to sustainability initiatives and Finnair policies. The Executive Board is also involved in the assessment and approval of sustainability impacts, risks, and opportunities as part of the DMA. The Executive Board provides strategic direction and guidance to Finnair's Sustainability Leadership Team (SLT) and reviews the strategic sustainability targets and priorities proposed by the SLT to the Board.

The Executive Board is regularly briefed on Finnair's sustainability targets, initiatives, and strategy by the SLT. In addition, the Executive Board members possess expertise related to Finnair's material sustainability matters and impacts, risks, and opportunities through their roles and past expertise in companies, committees, and boards. The Executive Board members also have access to expertise and training through Finnair's internal subject matter experts and training platforms.

Sustainability Leadership Team (SLT)

The SLT consists of selected members of the Executive Board (2024: 6) and Finnair's SVP Sustainability. The SLT is accountable for reviewing and aligning the sustainability strategy with Finnair's overall objectives. The SLT reports to the Executive Board on the progress and performance against the set sustainability targets. The SLT is responsible for developing and endorsing sustainability policies, strategies and targets, and suggests sustainability priorities to the Executive Board based on approved strategy. The SLT is also responsible for updating and reviewing the DMA and ensuring appropriate management of sustainability impacts, risks, and opportunities.

Business Area Leadership Teams

Finnair's business area Leadership Teams are dedicated forums for different functions within Finnair, including Operations, Revenue, Customer, People & Culture, Finance, and Digital Services. The Leadership Teams are accountable for the implementation of their respective sustainability targets and development items into day-to-day operations, and reporting on progress and potential challenges to the SLT.

Working Groups

There are four Working Groups focusing on Environmental, Social, Customer Centric, and Governance topics. The Working Groups are responsible for developing and proposing specific sustainability initiatives and metrics related to their focus area and monitoring progress on these. The Working Groups are also responsible for ensuring that the sustainability initiatives and metrics are practical and achievable. The Working Groups report on progress and potential challenges to the Leadership Teams regarding the initiatives and metrics and offer recommendations.

GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

The Board and its Audit Committee are briefed at least quarterly by the Executive Board on sustainability strategy, targets and initiatives. The purpose of these briefings is to ensure the adequacy of administrative, risk management, and compliance procedures related to material sustainability matters, and that alignment with strategic sustainability objectives and targets is maintained. The Executive Board receives updates from the SLT to ensure proper strategic alignment, adequate resource allocation, and to monitor the company-wide performance and progress towards sustainability objectives and targets. The SLT prepares the materials to be presented to the Board by the Executive Board. The SLT convenes at least quarterly to review progress towards sustainability objectives and targets and, if necessary, makes adjustment to the established strategic priorities and targets.

For more information see *GOV-5 Risk management and internal controls over sustainability reporting.*

Sustainability matters presented to the Board, Audit Committee, and the Executive Board during the reporting period for review and approval included:

- Results of the DMA
- Development of Finnair's People Plan
- Preparation of the Sustainability Report in accordance with ESRS and the respective risk management and internal controls
- Setting of short-term emission reduction targets in cooperation with Science Based Targets initiative
- Adjustment of long-term climate target
- Updating of SAF strategy
- Updating of sustainability strategy, governance model, and targets
- Privacy matters

Finnair's Executive Board, responsible for executing and steering Finnair's strategy, decides on Finnair's direction, major transactions, and risk management processes. The Executive Board routinely evaluates the potential trade-offs related to Finnair's material impacts, risks, and opportunities to ensure that actions align with Finnair's long-term goals and sustainability commitments.

GOV-3 Integration of sustainability-related performance in incentives schemes

The aim of Finnair's incentive plans is to drive performance to support the achievement of Finnair's strategic targets. Performance targets for the CEO and other members of the Executive Board are set by the Board. Long-term incentives (LTIs) are aimed at retaining the management and aligning their interests with those of the shareholders. The Short-term incentive (STI) plans for the CEO and other Executive Board members have annual targets related to financial, operational, personnel, customer, and environmental impacts. In 2024, the Board decided on the latest LTI plan for the years 2024–2026. The number of eligible employees for the LTI 2024–2026 plan is 75. The sustainability performance metric included in the LTI 2024–2026 plan is carbon emissions per revenue tonne kilometre (CO_2/RTK) with 20% weight.

CO_2/RTK is a commonly used fuel efficiency metric in aviation, indicating carbon dioxide emissions per revenue tonne kilometre. It measures how much CO_2 is emitted for every tonne of paid passenger and cargo transported over one kilometre. A lower CO_2/RTK value indicates greater fuel efficiency and less environmental impact, while a higher value indicates the opposite.

GOV-4 Statement on due diligence

Core elements of due diligence	Paragraphs in the Sustainability Report
Embedding due diligence in governance, strategy, and business model	ESRS 2; GOV-1, GOV-2, GOV-3, SBM-3 Topical standards: S1-1, S2-1, S3-1, S4-1, G1-1
Engaging with affected stakeholders in all key steps of the due diligence	ESRS 2; GOV-2, SBM-2, IRO-1 Topical standards: S1-2, S2-2, S3-2, S4-2
Identifying and assessing adverse impacts	ESRS 2; IRO-1, SBM-3
Taking actions to address those adverse impacts	Topical standards: E1-3, E4-3, E5-2, S1-4, S2-4, S3-4, S4-4, G1-2, G1-3
Tracking the effectiveness of these efforts and communicating	Topical standards: E1-5, E4-4, E4-5, E5-3, S1-5, S2-5, S3-5, S4-5, G1-3

GOV-5 Risk management and internal controls over sustainability reporting

The Board is the most senior level body exercising oversight of the sustainability reporting process and has delegated some of its functions over to its Audit Committee, namely overseeing the quality and integrity of the sustainability reporting and the functioning of the internal control and risk management systems related to sustainability reporting. The Committee convenes quarterly and reports on their work to the Board.

Assessment of the risk management and internal controls system over sustainability reporting under the CSRD was carried out in 2024. The identified risks related to potential information silos affecting the timeliness and completeness of the reporting, potential lack of internal controls and management approval for sustainability reporting, and potentially unclear roles and responsibilities for data ownership. To address these risks, an internal governance model over sustainability reporting was established, detailing the roles and responsibilities of the involved actors and ensuring that the correct actors were involved at the right time and level during the reporting process.

The Finance unit's group accounting function is responsible for the accurate and timely reporting of Finnair's financial and sustainability information and ensuring adherence to the relevant standards. The group accounting function oversees data gathering and is responsible for compiling and publishing the financial and sustainability statements, in addition to facilitating the assurance process. The group accounting function is supported by the relevant business units, who are responsible for producing the information and data points reported and the development of internal processes to meet the reporting and analytics needs. Finnair Sustainability team, consisting of subject matter experts and led by Finnair's SVP Sustainability, provides subject matter expertise on the reported sustainability matters and supports the business units by ensuring alignment with the ESRS disclosure requirements.

The group accounting function, together with the SVP Sustainability, reports on the progress, risk management and internal controls related to sustainability reporting to the Board's Audit Committee. In addition, a dedicated CSRD Steering Group was established to oversee reporting for the first year of reporting under the new ESRS. The CSRD Steering Group consisted of selected members of the Executive Board (2024: 4), the group accounting function, Finnair Sustainability team and the SVP Sustainability.

SBM-1 Strategy, business model and value chain

Finnair's principal groups of products and services include passenger and cargo transportation across Europe, North America, Asia, and the Middle East. Additionally, Finnair provides package tours under its Oy Aurinkomatkat - Suntours Ltd Ab brand (hereafter "Aurinkomatkat"). During the reporting period, there have been no significant changes to the range of products and services offered, or the markets and customer groups served. There are no bans on Finnair's products or services in any of the markets it operates in. Finnair's own workforce is primarily located in Finland. Finnair also has employees in Estonia, South Korea, and Japan, in addition to several out-stationed workers globally.

For a detailed description of Finnair's own workforce, see *S1 Own workforce*.

Geographical area	Headcount of Finnair employees
Europe	5,324
Asia	203
North America	7
South America	0
Oceania	1
Africa	0

Finnair aims to continuously develop its operations in every material sustainability aspect. To achieve this, Finnair must perform effective actions related to its environmental and social impacts, requiring both cross-functional collaboration within Finnair and cooperation with its stakeholders. It is also critical to ensure that the economic development of its business supports these efforts.

Finnair's most significant environmental impact is the direct emissions of its aircraft, known as Scope 1 emissions. In 2024, Finnair submitted its emission reduction target for validation to the Science Based Targets initiative (SBTi). In line with the Paris Agreement and the SBTi requirements, Finnair's target is to reduce the emissions intensity of its flights by 34.5% by the year 2033, compared to 2023 baseline. In line with SBTi requirements, Finnair focuses on reducing the direct emissions of its own operations. This requires significant measures to increase the use of sustainable aviation fuel (SAF), modernise Finnair's aircraft, and improve operational efficiency.

These measures require significant investments and underscore the importance of financial health as a prerequisite for the transformation. In addition, collaboration and mutual efforts with stakeholders such as suppliers, airports, regulatory bodies, governments, and customers is required to enable the systemic change needed.

Finnair acknowledges that available strategies to pursue these measures are subject to various uncertainties and risks. Notably, there are concerns about the availability and price trajectory of SAF, procurement of next-generation aircraft, and uncertainty regarding policy frameworks. These factors pose potential challenges that may impact Finnair's plans.

Finnair is committed to protecting the air bridge from one of the world's northernmost air traffic hubs to the world and recognises the crucial role of aviation in ensuring social cohesion, connectivity, and access to internal markets for all regions. However, Finnair also acknowledges the role of the emissions resulting from aviation as a contributor to global climate change, which necessitates action and commitment to reducing Finnair's carbon footprint. These efforts are also necessary to ensure the future availability of the benefits that air travel provides to people and businesses.

Another material impact for Finnair is social sustainability as it pertains to own workforce, value chain workers, affected communities, and customers. Finnair is committed to ensuring the health and safety of its employees and customers, while fostering an environment of equality, non-discrimination, and diversity within the workplace and in customer service interactions. Going forward, Finnair will continue to focus on developing its company culture and investing in its people to further improve employee competence, as well as the employee and customer experience. Finnair aims to continue building its understanding of its human rights impacts throughout its value chain and in the communities in which it operates. This work includes also understanding environmental impacts, as these can have significant human rights implications in the form of exacerbated climate change, pollution, biodiversity loss and water scarcity.

Finnair published its Policy Commitment to Human Rights on its website in January 2025. The Policy Commitment has beed drafted in alignment with the UN Guiding Principles on Business and Human Rights, which includes a human rights commitment and descriptions of due diligence, assessment of human rights impacts, prevention and mitigation of negative human rights impacts, appropriate remedy and grievance processes, stakeholder engagement and monitoring and communication on progress. These efforts require the dedication of internal resources for the mapping of Finnair's material potential and actual impacts on all affected stakeholders, development of existing due diligence processes and embedding these in governance and operations. The process of due diligence is iterative by nature, so this work will entail continuous development.

Business model and value chain

Finnair's business model is based on a global network connecting to its home hub, Helsinki-Vantaa Airport, offering connections to Europe, North America, Asia, and the Middle East. Finnair's membership in the **one**world alliance and in the Siberian and Atlantic Joint Businesses expands its global network and creates efficiencies and consumer benefits. Finnair's subsidiary Nordic Regional Airlines Oy, Norra, operates a fleet of 24 aircraft leased from Finnair Aircraft Finance Oy, under a purchased traffic agreement to serve Finnair's network. Danish Air Transport (DAT) owns 60% of the shares in Norra's Swedish holding company, Nordic Regional Airlines AB, and Finnair owns the remaining 40%.

Finnair's primary revenue sources include passenger ticket sales, ancillary services, travel services, and Finnair Cargo's shipments. In terms of material inputs in its own operations, Finnair's most critical asset is its aircraft fleet. Other key material inputs encompass its home hub facilities, along with maintenance materials and equipment, and aviation fuel as a vital input for the fleet's operation. Finnair sustains its own operations and delivers products and services by investing in its own workforce across flight operations, technical, ground, cargo, catering and customer services, and various corporate roles. Finnair also procures certain important operational services from strategic partners, such as the ground handling services in Helsinki-Vantaa Airport, cargo terminal handling services, engine and component services and IT services.

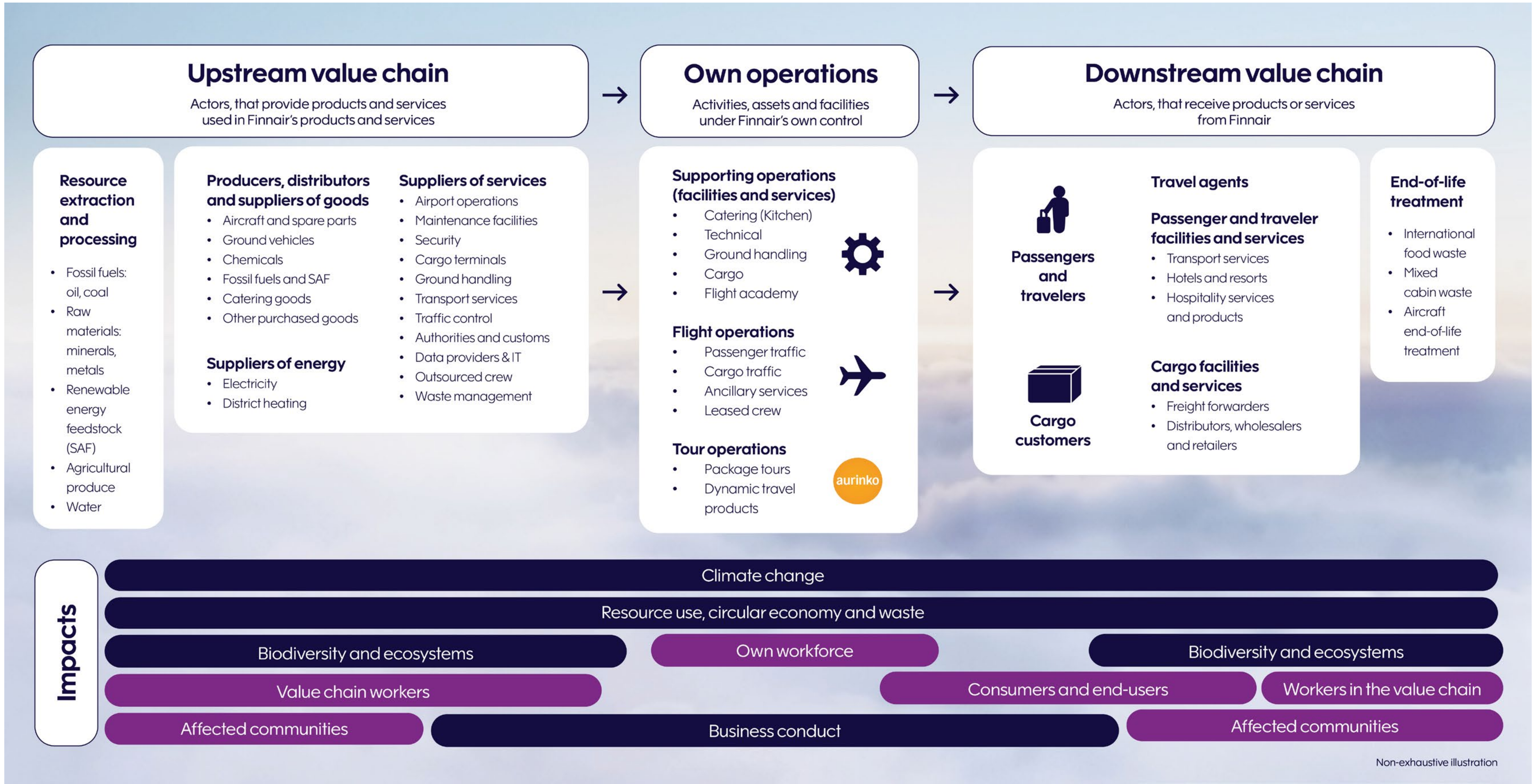
Finnair acquires its aircraft from aircraft manufacturers and aircraft lessors. The latest addition to its fleet came with the delivery of the 18th Airbus A350 aircraft in 2024. Finnair secures the aviation fuel necessary for its scheduled operations through direct fixed term purchases from fuel suppliers and re-sellers. Finnair hedges its fuel purchases within the hedging policy set by the Board. In addition, voluntary SAF is acquired through spot purchasing, which involves buying fuel at market rates, rather than through prearranged contracts. Finnair is also subject to SAF mandates through its fixed term fuel agreements.

In terms of its workforce, Finnair primarily employs own employees, who are mainly located in Finland. Finnair also has leased cabin crew members, who are considered as non-employees. For a detailed description of Finnair's own workforce, see *S1 Own workforce*.

As its material outputs, Finnair delivers value to its direct customers in the form of passenger transportation and ancillary services, Aurinkomatkat package tours, in addition to logistics transportation services to its Finnair Cargo customers. As a listed company, Finnair also produces value for investors and shareholders.

For an illustration of Finnair's upstream and downstream value chain, and Finnair's position in its value chain and the location of its material impacts, risks and opportunities in the value chain, see *Finnair's value chain and location of material impacts, risks, and opportunities* on the next page.

Finnair's value chain and location of material impacts, risks, and opportunities



SBM-2 Interests and views of stakeholders

Stakeholder group	How is engagement organised?	What is the purpose of the engagement?	How are outcomes taken into account?
Own workforce	• Cooperation with elected OHS representatives and employee representatives • Cooperation with personnel representatives in Corporate Council • Unit and team meetings, Townhalls, Finnair Voice -surveys	• Including employee interests and views in decision-making and management • Supporting professional growth and skill development • Enabling feedback and discussion on issues relevant to employees' work, wellbeing, health and safety	• Modification or creation of policies and action plans related to own workforce, e.g., Finnair People Plan, Occupational safety and health action plan
Customers, consumers, and end-users	• Customer service channels, feedback and surveys • Finnair Customer Community, Aurinkoheimo Community, Finnair Plus events • Finnair's social media	• Incorporating feedback in service and product development • Assisting during customer journey • Enabling feedback and discussion on issues relevant to customers	• New features in product and service development/design • Internal communication, e.g., instructions, training, awareness campaigns
Suppliers and workers in the value chain	• Contract negotiation and management • Supplier Code of Conduct • Supplier screening, surveys and audits	• Ensuring effective cooperation • Ensuring Code of Conduct compliance • Performance of KYC and risk management procedures	• Factoring sustainability risk into supplier screening • Improving of knowledge base on existing and prospective suppliers' sustainability
Affected communities	• External communication via press releases, social media and website • Cooperation with Destination Management Companies, hotel partners and regional organisations • Helsinki airport cooperation group for aircraft noise management	• Providing information to affected communities and receiving feedback • Ensuring prerequisites for Finnair's operations in destination countries and cities • Compliance with local regulation	• Training on sustainable tourism and participating in community development projects in Aurinkomatkat beach holiday destinations • Monitoring of noise levels and traffic planning at Helsinki-Vantaa airport

Stakeholder group	How is engagement organised?	What is the purpose of the engagement?	How are outcomes taken into account?
Shareholders and investors	• Annual, half-year and interim reporting, stock exchange and press releases • Annual General Meetings, investor, analyst, and media meetings • ESG ratings	• Providing timely and accurate information to shareholders and investors • Engaging with existing stakeholders and investors and enabling feedback • Acquiring new investors	• Consideration of investor and shareholders' views and contemporary market trends in decision-making • Increasing availability of ESG data through ESG rating participation and drafting the Sustainability Report
Authorities, regulators and government	• Dialogue with local, national, EU-level authorities and governments, and authorities in Finland and in destination and/or overflight countries	• Ensuring compliance with relevant regulation, adjusting operations and reporting accordingly • Advocating Finnair's position and influencing decision-makers and regulatory entities	• Adjustments and changes in operations and reporting practices to ensure compliance
Partnerships, alliances, associations and R&D	• Membership in IATA and A4E, membership in SMAL and participation in SMAL Sustainable Tourism working group • **one**world alliance and Joint Businesses • Cooperation with Finavia, educational institutions, and companies	• Sharing information and best practices • Enabling innovation through industry cooperation (e.g., sustainable fuels, advancement of aircraft technology) • Industry-level alignment on sustainability objectives	• Increased alignment on approach to policy advocacy and initiatives
General public and media	• External communication via press releases, conferences, interviews and events • Communication via social media channels and website • Finnair Media Desk	• Providing timely and accurate information to media outlets and the public • Amplifying customer communications in case of disruptions • Providing transparent and clear sustainability information	• Development of internal instructions for sustainability communication
Intergovernmental and non-profit organisations	• Communication on Progress (CoP), Carbon Disclosure Project (CDP), SBTi commitment • Cooperation with WWF, UNICEF, Finnish Red Cross, Cancer Society of Finland, Finnish Association of People with Physical Disabilities, All For Blue and Green Key	• Communication of efforts to reduce negative environmental impacts and create positive social impact • Sharing of information and best practices • Supporting human rights, disaster relief, wildlife, projects for sustainability cooperation	• Setting of Science Based Target for the year 2033 • Participation in multiple charity campaigns during 2024

Finnair continuously assesses its key stakeholders' input and is prepared to adapt its operations and strategy in alignment with evolving external expectations. In 2024, Finnair initiated the process of updating its sustainability strategy as a part of Finnair's overall strategy work, taking into account the changed operating environment after the closure of Russian airspace, as well as stakeholder expectations and changing regulatory environment. For a description of how the interests and views of Finnair's key stakeholders were taken into consideration in the double materiality assessment process see *IRO-1 Description of the process to identify and assess material impacts, risks and opportunities*.

Finnair's Board and its relevant Committees, Executive Board, and SLT are regularly informed on the views and interests of affected stakeholders as part of briefings, as described under *GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies*.

SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Identified material sustainability matter	Type
E1 Climate change: Climate change mitigation	
GHG emissions in own operations and value chain (Scopes 1, 2 and 3)	Negative impact
Value chain GHG emissions connected to tourism	Negative impact
Risk of increasing regulatory obligations	Risk
Risks from transitioning to fossil-free aviation	Risk
Risk of losing reputation and declining market demand	Risk
Risk of increasing fines and litigation	Risk
Proactive adoption of sustainability practices	Opportunity
Enhanced sources of capital, revenue, and cost-savings through sustainability	Opportunity
Collaboration in the value chain	Opportunity
E1 Climate change: Energy	
Fuel and energy consumption in air transport	Negative impact
Investment in advanced technology and maintenance practices	Opportunity
E1 Climate change: Climate change adaptation	
Contribution to excessive tourism in areas vulnerable to impacts of climate change	Negative impact

Identified material sustainability matter	Type
E4 Biodiversity and ecosystems: Direct impact drivers of biodiversity loss	
Adverse impacts of the feedstock production for renewable fuel (SAF)	Negative impact
Regulation of renewable feedstock supply and transparency of SAF production	Risk
E5 Resource use and circular economy: Resources inflows, including resource use	
Use of virgin resources and depletion of natural resources	Negative impact
Decreased need for virgin resources	Opportunity
E5 Resource use and circular economy: Waste	
Waste generation and non-recycling	Negative impact
S1 Own workforce: Working conditions	
Impact of shiftwork and exposure and load factors on employees	Negative impact
Increased employee health, wellbeing, and motivation	Positive impact
Risk of strikes and other work-related disruptions	Risk
Strong employer brand and company culture from employee wellbeing and sustainability	Opportunity
Flexible and local agreement on terms of employment	Opportunity
S1 Own workforce: Equal treatment and opportunities for all	
Inclusive working environment fostering employee health, wellbeing and motivation	Positive impact
Career development through training and skills development opportunities	Positive impact
S2 Workers in the value chain: Working conditions, equal treatment and opportunities for all, and other work-related rights	
Negative human rights impacts related to working conditions and equality in the supply chain and outsourced operations	Negative impact
Risk of reputational damage due to human rights violations in the value chain	Risk
Risk of strikes and other work-related disruptions in the value chain	Risk
Increased supplier engagement and ethical sourcing	Positive impact

Identified material sustainability matter	Type
S3 Affected communities: Communities' economic, social and cultural rights	
Contribution to regional and economic development of Finland	Positive impact
Contribution to cultural exchange, diplomacy and cooperation between peoples	Positive impact
Contribution to economic activity and job creation in local communities abroad	Positive impact
Noise pollution from own air transport operations	Negative impact
Risk of stricter noise regulation	Risk
S4 Consumers and end-users: Social inclusion of consumers and/or end- users	
Distress and a sense of discrimination due to failure to ensure accessibility	Negative impact
Improved accessibility and inclusion	Positive impact
Negative impacts related to vague, distorted, or false sustainability communication and marketing	Negative impact
Transparent sustainability communication and marketing	Opportunity
Negative impacts related to failures in punctual departures	Negative impact
S4 Consumers and end-users: Information-related impacts for consumers and/or end-users	
Negative impacts related to personal data security breaches	Negative impact
Risk of data security breaches	Risk
S4 Consumers and end-users: Personal safety of consumers and/or end-users	
Negative impacts related to health and safety of customers	Negative impact
Risk of health epidemics or pandemics	Risk
Potential for an individual to fall victim of human trafficking	Negative impact
G1 Business conduct: Corporate culture, protection of whistleblowers, animal welfare, corruption and bribery	
Unethical business conduct and violations of principles	Negative impact
Risk of reputational damage from unethical business conduct and violations of principles	Risk
Illegal Wildlife Trafficking	Negative impact
G1 Business conduct: Management of relationships with suppliers including payment practices	
Preferred partner for suppliers through good and fair relationship management	Opportunity

For a detailed description of the identified material impacts, risks, and opportunities and their interaction with Finnair's strategy and business model, see the corresponding material topical standard in this Sustainability Report: *E1 Climate change, E4 Biodiversity and ecosystems, E5 Resource use and circular economy, S1 Own workforce, S2 Workers in the value chain, S3 Affected communities, S4 Consumers and end-users, G1 Business conduct*. For a statement on the process to identify material impacts, risks, and opportunities see section *IRO-1 Description of the process to identify and assess material impacts, risks and opportunities*.

During the reporting period, Finnair has not developed a comprehensive qualitative or quantitative analysis of its business model and strategy's resilience or capacity to address all its identified impacts and risks, or the ability to pursue all its identified opportunities. However, Finnair has developed an understanding of its resilience against specific impacts and risks, and ability to pursue specific opportunities, namely climate-related impacts, risks, and opportunities through its Carbon Disclosure Project (CDP) which is aligned with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations for reporting on climate-related risks and opportunities.

As this is the first year of reporting in accordance with the ESRS as issued by EFRAG, there are no changes to the material impacts, risks, and opportunities compared to the previous reporting period. No entity-specific disclosures have been reported under this Sustainability Report; all material impacts, risks and opportunities are covered by ESRS Disclosure Requirements.

IRO-1 Description of processes to identify and assess material impacts, risks and opportunities

The process to identify, assess, and manage sustainability-related impacts and risks is integrated into Finnair's overall internal control and risk management systems, similarly to other topics that pose impacts or risks to Finnair.

Double materiality assessment

Finnair carried out its DMA process according to the ESRS requirements for the first time in 2023. The process consisted of a contextual analysis based on Finnair's previous materiality assessments, public and internal sources, stakeholder engagement through interviews and surveys, internal impact and financial materiality assessments, and working group meetings around the topic. The process followed the principles of internal control and risk management confirmed by the Board. The results were validated by the Board on in February 2024. Following the refinement of the ESRS requirements, Finnair conducted an internal review of the DMA results in September 2024, which resulted in clarification of the descriptions of the identified sustainability matters. As part of the review, it was also assessed whether the identified sustainability matters were still material. In addition, the identified negative impact and risk related to aircraft noise was transferred under S3 Affected communities, as the identified negative impact and risk relate to social impacts, i.e., people, and not specifically to environmental impacts. As a result of this transfer, E2 Pollution was no longer defined as material, since Finnair's pollution-related impacts, risks, and opportunities, apart from aircraft noise, were determined as non-material in Finnair's own operations and along its value chain.

Contextual analysis and stakeholder engagement

The contextual analysis was conducted to understand the context and starting point for the DMA. The aim was to screen the most relevant sustainability matters to which most material impacts, risks and opportunities in Finnair's value chain and the aviation industry in general were connected. The analysis was based on publicly available and internal materials, larger sustainability trends in the media, an overview of relevant regulations, sector-specific frameworks, and industry publications and benchmarks. The preliminary list of potentially material sustainability matters served as basis for the stakeholder engagement via a series of targeted interviews and more general surveys. The stakeholders involved were employees, consumers and corporate customers, suppliers and business partners, investors, analysts and owners, governmental and/or municipal authorities, and non-governmental organisations. The stakeholders' views informed the subsequent assessment of material impacts, risks, and opportunities.

Identifying sustainability-related impacts, risks and opportunities

Based on the findings from the contextual analysis, a set of actual and potential negative and positive impacts on people and the environment in which Finnair is involved through its own operations or its business relationships across the value chain were identified. The key features of the value chain were considered on a general level featuring the key inputs and outputs, key supplier types, facilities, services and assets required for operations. Some of the identified impacts were assessed as giving rise to associated risks and opportunities and to further result in current or anticipated financial effects. Additionally, some risks and opportunities were seen as stemming from regulatory developments addressing systemic risks, such as changes in emissions and pollution abatement legislation, which may affect the availability of resources from which Finnair is dependent (e.g., different fuel types), require significant capital expenditure (e.g., energy efficiency investments, less-emitting technologies), or possibly result in sanctions.

Assessment and determination of material impacts, risks and opportunities

The materiality of the identified impacts, risks, and opportunities was assessed in accordance with the principles of the standards (ESRS 1, Chapter 3). The severity of the negative and positive effects (taking into account the scale, scope and, in the case of negative effects, also the irremediable character of the impact), the magnitude of the financial impacts of the risks and opportunities, as well as the likelihood of their respective occurrences were each assessed on a scale from 1 to 5. The product of the severity/magnitude scores and the corresponding likelihood scores formed the total materiality scores of each sustainability topic, by which a quantitative materiality prioritisation of the identified items was made. The median value of all the materiality scores was employed as the initial quantitative threshold for determining the materiality of a single sustainability topic (impact, risk, or opportunity). After further discussion and analysis in validation meetings with Finnair's Executive Board, qualitative materiality adjustments were made for individual impacts, risks, and opportunities, resulting in the final list of material topics.

For the topic of E1 Climate change, Finnair has conducted systemic enterprise-level risk assessments and scenario-based climate risk assessments, and these were used as material in identifying climate-related impacts, risks and opportunities in the DMA. Finnair has implemented a systematic Enterprise Risk Management (ERM) process based on the COSO ERM framework, considering potential risks, climate-related risks and their potential significant financial impacts. Within the ERM process, Finnair follows the IATA environmental assessment program (IEnvA) requirements according to which all potential environmental risks and opportunities associated with environmental aspects, their impacts and likelihood, are evaluated. In its ERM process regarding environmental impacts Finnair complies with the requirements of its certified Environmental Management System according to which environmental risks and opportunities must be assessed in terms of both their significance and probability.

A scenario-based climate risk assessment was conducted in 2022 and updated in 2023 and 2024. The process involved familiarising Finnair with future climate scenarios prepared by various third parties, identifying the risks and opportunities arising from them, and developing possible adaptation strategies. The first step of the assessment was to assess the external environment, with global warming, global policy initiatives such as the EU Fit for 55 package and changes in the market and economic conditions affected by events such as the COVID-19 pandemic and Russia's invasion of Ukraine as key factors. The assessment helped understand the broader context in which Finnair operates.

To guide the next phase of the analysis, the questions of interest were defined in terms of key factors concerning operational risks caused by physical climate change, potential changes in customer behaviour and the extent of regulatory changes. At this stage, innovation opportunities, such as technology development and competitive advantages were also identified. By identifying the key factors, the focus of the assessment could be narrowed to more detailed analysis. Key factors were divided into social, technological, economic, environmental and political factors. Based on these, it was possible to formulate a baseline and reference level for analysing the future paths of the selected climate scenarios and their impacts.

Four different climate-scenarios were selected: IEA NetZero 2050, IEA APS, IPCC RCP2.6 and IPCC RCP8.5. Each scenario represents a different trajectory for the aviation industry based on different assumptions about technological developments, policy actions, and social and economic factors. For each scenario, the analysis addressed the different concerns, risks and uncertainties related to the vision of the future and operational performance.

Finnair's climate-related scenario analysis also assessed transition risks based on the IEA's World Energy Outlook (WEO) scenarios, mainly the NetZero 2050 scenario, but considered also the Stated Policies scenario and the Sustainable Development scenario. Transition risks were assessed for short- (2023–2025), medium- (2026–2030), and long-term (2031–2040) with specific focus on the late 2020's and 2030 decade. The assessment considered aircraft energy efficiency, shift to renewable fuels, impact of consumer behaviour change, policy implications and aircraft technology developments. The scenario analysis sought to identify and find answers to key questions related to climate change. The goal of the qualitative analysis has been to find the factors and parameters that affect Finnair most due to climate change. The qualitative analysis has been refined with a quantitative analysis of the factors that have the greatest impact on Finnair's operations and profitability. An example of this is the EU climate legislation amendment's entry into force (the so-called Fit for 55 package).

Finnair's climate-related scenario analysis has assessed the physical risks based on the IPCC's RCP2.6 and RCP8.5 scenarios. The analysis has also made use of the IPCC's report; Climate Change 2021. The physical risks have been assessed for the short- (2023–2040), medium- (2041–2060), and long-term (2061–2100), with a more specific focus on the years 2030–2050 time scale. RCP 8.5 has been chosen to predict the change that would result from the inability to find global consensus and policy ways to curb climate change from the current trend and leads to 4.5 degree temperature change. RCP2.6 represents a scenario in which policy decisions and commitments bring the direction of climate change in line with the objective of the Paris Agreement. No quantitative analysis of the effects of physical climate change has been performed.

The assessed physical risks are mainly related to sudden extreme weather conditions. These are typically operative risks and into everyday risk mitigation actions in aviation. Acute physical climate risks would materialise as extreme weather events affecting the punctuality of flight operations, i.e., on-time performance. Based on Finnair's analysis, its home hub Helsinki-Vantaa would not suffer from the acute physical risks of climate change to the same extent as its global competitors in general. Increased heavy snowfall could pose challenges to the on-time performance. When comparing the RCP 8.5 scenario with the RCP 2.6 scenario, it can be concluded that physical climate change would lead to increased operational costs. These would most likely be due to an increase in irregularities and flight cancellations. Parts of Finnair's network might also need to be re-evaluated. The likelihood of this latter risk is also affected by possible chronic changes in climate that could have an impact on people's travel behaviour.

Transition risks, in turn, focus on the green economy; primarily changes in policies, regulations and market and their impact on Finnair's operations, reputation and finances. These risks are of financial nature and managed in strategic and financial operations. Both physical climate change and the green transition also contain opportunities for Finnair. These are continuously evaluated and monitored in connection with Finnair's strategic review. According to the IEA's NetZero 2050 scenario, governments should invest in ways to increase the use of low-carbon fuels. Here, global cooperation is considered very important and a key factor for success. According to the scenario, it would also be important to agree on targeted measures where rapid reductions in global emissions can be achieved.

Low-carbon fuels are currently many times more expensive than fossil kerosene, so any refuelling mandates on them should be carefully designed to avoid regional inequalities. The same applies to possible regulatory upward pressure on ticket prices (taxes). As stated in the IEA's NetZero 2050 scenario, international co-operation is needed to define a common direction and actions. Finnair's SAF strategy is generally highly dependent on Finnair's financial position to participate in supporting the development of the global SAF market. Finnair sees the energy transition not only as an expense, but as an opportunity to create added value and differentiate its services, thereby increasing their attractiveness on the market.

For the topic of E4 Biodiversity and ecosystems, potential biodiversity and ecosystem impacts and risks associated with increasing SAF use emerged as most material, outweighing impacts from other impacts, risks, and opportunities related to Finnair's own operations and value chain. These impacts and risks relate to the potential long-term impacts of land-use change resulting from cultivation of feedstock to produce SAF and the financial risk related to SAF availability. As the risk and negative impact identified specifically relate to the use of SAF, they are largely tied to SAF production, and therefore to the business relationship with suppliers from whom Finnair acquires SAF. Risks and negative impacts are mitigated through use of certified suppliers who comply with recognised sustainability standards. No positive impacts, opportunities, or direct material dependencies on biodiversity and ecosystem services were identified. Finnair's own operations are situated in proximity of its home hub, Helsinki-Vantaa airport, which is not considered a biodiversity-sensitive area. Impacts of climate change on biodiversity in short-, medium-, and long-term time horizons was recognised, but all disclosures related to climate change impacts are reported under *E1 Climate change*.

For the topic of E5 Circular economy and resource use two negative impacts and one opportunity were identified. No risks were identified. When assessing the resource use and circular economy aspects, Finnair evaluated material use and waste management in its own operations related to flights, ground operations, cargo, catering, maintenance, and facility management. In evaluation of the upstream value chain, emphasis was on aircraft and spare parts manufacturers and providers of catering goods. Affected communities were consulted in the form of a stakeholder survey. Food and beverage used in catering services is the biggest category of materials used in term of quantity. Chemicals form the second largest category of materials used, and were considered material, as they represent the biggest category of hazardous waste. In terms of specific activities, business relationships, geographies, or other factors that give rise to heightened risk of adverse impacts, the lack of visibility or control over the recycling of waste in Finnair's destination hubs poses challenges for the overall recycling rate of produced waste.

As a result of the DMA, the topics of E2 Pollution and E3 Water and marine resources were determined non-material for Finnair. Finnair's pollution-related impacts were determined as non-material in its own operations at Helsinki-Vantaa home hub site location, and along its value chain. Finnair's water and marine resources-related impacts were determined as non-material in its own operations at Helsinki-Vantaa home hub site location and along its value chain, as Finnair does not have significant operations in geographical areas where water is a material issue nor do its operations or services materially impact marine resources.

IRO-2 Disclosure requirements in ESRS covered by the undertaking's Sustainability Report

List of the Disclosure Requirements complied with in preparing the Sustainability Report

Disclosure Requirement		Section	Page number	Additional information
ESRS 2 General disclosures				
BP-1	General basis for preparation of the Sustainability Report	ESRS 2; BP-1	44	
BP-2	Disclosures in relation to specific circumstances	ESRS 2; BP-2	45	
GOV-1	The role of the administrative, management and supervisory bodies	ESRS 2; GOV-1	45	
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	ESRS 2; GOV-2	47	
GOV-3	Integration of sustainability-related performance in incentive schemes	ESRS 2; GOV-3	48	
GOV-4	Statement on due diligence	ESRS 2; GOV-4	48	
GOV-5	Risk management and internal controls over sustainability reporting	ESRS 2; GOV-5	48	
SBM-1	Strategy, business model and value chain	ESRS 2; SBM-1	49	
SBM-2	Interests and views of stakeholders	ESRS 2; SBM-2	53	
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	E1; SBM-3, E4; SBM-3, S1; SBM-3, S2; SBM-3, S3; SBM-3, S4; SBM-3	55, 83, 104, 110, 126, 131, 137	
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	ESRS 2; IRO-1	58	
IRO-2	Disclosure requirements in ESRS covered by the undertaking's Sustainability Report	ESRS 2; IRO-2	62	
Environmental information				
ESRS E1 Climate change				
ESRS 2, GOV-3	Integration of sustainability-related performance in incentive schemes	ESRS 2; GOV-3	48	
E1-1	Transition plan for climate change mitigation	E1; E1-1	81	
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	E1; SBM-3	55, 83	
ESRS 2, IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	ESRS 2; IRO-1	58	
E1-2	Policies related to climate change mitigation and adaptation	E1; E1-2	90	
E1-3	Actions and resources in relation to climate change policies	E1; E1-3	91	
E1-4	Targets related to climate change mitigation and adaptation	E1; E1-4	93	
E1-5	Energy consumption and mix	E1; E1-5	96	
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	E1; E1-6	97	
E1-7	GHG removals and GHG mitigation projects financed through carbon credits	E1; E1-7	101	

Disclosure Requirement		Section	Page number	Additional information
E1-8	Internal carbon pricing	E1; E1-8	102	
E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Disclosure requirement omitted as per ESRS 1 General requirements Appendix C		
ESRS E2 Pollution				
ESRS 2, IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	Determined non-material		
E2-1	Policies related to pollution	Determined non-material		
E2-2	Actions and resources related to pollution	Determined non-material		
E2-3	Targets related to pollution	Determined non-material		
E2-4	Pollution of air, water and soil	Determined non-material		
E2-5	Substances of concern and substances of very high concern	Determined non-material		
E2-6	Anticipated financial effects from pollution-related impacts, risks and opportunities	Determined non-material		
ESRS E3 Water and marine resources				
ESRS 2, IRO-1	Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	Determined non-material		
E3-1	Policies related to water and marine resources	Determined non-material		
E3-2	Actions and resources related to water and marine resources	Determined non-material		
E3-3	Targets related to water and marine resources	Determined non-material		
E3-4	Water consumption	Determined non-material		
E3-5	Anticipated financial effects from water and marine resources-related impacts, risks and op-portunities	Determined non-material		
ESRS E4 Biodiversity and ecosystems				
E4-1	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	E4; E4-1	103	
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	E4; SBM-3	55, 104	
ESRS 2, IRO-1	Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities	ESRS 2; IRO-1	58	
E4-2	Policies related to biodiversity and ecosystems	E4; E4-2	104	
E4-3	Actions and resources related to biodiversity and ecosystems	E4; E4-3	105	
E4-4	Targets related to biodiversity and ecosystems	E4; E4-4	105	
E4-5	Impact metrics related to biodiversity and ecosystems change	E4; E4-5	105	
E4-6	Anticipated financial effects from biodiversity and ecosystem-related risks and opportunities	Disclosure requirement omitted as per ESRS 1 General requirements Appendix C		
ESRS E5 Resource use and circular economy				
ESRS 2, IRO-1	Description of the processes to identify and assess material resource use and circular econ-omy-related impacts, risks and opportunities	ESRS 2; IRO-1	58	
E5-1	Policies related to resource use and circular economy	E5; E5-1	106	
E5-2	Actions and resources related to resource use and circular economy	E5; E5-2	107	
E5-3	Targets related to resource use and circular economy	E5; E5-3	108	
E5-4	Resource inflows	E5; E5-4	108	

Disclosure Requirement		Section	Page number	Additional information
E5-5	Resource outflows	E5; E5-5	109	
E5-6	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	Disclosure requirement omitted as per ESRS 1 General requirements Appendix C		
Social information				
ESRS S1 Own workforce				
ESRS 2, SBM-2	Interests and views of stakeholders	ESRS 2; SBM-2	53	
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	S1; SBM-3	55, 110	
S1-1	Policies related to own workforce	S1; S1-1	112	
S1-2	Processes for engaging with own workers and workers' representatives about impacts	S1; S1-2	114	
S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	S1; S1-3	116	
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	S1; S1-4	116	
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and man-aging material risks and opportunities	S1; S1-5	119	
S1-6	Characteristics of the undertaking's employees	S1; S1-6	120	
S1-7	Characteristics of non-employee workers in the undertaking's own workforce	Disclosure requirement omitted as per ESRS 1 General requirements Appendix C		
S1-8	Collective bargaining coverage and social dialogue	S1; S1-8	121	
S1-9	Diversity metrics	S1; S1-9	122	
S1-10	Adequate wages	S1; S1-10	122	
S1-11	Social protection	Disclosure requirement omitted as per ESRS 1 General requirements Appendix C		
S1-12	Persons with disabilities	Disclosure requirement omitted as per ESRS 1 General requirements Appendix C		
S1-13	Training and skills development metrics	S1; S1-13	123	
S1-14	Health and safety metrics	S1; S1-14	124	
S1-15	Work-life balance metrics	S1; S1-15	124	
S1-16	Compensation metrics (pay gap and total compensation)	S1; S1-16	125	
S1-17	Incidents, complaints and severe human rights impacts	S1; S1-17	125	
ESRS S2 Workers in the value chain				
ESRS 2, SBM-2	Interests and views of stakeholders	ESRS 2; SBM-2	53	
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	S2; SBM-3	55, 126	
S2-1	Policies related to value chain workers	S2; S2-1	128	
S2-2	Processes for engaging with value chain workers about impacts	S2; S2-2	128	
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise con-cerns	S2; S2-3	129	

Disclosure Requirement		Section	Page number	Additional information
S2-4	Taking action on material impacts on value chain workers, and approaches to managing mate-rial risks and pursuing material opportunities related to value chain workers, and effectiveness of those action	S2; S2-4	129	
S2-5	Targets related to managing material negative impacts, advancing positive impacts, and man-aging material risks and opportunities	S2; S2-5	130	
ESRS S3 Affected communities				
ESRS 2, SBM-2	Interests and views of stakeholders	ESRS 2; SBM-2	53	
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	S3; SBM-3	55, 131	
S3-1	Policies related to affected communities	S3; S3-1	133	
S3-2	Processes for engaging with affected communities about impacts	S3; S3-2	134	
S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns	S3; S3-3	134	
S3-4	Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	S3; S3-4	134	
S3-5	Targets related to managing material negative impacts, advancing positive impacts, and man-aging material risks and opportunities	S3; S3-5	136	
ESRS S4 Consumers and end-users				
ESRS 2, SBM-2	Interests and views of stakeholders	ESRS 2; SBM-2	53	
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	S4; SBM-3	55, 137	
S4-1	Policies related to consumers and end-users	S4; S4-1	140	
S4-2	Processes for engaging with consumers and end-users about impacts	S4; S4-2	142	
S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	S4; S4-3	142	
S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	S4; S4-4	143	
S4-5	Targets related to managing material negative impacts, advancing positive impacts, and man-aging material risks and opportunities	S4; S4-5	145	
Governance information				
ESRS G1 Business conduct				
ESRS 2, GOV-1	The role of the administrative, supervisory and management bodies	ESRS 2; GOV-1	45	
ESRS 2, IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	ESRS 2; IRO-1	58	
G1-1	Corporate culture and business conduct policies and corporate culture	G1; G1-1	147	
G1-2	Management of relationships with suppliers	G1; G1-2	150	
G1-3	Prevention and detection of corruption and bribery	G1; G1-3	151	
G1-4	Confirmed incidents of corruption or bribery	G1; G1-4	151	
G1-5	Political influence and lobbying activities	Determined non-material		
G1-6	Payment practices	G1; G1-6	151	

Appendix B. List of datapoints in cross-cutting and topical standards that derive from other EU legislation

Disclosure Requirement	Related datapoint	Sustainability disclosure	SFDR (Sustainable Finance Disclosures Regulation) reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Section	Page number
ESRS 2 GOV-1	Paragraph 21 (d)	Board's gender diversity	Indicator number 13 of Table #1 of Annex I		Commission Delegated Regulation (EU) 2020/1816, Annex II		ESRS 2; GOV-1	45
ESRS 2 GOV-1	Paragraph 21 (e)	Percentage of board members who are independent			Delegated Regulation (EU) 2020/1816, Annex II		ESRS 2; GOV-1	45
ESRS 2 GOV-4	Paragraph 30	Statement on due diligence	Indicator number 10 Table #3 of Annex I				ESRS 2; GOV-4	48
ESRS 2 SBM-1	Paragraph 40 (d) i	Involvement in activities related to fossil fuel activities	Indicators number 4 Table #1 of Annex I	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		ESRS 2; SBM-1	49
ESRS 2 SBM-1	Paragraph 40 (d) ii	Involvement in activities related to chemical production	Indicator number 9 Table #2 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		ESRS 2; SBM-1	49
ESRS 2 SBM-1	Paragraph 40 (d) iii	Involvement in activities related to controversial weapons	Indicator number 14 Table #1 of Annex I		Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		ESRS 2; SBM-1	49
ESRS 2 SBM-1	Paragraph 40 (d) iv	Involvement in activities related to cultivation and production of tobacco			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		ESRS 2; SBM-1	49
ESRS E1-1	Paragraph 14	Transition plan to reach climate neutrality by 2050				Regulation (EU) 2021/1119, Article 2(1)	E1; E1-1	81

Disclosure Requirement	Related datapoint	Sustainability disclosure	SFDR (Sustainable Finance Disclosures Regulation) reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Section	Page number
ESRS E1-1	Paragraph 16 (g)	Undertakings excluded from Paris-aligned Benchmarks		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article12.1 (d) to (g), and Article 12.2		E1; E1-1	81
ESRS E1-4	Paragraph 34	GHG emission reduction targets	Indicator number 4 Table #2 of Annex I	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		E1; E1-4	93
ESRS E1-5	Paragraph 38	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex I				E1; E1-5	96
ESRS E1-5	Paragraph 37	Energy consump-tion and mix	Indicator number 5 Table #1 of Annex I				E1; E1-5	96
ESRS E1-5	Paragraphs 40–43	Energy intensity associated with activities in high climate impact sectors	Indicator number 6 Table #1 of Annex I				E1; E1-5	96

Disclosure Requirement	Related datapoint	Sustainability disclosure	SFDR (Sustainable Finance Disclosures Regulation) reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Section	Page number
ESRS E1-6	Paragraph 44	Gross Scope 1, 2, 3 and Total GHG emissions	Indicators number 1 and 2 Table #1 of Annex I	Article 449a; Regulation (EU) No 575/2013; Commission Im-plementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		E1; E1-6	97
ESRS E1-6	Paragraphs 53–55	Gross GHG emissions intensity	Indicators number 3 Table #1 of Annex I	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		E1; E1-6	97
ESRS E1-7	Paragraph 56	GHG removals and carbon credits				Regulation (EU) 2021/1119, Article 2(1)	E1; E1-7	101
ESRS E1-9	Paragraph 66	Exposure of the benchmark port-folio to climate-related physical risks			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Disclosure requirement omitted as per ESRS 1 General requirements Appendix C	
ESRS E1-9	Paragraph 66 (a)	Disaggregation of monetary amounts by acute and chronic physical risk		Article 449a Reg-ulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.				

Disclosure Requirement	Related datapoint	Sustainability disclosure	SFDR (Sustainable Finance Disclosures Regulation) reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Section	Page number
ESRS E1-9	Paragraph 66 (c)	Location of significant assets at material physical risk					Disclosure requirement omitted as per ESRS 1 General requirements Appendix C	
ESRS E1-9	Paragraph 67 (c)	Breakdown of the carrying value of its real estate assets by energy-efficiency classes		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2:Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral				
ESRS E1-9	Paragraph 69	Degree of exposure of the portfolio to climate-related opportunities			Delegated Regulation (EU) 2020/1818, Annex II			
ESRS E2-4	Paragraph 28	Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollu-tant Release and Transfer Register) emitted to air, water and soil	Indicator number 8 Table #1 of Annex I Indicator number 2 Table #2 of Annex I Indicator number 1 Table #2 of Annex I Indicator number 3 Table #2 of Annex I				Determined non-material	
ESRS E3-1	Paragraph 9	Water and marine resources	Indicator number 7 Table #2 of Annex I					
ESRS E3-1	Paragraph 13	Dedicated policy	Indicator number 8 Table 2 of Annex I					
ESRS E3-1	Paragraph 14	Sustainable oceans and seas	Indicator number 12 Table #2 of Annex I					
ESRS E3-4	Paragraph 28 (c)	Total water recy-cled and reused	Indicator number 6.2 Table #2 of An-nex I					

Disclosure Requirement	Related datapoint	Sustainability disclosure	SFDR (Sustainable Finance Disclosures Regulation) reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Section	Page number
ESRS E3-4	Paragraph 29	Total water consumption in m^3 per net revenue on own operations	Indicator number 6.1 Table #2 of An-nex I				Determined non-material	
ESRS 2 – IRO-1 – E4	Paragraph 16 (a) i		Indicator number 7 Table #1 of Annex I				ESRS 2; IRO-1	58
ESRS 2 – IRO-1 – E4	Paragraph 16 (b)		Indicator number 10 Table #2 of Annex I				ESRS 2; IRO-1	58
ESRS 2 – IRO-1 – E4	Paragraph 16 (c)		Indicator number 14 Table #2 of Annex I				ESRS 2; IRO-1	58
ESRS E4-2	Paragraph 24 (b)	Sustainable land / agriculture practices or policies	Indicator number 11 Table #2 of Annex I				E4; E4-2	103
ESRS E4-2	Paragraph 24 (c)	Sustainable oceans / seas practices or policies	Indicator number 12 Table #2 of Annex I				E4; E4-2	104
ESRS E4-2	Paragraph 24 (d)	Policies to address deforestation	Indicator number 15 Table #2 of Annex I				E4; E4-2	104
ESRS E5-5	Paragraph 37 (d)	Non-recycled waste	Indicator number 13 Table #2 of Annex I				E5; E5-5	109
ESRS E5-5	Paragraph 39	Hazardous waste and radioactive waste	Indicator number 9 Table #1 of Annex I				E5; E5-5	109
ESRS 2 – SBM-3 – S1	Paragraph 14 (f)	Risk of incidents of forced labour	Indicator number 13 Table #3 of Annex I				ESRS 2; SBM-3, S1; SBM-3	55, 110
ESRS 2 – SBM-3 – S1	Paragraph 14 (g)	Risk of incidents of child labour	Indicator number 12 Table #3 of Annex I				ESRS 2; SBM-3, S1; SBM-3	55, 110
ESRS S1-1	Paragraph 20	Human rights policy commitments	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				S1; S1-1	112

Disclosure Requirement	Related datapoint	Sustainability disclosure	SFDR (Sustainable Finance Disclosures Regulation) reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Section	Page number
ESRS S1-1	Paragraph 21	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8			Delegated Regulation (EU) 2020/1816, Annex II		S1; S1-1	112
ESRS S1-1	Paragraph 22	Processes and measures for preventing trafficking in human beings	Indicator number 11 Table #3 of Annex I				S1; S1-1	112
ESRS S1-1	Paragraph 23	Workplace accident prevention policy or management system	Indicator number 1 Table #3 of Annex I				S1; S1-1	112
ESRS S1-3	Paragraph 32 (c)	Grievance/ complaints handling mechanisms	Indicator number 5 Table #3 of Annex I				S1; S1-3	123
ESRS S1-14	Paragraph 88 (b) and (c)	Number of fatalities and number and rate of work-related	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		S1; S1-14	124
ESRS S1-14	Paragraph 88 (e)	Number of days lost to injuries, accidents, fatalities or illness	Indicator number 3 Table #3 of Annex I				S1; S1-14	124
ESRS S1-16	Paragraph 97 (a)	Unadjusted gender pay gap	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		S1; S1-16	125
ESRS S1-16	Paragraph 97 (b)	Excessive CEO pay ratio	Indicator number 8 Table #3 of Annex I				S1; S1-16	125
ESRS S1-17	Paragraph 103 (a)	Incidents of discrimination	Indicator number 7 Table #3 of Annex I				S1; S1-17	125

Disclosure Requirement	Related datapoint	Sustainability disclosure	SFDR (Sustainable Finance Disclosures Regulation) reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Section	Page number
ESRS S1-17	Paragraph 104 (a)	Non-respect of UNGPs on Business and Human Rights and OECD	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		S1; S1-17	125
ESRS 2 – SBM-3 – S2	Paragraph 11 (b)	Significant risk of child labour or forced labour in the value chain	Indicators number 12 and n. 13 Table #3 of Annex I				ESRS 2; SBM-3, S2; SMB-3	55, 126
ESRS S2-1	Paragraph 17	Human rights policy commitments	Indicator number 9 Table #3 and Indi-cator n. 11 Table #1 of Annex I				S2; S2-1	128
ESRS S2-1	Paragraph 18	Policies related to value chain workers	Indicator number 11 and n. 4 Table #3 of Annex I				S2; S2-1	128
ESRS S2-1	Paragraph 19	Non-respect of UNGPs on Busi-ness and Human Rights principles and OECD guidelines	Indicator number 10 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		S2; S2-1	128
ESRS S2-1	Paragraph 19	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8			Delegated Regulation (EU) 2020/1816, Annex II		S2; S2-1	128
ESRS S2-4	Paragraph 36	Human rights issues and incidents connected to its upstream and downstream value chain	Indicator number 14 Table #3 of Annex I				S2; S2-4	129
ESRS S3-1	Paragraph 16	Human rights policy commitments	Indicator number 9 Table #3 of Annex 1 and Indicator num-ber 11 Table #1 of Annex I				S3; S3-1	133

Disclosure Requirement	Related datapoint	Sustainability disclosure	SFDR (Sustainable Finance Disclosures Regulation) reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Section	Page number
ESRS S3-1	Paragraph 17	Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines	Indicator number 10 Table #1 Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regu-lation (EU) 2020/1818, Art 12 (1)		S3; S3-1	133
ESRS S3-4	Paragraph 36	Human rights issues and incidents	Indicator number 14 Table #3 of Annex I				S3; S3-4	134
ESRS S4-1	Paragraph 16	Policies related to consumers and end-users	Indicator number 9 Table #3 and Indi-cator number 11 Table #1 of Annex I				S4; S4-1	140
ESRS S4-1	Paragraph 17	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	Indicator number 10 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II DelegatedRegulation (EU)2020/1818, Art 12 (1)		S4; S4-1	140
ESRS S4-4	Paragraph 35	Human rights issues and inci-dents	Indicator number 14 Table #3 of Annex I				S4; S4-4	143
ESRS G1-1	Paragraph 10 (b)	United Nations Convention against corruption	Indicator number 15 Table #3 of Annex I				G1; G1-1	147
ESRS G1-1	Paragraph 10 (d)	Protection of whistle-blowers	Indicator number 6 Table #3 of Annex I				G1; G1-1	147
ESRS G1-4	Paragraph 24 (a)	Fines for violation of anti-corruption and anti-bribery laws	Indicator number 17 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		G1; G1-4	151
ESRS G1-4	Paragraph 24 (b)	Standards of anti-corruption and anti-bribery	Indicator number 16 Table #3 of Annex I				G1; G1-4	151

ENVIRONMENTAL INFORMATION

EU Taxonomy

Background

As a part of its Action Plan for Sustainable Finance, the EU has developed a classification system for determining environmentally sustainable economic activities, also known as the EU Taxonomy. The EU Taxonomy Regulation establishes six environmental objectives: 1) climate change mitigation, 2) climate change adaptation, 3) the sustainable use and protection of water and marine resources, 4) the transition to a circular economy, 5) pollution prevention and control, and 6) the protection and restoration of biodiversity and ecosystems.

The EU Taxonomy is constantly evolving, as new economic activities and environmental objectives have been gradually added. The first delegated act of the Taxonomy Regulation concerning climate change mitigation and adaptation entered into force on 1 January 2022. Article 8 of the Regulation brought an obligation for Public-Interest Entities under the Non-financial Reporting Directive (NFRD), such as Finnair, to report on Taxonomy for the first time for the reporting year 2021. For the reporting year 2024, all in-scope entities are required to report the proportion of their revenue, capital expenditure (CapEx), and operating expenditure (OpEx) that is both Taxonomy-eligible and -aligned with the environmental objectives. These indicators are defined in the EU Taxonomy and their definitions differ from those of IFRS for capital expenditure and operating expenditure.

Finnair's approach on EU Taxonomy

Finnair has assessed the Taxonomy-eligibility of its economic activities by comparing their NACE coding against the economic activities included in the EU Taxonomy and related criteria. Finnair's core business areas consist of passenger traffic, ancillary sales, cargo, and travel services. Of these, passenger air transport (NACE H51.1, activity number 6.19) and freight air transport (NACE H51.21, activity number 6.19) were included in the list of economic activities contributing to climate change mitigation from the reporting year 2023 and Finnair must report Taxonomy-eligible and -aligned shares of its revenue, CapEx and OpEx related to these economic activities in the reporting year 2024. Of Finnair's other core business areas, ancillary sales and travel services are not, however, yet included in the Taxonomy's list of economic activities. The same applies to freight transport services by road supplied by Finnair Cargo (activity number 6.6) as these services are outsourced to a third party and are, therefore, not considered Taxonomy-eligible.

Finnair has heavily modernised its wide-body fleet in recent years. In 2015–2017, seven A340 aircraft were retired from revenue service at Finnair and since 2015, Finnair has introduced 18 modern, lower-emission A350 wide-body aircraft to its fleet. The latest one was received in December 2024. Of the disposed A340 aircraft, one was sold for recycling, two were returned to lessors at the end of their leases, and four were sold to Airbus in conjunction with the confirmation of the exercise of Finnair's option to purchase eight additional A350 aircraft. Finnair still has one A350 aircraft on order and scheduled to be delivered in Q2 of 2026. This renewal of the widebody fleet is the largest single investment in Finnair's history.

Finnair aims to increase the use of SAF together with the **one**world alliance and other stakeholders. The **one**world alliance has set a common goal of achieving a 10%-level SAF uptake by 2030, well above the 5% mandate proposed by the EU. Achieving this goal will require a joint effort with both legislators and various industrial sectors. The increase of SAF use is also strongly linked to the protection of biodiversity (the sixth environmental objective), so that the rapidly growing demand does not lead to increased land use that could harm biodiversity. In 2024, Finnair's SAF usage was 0.46% of its total jet fuel consumption.

Regarding travel services, the Taxonomy would focus on the conservation and protection of nature's biodiversity if this economic function were to be included in the Taxonomy. The technical criteria have been created for accommodation services, and the need to develop criteria for the leisure activities management is still pending. Nature and its biodiversity are a significant attraction in the business of Aurinkomatkat. When planning destination programmes, Aurinkomatkat carefully assesses their potential impacts on environment and biodiversity. The aim is to avoid, for example, organising visits to places where this might pose a threat or harm to biodiversity.

In accordance with the Taxonomy reporting requirements, Finnair has avoided double counting by ensuring that revenue, CapEx, and OpEx have been allocated only once to an economic activity and from environmental objectives only to climate change mitigation.

Revenue

The EU Taxonomy definition of revenue is identical with Finnair Group's revenue in financial reporting and, thus, other operating income is not included in it. Finnair's Taxonomy-eligible revenue accounts for 86% (87) of its total revenue.

Due to the new reporting requirements, the Taxonomy-aligned share of passenger and cargo revenue was reported for the first time in 2024. The share of Taxonomy-aligned revenue of total revenue is 0% (0). Finnair has concluded that for the reporting year 2024, it did not meet all the criteria set by the Taxonomy. Therefore, Finnair did not proceed to determine its Taxonomy-aligned revenue for 2024.

Finnair's lower-emission A350 fleet is deemed likely eligible to meet the criteria for significant contribution (source: ICF; EU Taxonomy for aviation eligible aircraft technology, 2024). If criteria for significant contribution is met, it would be possible in the future that revenue generated from operating the A350 fleet (based on the EASA defined global 10-year aircraft replacement ratio of 48%) be considered Taxonomy-aligned, provided that the other criteria by the Taxonomy are also met.

Capital expenditure (CapEx)

Capital expenditure definition according to the EU Taxonomy is the same as gross capital expenditure reported by Finnair.

The share of Taxonomy-eligible CapEx of total CapEx was 90% (83), and almost all of it was related to the fleet operated by Finnair in both passenger and air cargo operations. Other Taxonomy-eligible CapEx was related to real estate and related energy solutions.

Due to the new reporting requirements, the Taxonomy-aligned share of passenger and cargo CapEx was reported for the first time in 2024. 0% of Finnair's total CapEx was Taxonomy-aligned (0), as Finnair has concluded that for the reporting year 2024 it did not meet all the criteria set by the Taxonomy. Therefore, Finnair did not proceed to determine its Taxonomy-aligned CapEx for 2024.

Operating expenditure (OpEx)

Operating expenditure, as defined in the EU Taxonomy, consists of direct research, development, and maintenance costs as well as short-term leases.

The Taxonomy-eligible share of Finnair's total Taxonomy-based OpEx was 100% (100), as almost all OpEx were related to fleet maintenance. Other Taxonomy-eligible OpEx related to the maintenance of acquired and owned buildings (activity number 7.7), as well as short-term leases.

Due to the new reporting requirements, the Taxonomy-aligned share of passenger and cargo OpEx was reported for the first time in 2024. 0% of the total Taxonomy-based OpEx were Taxonomy-aligned (0), as Finnair has concluded that for the reporting year 2024 it did not meet all the criteria set by the Taxonomy. Therefore, Finnair did not proceed to determine its Taxonomy-aligned OpEx for 2024.

More detailed Taxonomy figures are presented in the Taxonomy -tables on the following pages.

Proportion of revenue from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024

Financial year 2024		2024		Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities (1)	Code (2)	Revenue (3)	Proportion of revenue, year 2024 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or-eligible (A.2.) revenue, year 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
		MEUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
Taxonomy-eligible activities																			
Environmentally sustainable activities (Taxonomy-aligned)																			
Revenue of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0														0		
Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Passenger and freight air transport	CCM 6.19	2,612	86	N	N/EL	N/EL	N/EL	N/EL	N/EL								87		
Revenue of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		2,612	86														87		
Revenue of Taxonomy-eligible activities (A.1+A.2)		**2,612**	**86**														**87**		
Taxonomy-non-eligible activities																			
Revenue of Taxonomy-non-eligible activities		437	14																
Total		**3,049**	**100**																

Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024

Financial year 2024	2024			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities (1)	Code (2)	CapEx (3)	Proportion of CapEx, year 2024 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) CapEx, year 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
		MEUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
Taxonomy-eligible activities																			
Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0														0		
Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Passenger and freight air transport	CCM 6.19	410	88	N	N/EL	N/EL	N/EL	N/EL	N/EL								83		
Acquisition and ownership of buildings	CCM 7.7	8	2	N	N/EL	N/EL	N/EL	N/EL	N/EL								0		
Installation of energy efficient equipment	CCM 7.3	1	0	N	N/EL	N/EL	N/EL	N/EL	N/EL								0		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		419	90														83		
CapEx of Taxonomy-eligible activities (A.1+A.2)		**419**	**90**														83		
Taxonomy-non-eligible activities																			
CapEx of Taxonomy-non-eligible activities		46	10																
Total		**464**	**100**																

Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024

Financial year 2024	2024			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities (1)	Code (2)	OpEx (3)	Proportion of OpEx, year 2024 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx, year 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
		MEUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
Taxonomy-eligible activities																			
Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0														0		
Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Passenger and freight air transport	CCM 6.19	229	97	N	N/EL	N/EL	N/EL	N/EL	N/EL								97		
Acquisition and ownership of buildings	CCM 7.7	8	3	N	N/EL	N/EL	N/EL	N/EL	N/EL								3		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		236	100														100		
OpEx of Taxonomy-eligible activities (A.1+A.2)		**236**	**100**														**100**		
Taxonomy-non-eligible activities																			
OpEx of Taxonomy-non-eligible activities		1	0																
Total		**237**	**100**																

Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.

Nuclear and fossil gas related activities

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

	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

ENVIRONMENTAL INFORMATION

E1 Climate change

E1-1 Transition plan for climate change mitigation

Finnair's vision is to accelerate the aviation sector's transition away from fossil fuels, guided by cross-sectoral cooperation and continued scientific and technological advancements. Currently, Finnair does not have all the required elements of its transition plan for achieving climate neutrality by 2050 approved by its Board and documented in accordance with the CSRD. Therefore, Finnair does not claim to have a valid transition plan for climate change mitigation at this time. Finnair has set a long-term emission reduction target related to the transition plan and further planning is underway and will be reported as soon as all components are ready and receive approval in accordance with the sustainability governance model. See *GOV-1 The role of the administrative, management and supervisory bodies.*

Significant resources will play a crucial role in the effective implementation of the future transition strategy. For Finnair, the greatest transformative potential in moving away from fossil fuels lies in increasing the use of sustainable aviation fuel and modernizing its aircraft. Finnair sees that the greater potential out of the two lies in sustainable aviation fuels, as the technological development of aircraft to make more extensive use of non-liquid forms of energy has been delayed for several decades. Therefore, the resourcing of the transition plan will be targeted now and in the coming years at supporting the SAF market and creating and implementing a strategy in which Finnair can benefit from the aviation energy transition in the best possible way. Finnair has set an emissions reduction target for the next ten years that supports limiting global warming to 1.5 degrees, as determined in the Paris Agreement. This target entails a 34.5% reduction in well-to-wake Scope 1 and 3 jet fuel GHG emissions per revenue tonne kilometre (RTK) by 2033 from a 2023 base year.

The target was validated by the Science Based Targets initiative (SBTi) in September 2024 and reflects Finnair's commitment to global climate objectives. Translated to absolute CO_2e emissions, the target equates to a reduction of approximately 13% in CO_2e emissions using the parameters that have been established for the target period. Non-CO_2 factors, which may also contribute to aviation induced warming, are not included in this target. This is due to the high degree of scientific uncertainty surrounding non-CO_2 emissions and the lack of available mitigation levers. Finnair is working on understanding its contribution on non-CO_2 emissions and will publicly report its non-CO_2 impacts when this information is available.

Finnair prioritises the reduction of direct emissions from its aircraft in its decarbonisation efforts. This involves levers such as increasing the use of SAF, optimising the network, renewing the fleet and improving operational efficiency. These actions align with the requirements and guidelines set forth by the SBTi. Out of the listed levers, increasing the use of SAF will be the most critical measure over the medium- and long-term time horizons, contributing to 60–70% of the emission reductions during the next ten years period, until disruptive propulsion technologies for aviation are widely available on the market. Thus, the next ten years' emission reduction efforts fully support the future long-term transition plan.

In accordance with its Environmental Management System (EMS), Finnair coordinates its environmental and energy efficiency and mitigates the environmental impact of its most significant environmental aspects. Finnair is committed to investing the human resources needed to implement the climate transition plan and continuously developing and maintaining its EMS's environmental assessment certificate (IATA IEnvA). In 2024 Finnair had allocated 0,5 FTE to manage the EMS, and three (3) FTE to manage climate-related initiatives and actions.

Currently, Finnair has not determined the financial capital and operational investments needed to implement a transition plan or made decisions on their allocation. For alignment of economic activities with EU Taxonomy provisions, such investments will be required both for acquiring modern aircraft to achieve greater energy efficiency and to support the fast-growing market for sustainable aviation fuels.

Transportation sector and Finnair is not excluded from the EU Paris-aligned benchmarks (PAB). During reporting period 2024, Finnair had no significant CapEx amounts invested to coal, oil, and gas-related economic activities.

Transition plan as part of business strategy and financial planning

In line with its business strategy, Finnair has included sustainability as a core consideration in its operations. The Board and the Executive Board oversee the effective implementation of its sustainability strategy and decarbonisation activities, ensuring that sustainability objectives are considered in strategic and financial planning, investment decisions, and day-to-day operations. Finnair's business strategy and financial planning take into account direct costs and risks related to sustainability. These include regulatory compliance requirements, SAF purchases, carbon credit purchases, and additional clean energy costs. In 2024, Finnair paid approximately 91.6 million euros in environmental costs. The largest of these was the costs of the EU/SWISS/UK emissions trading systems, 57.4 million euros. The rest consisted of other environmental fees and taxes. In the next few years, these costs are expected to increase significantly due to the EU's SAF mandate that will enter into force in 2025 and the tightening of the EU emissions trading system (see also *Risk 2 in Table 1* below). Finnair automatically includes regulatory environmental costs related to jet fuel in its financial planning as an internal carbon price.

Finnair has begun its long journey to reduce the use of fossil energy, but the transition to renewable energy in aviation will not be linear and may take decades. Finnair has begun to establish milestones for this journey, and is gradually increasing the volume of SAF use, continuously improving energy-efficiency of flying, closely monitoring the development of disruptive propulsion solutions such as new hydrogen and hybrid-electric aircraft, and providing aircraft operator input to the development of these technologies. New technologies are advancing at an accelerating pace, making it crucial to identify and select the optimal path to achieve carbon neutral flying.

Risk of locked-in emissions

The age of the aircraft, and thus the age distribution of the fleet, has an impact on the airline's emissions profile. Newer aircraft typically have lower emissions, while older aircraft produce relatively higher emissions due to older type design and operating characteristics. The average age of Finnair's fleet is 13.5 years (age range 2–24) and is therefore middle-aged. The economic service life of the aircraft is approximately 25 years. This reflects Finnair's multifaceted challenge of reducing greenhouse gas emissions and managing related transition risks through fleet planning and investments. Investments and assets related to older aircraft may carry the risk of locked-in GHG emissions as emissions-related legislation tightens and market demands to switch to lower-emission aircraft increase. Proactive fleet management and renewal planning are essential to effectively manage transition risks. In conclusion, although the average age of Finnair's fleet is less than 14 years, the fleet may include locked-in GHG emissions. In the long-term, this may pose a transition risk to the emission reduction target and increase pressure to find cost-effective solutions on the renewable fuels market.

SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Identified material sustainability matter	Type	Description
Climate change mitigation		
GHG emissions in own operations and value chain (Scopes 1, 2, and 3)	**Negative impact**	Burning jet fuel generates approximately 80% of Finnair's total GHG emissions, and the effects may be multiplied in high altitudes. Ground vehicles emit 0.03% of Finnair's total GHG emissions. Other value chain emissions generate the rest 20% of Finnair's total emissions, mainly through fuel transportation and production (12%), purchased good and services (5%), These figures refer to year 2023 emissions.
Value chain GHG emissions connected to tourism	**Negative impact**	Air travel and tourism, encompassing operations like transport, accommodations, construction, and other services, account for approximately 8% of global carbon emissions.
Risk of increasing regulatory obligations	**Transition risk** (Table 1, Risk 2)	Changes in regulations aimed at reducing aviation emissions can impact airline operators. Increasing carbon pricing, national or regional emission reduction targets (in the form of mandates, taxes, etc.), and related regulations can increase operating costs and might require significant investments in new technology and fuel efficiency. This risk would also include the increasing carbon cost of various carbon pricing mechanisms (such as CORSIA and ETS, but also voluntary markets).
Risks from transitioning to fossil-free aviation	**Transition risk** (Table 1, Risk 1)	The cost of transitioning to fossil-free aviation requires significant investments in SAF, fuel efficiency and technology, which can financially burden Finnair potentially leading to increased debt or reduced profitability, as well as increased operational costs. Transitioning to more fuel-efficient aircraft can be costly and pose technological challenges. Poor timing, availability, and length of commitment to invest in new aircraft can lead to both financial and locked-in GHG emissions risks associated with the rapid evolution of aviation technology. Finnair may also face operational challenges during the transition to new technologies, such as adjusting network and flight schedules and implementing the new technology (Maintenance, repair and overhaul (MRO), infrastructure, etc.).
Risk of losing reputation and declining market demand	**Transition risk** (Table 1, Risk 3)	Failure to demonstrate commitment to sustainability objectives and non-effective climate change adaptation measures (increased emissions and operational delays, etc.) can damage Finnair's reputation, impacting customer loyalty and investor confidence. If consumer preferences shift towards more sustainable and environmentally friendly travel options and Finnair does not adapt to these preferences, it may face falling demand, loss of market share, and reduced profitability.

Identified material sustainability matter	Type	Description
Risk of increasing fines and litigation	**Transition risk**	Non-compliance with climate-related regulations can result in legal risks, including fines and litigation, which can affect Finnair's financial standing.
Proactive adoption of sustainability practices, e.g. to reduce GHG emissions	**Opportunity** (Table 2, Opportunity 3)	Proactively adopting sustainability practices, for example, to reduce GHG emissions and/or to exceed regulatory requirements, may not only protect Finnair from transition and regulatory risks, but position Finnair favourably in potential legal disputes (e.g. green claims) and in public perception. This can help gain a competitive advantage and attract environmentally conscious customers.
Enhanced sources of capital, revenue, and cost-savings through sustainability	**Opportunity** (Table 2, Opportunity 1)	Finnair can explore revenue generation or cost avoidance opportunities through active participation in the emerging SAF and carbon markets, and emissions trading systems. Demonstrating commitment to sustainability can attract investors and enhance access to capital. Investing in research and development of SAF can help Finnair generate future cost advantages.
Collaboration in supply chain	**Opportunity** (Table 2, Opportunity 2)	Collaborating with stakeholders to develop more sustainable products and services can enhance supply chain resilience and reduce environmental impact of flying.
Climate change adaptation		
Contribution to excessive tourism in areas vulnerable to impacts of climate change	**Negative impact**	If not exercising responsible tourism practices and continuing to promote or offer flights to areas vulnerable to the impacts of the climate change, the airline industry may inadvertently contribute to environmental degradation in those regions, straining local infrastructure, exacerbating the loss of biodiversity, and increasing the vulnerability of these areas to the adverse effects of climate change.
Energy		
Fuel and energy consumption in air transport	**Negative impact**	Jet fuel use accounts for over 99% of Finnair's total energy use, including wet lease out operations.
Investment in advanced technologies and maintenance practices	**Opportunity**	Newer aircraft typically have improved energy efficiency due to technological advances, while older aircraft have relatively higher energy consumption. Well-timed transition to newer aircraft technologies would decrease the fuel per passenger-kilometre travelled, thus positively impacting operating costs and profitability. In addition, investment in advanced data analytics and artificial intelligence to analyse operational data can identify opportunities for energy savings and efficiency improvements. Finnair can also invest in proactive maintenance practices to ensure that aircraft systems operate at best efficiency, reducing unnecessary energy consumption. Embracing innovations, such as improving aerodynamics and reducing aircraft operative weight, can improve fuel efficiency and reduce energy consumption.

For a description of how and when the climate-related resilience analyses have been conducted, including the use of climate scenario analyses, see *ESRS 2 IRO-1 Description of processes to identify and assess material impacts, risks and opportunities.* For summary of the results of analysis, see below Tables 1 and 2.

Table 1. Anticipated financial effects of transition risks

RISK 1 Transition risk: Technology	Market shifts towards low-carbon aircraft technologies. Investments in lower emissions new technology aircraft require significant capital investments. Rising capital and/or operational costs may lead to the need to rise flight ticket prices. If the increase in fixed assets/operating costs cannot be fully passed on in ticket prices, there is a risk that margins will be reduced.		
	Short-term impact (0–1 years)	**Medium-term impact (2–5 years)**	**Long-term impact (6–10 years)**
Impact description	In the short-term, Finnair does not need to make decisions about fleet investments that reflect far into the future.	In the medium- and long-term, direct operational costs based on environmental fees through EU regulations will increase. If Finnair's growth and the investment needs arising from the ageing of its narrow-body fleet cannot be met by utilising the latest technology on the market, the relative fuel cost of the fleet could weaken compared to competitors.	
Anticipated annual financial effect[1]	Non-existent	Low impact	High impact
Explanation of cost calculation	The estimated financial impact reflects the relative deterioration in the operative cost level when comparing Finnair's current fleet and optimally renewed fleet considering the availability of the aircraft market. No factors other than the higher fuel consumption of the fleet and the higher relative increase in regulatory costs related to EU regulation have been taken into account in calculating the cost level, so the figures are indicative and should not be directly referred to as an assumed increase in the operative cost. New aircraft technology is assumed to be about 15% more fuel efficient than the latest aircraft today.		
Adaptation strategy	• Finnair is not making significant short-term investments in old or rapidly obsolete technology. Furthermore, no significant technological renewal of the market is expected in the medium- or long-term, that would lead either to significant relative deterioration in operational costs or to negative customer attitudes. • Over a longer timeline of more than 10 years, estimating technological development and economic impacts is very challenging. Finnair is closely monitoring the development of new hydrogen and hybrid-electric aircraft.		

1 The criteria for the anticipated financial effects have been estimated as annual cost impact as follows: Low impact; less than 5 MEUR, Medium impact; 5–20 MEUR and High impact; over 20 MEUR.

RISK 2 **Transition risk: Policy and legal**	**Regulatory changes that increase direct operational costs. If the increase in the cost cannot be fully passed on to ticket prices, there is a risk of lower margins.**		
	Short-term impact (0–1 years)	**Medium-term impact (2–5 years)**	**Long-term impact (6–10 years)**
Impact description	• The ReFuelEU Aviation regulation will enter into force at the beginning of 2025. Its entry into force, together with the amendments to the EU ETS, will increase Finnair's fuel costs.	• The biggest additional cost in the medium term will come from the amendments to the EU ETS regulation. • It is uncertain whether the EU SAF incentive through ETS emission allowances will continue and whether non-CO_2 impacts will be included to the ETS system and how they should be calculated.	• ReFuelEU Aviation's SAF mandate for fuel suppliers will increase to 6% in 2030 and to 20% in 2035. Other countries will also start implementing SAF mandates by 2030 or beyond. • It is uncertain whether a kerosene tax will enter into force in the EU during this period.
Anticipated annual financial effect[1]	High impact	High impact	High impact
Explanation of cost calculation	These estimates should not be used as given but are only illustrative figures on the effects of regulation on Finnair's direct operational costs. In the calculation, the SAF premium price is based on the premium price range of SAF currently available on the market (2-3 times the price of fossil fuel). The estimated market price of the EU ETS emissions trading scheme is between 60-100 EUR/t. The financial effect of the risk describes fluctuations in market prices for the environmental costs and how dynamic ticket pricing could cover the costs. The above-mentioned uncertainties have not been included in the calculation.		
Adaptation strategy	To respond to the potential risk outcome, Finnair started developing a SAF strategy and a long-term decarbonisation roadmap in 2022. The strategic use of SAF and participation in evolving new energy ecosystems offers a significant opportunity to reduce operational emissions and adapt to the future regulatory cost increase while maintaining a good market position.		

RISK 3 **Transition risk: Market risk**	**Failure to take action on climate change can lead to loss of reputation, customer loyalty and investor confidence. Reduced demand could result in decreasing revenue.**		
	Short-term impact (0–1 years)	**Medium-term impact (2–5 years)**	**Long-term impact (6–10 years)**
Impact description	In the short- and medium-term, there is no trend where Finnair's actions (positive or negative) would have a significant impact on Finnair's attractiveness.		Not assessed
Anticipated annual financial effect[1]	Not assessed	Not assessed	Not assessed
Explanation of cost calculation	The impact of Finnair's own environmental actions on Finnair's brand value and demand is currently difficult to quantify.		
Adaptation strategy	To provide investors with Finnair's vision for the future and to deliver on this, Finnair needs to communicate this vision to its customers and provide them with sustainable service and loyalty programs, invest in modern and efficient technology, leverage industry best practices, and continuously strive to reduce fuel consumption and CO_2 emissions. Effective communication and promotional awareness-campaigns between different stakeholders are also essential in avoiding market risks and creating new opportunities for cooperation.		

[1] The criteria for the anticipated financial effects have been estimated as annual cost impact as follows: Low impact; less than 5 MEUR, Medium impact; 5–20 MEUR and High impact; over 20 MEUR.

Table 2. Potential climate-related opportunities

OPPORTUNITY 1 Energy source	The strategic approach to SAF offers a significant opportunity to reduce direct emissions and align with upcoming regulations. By increasing the use of SAF in phases, Finnair can stay ahead of regulatory changes and enhance its competitive standing. Early adoption of SAF could position Finnair among the leaders in sustainable aviation, potentially reducing exposure to future compliance costs and brand damage associated with high-emission industry. Over the long-term, a successful SAF strategy can mitigate financial risks linked to fuel price volatility (Table 1; Risk 2), decrease possible carbon taxes, and support Finnair's growth by meeting consumer demand for sustainable travel.		
	Short-term impact (0–1 years)	Medium-term impact (2–5 years)	Long-term impact (6–10 years)
Impact description	No impact	No impact	The potential economic impact here could refer to a reduction in regulative environmental charges, but also to mitigate risk against volatile SAF premium prices.
Anticipated annual financial effect	No effect	No effect	Not assessed
Explanation of cost calculation	As the time horizon is long, reliable estimates on the financial effects are challenging to make.		
Adaptation strategy	Finnair sees SAF as crucial in reducing CO_2 emissions of aviation. However, the reduction in environmental charges (e.g. EU ETS cost) alone does not incentivise SAF use, but there are also other incentives. More incentives to reduce SAF's market price must be found. This can be achieved by wide collaboration with the air transport sector stakeholders and policy makers. Finnair supports for SAF ramp-up in Helsinki-Vantaa airport and participates in R&D programs and various EU initiatives for improving SAF implementation attractiveness in aviation. Finnair is engaged in climate policy discussions in various forums, developing and promoting market driven energy and climate policy framework and legislation. Finnair encourages customers to contribute to voluntary SAF and thus helping the industry in its transition from using fossil fuels.		

OPPORTUNITY 2 Resilience	The geographic location of Finnair's home hub, Helsinki-Vantaa airport, provides a competitive advantage against the impacts of climate change. Its lower exposure to severe weather events, combined with its expertise in operating in severe weather conditions, may help Finnair mitigate disruptions and maintain continuity in business operations. Preparedness and resilience can cause direct and indirect cost savings, reduce the risk of loss of revenue and strengthen Finnair's reputation for reliability.		
	Short-term impact (0–1 years)	**Medium-term impact (2–5 years)**	**Long-term impact (6–10 years)**
Impact description	In the short and medium term, climate change is not expected to significantly increase extreme weather events.		The economic impact of the opportunity is difficult to assess, since punctuality and fuel consumption are the result of many factors, and the physical climate change outcome is yet unknown. Most of the benefits come from operational reliability.
Anticipated annual financial effect	Not assessed	Not assessed	Not assessed
Explanation of cost calculation	As the time horizon is long, reliable and physical climate change outcome in local surroundings is unknown. Estimates on the financial performance and cash flows are challenging to make.		
Adaptation strategy	Maintaining and improving operational punctuality is already one of Finnair's core competencies on a day-to-day basis. In relation to climate change, the increase in extreme weather events may create pressure to develop better weather forecasts in cooperation with the technology service providers.		

OPPORTUNITY 3 Markets	Involving customers in voluntary climate initiatives, such as supporting SAF, can promote customer loyalty and improve Finnair's reputation. By providing ancillary services that support Finnair's own environmental goals, Finnair can meet the growing demand for climate-conscious travellers, strengthen its brand and reduce exposure to penalties or litigation for misleading environmental claims. Sustainability-related programs can support revenue growth and strengthen Finnair's position in a market that is increasingly defined by sustainability.		
	Short-term impact (0–1 years)	**Medium-term impact (2–5 years)**	**Long-term impact (6–10 years)**
Impact description	The main potential positive climate impact is related to the purchase of additional renewable fuel paid by our customers. This accelerates Finnair's vision to move away from fossil fuels, supports the development of the voluntary SAF market and enables customers to take voluntary climate action.		
Anticipated annual financial effect	Not assessed	Not assessed	Not assessed
Explanation of cost calculation	The potential positive impact here points to an opportunity to increase the use of SAF beyond Finnair's own voluntary purchasing opportunities, reducing environmental regulatory fees.		
Adaptation strategy	Finnair offers its customers the opportunity to take voluntary climate action through targeted programmes. They can finance the purchase of additional SAF that increases the total amount of SAF used by Finnair. This customer collaboration is constantly being developed and simpler and more interesting components are being created. Finnair will provide customers with more transparent, clear and targeted communications related to its own environmental actions and cooperation.		

Mitigation strategy

Finnair's climate change mitigation strategy is based on understanding the operational controls it has over its value chain, whether through direct control, influence or guidance. Below is a summary of the most relevant activities classified according to the operational controls.

Direct Control

By investing in modern, more fuel-efficient aircraft Finnair can significantly reduce its direct emissions. Finnair can also improve fuel efficiency by reducing aircraft weight and optimizing of flight methods. The transition from fossil fuels to renewables is under Finnair's direct control, although a sustainable and significant transition requires sustainable economic performance and extensive cooperation and risk sharing between different stakeholders. With emissions other than those from flying, Finnair can achieve carbon neutrality in its own ground operations at Helsinki-Vantaa Airport. Here, the activities under Finnair's direct control can include improving energy efficiency, using renewable energy and offsetting. Finnair can also increasingly engage its customers by offering a range of sustainable options during the purchase process and launching campaigns, e.g. to promote voluntary additional SAF purchases. Finnair can also increase its products' life cycles and adopt better circular economy practices in its own operations. Advanced data analytics and artificial intelligence can help Finnair identify energy-saving opportunities within its direct control.

Influence

Finnair can influence its value chain over several areas of environmental sustainability. One key area is SAF, the promotion of it and participating in new emerging renewable energy ecosystems. Finnair can urge fuel producers to reduce CO_2 emissions during production and transportation, advocate for subsidies and incentives and make purchase commitments to make SAF production more profitable and sustainable. Finnair can also collaborate closely with its business partners to implement circular economy practices. Cooperation with customers, business partners, and other stakeholders is a prerequisite for Finnair to be able to achieve its sustainability goals. Additionally, proactively adopting sustainability practices are ways in which Finnair can influence the broader industry.

Guidance

Finnair can support broader industry and societal change through many kinds of initiatives. Finnair can support and promote the development of the SAF market and new aircraft technologies and promote the upgrading of airport infrastructure to support new technologies' implementation. Implementing responsible tourism practices is another way Finnair can guide the industry and help mitigate tourism's impacts on the environment.

Resilience of the climate strategy in relation to climate change

Physical climate change

Operational risks to flight operations may increase due to climate change, created by acute, extreme weather events such as storms, heat waves and heavy snowfall, which can disrupt flight schedules, damage infrastructure, cause in-flight injuries and increase operational costs. Long-term changes in climate, i.e., rising temperatures and changing wind-patterns, can affect flight paths, fuel efficiency and overall reliability. These risks are not new but may increase in intensity and frequency. Finnair has an effective Safety Management System in place to ensure safe and punctual flight operations.

Strong communication expertise, well-functioning communication systems, and strong service recovery capabilities (e.g., automated rerouting of customers) guarantee timely information in various exceptional situations to personnel, passengers and other stakeholders. This maintains and enhances Finnair's reputation as a reliable and modern airline.

Transition to green economics

The use of jet fuel accounts for approximately one third of Finnair's operative costs and more than 75% of Finnair's total carbon dioxide emissions (Scope 1, 2 and 3). Fuel-related cost development is therefore an essential part of Finnair's profitability and creates basis for opportunities to take voluntary climate actions.

Without actions to mitigate fuel costs, the annual costs of environmental regulation are expected to increase significantly already in the short-term and will continue to increase significantly in the long-term.

Based on Finnair's climate scenario analysis the transition to a low-carbon and more energy-efficient economy in the aviation sector is mainly based on three developments: technological developments of aircraft to make them more energy efficient and exploit new forms of energy (hydrogen and electricity), investments in energy infrastructure at airports, and technological and market economy developments in renewable aviation fuels. All of these have a major impact on achieving Finnair's climate objectives but are beyond its own direct operative control.

To enhance its resilience, Finnair is exploring partnerships to advance SAF technology and market development, collaborating with business partners to support the development of hydrogen and hybrid technology, and investing in more fuel-efficient aircraft and flight operations.

E1-2 Policies related to climate change mitigation and adaptation

Finnair's Environmental and Energy Efficiency Policy defines Finnair's commitment to manage the most material environmental and energy efficiency aspects and impacts of its operations and to continuously improve operational performance. The policy addresses key areas of environmental sustainability, including climate change mitigation, climate change adaptation, energy efficiency, and renewable energy deployment. The commitment and principles set out in the Policy are followed throughout all units, functions, and subsidiaries of Finnair. This policy and/or its most crucial aspects are also communicated to Finnair's entire personnel and to its key suppliers and partners, where applicable, through Finnair's internet and supply and purchase agreements. The policy is owned by Finnair CEO and approved by the Executive Board.

Finnair is committed to managing climate change impacts through a comprehensive Environmental Management System (EMS) that coordinates environmental and energy efficiency management. This system, certified by the IATA Environmental Assessment (IEnvA), addresses the environmental impacts of Finnair's products, services, and processes, aiming to screen its activities and plans in order to identify actual and potential future GHG emission sources and drivers for other climate-related impacts, minimize harm to nature and improve energy and emission efficiency. The Finnair Environmental Manual (FEM) outlines Finnair's environmental rules, ensuring compliance with Finnair's environmental and energy efficiency policy and promoting continuous improvement in environmental performance.

Climate Change Mitigation

Finnair has set an ambitious climate goal to improve its emissions efficiency by 34,5 % during the next ten years (2024–2033). To achieve this goal, Finnair sets sub-targets, and their realization is monitored through Finnair's environmental management system. Finnair's policy emphasizes continuous improvement, setting realistic environmental targets and work to achieve them. Regulations such as the EU Emissions Trading System, RED, and RefuelEU Aviation lay the foundation for Finnair's climate change mitigation, but Finnair also strives to find the best measures to reduce its greenhouse gas emissions and exceed legal requirements.

Climate Change Adaptation

The Sustainability Leadership Team is tasked with ensuring environmental risks are assessed and managed. Finnair engages in active dialogue with stakeholders to address environmental concerns and adapt to changing conditions. The Environmental and Energy Efficiency Policy also underscores the importance of protecting biodiversity and ecosystems. Specific measures include addressing the risk of increasing regulatory obligations and promoting responsible tourism practices in areas vulnerable to climate change.

Energy Efficiency

Finnair's Environmental and Energy Efficiency Policy sets clear goals for improving energy efficiency across all areas, including flight operations, facilities, catering functions, and aircraft maintenance services. Systematic monitoring, auditing, and reviewing of energy consumption help identify areas for improvement. Finnair's policies emphasizes that the priority is to reduce energy consumption before considering other emissions reduction measures.

Renewable Energy Deployment

Finnair's Environmental and Energy Efficiency Policy supports the exploration and use of SAFs and other renewable energy sources. Innovation and a proactive approach to the ongoing energy transition are emphasized, with a commitment to integrating renewable energy into operations. The Policy also promotes circular economy principles, aiming to reduce reliance on non-renewable resources. Collaboration with stakeholders to develop and source sustainable products and services, as well as participation in emerging SAF markets, are key strategies outlined in the Policy.

E1-3 Actions and resources in relation to climate change policies

More than 75% of Finnair's GHG emissions relate to flight operations, burning jet fuel (Scope 1) plus its production and transportation (Scope 3). For this reason, Finnair's targets, actions, resourcing and reporting related to climate change are focused on this function and the improvement of energy efficiency and the transition to renewable fuels have been identified as significant themes for Finnair.

Finnair prioritizes the reduction of direct emissions from its aircraft in its decarbonization efforts. This involves levers such as increasing the use of SAF, improving fuel efficiency of its operations and optimising its fleet energy efficiency in the long-term. Finnair acknowledges that its operations also involve global warming-related emissions other than CO_2e, such as contrails. Table 3 below identifies the total number of active initiatives Finnair had during 2024 to reduce emissions. The CO_2e savings of the initiatives during the reporting year.

At the beginning of 2025, a regulation has entered into force in the EU according to which airlines must collect and report data that could be used to better calculate and predict the effects of non-CO_2 emissions from aviation on global warming. Finnair strives to proactively understand the challenges related to data collection and forecasting models and contributes to supporting measures to optimise the amount of these emissions. In order to effectively reduce the global warming potential of contrails, both automated flight planning tools (strategic tools) and aircraft software (tactical tools) should be available on the market. When this is the case, flight paths past weather conditions in which climate-warming trails form can be minimised.

Transition to Renewable Energy

In 2024, Finnair used approximately 4,685 tons of SAF (2,266), which constituted about 0.46% (0.24) of the total kerosene consumption. Of this SAF, Finnair together with its customers voluntarily funded 2,657 tons (1,783) and 882 tons (483) were obtained through national mandates. Overall, the use of SAF resulted in a reduction of CO_2e emissions by 16,520 tons (6,359). These figures contain so-called life-cycle emissions (LCA). Finnair sources SAF from suppliers at the airports it operates to. Mandatory SAF is sourced to the extent required by regional mandates. Voluntary SAF is sourced to the extent that is needed to 1.) cover the expected demand from consumer, cargo and corporate customers and, in addition 2.) Finnair's own voluntary volumes required to track towards its climate goals.

Finnair uses diesel, fuel oil and petrol to run its ground vehicles. Of these fuels, diesel has been renewable from 2019, and in 2024 the company also switched to a renewable alternative in fuel oil. The gasoline Finnair uses contains a 10% renewable component.

Table 3. List of emission reduction initiatives for each top-level emission reduction lever and their stage of development during the reporting year

Emission reduction lever	Number of initiatives				Scope 1 emission reduction in 2024, tonnes of CO_2e
	Implemented in 2024	Implementation commenced in 2024	To be implemented	Under investigation/ development	
Transition to renewable energy	4	1	0	2	4,213
Improving fuel efficiency	3	4	5	9	7,700
Aircraft technology improvements	0	0	0	4	0
Other	0	0	0	0	0

Note: Table does not count in the initiatives implemented before 2024.

In 2024, 56% (21) of the ground fuels used were renewable resulting in 694 tons (227) of reduced CO_2e emissions compared to the use of similar fossil fuels. The figures include total value chain emissions (LCA) calculated over the life cycle.

Improving Energy and Emission Efficiency

In 2024, Finnair's traffic measured in revenue tonne kilometres (RTK) increased by 5.4% compared to 2023 (23). Thus, direct carbon dioxide emissions from flying (CO_2e) increased by 7.1% (21.8) to 3,244,093 tons (3,027,569).

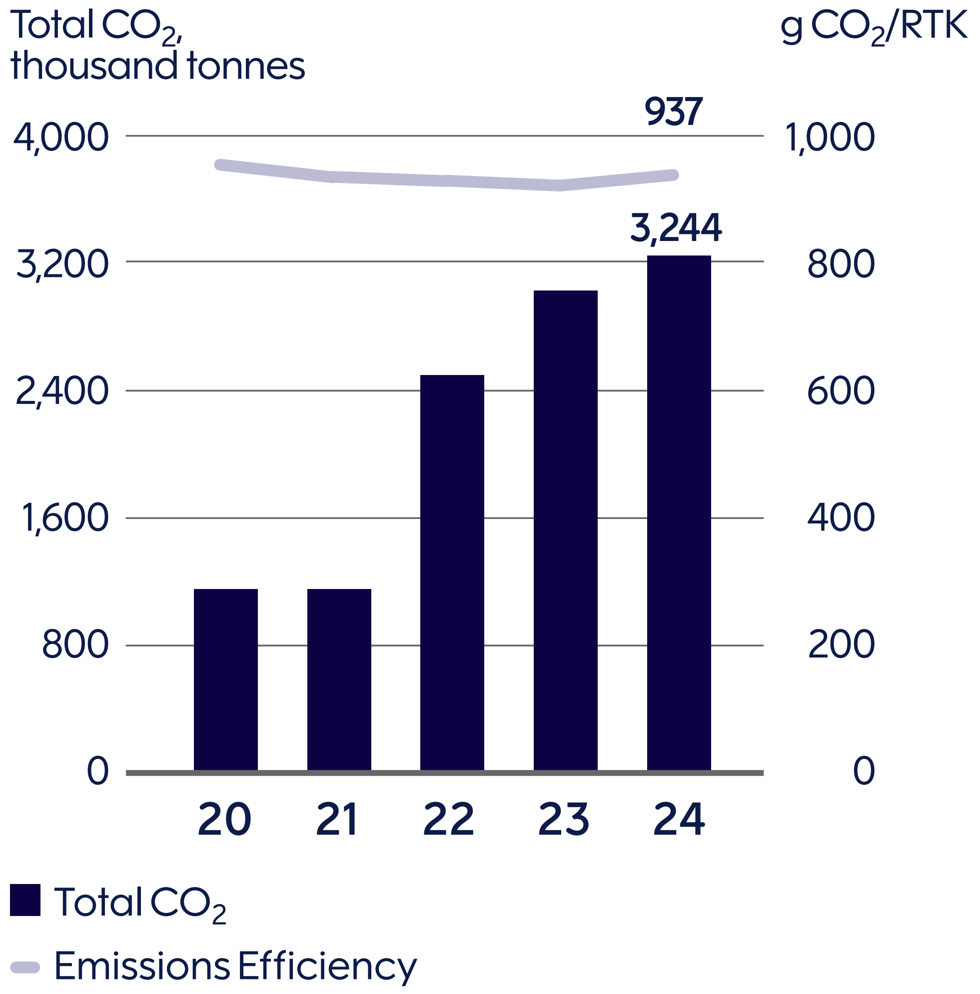
During 2024, the fuel efficiency of flying was 296 g/ RTK (292) without allocation between passengers and cargo, i.e., fuel efficiency decreased by 1.5% (improved 0.7). The reduction in fuel efficiency was mainly due to the longer Asia routes and Finnair's focus on maintaining the on-time-performance of the routes, as well as lower load factors that decreased from 76.4% to 75.8%. On the other hand, flying efficiency was improved due to good operational fuel efficiency. Finnair has a cross-organisational working group focused on operational fuel efficiency, which in 2024 helped save approximately 2,437 tons of fuel (1,760) and thus reduced Finnair's direct carbon dioxide emissions by approximately 7,700 tons (5,560). The operational measures implemented during 2024 included, for example, reduced the Scandinavian tankering, optimising the use of the Auxiliary Power Unit (APU) and optimising aircraft turnarounds. The working group has been active for several years already, and the abovementioned figures do not take into account the group's achievements from previous years.

The energy consumption of facilities decreased by 3.3% in 2024 (3.1). The total electricity consumption of the facilities was 22,461 MWh (23,554) and heat consumption 23,950 MWh (24,445). The decrease in electricity consumption was due to increased own solar power production, and the decrease in heating energy may be explained by the warmer summer and the winter towards the end of the year on average. CO_2e emissions from energy consumption in buildings dropped to zero, reducing by a total of 7,194 tonnes (7,558). The reason for the zero emissions is explained by Finnair's transition to using both emission-free electricity and district heating from the beginning of 2024.

Aircraft Technology Improvements

Advancements in aircraft technology aim to reduce carbon dioxide emissions by developing aircraft that consume less fuel and enabling the use of less carbon-intensive fuels. Most technological improvements stem from new propulsion technologies. These can be categorized into two classes: enhancements of existing technology and disruptive propulsion systems. On the timeline of Finnair's 2033 goal, the development of current technology can achieve about 15% better fuel efficiency compared to Finnair's existing narrow-body fleet. Engine and airframe manufacturers are already collaborating closely to exceed the use of the current maximum 50% SAF blend and achieve 100%. The broader market introduction of disruptive propulsion systems after 2040 supports the aviation industry's collective net-zero target for 2050. This includes the wider adoption of electric, hybrid, or hydrogen technologies. Finnair is closely monitoring the industry's technological advancements.

Development in Finnair's flight emissions and emission efficiency



RTK = revenue tonne kilometres, i.e. capacity use according to payload weight.

E1-4 Targets related to climate change mitigation and adaptation

Currently, Finnair does not have all the required elements of its transition plan for achieving climate neutrality by 2050 approved by its Board and documented in accordance with the CSRD. Therefore, Finnair does not claim to have a valid transition plan for climate change mitigation at this time. Finnair has set a long-term emission reduction target related to the transition plan and further planning is underway.

Finnair's SBTi-validated short-term emissions efficiency target for the next ten years to support limiting global warming to 1.5 degrees as agreed in the Paris Agreement, entails a 34.5% reduction in well-to-wake Scope 1 and 3 jet fuel GHG emissions per revenue tonne kilometre (RTK) by 2033 from a 2023 base year. Translated to absolute CO_2e emissions, the target equates to a reduction of approximately 13%.

The SBTi 1.5 degree sector pathway for aviation utilised in Finnair's target setting is derived from the Breakthrough scenario described in the Aviation Vision 2050 report from the International Council on Clean Transportation (ICCT; Graver et al. 2022). The scenario projects widespread investments in zero-carbon aircraft and fuels, leading to a peak in fossil jet fuel use in 2025 and elimination of fossil jet fuel use by 2050. The Breakthrough scenario incorporates projected demand and technology changes that are sufficient to align a 2050 net-zero carbon dioxide (CO_2) goal together with limited carbon removals but are plausible according to industry trends. For example, activity growth for the sector under the Breakthrough scenario is consistent with aviation traffic projections developed by the industry (ATAG, 2021; Boeing, 2021; ICAO, 2021).

Non-CO_2 factors which may also contribute to aviation induced warming are not included in this short-term SBTi target, as the inclusion of the non-CO_2 factors in the target setting is not yet considered credible giving the high degree of scientific uncertainty and lack of available mitigation levers. Finnair is working on understanding its contribution on non-CO_2 emissions and will publicly report its non-CO_2 impacts when this information is available.

Finnair's objective for mitigating climate change is reducing fossil carbon emissions of flying. The key levers are:

- **Transition to renewable energy:** As jet fuel currently accounts for more than 75% of Finnair's total carbon footprint, increasing the use of SAF will play a significant role in reducing emissions. SAF can reduce fossil CO_2 emissions up to 80% compared to fossil-based fuels. Finnair aspires to use SAF 10% from its total fuel consumption in 2030.

- **Improving fuel efficiency:** Finnair continues to invest in fuel efficiency daily, with every single flight. This means fuel-efficient network, traffic and flight planning, optimising the operative weight of the aircraft, and operating each flight as fuel efficiently as possible.
- **Aircraft technology improvement:** The pandemic has affected the timing of Finnair's fleet renewal plan. Finnair is closely monitoring the development of aircraft efficiency and new hydrogen and hybrid-electric aircraft. Worldwide, new technologies are advancing at an accelerating pace, making it crucial to identify and select the optimal path to support Finnair's climate targets.

Finnair has committed to have operated ground operations at the Helsinki-Vantaa airport have been carbon neutral (Scope 1, 2, and Scope 3 Category 3) since 2023. To maintain this commitment Finnair is using zero-emission electricity and district heating in its facilities, and renewable fuels in its ground equipment. The residual emissions are compensated through certified climate projects. In 2024, 643 tonnes of CO_2 was compensated to achieve carbon neutrality. The mitigation projects financed in 2024 are listed under section *E1-7 GHG removals and GHG mitigation projects financed through carbon credits.*

Finnair acknowledges that available strategies to pursue these measures are subject to various uncertainties and risks. Notably, there are concerns about the availability and price trajectory of SAF, procurement of next-generation aircraft, and uncertainty regarding policy frameworks. These factors pose potential challenges that may impact Finnair's plans.

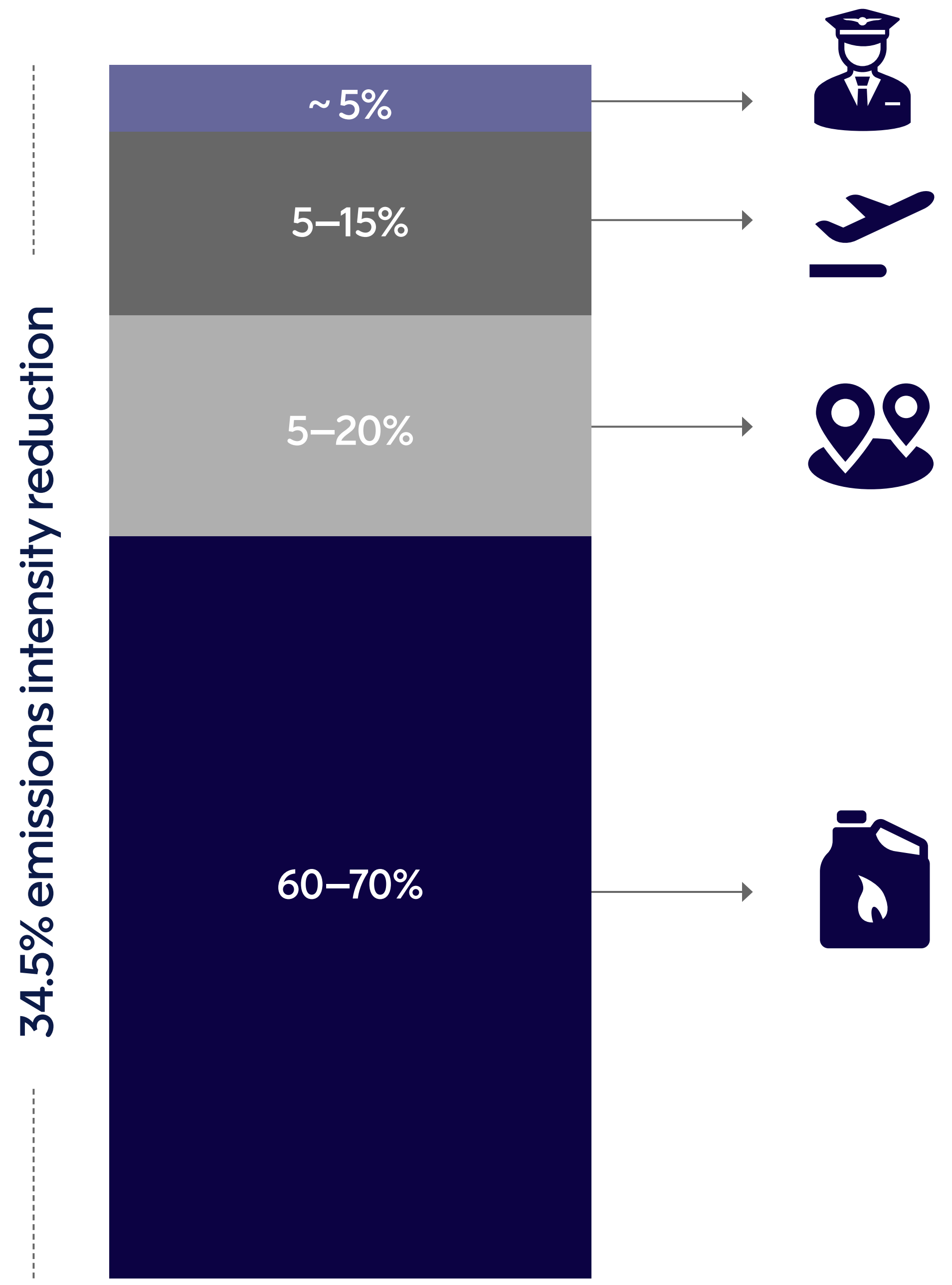
Table 31a. GHG well-to-wake (Scope 1 and 3 jet fuel well-to-wake) emissions reduction targets for Finnair's flight operations

Target	Base year (2023)	2030 target	2033 target	2050 target
Flight GHG emissions, ktons CO_2e (%)	3,492,214	N/A	3,043,254 (-13%)	N/A
Flight emission efficiency, g CO_2e/RTK (%)	976	N/A	639 (-34.5%)	N/A
Sub-targets for the emission reduction levers				
Transition to renewable fuels (SAF), %	-	-	-21.0%	-
Improving fuel efficiency, %	-	-	-8.5%	-
Aircraft technology improvements, %	-	-	-5.0%	-
Other, %	-	-	-	-

Table AR 31b. GHG emissions reduction targets for Finnair's own ground operations at Helsinki-Vantaa airport

Target	Base year (2023)	2025 target	2030 target
Ground GHG emissions at Helsinki-Vantaa, ktons CO_2e (%)	8,968	45 (-99.5%)	0 (-100%)
Sub-targets for the emission reduction levers			
Transition to renewable fuels, %	-	-14.9%	-0%
Use of renewable energy, %	-	-84.6%	-0%
Electrification, %	-	-0%	-0.5%
Other, %	-	-	-

Summary of the decarbonisation levers and their respective weights to reduce flight-related Scope 1 and 3 jet fuel GHG emissions in the next 10 years horizon



Note: The exact weight of the levers depends on the implementation of the shape and size of the network, of fleet renewal, and of the success of operational efficiencies.

E1-5 Energy consumption and mix

Table AR 34. Finnair's energy consumption and mix

Energy consumption and mix	**Comparative 2023**	**2024**
(1) Fuel consumption from coal and coal products (MWh)	0	0
(2) Fuel consumption from crude oil and petroleum products (MWh)*	12,016,920	13,073,261
(3) Fuel consumption from natural gas (MWh)	0	0
(4) Fuel consumption from other fossil sources (MWh)	0	0
(5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	36,708	0
(6) Total fossil energy consumption (MWh) (calculated as the sum of lines 1–5)	12,053,628	13,073,261
Share of fossil sources in total energy consumption, %	99.7	99,2
(7) Consumption from nuclear sources (MWh)	4,287	0
Share of consumption from nuclear sources in total energy consumption, %	0.0	0,0
(8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)*	28,814	59,744
(9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	7,005	46 411
(10) The consumption of self-generated non-fuel renewable energy (MWh)	285	752
(11) Total renewable and low carbon energy consumption (MWh) (calculated as the sum of lines 8–10)	36,104	106,907
Share of renewable sources in total energy consumption, %	0.3	0,8
Total energy consumption (MWh) (calculated as the sum of lines 6, 7, and 11)	12,094,019	13,180,168

1) Finnair does not consume coal or coal products. 2) The fuel consumption from petroleum products here refers to the fossil jet fuel, see Table 5 and Scope 1 description for more detailed description. 3) Finnair does not consume natural gas. 4) Finnair does not consume other fossil fuels to petroleum products. 5), 7) and 9) See Table 5 and Scope 2 description for more detailed description. 8) Fuel consumption from renewable sources here refers to the SAF Finnair is using. See Table 5 Scope 1 for more detailed description. 10) Finnair has its own solar power production. See Table 5 Scope 1 for more detailed description.

**Normec-Verifavia SAS has verified with reasonable assurance the figures relating to aviation fuel consumption (conventional aviation fuel and sustainable aviation fuel).*

Table AR 37. Energy intensity per net revenue

Energy intensity per net revenue	**Comparative 2023**	**2024**	**% N / N-1**
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors (MWh/MEUR)1	4,046.9	4,320.0	106.7

[1] Total energy consumption used here refers to the total energy consumption of the Table AR34 above.

Table AR 38 & 55. Connectivity of GHG and energy intensities based on net revenue with financial reporting information

	Comparative 2023	2024
Net revenue from activities in high climate impact sectors used to calculate GHG and energy intensities	2,988.5	3,048.8
Net revenue, other (MEUR)	0	0
Total net revenue (Financial statements, MEUR)	2,988.5	3,048.8

E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions

The greenhouse gas emissions data reported below provide an understanding of Finnair's direct and indirect impacts on climate change. Table 4 presents the relevance assessment of Finnair's emission sources as well as the calculation methods used in the scope calculations, the assumptions used in them and the emission factors. There have been no significant changes in data sources or calculation methods compared to the previous year's 2023 annual report. With regard to the figures reported in 2023, market-based emissions (Scope 2) related to the energy consumption of Finnair's properties have been updated in accordance with the revised emission factor in this reporting for 2024.

Table AR 54. GHG intensity per net revenue

GHG intensity per net revenue	Comparative 2023	2024	% N / N-1
Total GHG emissions (location-based) per net revenue (tCO_2e/MEUR)	1,343.5	1,425.6	106.1
Total GHG emissions (market-based) per net revenue (tCO_2e/MEUR)	1,344.2	1,424.0	105.9

Table AR 48. Total GHG emissions disaggregated by Scopes 1 and 2 and significant Scope 3

	Retrospective		
	Base year 2023	2024	% N / N-1
Scope 1 GHG emissions			
Gross Scope 1 GHG emissions (tCO_2e)*	3,184,246	3,459,576	108.6
Finnair operated flights and ground equipment (Operational Control)	2,971,197	3,183,460	107.1
Wet-leased flights to other operators (Financial control)	150,259	211,585	140.8
Wet-leased flights from other operators (Operational Control)	62,790	64,531	102.8
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)*	83.0	84.3	101.6
Scope 2 GHG emissions			
Gross location-based Scope 2 GHG emissions (tCO_2e)	4,973	4,856	97.6
Gross market-based Scope 2 GHG emissions (tCO_2e)	7,194	0	0.0
Significant Scope 3 GHG emissions			
Total Gross indirect (Scope 3) GHG emissions (tCO_2e)**	825,668	881,939	106.8
1 Purchased goods and services	202,270	190,510	94.2
2 Capital goods	67,712	106,888	157.9
3 Fuel and energy-related activities (not included in Scope 1 or Scope 2)	484,702	528,121	109.0
4 Upstream transportation and distribution	43,857	29,500	67.3
5 Waste generated in operations	2,086	1,240	59.4
6 Business traveling	862	959	111.3
7 Employee commuting	1,638	1,731	105.7
11 Use of sold products	22,541	22,989	102.0
Total GHG emissions			
Total GHG emissions (location-based) (tCO_2e)	4,014,887	4,346,371	108.3
Total GHG emissions (market-based) (tCO_2e)	4,017,108	4,341,515	108.1

** Normec-Verifavia SAS has verified with reasonable assurance the figures relating to aviation fuel consumption and emissions under regulated emissions trading schemes.*

*** 63,1% of Scope 3 gross emissions have been calculated using primary data.*

Table 4. Biogenic CO_2e emissions from combusting

	Comparative 2023			2024		
Biogenic CO_2 LCA-emissions	Consumed mass, tonnes	Biogenic CO_2e emissions, tonnes	CO_2e emission reductions, tonnes*	Consumed mass, tonnes	Biogenic CO_2e emissions, tonnes	CO_2e emission reductions, tonnes*
Sustainable aviation fuel (SAF)	2,265	7,157	6,359	4,685	14,804	16,520
Renewable Ground Fuel (HVO)	92	292	326	203	645	694
Total	2,357	7,449	6,685	4,888	15,449	17,214

** The CO_2e emissions reductions have been calculated by comparing LCA emissions from bio-based fuels with the corresponding GHG baseline intensities for fossil fuels. The baseline intensity used for jet fuel is 94gCO_2e/MJ (RED 2018/2001/EU) and for road transport fuels 87.3 gCO_2e/MJ (ISO 14083:2023) for diesel and 75.3 gCO_2e/MJ (ISO 14083:2023) for fuel oil.*

Table 5. Description of relevant activities, methodologies, assumptions and emissions factors per scope and energy consumption

Scope	Description	Relevance
Scope 1	The direct emissions cover all flights under Finnair's operational control (the parent company Finnair Plc, Norra Oy and any wet-leased flights), flights performed with assets under Finnair's financial control (aircraft leased out by Finnair to other operators), Finnair operated ground vehicle fuel consumption and Finnair's renewable energy production for its own use (solar power). Fuel consumption for flight operations are derived from Finnair's own data systems and based on actual fuel consumptions (Annex 1 EU ETS Directive 2003/87/EC of the European Parliament and of the Council, 'Method A' EU ETS Monitoring and Reporting Regulation (EU) N:o 601/2012). The CO_2e emission factor for fossil jet fuel used has been 3,16 kg CO_2e/kg with reference to ISO 14083:2023; Table K.1. SAF CO_2e factor used has been 0 CO_2e/kg as GHG Protocol guides. Fuel volume has been converted to mass using densities provided by the fuel vendor. If density has not been available, a default value of 0.80 kg/liter has been used. Ground vehicles' fuel consumption figures have been derived from Finnair's own refuelling station. The emission factors used for fossil fuels (petrol and fuel oil (LFO)) reference to ISO 14083:2023; Table K.1.	Relevant
Scope 2 Location / Market based	Energy consumption figures of the corporate facilities are derived from Finnair's facility management system. In 2024, Finnair purchased 100% wind electricity and green district heating. Both are 100% renewable and emit 0 kgCO_2e/MWh. In 2023, when energy certificates were not used, 17.4 % of the district heat came from bioenergy, 11.7% of the electricity was bio-based and 18.2% was nuclear. These energy consumption mix figures have been received from the energy providers. For the years 2023 and 2024 the location-based emission factor for district heating was the same as the market-based one, being 153.7 kgCO_2/MWh (source: Local Power: Emissions of the district heating network Vantaan Energia Oy - Vantaa). For electricity, location-based factor (Finland total) for the year 2023 was 52.3 kgCO_2/MWh (source: Tilastokeskus/Statistics Finland). The emission factors applied do not separate the percentage of biomass used or biogenic CO_2. Other GHG emissions than CO_2 have also not been available.	Relevant
Scope 3	**Description**	**Relevance**
1 Purchased goods and services	Most of the products and services purchased are focused on services provided by airports, air traffic management, ground operations, and maintenance operations, excluding upstream transportation and distribution. The method used to calculate emissions has been a spend-based method applied to the total consumption of purchased goods and services. The emission factors used have been obtained from the consultant used for the preparatory work and referred mainly to CDP.	Relevant
2 Capital goods	Capital goods are understood as fixed assets, i.e., property, plants, and equipment. For Finnair, this may include acquired aircraft and all components/ equipment/vehicles used to support aviation services. In 2024, Finnair acquired one Airbus A350. The method used to calculate emissions was a spend-based method in all the other acquisitions but the A350. The estimation of aircraft production emissions was received from the aircraft manufacturer directly. The emission factors used have been obtained from the consultant used for the preparatory work and came mainly from CDP.	Relevant
3 Fuel and energy-related activities (not included in Scope1 or Scope 2)	Extraction, production, and transportation emissions of jet fuels are the most significant indirect Scope 3 emission source to Finnair. The calculation is based on true fuel burn of both ground vehicles and aircraft. Fossil jet fuel emissions have been calculated using average emission factors whereas SAF emissions are received from the producer/supplier. The CO_2e WTT emission factor (well-to-tank) for fossil jet fuel used has been 0,48 kg CO_2e/kg (WTW-WTT) with reference to ISO 14083:2023; Table K.1. SAF WTT emission factors vary on batch-basis and have been received from the fuel supplier's sustainability documents. Renewable ground fuel LCA emission values are based on fuel supplier information. In 2024, the value has been 0,228 kgCO_2e/liter for both renewable diesel and fuel oil.	Relevant
4 Upstream transportation and distribution	This category refers mainly to the cargo and catering services transport emissions. These would contain e.g., onboard service transport, mail, and cargo transportation. Emissions provided here also refer to the third-party logistics services to transport passengers' luggage left behind. The method used to calculate emissions has been a spend-based method. The emission factors used were obtained from the consultant used for the preparatory work and came from CDP.	Relevant

Scope	Description	Relevance
5 Waste generated in operations	The waste type specific calculation has been utilised in Finnair's home hub Helsinki-Vantaa. The waste data and respective emission factors have been received from the waste management supplier. The calculation included the impacts of waste treatment that are essential in terms of emissions. Waste specific emissions in other airports globally are reported under category 1 purchased services and based on spend-based method.	Relevant
6 Business traveling	This category includes business travel on non-Finnair airlines and purchases of ground travel services. Staff travel on Finnair's own aircraft is accounted for in Scope 1 emissions. The flight emissions have been calculated utilising Finnair fuel consumption data from the same or similar (distance-based) Finnair route network. For ground travel services a spend-based method has been utilised. The emission factors used were obtained from the consultant used for the preparatory work and came from CDP.	Relevant
7 Employee commuting	Employee commuting to Helsinki-Vantaa airport have been calculated based on estimations described below. Finnair leased car emissions have been accounted for in the category 1. Number of employees 5,535 of which 97% working permanently (5,399), average commuting distance 30 km, and average commuting days 2 days (big majority of employees is flying staff), 48 working weeks per year and 65% drive their own car, 28% take bus and 2% cycle. (5% employees have a car benefit). DEFRA: car 0,17 kgCO_2e/km, bus 0,027 kgCO_2e/km.	Relevant
8 Upstream leased assets	Upstream leased assets would relate to the operation of leased aircraft or operating in the facilities as a tenant. These have fully been reported under Finnair's Scope 1 or Scope 2 inventories and are thus not reported as Scope 3 emissions.	Not Relevant
9 Downstream transportation	All inbound and outbound logistics have been reported under category 4.	Not Relevant
10 Processing of sold products	The processing of sold products is not relevant, as Finnair is a flight service provider, and the scope 1 and 2 emissions are reported under Finnair's own GHG reporting.	Not Relevant
11 Use of sold products	This category mainly includes emissions from hotel accommodation and destination activities included in the travel services sold by Aurinkomatkat. The emissions have been calculated based on the service costs (spend-based) and utilising emission factors received from the consultant used during the SBTi target setting preparation. All flight emissions from travel services sold by Aurinkomatkat have been included in the Scope 1 emissions.	Relevant
12 End-of-life treatment of sold products	End of life treatment of sold products is not relevant for Finnair. Possible end of life emissions from disposed aircraft or aircraft engines are captured in the category 5.	Not Relevant
13 Downstream leased assets	Deviating from the GHG Protocol guidelines, the fuel consumption of aircraft leased out by Finnair to other operators is reported as Scope 1 emissions.	Not Relevant
14 Franchises	Franchises are not relevant as Finnair does not have any franchising business.	Not Relevant
15 Investments	As per GHG protocol guidance, this Scope 3 category is only relevant for financial service firms.	Not Relevant

E1-7 GHG removals and GHG mitigation projects financed through carbon credits

Finnair operated ground operations at Helsinki-Vantaa airport have been carbon neutral (Scope 1, 2 and Scope 3 category 3) since 2023. To achieve this commitment, Finnair also has to compensate for residual emissions. The residual emissions in 2024 consisted of emissions from renewable fuel production (Scope 3, category 3 fuel production and transport) and using of fossil fuel, gasoline. Finnair also compensated 100 % of its personnel business travel by air. In 2024, WTW emissions from business travel were reduced by 15% with sustainable aviation fuels (SAF) and the remaining 85% was compensated with carbon credits. The above-mentioned emissions have been compensated by externally certified voluntary emission reduction projects (VER). The compensation as a lever is not impeding nor reducing Finnair's own GHG reduction activities. At the moment, Finnair do not have an internal procedure to manage the risk of non-permanence of the GHG removals, including determining and monitoring leakage and reversal events.

Table AR 64. Cancelled carbon credits

Carbon credits cancelled in the reporting year	Comparative 2023	2024
Total (tCO_2e)	**9,941**	**3,423**
Share from removal projects (%)	37	0
Share from reduction projects (%)	63	100
VCS (Verified Carbon Standard)	100	100
Share from projects within the EU (%)	0	0
Share of carbon credits that qualify as corresponding adjustments (%)	0	0

Carbon credits planned to be cancelled in the future	Amount until 2025
Total (tCO_2e)	0

Table AR 60. GHG removals

Removals	Comparative 2023	2024	% N / N-1
Removals in own operations:			
Reforestation	0	0	0
Carbon Capture	0	0	0
Total GHG removals from own operations (tCO_2e)	0	0	0
Removals in the upstream and downstream value chain:			
Biogenic	9,941	3,423	34.3
Technological sinks	0	0	0
Total GHG removals in the upstream and downstream value chain (tCO_2e)	9,941	3,423	34.3
Reversals (tCO_2e)	0	0	0

E1-8 Internal carbon pricing

Finnair has included all regulatory costs related to jet fuel in its financial planning as an internal carbon price. This helps Finnair understand and manage the increasing costs associated with the environmental impact of its operations. Finnair's fuel cost includes estimated regulatory costs for carbon dioxide emissions (EU ETS, CORSIA and SAF mandates) and covers Finnair's total aviation fuel consumption (>99% of Scope 1 emissions).

Whenever jet fuel cost related calculations are done (for example weight reduction campaigns, fleet and network planning or SAF investments), the carbon price is included automatically. The carbon price is reviewed at least on a quarterly basis to reflect the EU ETS and CORSIA carbon price, and estimated SAF mandate cost. The regulation-based carbon price can be volatile, influenced by market dynamics, policy changes, and general economic conditions. This volatility can lead to significant fluctuations in the internal carbon price, providing challenges to maintain consistent financial planning and decision-making. For example, the EU ETS price is subject to short-term market conditions, which may not be fully captured in the future cost estimations of carbon emissions.

Table AR 66. Internal carbon pricing

Types of internal carbon prices	Volume at stake (tCO_2e)	Prices applied (€/tCO_2e)	Perimeter description
Internal carbon cost (Scope 1)	3,244,093	65	The carbon price is reviewed at least on quarterly basis to reflect all regulatory costs for jet fuel.

ENVIRONMENTAL INFORMATION

E4 Biodiversity and ecosystems

E4-1 Transition plan and consideration of biodiversity and ecosystems in strategy and business model

Currently, Finnair does not have a formalised transition plan, nor has it conducted a specific resilience analysis of its current business model and strategy in relation to biodiversity and ecosystem-related physical, transitional, or systemic risks. Nevertheless, these matters are integrated into Finnair's strategic considerations and business model through the management of Finnair's climate impacts and sustainable aviation fuel (SAF) strategy. Finnair acknowledges that the use of fossil fuels contributes to climate change, which in turn has both direct and indirect impacts on biodiversity and ecosystems. For disclosures regarding climate change see *E1 Climate change*. This section *E4 Biodiversity and ecosystems* of the Sustainability Report addresses specifically the biodiversity and ecosystem-related impacts and risks associated with increasing use of SAF in Finnair's operations.

SAF is central to the aviation industry's energy transition and achievement of its sustainability objectives. However, Finnair has recognised potential impacts that SAF production could have on biodiversity and ecosystems in the form of land-use change to cultivate feedstock used to produce SAF. For the criteria used in certifying SAF as sustainable, see *E4-3 Actions and resources related to biodiversity and ecosystems*. In addition, Finnair recognises risks related to SAF's availability, which could impact Finnair's operations and achievement of its sustainability objectives.

To address these impacts and risks, Finnair has established a SAF Working Group dedicated to evaluating how Finnair's own operations and the operations of its upstream value chain impact biodiversity and ecosystems, with the objective of addressing these aspects of SAF use as part of Finnair's SAF strategy. Finnair aims to align its strategy with the objectives of maintaining biodiversity and ecosystems at a healthy level, which is a prerequisite for the continuation of business operations. Finnair continues to develop its processes in this area, involving stakeholders as appropriate, to ensure transparency for its impacts and to account for transitional and regulatory risk for operations.

E4-2 Policies related to biodiversity and ecosystems

Finnair's Environmental and Energy Efficiency Policy defines Finnair's commitment to managing its most material environmental and energy efficiency impacts and the objective to continuously improve its operational performance in these areas. The Policy is approved by the Finnair Executive Board and owned by the CEO. The Policy establishes that Finnair has an Environmental Management System (EMS) in place, which shall bring together a coordinated approach to environmental and energy efficiency management, while enabling the holistic management of significant impacts and efficiencies where possible through a wider consideration of operational activities. The Policy also states that Finnair will explore the sustainable deployment of renewable fuels together with its business partners as the sustainable production of SAF requires cooperation in the value chain. Specific measures related to biodiversity and ecosystems are not addressed at Policy-level, but rather in SAF procurement guidelines and processes. The Policy also establishes that Finnair aims to protect biodiversity and ecosystems and minimise its impacts on these. Finnair does not tolerate illegal wildlife trade (IWT) and promotes the aviation industry's activities against it. For further information on IWT, see *G1 Business conduct*.

SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Identified material sustainability matter	Type	Description
Direct impact drivers of biodiversity loss		
Adverse impacts of feedstock production for renewable fuel (SAF)	**Negative impact**	Producing feedstock for renewable fuel has potential adverse impact on biodiversity mainly through land-use change. The potential impact occurs in Finnair´s upstream value chain in the medium- and long-term as demand and supply increase.
Regulation of renewable feedstock supply and transparency of SAF production	**Risk**	Regulatory requirements can potentially lead to issues with the availability of sufficient volumes of feedstock, which may lead to shortage of SAF supply on the market and thus, an increase in the price level. On the other hand, lack of transparency may create a reputational risk as Finnair procures SAF from the market.

E4-3 Actions and resources related to biodiversity and ecosystems

Finnair's identified material impacts and risks related to biodiversity are connected to the sourcing of biogenic SAF. In its operations, Finnair is committed to purchasing SAF that shall meet at least the following sustainability criteria:

- The purchased SAF should generate at least 50% lower carbon emissions on a life cycle basis compared to the baseline of fossil fuel. The fossil baseline shall be the CORSIA baseline of 89 gCO_2e/MJ for impact measurement. This mitigates the impact of climate change on biodiversity.
- The purchased SAF shall be validated by an external certification body (e.g., ISCC, RSB) against a recognised sustainability standards and requirements (e.g., CORSIA or EU RED). This addresses the potential adverse impact of feedstock production on biodiversity.

CORSIA is a global scheme designed for international flights between participating countries, whereas EU RED applies to EU member states. There are certain differences between the requirements of CORSIA and EU RED for the sustainability principles that the SAF shall meet, namely in terms of biodiversity, conservation, ecosystem services, and impact on food production.

Continuous dialogue with Finnair's current SAF providers is conducted to ensure the compatibility of the procured SAF. Finnair is also engaging with various stakeholders from fuel providers to regulators to ensure sustainable and scalable future production of non-biogenic SAF.

During 2024, Finnair participated in UN Global Compact Finland's training program focusing on Science-based Targets for Nature (SBTN), with the aim of developing knowledge on the assessment of the nature impacts of its operations. Within 2025 Finnair also aims to introduce more thorough guidance on SAF sustainability criteria in accordance with the latest regulatory requirements and scientific findings.

During 2024, no biodiversity offsets were utilised nor was local or indigenous knowledge or nature-based solutions incorporated into decision-making.

For the reporting period of 2024, Finnair has not quantified the current or future operational and capital expenditures related to addressing biodiversity or ecosystem impacts.

E4-4 Targets related to biodiversity and ecosystems

Finnair has not set targets related to biodiversity and ecosystems as there is currently not a mature enough understanding of SAF's biodiversity and ecosystem impacts to put in place measurable and outcome-oriented targets. Finnair's continuous objective is to protect biodiversity and ecosystems and minimise its impacts on these. This is achieved by sustainable purchasing guidelines of SAF.

E4-5 Impact metrics related to biodiversity and ecosystems change

Finnair is not following quantitative impact metrics related to biodiversity and ecosystems change as there is currently not a mature enough understanding of SAF's biodiversity and ecosystem impacts. Finnair is aiming to develop understanding of its operations' nature impacts through, for example, participation in SBTN training. The potential impacts of SAF production on biodiversity and ecosystems are evaluated to materialise in the long-term so stakeholders' understanding is likely to increase in the future along the value chain, namely among SAF producers, regulators, and airlines.

E5 Resource use and circular economy

Finnair conducted a double materiality assessment in 2023 according to the process described under *ESRS 2 IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities.*

E5-1 Polices related to resource use and circular economy

As part of its Environmental Management System (EMS) Finnair has developed a Circular Economy Policy that addresses the resource use and waste management aspects concerning Finnair's own operations in its Helsinki-Vantaa airport home hub, with specific objectives set for Finnair Kitchen, Finnair Technical Operations, and Finnair Cargo. The Policy follows the EU Waste Framework Directive (2008/98/EC) and its amendments to reduce material use, reuse when possible, recycle, and recover. The Policy's objective is to implement robust material management process in Finnair's own operations by the end of 2025, including the identifying of most important material and waste flows, finding opportunities to minimise those, implementing the measures, and follow-up on progress. Progress is reported to the Sustainability Leadership Team on a quarterly basis by the respective operational Leadership Teams that are accountable for implementing the Policy. For more information on the governance of sustainability at Finnair, see *ESRS 2 GOV-1 The role of the administrative, management and supervisory bodies.*

Policy guidelines for minimising resource use emphasise continuous improvement in Finnair's own operations. Aurinkomatkat operations are excluded as their resource use in own operations is minimal.

Identified material sustainability matter	Type	Description
Use of virgin resources and depletion of natural resources	**Negative impact**	The extraction of virgin resources significantly contributes to greenhouse gas emissions and biodiversity loss. Within Finnair's own operations, in-flight catering services cause substantial material consumption in the form of food, beverages, and packaging.
Decreased need for virgin resources	**Opportunity**	Proactive engagement in the adoption of reused and recycled materials within the industry presents an opportunity to ensure material availability and achieve cost-efficiency. While aircraft manufacturing predominantly involves the use of virgin raw materials, there is potential in reducing this dependency in the medium- and long-term as the cost of virgin raw materials is expected to rise.
Waste generation and non-recycling	**Negative impact**	If waste is not properly handled in Finnair's own operations or its upstream value chain, there are potential negative impacts to the environment in the form of pollution and animal and plant diseases. Not recycling valuable materials leads to increasing exploitation of virgin resources.

Policy guidelines include, for example, the optimisation of over-catering in Finnair Kitchen operations as well as reducing the use of single-use packaging in Finnair Cargo. In their daily operations, Finnair Technical Operations repairs and maintains aircraft and aircraft components for re-usage, thus extending the life cycle of various aircraft parts. Waste hierarchy is addressed in the Policy in different stages of product and service life cycle.

Finnair aims to design its service elements to be light, durable, and repairable to minimise material use and to prevent waste. Repairability allows for the reuse of products. Finnair aims to use recyclable materials when possible. Recycling objectives are set in the Circular Economy Policy acknowledging the animal health regulation (1069/2009/EC) which prohibits recycling of international catering waste. Due to the safety regulations in the aviation industry set in Commission Regulation (EU) No 1321/2014, usage of recycled materials in aircraft is limited, whereas within the service design for inflight catering and cargo operations the use of recycled materials is encouraged.

The Circular Economy Policy also addresses sustainable procurement practices in the upstream value chain and sets as an objective for implementing policy and working instructions for sustainable procurement for food and beverage.

E5-2 Actions and resources related to resource use and circular economy

To achieve the objectives on material management, waste reduction, and recycling outlined in the Circular Economy Policy, Finnair has established a circular economy working group. The working group is responsible for overseeing the continuous improvement actions in the different functions, namely Finnair Kitchen, Finnair Technical Operations and Finnair Cargo. Action plans and resourcing for continuous improvement are approved and results monitored in each operational unit's Leadership Team. Circular economy action plan implementation does not require significant financial investments in the short-term time horizon. According to Finnair's sustainability governance model company-level performance is monitored in the Sustainability Leadership Team.

Reducing the need for virgin materials

Finnair's product and service design addresses circularity by following a set of principles that aim to minimise virgin material need and prevent non-recyclable waste. These principles address the weight of products, preference for recycled materials, durability and maintainability as well as recyclability by, for example, preferring monomaterials. To address virgin material use and prevent food waste Finnair has established a continuous process to optimise in-flight catering.

It is estimated that in 2024 this reduced the annual catering waste by 10 tonnes. Finnair has also replaced individual cosmetics in business class amenity kits with on-demand cosmetics. This has reduced the amount of packaging and prevented the amenity kits from expiring.

The usage of aircraft materials and material lifetime are regulated by aviation legislation. Within those regulatory boundaries Finnair Technical Operations is keeping aircraft parts in circulation for as long as possible. New repair possibilities are also constantly evaluated and implemented whenever feasible.

Finnair maintains and repairs various components within its own facilities. These include for example various structural items, cargo containers, brakes, wheels, batteries, and several types of cabin and galley equipment. In addition to its own maintenance and repair services, Finnair participates in shared component pools with other organisations. The shared inventory and repair management activities contribute to reduced need for virgin resources and optimise Finnair's own inventory. As part of the continuous improvement agenda Finnair is currently exploring the possibility of maintaining, repairing, and reusing life vests.

Waste generation and recycling

Recycling of international catering waste from flights originating outside the EU is prohibited (1069/2009/EC). This significantly affects Finnair's ability to recycle materials. To address waste flows that can be recycled Finnair has established a process for continuous improvement where new possible material streams for recycling are identified in the operations, evaluated in the circular economy working group, and implemented within the operational units when feasible. In 2024, glass recycling for smaller aircraft types was implemented in flight operations and cardboard recycling was introduced in Finnair Cargo unit.

Planned actions for 2025 include introducing cardboard recycling and recycling of small plastic bottles for flights arriving to Helsinki-Vantaa airport. This would yield approximately 20 tonnes more material directed to recycling instead of energy recovery. Recycling of cabin waste starts with sorting the waste onboard and in addition to existing guidelines, during 2025 the Finnair cabin crew will be presented with an educational video on the topic. As part of the mid-term actions, Finnair is exploring options for recycling aircraft textiles at end-of-life. This requires collaboration with both textile manufacturers and recycling facilities to ensure a sustainable life cycle for the materials.

E5-3 Targets related to resource use and circular economy

Finnair has not set targets related to resource use and circular economy for the reporting period of 2024. Finnair nevertheless tracks key performance indicators related to the topic as determined in the Circular Economy Policy. The Circular Economy Policy objectives are followed monitoring two quantitative performance indicators.

The first indicator is waste produced per passenger. This indicator relates to all identified impacts and risks on the resource inflows and waste as minimising the resource inflows contributes positively to waste reduction. The second performance indicator is recycling rate that relates to waste generation and the use of virgin resources. The scope of both indicators is waste generated at Finnair's own operations at the Helsinki-Vantaa airport home hub and returning flights. Passenger number is the total number of passengers carried on Finnair flights within the reporting year. Internal targets have been set for a five-year period in 2021 and 2025 marks the last year of this journey. The base year 2021 results for these indicators were 0,34 kilograms waste per passenger and recycling rate of 22%. In 2024 the waste per passenger in own operations at Helsinki-Vantaa was 0,21 kilograms and recycling rate was 28%.

E5-4 Resource inflows metrics

Finnair has recognised material resource inflows in two different categories which together constitute approximately 90% of resource inflows. The biggest category is food and beverage consumed at Finnair Kitchen and outstations to produce in-flight catering. The biggest items within this category include juices, bottled water, and ready-made meals. Another important category is chemicals, where dry ice and nitrogen are the most significant items. Accompanying these, various other chemicals are utilised for their respective purposes in small quantities.

In 2024, Finnair's fleet expansion included the addition of one A350 aircraft, which weighs approximately 140 tonnes. Critical raw materials are assessed separately and their weight totals 700 kilograms, consisting of nickel, copper, titanium, and lithium. In addition, 13 tonnes of aluminium were used.

Category	Weight (tonnes)	Certified biological, %	Recycled materials, kg and %
Food and beverage	9,090	0	0
Chemicals	580	0	0

Included are the most significant resource categories by weight, covering approximately 90% of materials used in own direct operations. Information obtained for reporting mass of material inflows is based on actual weights measured for food and beverage. In approximately half of the chemicals category weights are estimates. Included are materials used in Finnair's own direct operations, purchased by Finnair for Finnair's own use. Food and beverage category also includes wet-lease in operations, where calculations are based on average menu weights. Categorisation has been done based on commodity codes defined by the Finnish public commodity code service, Fintaric. Value chain material use information and leased assets are not included.

Since frameworks for the value chain information reporting are inconsistent and data collection inefficient at this stage, Finnair has decided to make use of the transitional provisions as defined under ESRS 1 General Requirements for the first year of reporting. Leased assets in Finnair operations are mainly vehicles and IT equipment. Whilst a significant amount of leased assets is utilised, the amount of acquired materials within the reporting year are insignificant. Metrics have not been validated by any external verifier other than the auditor of the Sustainability Report.

E5-5 Resource outflows metrics

In the reporting year 2024 total waste generated in Finnair's own operations was 3,649 tonnes of which hazardous waste 71 tonnes and radioactive waste 0 kilograms. Non-recycled waste mass was 2,945 tonnes, 81% of total waste mass. The biggest waste category was international catering waste that accounted for 70% of total waste mass. This waste stream includes both food waste and packaging that has been in contact with food returning from outside the EU.

	Hazardous (tonnes)	Non-hazardous (tonnes)
Waste diverted from disposal, total	3	2,411
Preparation for reuse	0	102
Recycling	3	599
Other recovery operations	0	1,710
Waste to disposal, total	68	1,166
Incineration	67	14
Landfill (only in outstations)	1	1,152

Due to animal health regulation (1069/2009/EC) this waste category cannot be recycled but has to be incinerated. Other waste streams exceeding 1% of the total waste mass include cardboard, plastic, paper, food waste from intra-European flights, wood, and kerosine. Small amounts of waste chemicals, metals, batteries, electronics, and glass were also produced, each falling under 1% share of the total waste mass. Hazardous waste consists mainly of oil, lubricants, and kerosene.

The reported figures include waste from Finnair's own direct operations in Helsinki-Vantaa and waste generated on Finnair's long-haul flights and disposed at outstations. This differs from the calculation of performance indicators described in *E5-3 Targets related to resource use and circular economy* as those figures do not include waste left at the outstations. Reported waste amounts are obtained from waste treatment partners and are direct measurements, except for waste disposed at the outstations. In calculating the amount of waste left at outstations, an average weight of waste per passenger, determined by dividing the amount waste generated in Helsinki-Vantaa operations by passengers returning to Helsinki-Vantaa, has been used. It is assumed that all waste left at outstations is sent to landfill.

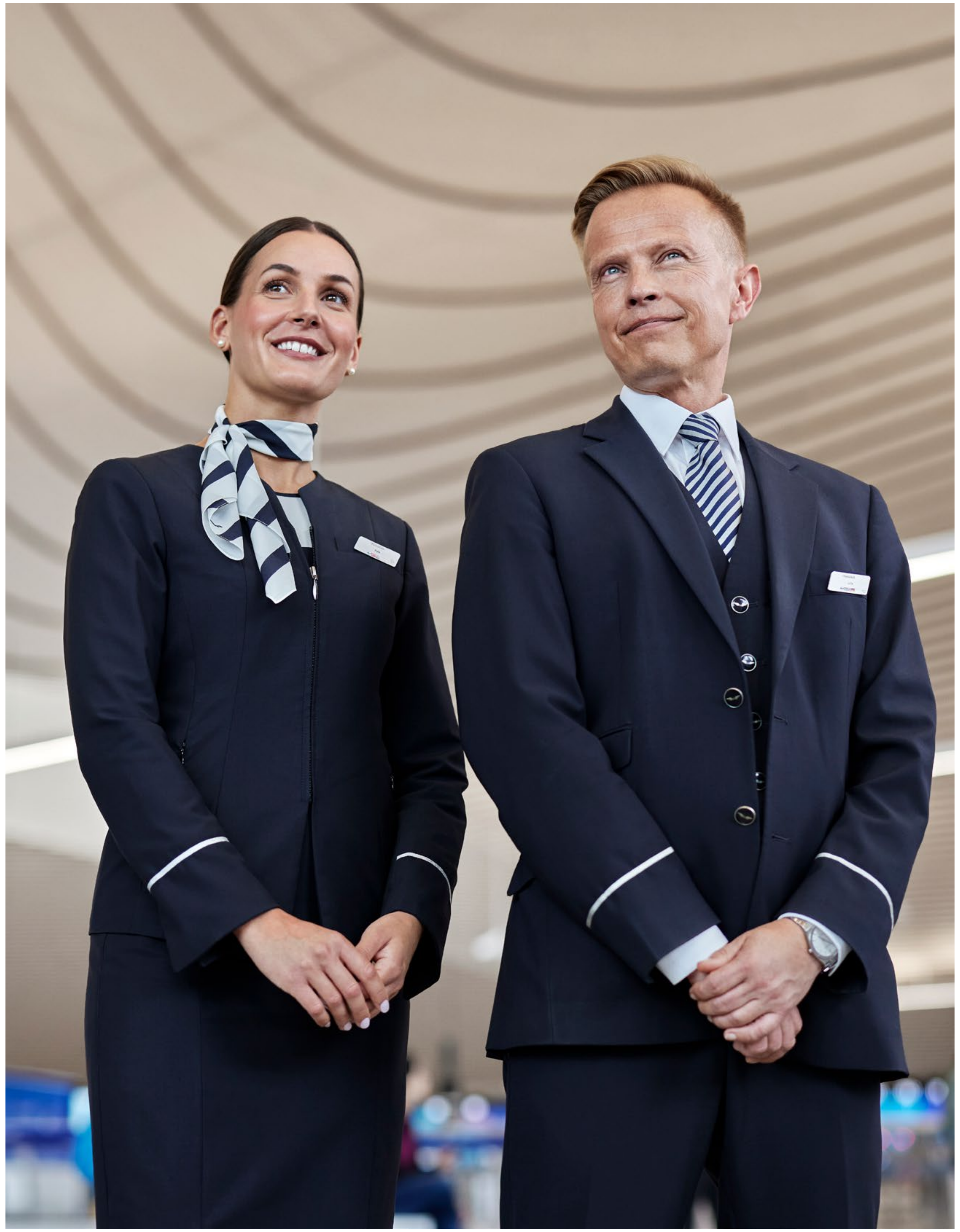
SOCIAL INFORMATION

S1 Own workforce

For description on how the interests, views, and rights of Finnair's own workforce, including respect for their human rights, inform Finnair's strategy and business model, see *ESRS 2 SBM-2 Interests and views of stakeholders.*

SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Finnair's own workforce consists of diverse employee groups, including those working as part of flying crew, technical and ground operations, Finnair Kitchen and Cargo services, and in offices and Aurinkomatkat beach resort destinations. Finnair's own workforce consists mainly of its own employees located in Finland, forming majority of the workforce. Finnair also has own employees in Estonia, South Korea, and Japan, in addition to several out-stationed employees globally and travel guides at Aurinkomatkat beach resort destinations. Finnair's own workforce also includes temporary agency workers such as consultants, leave substitutes and leased cabin crew, constituting non-employees. Finnair's own workforce, including both own employees and non-employees located in and outside of Finland, are not subject to widespread or significant negative human rights impacts, such as forced or child labour, due to strict regulation applied to the aviation sector. To understand the impacts affecting its own employees or employee groups, who may be at greater risk of harm due to particular characteristics, working in particular work contexts or undertaking particular work activities, Finnair conducts regular employee surveys and engages in cooperation in occupational safety and health matters as mandated by applicable legislation.



Identified material sustainability matter	Type	Description
Working conditions: Health and safety, work-life balance, collective bargaining, and social dialogue		
Impact of shiftwork and exposure and load factors on employees	**Negative impact**	As part of Finnair's own operations as an airline, its own employees and non-employees may experience negative impacts related to shiftwork and exposure and load factors, such as psychosocial and physical strain, and exposure to noise, chemicals, and cosmic radiation. Employee groups primarily exposed to such impacts include Finnair's own employees in technical, ground, and catering operations, and in flying crew, which includes both own employees and non-employees. Impacts may be incidental, such as workplace accidents, or widespread impacting all employees exposed, such as shiftwork. Depending on the nature of the impact, its effects may pose short-term, but also medium- or long-term harm to employees' mental or physical wellbeing. Finnair aims to mitigate such impacts through its occupational safety management and health care services, Active Care Model, roster planning to increase predictability, and compliance with regulation, legislation, and CLAs in planning shifts to ensure adequate rest and recovery.
Increased employee health, wellbeing and motivation	**Positive impact**	As an employer, Finnair can have a potential positive impact on the health, wellbeing, and motivation of its own employees through its operations. To foster positive impacts, Finnair has developed a People Plan in cooperation with its own employees, encompassing themes of safe and thriving work community, engaging leadership, smarter and more sustainable ways of working, and professional growth. The Plan also contributes to Finnair's strategic focus on further developing company culture. These actions primarily impact Finnair's own employees, resulting in potential positive impacts over the short-, medium-, and long-term time horizons as the Plan is implemented and updated based on feedback from own employees.
Risk of strikes and other work-related disruptions	**Risk**	Finnair's ability to operate its network punctually is integral to value creation, and this is ensured through efficient processes. Disruptions in Finnair's operations resulting from own employee groups' industrial actions, such as worker strikes or overtime bans, can lead to short-term effects such as loss of revenue and customer trust, and medium-term effects such as weakened market position and investor trust, depending on the timing, duration, and scope of the strikes. Finnair aims to mitigate this risk through regular cooperation with employee representatives, collective bargaining agreements, and maintaining open channels for dialogue to address workforce concerns.
Strong employer brand and company culture from employee wellbeing and sustainability	**Opportunity**	The successful execution of Finnair's strategic goals and operations is dependent on a motivated and competent workforce and strong employer brand that can help retain and attract talent. Finnair pursues this opportunity by monitoring and developing its employee experience and investing in its own employees' wellbeing and competence development, and externally communicating Finnair's strengths as an employer. Potential consequences of pursuing this opportunity are a decreased employee turnover rate and a committed workforce, which in turn can yield financial effects for Finnair in the form of increased productivity in the medium- and long-term. Developing its cultural strength and investing in its people to improve employee competence is also part of Finnair's strategy.
Flexible and local agreement on terms of employment	**Opportunity**	Finnair actively engages in local bargaining and dialogue with its own employee groups to meet the specific needs of its diverse workforce and ensure cooperation. These negotiations can help build a flexible working environment by considering the local needs, enhancing adaptability, job satisfaction, and talent retention at Finnair, yielding potential positive financial impacts for Finnair over a medium-term time horizon.

Identified material sustainability matter	Type	Description
Equal treatment and opportunities for all: Diversity, training, and skills development		
Inclusive working environment fostering employee health, wellbeing, and motivation	**Positive impact**	Fostering inclusion in its own operations can have a positive impact on Finnair's own employees' wellbeing and motivation, as people are recognised and appreciated as themselves, which may lead to improved communication, collaboration, innovation, and sense of community. Founded in Finnair's strategy and developed in cooperation with its own employees, the Finnair People Plan encompasses the theme of a safe and thriving work community, achieved by fostering diversity and building equitable and inclusive practices. To enact this, Finnair engages in dialogue with its own employees and their representatives through cooperation and surveying, and offers training on diversity, equity and inclusion (DEI) topics to its own employees and managers. Finnair also communicates its commitment to championing DEI through its policies related to equal treatment, such as the Code of Conduct and Equality and non-discrimination Plan as well as driving initiatives such as partnering with Helsinki Pride. When successfully implemented, meaning that employees themselves report a sense of inclusion, these actions can result in positive impacts over the short-, medium-, and long-term time horizons.
Career development through training and skills development opportunities	**Positive impact**	Providing Finnair's own employees with the opportunity to develop competencies and progress in their career can have positive short- and long-term impacts on their motivation and confidence at work. Founded in Finnair's strategy and developed in cooperation with its own employees, the Finnair People Plan encompasses the theme of professional growth, achieved by enabling various forms of training to own employees through, for example, vocational training in business units and offering of skill development platforms to own employees. Depending on the method of training, effects can be yielded in the short-, medium- or even long-term as own employees are encouraged to progress their careers within Finnair. A competent workforce is also a strategic asset for Finnair, yielding potential financial impacts such as increased productivity.

In 2024, Finnair initiated a human rights risk assessment in which salient human rights impacts on its own workforce were evaluated. Transitioning to greener or climate-neutral operations is not currently considered to have material impacts for own workforce but this may become material in the form of competency needs with increasing regulatory and compliance expectations for the aviation sector.

S1-1 Policies related to own workforce

Finnair's human rights policy commitments relevant to its own workforce are rooted in the Board of Directors approved and publicly communicated Code of Conduct, outlining Finnair's commitment to respecting internationally recognised human rights as defined in the UN Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work in all its operations, with expectation for business partners to abide by similar principles. The Code covers both own employees and non-employees.

In addition, specific policies have been established to address statutory requirements and important topics relevant to own workforce. Finnair's People Plan has been developed in cooperation with Finnair's own employees and encompasses themes of safe and thriving work community, engaging leadership, smarter and more sustainable ways of working, and professional growth. The Plan contributes to Finnair's strategic focus on further developing its company culture by setting the direction for work community development efforts and daily activities. All Finnair's own employees are within the scope of the Plan. Finnair's Chief People Officer has the most senior responsibility for ensuring the operational execution of the Plan.

As of 2024, Finnair had no public policy commitment fully aligned with the UN Guiding Principles on Business and Human Rights. Finnair published its Policy Commitment to Human Rights on its website in January 2025.

Working conditions

Health, safety, and employee wellbeing

Occupational health and safety management is guided by the Board approved Code of Conduct and Internal Control and Risk Management Policy, People Plan, and applicable legislation. Finnair has defined policies to meet statutory requirements in accordance with Finnish legislation on occupational safety and health care, and cooperation with own employees, of which majority is located in Finland. In all locations outside of Finland where Finnair employs personnel, Finnair complies with applicable local regulation.

Finnair's Occupational Health and Safety Policy defines the approach to occupational health and safety at work through the implementation of organisational procedures and action plans regarding occupational safety management, occupational health care, sickness absences, Active Care Model, and prevention of harassment and inappropriate behaviour in the workplace. The Policy is approved by Finnair's Executive Board, with Chief Operating Officer as the policy owner. All Finnair's own employees are within the scope of the Policy.

Finnair's Work Community Development Plan serves as a tool for engaging with Finnair's own employees on competence and development needs and wellbeing at work, in alignment with Finnair's strategic objectives. The Plan is reviewed together with employee representatives in Finland as per applicable legislation and as part of continuous dialogue to meet own employees' developing needs. Finnair's People & Culture unit is responsible for implementing company-level operating models and services that promote wellbeing at work, in addition to leadership development. Measures to promote wellbeing at work are planned in cooperation with the People & Culture unit and occupational health care.

In accordance with its Equality and non-discrimination Plan, Finnair strives to support work-life balance and equity by empowering its own employees to influence their work methods and schedules, in alignment with the requirements of their role, team, and function. Family leaves are fully supported and encouraged. Finnair's own employees can participate in planning their working hours, work arrangements, and shift structures. Remote working option is offered to own employees, taking into consideration the requirements of their role, team, and function.

Collective bargaining

In accordance with its Code of Conduct, Finnair respects the freedom of association and the right to collective bargaining of its own workforce. Finnair, together with the employer union, cooperates in negotiating collective agreements with labour unions representing its own employee groups. In Finland, majority of own employees are covered by collective bargaining agreements, excluding executives and Aurinkomatkat travel guides. For own employees not covered by collective bargaining agreements, Finnair complies with applicable employment legislation.

Equal treatment and opportunities for all

As outlined in its Code of Conduct, Finnair offers equal opportunities in employment regardless of origin, gender, nationality, religion, political opinions, age, sexual orientation, civil status, or disability. All forms of harassment or violation of the Code's principles are unacceptable and not tolerated. The Code of Conduct covers all of Finnair's own workforce, including both own employees and non-employees. In addition, Finnair has defined policies to meet statutory requirements in accordance with Finnish legislation to ensure equal opportunities for own employees, of which majority is located in Finland. In all locations outside of Finland where Finnair employs personnel, Finnair complies by applicable local regulation and legislation.

Diversity, equity and inclusion

Finnair values diversity as a driver of innovation and success and aims to ensure an equal and inclusive workplace for its own employees. This work is guided by Finnair's Equality and non-discrimination Plan, prepared biennially as per the Finnish Equality Act (609/1986), outlining the current status and actions taken to promote equity and non-discrimination in the workplace, and evaluating the execution of past years' Plans. The Plan is approved by Finnair's Chief People Officer, who oversees its execution. Finnair is committed to complying with the Finnish Non-Discrimination Act (1325/2014), offering all its own employees equal opportunities to find employment, work, develop, and advance in their career.

Finnair's Equality and non-discrimination Plan states that recruitment and personnel selection are guided by the applicant's competence and suitability for the job. The gender, age, ethnic origin, beliefs, or other discriminatory criteria of a job seeker are not used as criteria when making selection decisions. Finnair complies with the principle of equal pay in accordance with the Finnish Equality Act, offering both men and women equal opportunities to balance work and family life. The theme of a safe and thriving work community is also part of the Finnair People Plan and is achieved by fostering diversity and equitable and inclusive practices.

Finnair does not currently have a specific policy addressing employee groups at particular risk of vulnerability. However, the topic of supporting the working capacity of vulnerable groups of employees at risk of incapacity for work is addressed as part of the Work Community Development Plan. Finnair's Active Care Model is designed to promote coping at work, return to work, continuing one's career, and work ability through workplace arrangements and in cooperation with occupational health care, for example by arranging rehabilitation. In addition, the threat of disability and work ability can be supported by lightening, modifying, and adjusting working hours. This work is supported by Finnair's Working in Harmony operating model, which describes the principles for prevention, intervention and process of solving inappropriate treatment, including discrimination and harassment, in the workplace.

Training and skills development

Finnair aims to ensure that the professional skills and competence of its own employees correspond to current and future business requirements. Finnair prepares its Work Community Development Plan annually in cooperation with employee representatives to define the competence development needs of Finnair personnel. Professional growth is also a key focus area of the Finnair People Plan, with an aim to enable and empower Finnair's own employees to develop their professional skills. Contents of the Plan are approved by Finnair's Chief People Officer, who oversees their execution.

S1-2 Processes for engaging with own workers and workers' representatives about impacts

Finnair engages with its own employees both directly and through employee representatives. A large part of engagement occurs in meetings between managers and employees, team and unit meetings, and on internal communication platforms.

An important form of direct engagement is the Finnair employee survey, which was renewed during 2024. The new employee survey, Finnair Voice, is conducted biannually to measure own employees' wellbeing, and views on leadership, sustainability, diversity and inclusion, sense of belonging, and engagement at Finnair. To assess the effectiveness of Finnair's engagement with its own employees, the survey is also used to calculate the employee Engagement Score, intended for measuring engagement at work as a key performance indicator (KPI). The Engagement Score replaces the previously used employee net promoter score (eNPS) as a KPI. The survey's response rate along with its results indicate employees' engagement at work. Response rate in the first Finnair Voice survey conducted in 2024 was 74%.

The survey results are communicated on team, department, unit and group levels, and to employee representatives in the Finnair Corporate Council. Managers receive guidance on communication of the results to their teams and have access to assistance during these discussions whenever necessary. Finnair's People & Culture unit is responsible for implementing the survey, and the different business units are responsible for ensuring that development actions are defined, implemented, and followed up based on the key results of the survey. Finnair's Executive Board, supported by the People & Culture unit, is responsible for ensuring that Finnair's company-level development needs are considered in the action plans. In addition to the company-level survey, business units can conduct Pulse surveys on an as-needed basis, mostly used during implementation of organisational changes. The Finnair Voice survey has been implemented in alignment with Finnair's People Plan which encompasses themes of safe and thriving work community, engaging leadership, smarter and more sustainable ways of working, and professional growth.

Collective bargaining

Cooperation between Finnair and its own employees is executed through regular engagement with employee representatives in all matters concerning the workforce, as per applicable legislation in Finland. The Finnair Corporate Council serves as a primary platform for high-level discussions between management and employee representatives, addressing strategic decisions and policies that impact the entire workforce. The purpose of this engagement is to ensure that own employees' interests and views are represented at the highest levels of the organisation.

Employee representatives from different departments play a crucial role in maintaining effective communication between management and own employees. Their role includes negotiating and enacting policies that impact daily operations, advocating for fair treatment, and ensuring adherence to established collective agreements. Collective bargaining agreements are a form of engagement occurring between Finnair and its own employees, namely between labour unions and employer unions in the form of negotiations on employment terms and conditions, including wages, working hours, and other essential aspects of the working relationship.

Health, safety, and employee wellbeing

Finnair's occupational health and safety work is reinforced through regular communication directly with own employees or their representatives, carried out on both group- and unit-level. This includes both planned campaigns and ad-hoc themes published through channels like Finnair's intranet, info screens, emails, and safety campaigns. Finnair's Group Occupational Safety Manager primarily coordinates the occupational safety communication on group-level, with unit Occupational Safety Managers coordinating communication within their own units.

Cooperation in occupational safety and health matters between the employer and the workforce is established in Finnish legislation. Matters related to own employees' health, safety, and wellbeing are regularly discussed in OHS Committee meetings attended by Occupational Safety Managers, elected OHS representatives, and occupational health care representatives. OHS representatives are employees elected to represent their unit at both the group- and unit-level OHS Committee meetings. In the OHS Committee meetings, the occupational health and safety performance against the set objectives and targets is monitored and topical issues related to own employees' health, safety, and wellbeing are addressed. Meeting minutes of the OHS Committees are published in Finnair's intranet.

The effectiveness of the engagement on health, safety, and wellbeing topics is discussed as part of group and unit OHS Committee meetings. In addition, the number of filed safety reports and observations, and the relevant KPIs indicate the engagement's effectiveness. Finnair aims to gain insight into the perspectives of potentially vulnerable groups of employees through employee surveys and cooperation with the OHS representatives. Finnair's Work Community Plan addresses supporting the working capacity of own employees at risk of incapacity for work. Practices to support vulnerable employee groups vary by employee group and collective agreement, with examples including lightening, modifying, and adjusting of the working hours and ways of working. As part of occupational health care, the aim is also to assess and support the working capacity of employees in accordance with their needs and capabilities.

Training and skills development

All Finnair's own employees are part of Finnair's My Journey process, which serves as a tool for managers to engage on a one-to-one basis with employees to exchange feedback, address concerns, and cover topics of wellbeing, performance expectations, and potential development opportunities. The timing of the My Journey discussions is adapted to suit the diverse employee groups, but the topics covered are uniform for all personnel. This collaborative process ensures that both parties have a mutual understanding of the employee's current performance, expectations, and opportunities for growth and learning. Regular discussions throughout the year focus on the employee's wellbeing, performance, and development, creating a supportive environment for continuous improvement and career progression.

S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns

Health, safety, and employee wellbeing

Finnair encourages members of its own workforce to report all safety observations or concerns through dedicated reporting channels made available via mobile applications or Finnair's intranet. As part of mandatory security and safety training, all new employees are informed of the reporting channels and their correct use. All reported safety observations are investigated by the responsible supervisor, and the investigation process and corrective measures are documented in the internal reporting systems. Safety observations are regularly received, indicating that the channels are effectively used, and employees are aware of and trust them. In accordance with Finnair's Code of Conduct all employees are protected from any form of retaliation for reports made in good faith.

Topics of own employees' wellbeing are regularly discussed in meetings and My Journey discussions between managers and employees and addressed in accordance with the principles of the Active Care Model intended to detect a possible decline in work ability and initiate support as early as possible. Finnair's own employees are insured in the event of work-related accidents and ill health.

All Finnair employees are entitled to healthcare services in accordance with applicable local legislation and regulation. Occupational health care services are tailored to address the specific risk factors impacting employees. Shiftwork, exposure, and load factors and their potential adverse impacts on employees are addressed through regular health examinations by occupational health care, including monitoring the impacts of night work and providing employees with consultations on how to best manage their wellbeing in relation to irregular working hours. Finnair aims to mitigate adverse impacts resulting from irregular working hours through enhancing its shift scheduling systems and ensuring employees have adequate rest periods between shifts.

In addition, Finnair also organises comprehensive training for its flying crew on sleep and recovery in their work.

S1-4 Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

Finnair's actions on material impacts related to its own employees are guided by internally defined objectives and action plans as laid out in Finnair's People Plan, Work Community Development Plan, Equality and non-discrimination Plan, as well as the Occupational Health and Safety Plan and Occupational Health Care action plan. In addition, Finnair has a dedicated Social Working Group carrying out initiatives related to diversity, inclusion, and equity in the workplace. Finnair's People & Culture unit, occupational safety organisation, occupational health care, Social Working Group and employee representatives are responsible for the coordination and execution of the action plans and monitor the process of achieving the set objectives.

A key mechanism in ensuring that Finnair's own practices do not cause or contribute to negative impacts on its own employees is the cooperation with employee representatives. Employee representatives represent employee groups at the workplace and monitor compliance with collective agreements and labour legislation and, if necessary, provide support and advice to employees on employment-related issues. OHS representatives represent own employees as part of cooperation in occupational safety and health matters, monitor health and safety conditions at the workplace, and inform the employer representatives and, if necessary, the health and safety authorities of any shortcomings, as per applicable legislation in Finland.

Based on the results of the Finnair Voice -survey completed in December 2024, and in alignment with the Finnair People Plan, Finnair will aim to take actions to address employee concerns and build upon aspects of Finnair that employees reportedly value the most.

Working conditions

Health, safety, and employee wellbeing

Finnair employees subject to potential adverse health impacts receive tailored occupational health care services to account for potential negative impacts resulting from the nature of their work, namely shift work, exposure and load factors. Statutory health checks are performed for all employees engaged in night work, and employees receive training on fatigue and sleep management. In addition, flying crew undergo statutory medical examinations by aeromedical examiners every five years. Finnair aims to continuously develop its scheduling systems to increase predictability and ensure adequate rest periods between shifts. To ensure safety at the workplace and minimise risk of work-related accidents or ergonomic issues which may develop over time, safety training is provided to employee groups based on their specific needs.

Wellbeing at work is developed in cooperation with the People & Culture unit in accordance with the Work Community Development Plan and Occupational Health Care action plan. Special focus during 2024 was put on promotion of mental health and wellbeing, musculoskeletal health, and enhancing the practices of occupational health cooperation. The occupational health care service regularly conducts workplace surveys, in which attention is paid to the circumstances in the workplace in terms of health, safety, and employee wellbeing with attention paid also to focal points defined in the action plans.

Focal points of Finnair's Occupational Health and Safety Plan during 2024 were the prevention of workplace and commuting accidents, maintenance of safe working conditions and correct use of personal protective equipment, regular implementation of safety walks in all units, and systematic assessment of risks and ensuring risk assessments are up to date. In addition, special focus was placed on increasing the number of safety observations per hours worked to encourage reporting, developing a risk-based accident investigation concept, comprehensive consideration of psychosocial stress factors in risk assessments, assessing the applicability of 6S audits in different units, and cooperation on health and safety matters between units and business partners. Meeting of the objectives set in the Plans are regularly monitored in OHS Committee meetings throughout the year. Committee meetings are attended by representatives of the employer, occupational safety and health representatives and the occupational health care representative.

During 2024, Finnair has taken action to provide and enable remedy in relation to health, safety, and wellbeing at work by removing the sickness fund deductible, supporting Finnair Hobby Clubs, implementing its international remote work standard, and promoting the Auntie online platform to support mental wellbeing. Finnair monitors the effectiveness of its actions and progress towards objectives determined in its relevant internal Plans primarily through employee feedback gathered in the form of the biannual Finnair Voice survey.

The 2024 Finnair Voice survey results indicated that employees find Finnair's safety culture robust but reported adverse effects on work-life balance resulting from the unpredictable nature of the work shifts. In addition, some respondents reported perceived ambiguity regarding health care services and the Finnair sickness fund. Finnair is committed to maintaining its robust safety culture and aims to continue addressing the issue of predictability of work schedules to improve work-life balance. Furthermore, Finnair is analysing the survey results to understand the underlying causes, with the aim of clarifying the use of health services and sickness fund.

Collective bargaining

In 2024, negotiations between Palta (Finnish Service Sector Employers' Association) and Finnish Air Line Pilots' Association concerning Finnair Plc's Finnish pilots began. Main themes in the negotiations are adapting to the changed operating environment due to closure of Russian airspace, supporting pilots' work and coping, and simplifying the provisions of the collective agreement. At the end of 2024, negotiations were still ongoing.

Equal treatment and opportunities for all

Diversity, equity, and inclusion

To ensure inclusion at work, attention is paid to aspects such as the physical accessibility of workspaces and use of assistive devices in work tasks, in addition to flexibility in terms of working methods and hours. Employee awareness on accessibility aspects related to the social environment is also raised, with the aim of promoting the appreciation of diversity as a resource. Finnair also strives to increase the accessibility of employee engagement through clear communication and use of multiple channels. A cross-organisational Social Working Group has been established to promote diversity, equity, and inclusion (DEI) objectives in operations, and among Finnair's own workforce.

In 2024, Finnair enhanced DEI awareness among its own workforce by creating guidelines for inclusive language, introducing a DEI-focused eLearning course accessible to all employees (41% of employees completed the course during 2024), and incorporating DEI principles into leadership trainings and employee events. Finnair also participated in the 2024 Helsinki Pride as one of the official Working with Pride partners, and topics of diversity and inclusion were promoted in communications via Finnair's intranet. In preparation for the upcoming EU Pay Transparency Directive, Finnair is taking steps to ensure fair and equitable pay practices, involving the examination of the existing pay structures, establishment of transparent reporting systems, and fostering of open discussions about remuneration.

During 2024, Finnair has incorporated essential themes into its leadership development programmes, focusing on improving employee wellbeing and work capacity, promoting DEI, encouraging individual development, and enhancing the employee experience. These focus areas are instrumental in cultivating a culture of inclusivity and support within the organisation. Finnair published and promoted a new DEI eLearning to all its own employees and also actively promoted its Pride partnership in Finnair's intranet, featuring stories from employees. Finnair monitors the effectiveness of its actions and progress towards objectives determined in its relevant internal Plans primarily through employee feedback gathered in the form of the biannual Finnair Voice employee survey.

The 2024 Finnair Voice survey results indicated that employees find diversity, inclusion, and equity to be at a good level at Finnair but perceptions varied between employee groups. Employees also reported a sense of feeling accepted for who they are at the workplace. Finnair is committed to continuing to address DEI aspects and looking into the underlying causes of varying employee experiences around the topic.

Training and skills development

Finnair offers its workforce diverse types of training and skill development opportunities and encourages employees to actively maintain and develop their competencies. A key part of individual employees' competency development is guided by the My Journey process, in which learning objectives are set together with the employee's manager, and progress and need for support are regularly reviewed in one-to-one meetings.

Finnair's People & Culture unit is responsible for supporting the implementation of training and skill development opportunities to ensure continuous development of vocational and strategic competences, including the development of leadership competences. Vocational competence development takes place mainly within different business units by supervisors and persons responsible for competence development. Unit or team-specific training and development needs are mapped in Finnair's different units as part of an annual operational planning. The development of leadership competencies involves coaching clinics, coaching approach discussions and digital learning content targeted at managers and supervisors at Finnair.

During 2024, Finnair offered managers the opportunity to participate in community trainings, with trainings involving topics of DEI, wellbeing, people development, and dealing with difficult situations at work. Finnair also partnered with Aalto Executive Education to kick-off a new leadership program (ELEVATE) to support our key leaders and identified talents in their leadership journey. In addition, leadership coaching was provided in the form of Finnair CoachHub, a new support model for onboarding new people managers during first year was adopted, and a new leadership training concept for operational leaders was piloted in Technical Operations.

In addition to leadership training and skills development, professional growth actions have been implemented in the form of sales-oriented service trainings, introduction of SkillHub eLearning platform with wide selection of courses, and training on the use and functions of generative AI. In addition, the Finnair Internship Program featured interns working in various positions at Finnair's Helsinki and Tartu office.

Finnair monitors the effectiveness of its actions and progress towards objectives determined in its relevant internal Plans primarily through employee feedback gathered in the form of the biannual Finnair Voice employee survey.

The 2024 Finnair Voice survey results indicated that employees are generally satisfied with their opportunities for growth and professional development. However, there were varying results between employee groups on how growth opportunities are perceived. Finnair is committed to continuing to address the topic of professional growth as part of its People Plan and strategy.

S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Finnair has not set targets related to its own workforce for the reporting period of 2024. Finnair nevertheless tracks KPIs related to the topic.

As of 2024, the Engagement Score is used as a KPI for measuring employee engagement at work. The Engagement Score is derived from the biannual Finnair Voice employee survey. The Engagement Score replaces the previously used employee net promoter score (eNPS) as a KPI. The Engagement Score was first derived as part of the first Finnair Voice survey completed in December 2024. The Engagement Score for 2024 was 6.7.

Another KPI is the Lost Time Incident Frequency (LTIF), which measures the frequency of lost time injuries at the company-level. During 2024, LTIF was 5.4 (2023: 5.5). The LTIF metric is monitored by top management and the different units at Finnair, assessing it against the set target level. The set target level for the LTIF is reviewed annually. For more information, see *S1-14 Health and safety metrics*.

Top management gender balance during 2024 was 37.5% female and 62.5% male. The assessment is based on analysis of employees who fall within grade levels 1–3, in accordance with Finnair's internal classification system that outlines different employee levels. For more information, see *S1-9 Diversity metrics*.

S1-6 Characteristics of the undertaking's employees

The reported data includes Finnair's own employees. Non-employee workers, such as consultant, leave substitutes, and leased cabin crew, are excluded as they are considered non-employees and reported as part of *S1-7 Characteristics of non-employee workers in the undertaking's workforce.*

The data is reported using Finnair employee head count at the end of the reporting period on 31st December 2024. The number of own employees did not significantly fluctuate during the reporting period. Finnair does not have significant employment in other countries than Finland, with significant employment defined as at least 50 employees by head count representing at least 10% of total workforce, as per ESRS S1 Own workforce. Finnair does not have non-guaranteed hours employees.

For the number of employees who have left Finnair during the reporting period, the following types of employment contract terminations were included in calculations: retirements, voluntary terminations, and terminations due to expiration of temporary (fixed term) contract. The rate of employee turnover has been calculated using this same number.

Gender	Number of employees, head count
Male	2,494
Female	3,041
Total	5,535

Country	Number of employees, head count
Finland	5,085
Other	450

	Male	Female	Total
Number of employees (head count)	2,494	3,041	5,535
Number of permanent employees (head count)	2,456	2,943	5,399
Number of temporary employees (head count)	38	98	136
Number of non-guaranteed hours employees (head count)	0	0	0

Total number of employees who have left the undertaking during the reporting period (head count)	391
Rate of employee turnover in the reporting period (%)	7.59

S1-7 Characteristics of non-employee workers in the undertaking's own workforce

In accordance with ESRS 1 Appendix C Finnair has opted to omit reporting for all datapoints in this Disclosure Requirement for the first year of preparation of its Sustainability Report.

S1-8 Collective bargaining coverage and social dialogue

The percentage of Finnair's own employees covered by collective bargaining agreements is 89.67%. The total number of Finnair's own employees (head count, as defined in *S1-6 Characteristics of the undertaking's employees)* was used in calculating the coverage.

Finnair does not have significant employment in non-EEA countries or other EEA-countries than Finland, with significant employment defined as at least 50 employees by head count representing at least 10% of total workforce, as per ESRS S1 Own workforce.

In Finland, 97.56% of Finnair's own employees are covered by a collective bargaining agreement, excluding only executives and Aurinkomatkat travel guides. For own employees not covered by collective bargaining agreements, Finnair complies with applicable labour legislation and regulation in all countries where it employs workers.

In Finland, 97.56% of own employees are covered by workers' representatives as employees part of a collective bargaining agreement also have a workers' representative.

	Collective Bargaining Coverage		**Social dialogue**
Coverage Rate	Employees – EEA (for countries with >50 empl. representing >10% total empl.)	Employees – Non-EEA (estimate for regions with >50empl. representing >10% total empl)	Workplace representation (EEA only) (for countries with >50 empl. representing >10% total empl)
0–19%			
20–39%			
40–59%			
60–79%			
80–100%	Finland (97.56 %)		Finland (97.56 %)

S1-9 Diversity metrics

Gender distribution in number and percentage at top management level

	Head count	Percentage
Top management, Male	95	62.5
Top management, Female	57	37.5

Distribution of employees by age group

	Head count	Percentage
Distribution of employees (head count) under 30 years old	752	13.59
Distribution of employees (head count) between 30 and 50 years old	3,100	56.01
Distribution of employees (head count) over 50 years old	1,683	30.41

The data has been reported using Finnair's definition of top management level positions, which includes Executive Board members, and Senior Vice Presidents, Vice Presidents, Directors, and Heads of teams.

S1-10 Adequate wages

All Finnair employees are paid an adequate wage. Finnair reviews its office employees' wages against salary and compensation benchmark data acquired from global organisational consultancy groups' databases. For Finnair's other employee groups, wages are determined as part of collective bargaining agreements and therefore regularly reviewed by Finnair.

In preparation for the upcoming EU Pay Transparency Directive, Finnair is taking steps to ensure fair and equitable pay practices. This involves examination of existing pay structures, establishment of transparent reporting systems, and fostering of open discussions about remuneration.

S1-11 Social protection

In accordance with ESRS 1 Appendix C Finnair has opted to omit reporting for all datapoints in this Disclosure Requirement for the first year of preparation of its Sustainability Report.

S1-12 Persons with disabilities

In accordance with ESRS 1 Appendix C Finnair has opted to omit reporting for all datapoints in this Disclosure Requirement for the first year of preparation of its Sustainability Report.

S1-13 Training and skills development metrics

	Male	Female
Average number of training hours, by gender	65	38

The reported data includes Finnair's own employees. The hours reported include both classroom training and online training, as well as examinations. The difference in the average number of training hours between male and female employees is partially explained by the amount of mandatory training pilots receive, with 97% of Finnair pilots being male.

In accordance with ESRS 1 Appendix C Finnair has opted to omit reporting of datapoints related to performance and career development reviews under this Disclosure Requirement for the first year of preparation of its Sustainability Report.

S1-14 Health and safety metrics

Percentage of own workforce who are covered by health and safety management system based on legal requirements and (or) recognised standards or guidelines and which has been internally audited and (or) audited or certified by external party	100.0
Number of fatalities in own workforce as result of work-related injuries and work-related ill health	0
Number of fatalities as result of work-related injuries and work-related ill health of other workers working on undertaking's sites	0
Number of recordable work-related accidents for own workforce	320
Rate of recordable work-related accidents for own workforce, leading to sick leave (LTIF)	5.4
Number of cases of recordable work-related ill health of employees	0
Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health related to employees	433
Number of cases of recordable work-related ill health detected among former own workforce	0

The reported data includes Finnair's own employees. All Finnair's own employees are covered by Finnair's Occupational Safety Management System (OSMS). The OSMS is modelled after Finnish occupational safety regulation and its principles are extended to all Finnair's own employees, in Finland and abroad, namely through access to training, internal materials and relevant reporting channels, and representation by the employee elected OHS representatives.

During the reporting period, no fatalities as a result of work-related injuries or ill health in Finnair's own workforce or operating sites were recorded. In November 2024, a fatal work-related accident involving a Finnair value chain worker occurred at the Helsinki-Vantaa airport. The incident occurred at the Helsinki-Vantaa airport apron, an area which is not considered Finnair's site, and therefore the incident is excluded from the reported information.

The number of recordable work-related accidents among Finnair's own employees was 320. This number includes all work-related accidents reported through relevant reporting channels made available to all Finnair's own employees, whether they led to absences from work or not. The number is partially explained by the robust safety culture at Finnair, which encourages active reporting among Finnair employees, including also the reporting of minor accidents with low threshold.

The LTIF (Lost-Time Injury Frequency) for the reporting period was 5.4 (2023: 5.5). LTIF has been calculated as the frequency of workplace accidents per million working hours and includes only those work-related accidents which led to at least one day of absence from work, excluding the date of the occurrence. The number of days lost to work-related injuries was 433.

The number of cases of recordable work-related ill health among Finnair's own employees and former employees was 0, meaning there were no confirmed cases of work-related ill health brought to Finnair's attention during 2024 concerning neither current nor former employees.

S1-15 Work-life balance metrics

Percentage of employees entitled to take family-related leave	100.0
Percentage of entitled employees that took family-related leave	7.1
Percentage of entitled employees that took family-related leave, Male	6.7
Percentage of entitled employees that took family-related leave, Female	7.4

The reported data includes Finnair's own employees. All Finnair's own employees are entitled to take family-related leave, including maternal, paternal, parental and carer's leave. In Finland, Finnair follows Finnish law for family-related leaves. Abroad, Finnair follows local legislation for family-related leaves. The total number (head count) of Finnair's own employees was used in calculating the percentage of employees that took family-related leave. All types of family-related leave were included in the calculation.

S1-16 Compensation metrics (pay gap and total compensation)

Gender pay gap (defined as the difference of average pay levels between female and male employees, expressed as percentage of the average pay level of male employees)	-47%
Annual total remuneration ratio of the highest paid individual to the median annual total remuneration for all employees (excluding the highest-paid individual)	18.84

The reported data includes Finnair's own employees. The gender pay gap has been determined using the average monthly pay of male employees and average monthly pay of female employees, and applying the methodology as defined in S1 Own workforce AR 98. The difference in the average monthly pay levels between male and female employees at Finnair is largely explained by the composition of the workforce, rather than unequal pay for comparable positions. The difference is partly due to male employees holding majority of high-paying positions, for example top management level positions (see *S1-9 Diversity metrics*). In addition, Finnair pilots are amongst the highest-earning employee groups, with 97 % of pilots being male. The annual total remuneration ratio has been determined using the annual remuneration of Finnair's highest-paid individual and comparing it to the median employee annual total remuneration (excluding the highest-paid individual) and applying the methodology as defined in S1 Own workforce AR 101. The highest paid individual at Finnair is the CEO.

S1-17 Incidents, complaints and severe human rights impacts

The reported data includes all incidents and complaints relevant to own workforce that have been brought to Finnair's attention via the relevant reporting channels during the reporting period. Finnair encourages all its employees to report incidents of inappropriate behaviour, harassment, discrimination or other violation of its Code of Conduct principles and has an established process for raising concerns which is documented in Finnair's Rules for Compliance Investigations and SpeakUp Reports document. Reporting is facilitated through established reporting principles and channels, including the whistleblowing channel (SpeakUp) which allows for anonymous reporting. For a more detailed description see *G1-1 Business Conduct Mechanisms for identifying, reporting, and investigating concerns.*

The number of incidents of discrimination, including harassment, was 1. Incidents which have led to a written warning or termination of employment have been included in the reported data. The number of complaints received through the established reporting channels, including Finnair's anonymous SpeakUp reporting channel, was 32. Of these 6 concerned privacy matters, 11 concerned CLA matters, and the remaining 15 concerned miscellaneous topics relevant to members of Finnair's own workforce.

No severe human rights issues and incidents connected to Finnair's own workforce were reported during 2024.

Number of incidents of discrimination, including harassment, during reporting period	1
Number of complaints filed through channels for people in own workforce to raise concerns	32
Number of complaints filed to National Contact Points for OECD Multinational Enterprises	0
Amount of fines, penalties, and compensation for damages as result of incidents of discrimination, including harassment and complaints filed	0 EUR
Number of severe human rights issues and incidents connected to own workforce	0
Number of severe human rights issues and incidents connected to own workforce that are cases of non-respect of UN Guiding Principles and OECD Guidelines for Multinational Enterprises	0
Amount of fines, penalties, and compensation for severe human rights issues and incidents connected to own workforce	0 EUR
Number of severe human rights cases where undertaking played role securing remedy for those affected	0

SOCIAL INFORMATION

S2 Workers in the value chain

For description on how the interests, views, and rights of workers in the value chain, including respect for their human rights, inform Finnair's strategy and business model see *ESRS 2 SBM-2 Interests and views of stakeholders*.

SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Finnair's value chain includes outsourced cabin crew and other outsourced service workers in addition to upstream value chain workers who perform, for example, aircraft maintenance, cleaning, catering, and ground handling work in its Helsinki-Vantaa airport home hub and network airports. Through Aurinkomatkat, the upstream value chain includes workers in hotels, transportation services, and tour operations. Workers in the downstream value chain include those working for companies which are customers and distributors of Finnair's services, such as cargo forwarders.

In identifying material impacts, risks, and opportunities, all value chain workers have been considered. As Finnair's value chain workers are concentrated in the upstream value chain, consideration of these workers is highlighted in the material impacts, risks, and opportunities. Value chain workers working in Finnair's operational sites include those working in Helsinki-Vantaa airport home hub, where Finnair's own operations are concentrated, and outsourced crew members working in Finnair's aircraft. Operations related to airports and aircraft are strictly controlled through regulation, with limited potential for child or forced labour among workers performing such duties.

Identified material sustainability matter	Type	Description
Working conditions, equal treatment and opportunities for all, and other work-related rights		
Negative human rights impacts related to working conditions and equality in the supply chain and outsourced operations	Negative impact	Finnair has an extensive global value chain, increasing the risk for human rights impacts particularly in parts of its extended value chain where Finnair lacks visibility or in geographic regions with particular risk factors. Potential negative impacts may include adverse working conditions related to working hours, living wage, health and safety, freedom of association, and inequality related to discrimination based on personal characteristics, which may result in immediate or long-term impacts on affected value chain workers. Such impacts can be widespread further along the extended value chain and in geographic risk regions, but incidental cases may also occur in direct suppliers and in regions not considered risk-areas. Finnair aims to mitigate such impacts through developing its procurement practices by following guidelines, such as the UN Guiding Principles on Business and Human Rights.
Risk of reputational damage due to human rights violations in the value chain	Risk	Human rights violations within Finnair's value chain could significantly harm its reputation and stakeholder trust. With increased liability introduced by regulation, such as the Corporate Sustainability Due Diligence Directive (CSDDD), financial repercussions could also be in the form of fines and compensation. The risk for human rights violations is heightened in certain risk sectors and geographic regions, with particularly vulnerable groups of people including women, children, and those from poor socio-economic backgrounds in the upstream value chain. However, the potential for human rights violations cannot be entirely excluded in any part of the value chain. Finnair is committed to respecting human rights in its own operations and business relations through established procurement practices and business conduct principles as outlined in its Code of Conduct.
Risk of strikes and other work-related disruption in the value chain	Risk	Finnair's ability to operate its network punctually from its Helsinki-Vantaa home hub is integral to value creation, and this is ensured through efficient processes and close cooperation with suppliers. Disruptions caused by strikes or other forms of worker-related disruptions in the supply chain can lead to operational delays, affecting Finnair's reputation and resulting in financial losses due to compensations and additional operational costs. Finnair aims to mitigate this risk through its established supply chain risk management process, and by engaging in dialogue through collective agreement negotiations with its value chain workers in ground handling services to mitigate risk of service disruptions in its home hub.
Increased supplier engagement and sustainable sourcing	Positive impact	Finnair aims to promote sustainable sourcing and supplier dialogue by increasingly introducing sustainability topics in supplier surveys and the sourcing stage of the procurement process. This could potentially incentivise sustainable practices among upstream value chain actors in medium- and long-term time horizons, if sustainability is included among screening criteria. By increasingly promoting sustainable sourcing and engaging in supplier dialogue Finnair may positively impact its supply chain actors, extending impacts also beyond immediate stakeholders. For example, through increased dialogue around sustainability topics suppliers could potentially better communicate concerns to Finnair and receive recognition for sustainable practices, such as efforts to promote positive environmental or social outcomes. These practices may also support supply chain risk management by hedging for risks caused by adverse conditions and unsustainable practices in the supply chain, making this a strategic objective for Finnair.

Value chain workers considered to be materially impacted are located further along the upstream value chain, particularly in high-risk regions such as Asia and the Middle East, and industries such as raw material extraction, food production, and sectors employing low-skilled labour. Particularly vulnerable groups include women, children, and people from poor socio-economic backgrounds. Understanding of vulnerable groups and workers has been developed based on external, publicly available information sources such as non-governmental organisations' reports and sector specific publications from tourism and travel organisations. In 2024, Finnair initiated a human rights risk assessment in which salient human rights impacts on value chain workers were evaluated.

S2-1 Policies related to value chain workers

Guided by the Board of Directors approved and publicly communicated Code of Conduct, Finnair is committed to respecting internationally recognised human rights in accordance with the UN Universal Declaration of Human Rights and the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work, in all operations including in its value chain. In line with the Code, Finnair upholds the rights to freedom of association and collective bargaining and opposes all forms of child and forced labour. These commitments are also outlined in Finnair's Modern Slavery and Trafficking Statement encompassing all operations including the value chain. The Statement delineates Finnair's aim for regular reviewing of internal processes to ensure they remain up to date to appropriately address value chain risks. The Statement is approved by Finnair's Executive Board and updated as needed, with Finnair CEO as its owner.

Finnair has signed the UN Global Compact initiative in 2013 and as required by its Ten Principles, aims to prevent any violations of human rights, including the use of forced or child labour, both within its own operations and its value chain. These principles are also the foundation of Finnair's Supplier Code of Conduct, which describes expectations for suppliers in terms of legal compliance, responsible business practices and respect for human and labour rights, including freedom of association, collective bargaining, adequate wages, and health and safety. Finnair requires that all suppliers under a purchase contract with Finnair, when delivering goods and services, adhere to the Finnair Supplier Code of Conduct or provide a written commitment to their own equivalent Code or public policy, given it meets the standards set by the Finnair Supplier Code of Conduct. The Supplier Code of Conduct covers all types of suppliers globally, and Finnair's Procurement Policy defines it as an integral part of supplier agreements.

Finnair's Procurement Policy, subordinate to the Board of Directors approved Internal Control and Risk Management Policy, further establishes Finnair's procurement principles, frameworks for managing supplier relations and supplier risks and ensuring compliance with legal, regulatory, and internal standards. The Policy is approved by Finnair's Executive Board, with Finnair CFO as the policy owner. Finnair's VP Procurement is accountable for the implementation of both the Supplier Code of Conduct and the Procurement Policy. The Supplier Code of Conduct is available on Finnair's website.

There were no reported cases of severe human rights issues or incidents in relation to value chain workers during the reporting period of 2024.

As of 2024, Finnair had no public policy commitment fully aligned with the UN Guiding Principles on Business and Human Rights. Finnair published its Policy Commitment to Human Rights on its website in January 2025.

S2-2 Processes for engaging with value chain workers about impacts

Finnair follows its own standardised supplier management procedures inherent to the procurement process life cycle to ensure effective supplier engagement and collaboration. All suppliers with an established purchase contract have a Finnair contact person and Finnair has designated contact persons on the suppliers' side. Finnair's Supplier Relationship Management manual (SRM manual) outlines Finnair's approach to working with key and strategic suppliers, which includes regular, scheduled meetings with Finnair and supplier representatives, in addition to the use of collaboration tools. The SRM manual will be enhanced by integrating the sustainability audit framework developed in 2024, with full implementation expected during 2025.

To address sustainability impacts with suppliers during the procurement process, Finnair employs a sustainability questionnaire intended for surveying prospective suppliers. The Finnair VP Procurement is responsible for overseeing supplier engagement. Finnair also participates in collective agreement negotiations with the labour union representing value chain workers in ground handling at Helsinki-Vantaa airport and aims to ensure open dialogue with workers' representatives to mitigate risk of potential service disruptions.

Furthermore, at Aurinkomatkat beach resort destinations, Aurinkomatkat personnel regularly visit suppliers and communicate directly with value chain workers. In addition, Aurinkomatkat offers a Sustainable Tourism eLearning training to Destination Management Company (DMC) partners and hotel partners. The training includes topics such as human rights, diversity and inclusion, and climate change in the context of tourism. During 2024, at least one representative from all 17 of Aurinkomatkat DMC partners had completed the training, with 108 DMC representatives having completed the training in total. In addition, 34 representatives of hotel partners completed the training, totalling 142 trained individuals at year-end.

S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns

Finnair encourages all stakeholders, including value chain workers, who witness or suspect misconduct or violation of Finnair's Code of Conduct to submit a report via Finnair's whistleblowing channel. The channel, accessible on Finnair's website and hosted by an external service provider, enables anonymous submission of reports. Instructions for reporting any material non-compliance are expressed also in Finnair's Supplier Code of Conduct.

For a detailed description of processes for investigating reports filed through the whistleblowing channel, see *G1-1 Business Conduct Mechanisms for identifying, reporting, and investigating concerns.*

S2-4 Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

Finnair adheres to established supplier management protocols integral to the procurement process life cycle. For example, prior to making any purchase commitments, a Know Your Counterparty (KYC) procedure is performed for all prospective suppliers, to maintain alignment with the principles set in the Finnair Code of Conduct.

Finnair also carries out on-site assessments of its suppliers, concentrating on different subjects during these inspections. In 2024, Finnair conducted an on-site supplier visit to its outsourced service provider in Asia, with a focus on human rights aspects. There were no negative findings. In addition, a third-party conducted sustainability audit of a main outsourcing partner was carried out, with an emphasis on human rights aspects to address prospective sustainability risks. This sustainability audit encompassed a review of documentation materials, management interviews, and direct interviews with employees of the outsourcing partner. No major issues were identified, but a plan for continuous process improvement was recommended.

During 2024, Finnair also further developed a comprehensive supplier audit process, including identification of inputs that can trigger a risk assessment, and audit procedures based on the outcome of the risk assessment. Full implementation of the process is expected to be done during 2025.

During 2024, Finnair initiated a human rights risk assessment covering its employees, value chain workers, customers, and affected communities. This assessment covers all Finnair operations, including those of Aurinkomatkat. The evaluation is based on country and category risk assessments, enhanced with insights from internal workshops and interviews, in addition to international human rights reports. The expected outcome is a list of salient human rights risks and corresponding action plans, to be formalised during 2025.

In 2024, Finnair also added resources in its Procurement unit by introducing a new role in sustainable supply chain management to further develop and manage the related processes.

There were no reported cases of severe human rights issues or incidents in relation to affected communities during the reporting period of 2024.

S2-5 Targets related to managing material negative impacts, advancing positive impact, and managing material risks and opportunities

Finnair has not set targets related to value chain workers for the reporting period of 2024. Finnair nevertheless tracks key performance indicators related to the topic. Finnair monitors the Supplier Code of Conduct coverage of its supply chain, which was 90% of total spend at year-end 2024.

Finnair also monitors the number of suppliers who complete the Sustainable Tourism eLearning training offered by Aurinkomatkat. During 2024, at least one representative from all 17 of Aurinkomatkat DMC partners completed the training, with 108 DMC representatives having completed the training in total. In addition, 34 representatives of hotel partners completed the training, totalling 142 trained individuals at year-end 2024.

SOCIAL INFORMATION

S3 Affected communities

For description on how the interests, views, and rights of affected communities, including respect for their human rights, inform Finnair's strategy and business model, see *ESRS 2 SBM-2 Interests and views of stakeholders*.

SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Finnair's affected communities include people living and working near areas where its operations are concentrated, such as in the vicinity of its Helsinki-Vantaa airport home hub and in Aurinkomatkat destinations. Affected communities living and working near these areas can benefit from economic, regional and cultural development in the form of job creation, foreign investment and trade, enhanced connectivity, and tax revenue, in addition to intangible effects such as cultural exchange, diplomacy, and cooperation between peoples, which can have positive impacts on local lives.

Affected communities also include indirectly affected people in Finnair's up- and downstream value chain, such as people working in hospitality, tourism, or service sectors. Understanding of impacts on affected communities at both endpoints of the value chain is currently being developed as part of ongoing human rights risk assessment work. No material actual or potential impacts, risks, or opportunities related to communities of indigenous people have been identified, but these are subject to reassessment as part of ongoing human rights due diligence work.

Identified material sustainability matter	Type	Description
Communities' economic, social, and cultural rights		
Contribution to regional and economic development of Finland	**Positive impact**	Enabling of the free movement of people and commodities is at the core of Finnair's business model and strategy. As a key airline operator in Finland, Finnair contributes to the country's regional and economic development by enabling the fast movement of people and commodities, and its extensive route network helps stimulate domestic hospitality, retail, and service sectors by facilitating travel to and within Finland. Finnair's operations can directly and indirectly contribute to financial effects for stakeholders in its up- and downstream value chain, and members of affected communities that generate income or tax revenue from these sectors. Impacts may vary from short-term impacts such as income and tax revenue from tourism, to medium- and long-term impacts such as foreign investments and trade resulting from movement of people and commodities enabled by Finnair's operations.
Contribution to cultural exchange, diplomacy, and cooperation between peoples	**Positive impact**	Through its extensive route network between Finland and international destinations, Finnair facilitates movement of people and ideas, helping enable cultural exchange. By collaborating with stakeholders, such as Business Finland and other regional organisations, Finnair aims to promote Finland as a travel destination. Finnair's operations can directly and indirectly contribute to potential positive impacts for stakeholders in its up- and downstream value chain, and in affected communities in Finland and abroad, who may benefit from increased cross-cultural exchange, diplomacy, and international cooperation. Impacts may vary from short-, medium-, to long-term potential positive impacts, such as collaboration, negotiation, and exchange of ideas enabled by the free movement of people. Continuous enabling of free and safe movement of people is at the core of Finnair's business model and strategy.
Contribution to economic activity and job creation in local communities and abroad	**Positive impact**	In its operational locations, Finnair can contribute to economic activity and job creation directly by employing people in its up- and downstream value chain, or indirectly by stimulating economic activity in communities through tourism and trade. Positively affected communities may include those living and working in Finnair destinations who derive income from hospitality, retail, and service sectors, or benefit from the increased economic activity and tax revenues, which may spur investment into local infrastructure and public services, enhancing residents' quality of life over short-, medium-, or long-term. Finnair and Aurinkomatkat business model and strategy are also dependent on affected communities' acceptance of travellers and tourists in destinations, and Aurinkomatkat has started annual collaboration projects with local non-governmental organisations in its destinations to contribute to local communities.
Noise pollution from own air transport operations	**Negative impact**	Exposure to aircraft noise can have short-, medium-, or long-term impacts on people living or working near airports in the form of annoyance and disrupted concentration or sleep. Finnair's operations particularly affect those communities located near its home hub, Helsinki-Vantaa airport. Finnair aims to mitigate this impact by implementing technical solutions in its fleet and cooperating with relevant stakeholders, such as airports and air traffic control to monitor noise levels and mitigate noise impact during landings through continuous descent approach. These mitigation measures also contribute to Finnair's strategic interests and business model, by ensuring that the current route schedule can be maintained, and capacity can be potentially added.
Risk of stricter noise regulation	**Risk**	In addition to existing regulations, airports are introducing additional take-off and landing fees and operational restrictions to address aircraft noise. Such measures could result in higher operational costs in the form of fees and restrictions on take-offs and landings at certain hours, potentially resulting in lost revenue and preventing the introduction of additional routes or flights, potentially impacting Finnair's strategy and business model. To address this risk, Finnair engages in dialogue with regulatory authorities and airports and applies best practices to reduce aircraft noise in its own operations.

Aircraft noise can negatively impact the wellbeing of people living and working near airports where Finnair operates, primarily its Helsinki-Vantaa home hub. In turn, Finnair's operations can be adversely impacted by stricter noise regulation, potentially leading to higher operational expenses and restrictions on flight schedules. To mitigate financial risk and negative impact on people, Finnair employs measures such as continuous descent approach in landings, technical modifications of its aircraft, and cooperation with airports.

In 2024, Finnair initiated a human rights risk assessment to understand potential adverse human rights impacts on affected communities and members of particularly vulnerable groups. Identified potential impacts on communities include resource depletion, excessive waste and strain on local environment caused by overtourism, exploitation of local communities leading to loss of cultural and privacy rights, and the exacerbation of climate change's effects on communities. In the double materiality assessment for the reporting period 2024, potential adverse human rights impacts on affected communities were not yet incorporated and, thus, are not represented in the list of material sustainability matters. Understanding of impacts on affected communities and particularly vulnerable groups is currently being developed as part of ongoing human rights risk assessment work.

S3-1 Policies related to affected communities

Guided by the Board of Directors approved and publicly communicated Code of Conduct, Finnair is committed to respecting internationally recognised human rights in accordance with the UN Universal Declaration of Human Rights and the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work in all operations and expects business partners to comply with similar principles.

As signatory to the UN Global Compact initiative and as required by its Ten Principles, Finnair aims to prevent any violations of human rights, including the use of forced or child labour, both within its own operations and value chain. Within the framework of its Code of Conduct and Procurement Policy, Finnair is committed to ensuring, as far as possible, that there are no forms of slavery and human trafficking within its value chain. Finnair has prepared its public Modern Slavery and Trafficking Statement in compliance with the provisions of Section 54 of the UK Modern Slavery Act. The Statement is approved by Finnair's Executive Board and updated as needed, with Finnair CEO as its owner. Finnair's Code of Conduct also highlights commitment to clear and timely communication with the media and public and fostering open dialogue within the communities and contexts in which Finnair operates. The scope of Finnair's Code of Conduct and Modern Slavery and Trafficking Statement includes all potentially affected communities.

Finnair's commitment to the management and reduction of its operations' environmental impact is founded in the Finnair Code of Conduct and further defined in the publicly communicated Environmental and Energy Efficiency Policy. The Policy describes ongoing environmental performance measures, establishes clear principles for Finnair's Environmental Management System (EMS), and determines the roles and responsibilities for execution. The Policy is annually reviewed by Finnair's Executive Board with Finnair CEO as the policy owner. Aircraft noise is a module of Finnair's EMS, with a dedicated Environmental Management Plan (EMP) in place to ensure application of aircraft noise management measures in daily operations and compliance with relevant regulations and obligations.

There were no reported cases of severe human rights issues or incidents in relation to affected communities during the reporting period of 2024.

As of 2024, Finnair had no public policy commitment fully aligned with the UN Guiding Principles on Business and Human Rights. Finnair published its Policy Commitment to Human Rights on its website in January 2025.

S3-2 Processes for engaging with affected communities about impacts

In accordance with its Code of Conduct, Finnair aims to communicate clearly and effectively within the communities and contexts in which it operates. In terms of direct communication with the public, including affected communities, Finnair utilises multiple channels for external communications, including press releases on Finnair's website, newsletters via email, and posts on its official social media channels to both share information and listen to public feedback. The most senior responsibility for external communications is with Finnair Communications, led by the SVP of Communications.

Most of the engagement related to affected communities occurs through proxies. In its beach resort destinations, Aurinkomatkat engages with affected communities primarily through its Destination Management Company (DMC) partners by arranging regular meetings and yearly cooperation events, covering also topics of sustainability and local circumstances. Aurinkomatkat offers training and informational materials on sustainable tourism to its DMC and hotel partners, collaborates with international and local non-governmental organisations in selected destinations, and discusses sustainability topics with national tourism organisations.

In relation to aircraft noise at Helsinki-Vantaa airport, Finnair partakes in dialogue and cooperation with relevant stakeholders, including the municipalities surrounding the airport, the airport operator (Finavia), the air navigation services' provider (Fintraffic), the Finnish Transport and Communications Agency (Traficom) and other airline operators to address topics like city planning, runway use principles, and flight route planning. Finnair also participates in the Traficom organised Helsinki-Vantaa airport cooperation group on noise control, which monitors the annual noise status and changes in noise levels at the airport.

S3-3 Processes to remediate negative impacts and channels for affected communities to raise concerns

Finnair encourages all stakeholders, both internal and external, who witness or suspect misconduct or violation of Finnair's Code of Conduct to submit a report via Finnair's whistleblowing channel. The channel, accessible on Finnair's website and hosted by an external service provider, enables anonymous submission of reports. For a detailed description of processes for investigating reports filed through the channel and protection of whistleblowers see *G1-1 Mechanisms for identifying, reporting, and investigating concerns.* Finnair has not assessed affected communities' awareness of the available reporting channels.

In its beach resort destinations, Aurinkomatkat partners can also raise concerns directly by contacting their Aurinkomatkat contact person.

In January 2025, Finnair published its Policy Commitment to Human Rights on its website, describing Finnair's commitment to remedy any adverse human rights impacts, which it has caused or contributed to.

S3-4 Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions

For the reporting period of 2024, Finnair has not quantified the current or future operational and capital expenditures for implementing the actions related to affected communities. Finnair is also not currently systematically tracking the effectiveness of its actions related to affected communities, apart from aircraft noise management where effectiveness of actions can be quantified by the measured noise levels at Helsinki-Vantaa airport. For more information of tracking noise levels, see *S3-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities.*

As a key airline operator in Finland, Finnair directly and indirectly supports job creation and regional economic growth by facilitating international trade, attracting foreign investment, and supporting the Finnish export industry. For example, Finnair Cargo operations help ensure year-round, timely delivery of high-value and perishable products, supporting commerce activities. As a majority state-owned entity, Finnair's operations are also crucial in events of crisis, for example in the form of repatriation services or maintenance of supply security. Additionally, Finnair's network provides year-round connectivity by operating regional flights within Finland. As these actions are at the core of Finnair's business and value creation model, they can be considered as continuously ongoing actions.

In collaboration with travel and tourism industry stakeholders, Finnair aims to promote Finland as a travel destination via its in-flight services, marketing campaigns, and partnerships with cultural institutions. Additionally, Finnair promotes cultural understanding and cooperation through partnerships with non-governmental organisations, helping to enhance social cohesion and global solidarity. In 2024, Finnair partnered with Visit Finland to organise the Midnight Sun Workshop, a campaign to bring international travel agencies to Finland to showcase Finland's summer tourism offerings. Promoting Finland as a travel destination is at the core of Finnair's business and value creation model, so collaboration with industry actors and institutions is an ongoing action. For example, in 2025 Finnair is planning to continue promoting Finland's range of summer tourism offerings and concentrate on marketing Finland as an appealing destination for travellers from Asia.

Through its Aurinkomatkat brand, Finnair engages in long-term partnerships primarily with small and medium sized local hotel, excursion, and transportation suppliers, thereby supporting local businesses and entrepreneurs as a continuously ongoing activity. As part of Aurinkomatkat Sustainability Programme key sustainability actions and areas of focus are defined annually. As part of the Sustainability Programme, Aurinkomatkat aims to enhance the welfare of the local communities in which it operates by executing at least one local support project annually with a selected local organisation.

In 2024, Aurinkomatkat collaborated with the Greek non-profit ocean protection organisation, All for Blue, and arranged two beach cleanup events in Greece and purchased a training for its employees from All for Blue. In planning the opening of a new destination, potential challenges related to local communities, nature, and carrying capacity of the destination are reviewed. During 2024, Aurinkomatkat began collecting information on its beach resort destinations by using a Destination Sustainability Fact Sheet which focuses on sustainability factors, including information on potential issues related to or affecting local communities and people. Information is collected by Aurinkomatkat guides present at the destination and updated seasonally.

Under Finnair's EMS, its dedicated EMP for aircraft noise outlines key actions related to addressing the risks and negative impacts associated with the topic. As defined in Finnair's Environmental Manual, procedures to identify, assess, and manage risks affecting the objectives of the EMS follow the company-level risk management process and the Three Lines of Defence risk governance model. Members of the dedicated aircraft noise EMP working group are responsible for annually reviewing aircraft noise related risks, ensuring regulatory compliance, managing key performance indicators, and proposing measures for new initiatives as part of ongoing actions to address the topic. The working group is also in charge of executing related management activities and reporting progress to Finnair's Sustainability Leadership Team (SLT). The SLT reviews the EMP's progress annually, including assessing key performance indicators and potential risks impacting the EMP's objectives.

To mitigate negative impacts in accordance with the EMP, Finnair takes continuous actions in its own operations and in collaboration with relevant stakeholders. An example of this is the use of continuous descent approaches (CDA) in landings. Finnair continuously aims to improve its CDA levels with a target of at least 85% of landings in Helsinki-Vantaa airport being CDA. Pilots receive training in best practices for reducing aircraft noise in flight operations, including the application of CDA in landings. Cooperation with the air traffic control is key in ensuring that the time window needed for CDA is achieved, and Finnair actively engages with air traffic control and Finavia to improve the CDA levels at the Helsinki-Vantaa airport.

An example of technical aircraft noise reduction is the modification of Finnair's narrow-body fleet, which started in 2023 and was completed in 2024, eliminating the whistling sound during landing. The sound is caused by air passing over the Fuel Over Pressure Protector (FOPP) cavities. These holes contain a valve equalising the pressure in the fuel tanks. Due to the modification, the landing noise caused by the A320 fleet will be reduced by approximately 1 dB at a certain point in the landing.

Finnair's ability to implement actions enabling positive impacts and mitigating negative impacts and risk depends on the financial health of Finnair and its ability to ensure the economic development of its business to support investments and projects. Investments to mitigate noise through fleet enhancements require resources from Finnair's Technical Operations unit, or alternatively, a substantial investment could be considered in the procurement of new aircraft, as contemporary aircraft are typically quieter.

There were no reported cases of severe human rights issues or incidents in relation to affected communities during the reporting period of 2024.

S3-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Finnair has not set targets related to affected communities for the reporting period of 2024. Finnair nevertheless tracks key performance indicators related to the topic of aircraft noise management.

As part of Finnair's EMS, the EMP for aircraft noise has determined a key performance indicator of maintaining an 85% level in Continuous Descent Approaches at its home hub, Helsinki-Vantaa airport. In 2024, Finnair reached a level of 84.2% (85.8). As the airport operator, Finavia is responsible for measuring of aircraft noise levels at the Helsinki-Vantaa airport, and the noise levels are regularly reviewed with Finnair.

SOCIAL INFORMATION

S4 Consumers and end-users

For description on how the interests, views, and rights of consumers and end-users, including respect for their human rights, inform Finnair's strategy and business model, see *ESRS 2 SBM-2 Interests and views of stakeholders.*

SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Consumers and end-users encompass passengers onboard Finnair flights, customers of package tours under the Aurinkomatkat brand and customers of Finnair Cargo services. As a commercial airline, Finnair is dependent on its reputation among customers, with customer-centricity being a key strategic objective for Finnair and a precondition to the fulfilment of its value proposition. Finnair actively mitigates risks and negative impacts affecting customers and pursues customer-related opportunities. While its products and services are not inherently harmful to consumers or end-users, Finnair is committed to ensuring the safety and wellbeing of its passengers throughout their customer journey and provides accessible information related to its services, including clear instructions and guidance to ensure a safe and comfortable travel experience for all customers, to mitigate any potentially harmful or damaging use of services.

Finnair is aware of the diversity of its consumers and end-users and strives to ensure accessibility and non-discrimination in both physical and digital environments, including consideration of potentially vulnerable individuals' needs, such as elderly passengers or those with reduced mobility or other disabilities.

Identified material sustainability matter	Type	Description
Social inclusion of consumers and/or end-users: Access to products and services, non-discrimination, and responsible marketing practices		
Distress and a sense of discrimination due to failure to ensure accessibility	**Negative impact**	Challenges in accessibility can negatively impact customers, particularly those who are elderly, have reduced mobility, or other disabilities. While incidental, such cases may cause distress and discomfort for people affected. Finnair aims to mitigate such impacts by training its customer-facing employees and following inclusive practices in service design. Customer-centricity and the aim to ensure accessible services are strategic themes for Finnair and improved digital and physical accessibility and inclusion are part of fulfilling these strategic objectives. While Finnair's actions primarily impact its own operations, through cooperation with other airlines and airport service providers it may also contribute to accessibility in its value chain.
Improved accessibility and inclusion	**Positive impact**	Beyond statutory accessibility requirements, Finnair collaborates with experts by experience to gain insights on accessible travel and has launched training materials and initiatives to promote accessibility awareness. These actions may contribute to better customer experience for travellers with disabilities already in the short-term time horizon, as Finnair and Aurinkomatkat employees apply these lessons in their daily work. Finnair also monitors its accessibility net promoter score (aNPS) to determine customer satisfaction in relation to accessibility. Customer-centricity and the aim to ensure accessible services are strategic themes for Finnair and improved digital and physical accessibility and inclusion are part of fulfilling these strategic objectives.
Negative impacts related to vague or distorted sustainability communication and marketing	**Negative impact**	Failure to provide clear and accurate sustainability information could potentially mislead consumers about the environmental impacts of aviation, with the more consumers subject to such content the more widespread the impact. Finnair aims to address this by offering internal training on sustainability communication and marketing and improving the quality and availability of sustainability content on its website and social media channels. These efforts are also aligned with Finnair's strategic objectives of social and environmental responsibility. While Finnair's actions primarily impact its own operations, communication and collaboration with stakeholders could contribute to more transparent and accurate sustainability content also along the downstream value chain.
Transparent sustainability communication and marketing	**Opportunity**	Transparent sustainability communication and marketing presents an opportunity for increasing consumer awareness of available tools for addressing the environmental impacts of aviation, such as increasing the use of SAF. Consumers' willingness to contribute to SAF purchases over short- and medium time horizons would support Finnair in achieving its strategic sustainability objectives, as the use of SAF is the most important measure in achieving reasonable emission reductions in its own operations during the decade.
Negative impacts related to failures in punctual departures	**Negative impact**	Punctuality is a key indicator of customer satisfaction and delays, while incidental, can cause distress to impacted customers. Finnair consistently enhances its disruption management process and communication tools to ensure effective rerouting, rebooking, and informing of customers to mitigate adverse impacts from potential disruptions and adheres to EU regulation in providing compensation and support to impacted customers. Finnair's ability to operate its network punctually is integral to value creation, with customer-centricity and service quality as its key strategic objectives, and Finnair invests in the use of analytics and data to provide a smooth and timely travel experience to its customers.

Identified material sustainability matter	Type	Description
Information-related impacts for consumers and/or end-users: Privacy		
Negative impacts related to personal data security breaches	**Negative impact**	A personal data breach may expose customers to privacy violations, identity theft, and financial fraud, leading to long-term negative impacts and mental distress. Personal data breaches have the potential to affect a broad spectrum of customers. As an airline, Finnair handles large volumes of customer data and may thus be targeted, becoming connected to impacts through its own operations or due to breaches occurring in its value chain. To mitigate the potential impacts, Finnair promptly communicates any potential or actual breaches of personal data to affected customers and relevant authorities.
Risk of data security breaches	**Risk**	Due to managing extensive volumes of customer data, airlines face a risk of data breaches from external threats or internal mismanagement of data. Finnair processes customer data in its own operations and is also part of data value chains involving the exchange of data. Finnair employs measures to protect customer data, yet the risk of breaches cannot be entirely excluded. For Finnair, data breaches could lead to loss of reputation and revenue, and even potential disruptions to operations. To mitigate the risk of data breaches caused by external threats or internal mismanagement, Finnair adheres to data processing principles, conducts training on data security, and performs risk assessments.
Personal safety of consumers and/or end-users: Health and safety		
Negative impacts related to health and safety of customers	**Negative impact**	Serious passenger health and safety incidents are extremely rare yet can have significant immediate and long-term implications for the people affected. The health and safety of passengers is the cornerstone of Finnair's operations, and Finnair takes systematic and continuous measures to ensure customer safety. As a commercial airline, Finnair undergoes regular safety audits by domestic and international civil aviation authorities. Finnair's ability to operate its network safely is integral to value creation, and operational excellence in terms of safety has priority in all decision-making.
Risk of health epidemics or pandemics	**Risk**	Epidemics and pandemics pose risks to airlines as their business model includes moving large volumes of passengers through international transport hubs. Travel restrictions may contribute to significant financial losses, as with the COVID-19 pandemic. Finnair monitors the global epidemiological situation and is prepared to work closely with relevant health authorities if epidemics or pandemics surface. Customer-facing employees receive training in safety precautions and measures for managing incidents with an increased risk of infectious disease transmission, ensuring that the highest standards of health and safety are maintained, without disruption to operations.
Potential for an individual to fall victim to human trafficking	**Negative impact**	Airlines' extensive route networks can unintentionally facilitate human trafficking. While rare, cases of human trafficking can cause immediate and long-term adverse impacts on victims, with particularly vulnerable groups including women, children, minorities, and individuals from poor socioeconomic backgrounds. Finnair may become indirectly connected to such impacts and is committed to counteracting trafficking in its own operations and in collaboration with industry stakeholders, such as local authorities and airport service providers. Finnair offers training to its customer-facing employees on identifying and reporting suspected cases, promotes internal awareness on the topic, and monitors industry trends to effectively counteract human trafficking.

In terms of responsible marketing practices, Finnair aims to ensure that its communications are ethical and do not target vulnerable individuals in an exploitative manner. Finnair aims to provide transparent and clear sustainability-related content to consumers and end-users in its marketing and digital platforms. As an airline, Finnair also collects consumer and end-users' personal data to provide its services. Finnair is committed to respecting the privacy and data protection rights of its customers by collecting personal data in compliance with applicable laws, including the EU General Data Protection Regulation (GDPR).

S4-1 Policies related to consumers and end-users

Guided by the Board of Directors approved and publicly communicated Code of Conduct, Finnair is committed to respecting internationally recognised human rights in accordance with the UN Universal Declaration of Human Rights and the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work in all its operations and expects business partners to comply with similar principles. The Code of Conduct also emphasises safety and security, clear communication, and ethical handling of personal data in all operations. Specific policies have been defined to address material topics related to consumers and end-users, such as accessibility, inclusion, and non-discrimination, sustainability communication and marketing, punctuality, health and safety, privacy, and human trafficking.

There were no reported cases of severe human rights issues or incidents in relation to consumers and end-users during the reporting period of 2024.

As of 2024, Finnair had no public policy commitment fully aligned with the UN Guiding Principles on Business and Human Rights. Finnair published its Policy Commitment to Human Rights on its website in January 2025.

Access to products and services, and non-discrimination

Policies on accessibility, inclusion, and non-discrimination are rooted in Finnair's Code of Conduct and applicable regulation. Finnair's Policy on the Accessibility of Products and Services outlines the approach to ensuring accessibility of products, services, and digital platforms, defining objectives for inclusion and compliance with regulation. The Policy establishes principles for ensuring accessible travel through adequate processes and assistance throughout the customer journey, accessibility considerations in product and service design, and employee training on the needs and relevant procedures related to customers requiring assistance. All Finnair units, functions, processes, and subsidiaries are within the Policy's scope of application, and Finnair's Executive Board is responsible for approving its contents and ensuring the implementation of its objectives.

Sustainability communication and marketing

The Finnair Code of Conduct outlines the approach for clear and timely communication by the designated functions within Finnair, to ensure information provided to the media and public is accurate. Finnair's sustainability communication and marketing is supported by internal principles established in line with contemporary consumer legislation and its requirements, to ensure that sustainability content targeted at consumers is clear and understandable. The most senior responsibility for communications on sustainability is with Finnair Communications, led by SVP of Communications.

Punctuality

The Finnair Code of Conduct emphasises Finnair's commitment to treating customers with courtesy and respect, recognising the importance of customer satisfaction as a primary business metric. Finnair is also subject to applicable regulation as defined in Finnair's Notice on Passenger Rights based on EU Regulation (EC261/2004). To minimise inconvenience and maintain customer satisfaction in the event of disruptions, Finnair has established procedures for rebookings, cancellations, delays, schedule changes, overbooking situations, and arranging care for affected customers.

Privacy

Commitment to data privacy and ethical use of data is expressed in the Finnair Code of Conduct, and the Internal Control and Risk Management Policy provides the framework for governing risks. Subordinate to these top-level policies are the Data Privacy Policy and Information Security Policy. Data Privacy Policy documents the commitment to safeguarding data privacy, principles for personal data processing, and roles and responsibilities within Finnair. The most senior level responsibility for implementing the Policy is with the Executive Board, with each member responsible for execution within their departments. Information Security Policy documents the approach to protecting operations and assets from threats, ensuring legal compliance and secure management of information assets. The Policy is approved by the Executive Board, with Chief Digital Officer as the policy owner. The Chief Digital Officer has delegated responsibility for overseeing Finnair's information security strategy, compliance, and operations to the Chief Information Security Officer (CISO). Finnair's Data Privacy Officer (DPO) is the contact point for matters relating to personal data handling at Finnair.

Finnair's internal policies for handling personal data are based on provisions of the GDPR and applicable data protection legislation, and contents are updated in accordance with legislative development. Finnair's Customer Privacy Policy is available on Finnair's website, along with the Privacy Commitment. The Customer Privacy Policy outlines the collection, use, and protection of customers' personal data, addresses customers' rights and adherence to GDPR provisions in the processing of customers' personal information throughout the data value chain. Finnair also integrates data protection considerations into its supplier selection process to ensure business partners adhere to privacy principles.

Health and safety

Policies for safety, security, and compliance define Finnair's fundamental approach to achieving and maintaining an acceptable level of safety and security in operations. Finnair's statutory Safety Management System (SMS) and Security Management System (SeMS) are required by applicable Aviation Regulation and are prerequisite for Finnair's Air Operator's Certificate. The SMS and SeMS are governed by respective Safety and Security Management System Objectives and Policies, which are authorised by the Chief Operating Officer acting as the authority approved Accountable Manager and endorsed by the Finnair CEO. As the Accountable Manager, the Chief Operating Officer has responsibility for ensuring that all operations and maintenance activities are carried out to the standard required by relevant authorities, such as the Finnish Transport and Communications Agency (Traficom) and the EU Aviation Safety Agency (EASA). In addition, Finnair SMS and SeMS fulfil the requirements of the IATA Operational Safety Audit. Finnair's Safety, Security & Compliance unit, under the Chief Operating Officer as Accountable Manager, acts as a control function with respect to the SMS and SeMS, with the line organisation responsible for safety, security, and compliance in operations. The Safety Review Board at Finnair, under the Accountable Manager's leadership, meets quarterly to evaluate Finnair's safety and security performance against the set Objectives and Policies.

Health epidemics and pandemics

In the event of public health concerns, Finnair is prepared to work closely with the relevant health authorities to follow the latest guidelines and regulatory changes. As outlined in the Finnish Transport and Communications Agency (Traficom) approved Operations Manual, Finnair's Medical Director is responsible for monitoring the global epidemiological situation and instructing employees in case of outbreaks. Finnair's customer-facing employees receive training and instructions on the safe handling of suspected infectious disease cases.

Human trafficking

In line with its Code of Conduct, Finnair is committed to preventing violations of human rights within its own operations and value chain, including all forms of human trafficking and forced labour. Finnair is signatory to IATA's resolution against modern slavery and human trafficking, reaffirming airlines' commitment to countering human trafficking through exchange of best practices. Finnair's Modern Slavery and Trafficking Statement is approved by the Executive Board and describes the approach for addressing potential human trafficking by working with governments and airports Finnair operates from, providing customer-facing employees with training and instructions for reporting suspected cases, and raising internal awareness on the issue.

S4-2 Processes for engaging with consumers and end-users about impacts

Finnair engages directly with consumers and end-users through various channels, with engagement occurring face-to-face throughout the customer journey, and via customer support channels and Finnair and Aurinkomatkat mobile applications. This engagement aims to ensure a seamless travel experience and necessary support and assistance at any stage of the customer journey. Finnair also interacts with customers via its official social media channels. To assess the effectiveness of engagement with customers Finnair continuously monitors its net promoter score (NPS) intended for tracking customer satisfaction.

Finnair aims to gain insight into consumer and end-users' perspectives through surveys, interviews, and user testing. Customer feedback and insights are also collected through the Finnair Customer Community, which is a closed group of customers partaking in short surveys, interviews, polls, and user testing. Finnair organises quarterly Finnair Community Days aimed at engaging with customers to gather feedback and development ideas. Finnair strives to incorporate insights from these engagements into product and service development. Finnair also regularly hosts events for its Finnair Plus members, where members can directly engage with Finnair representatives. Finnair's Chief Customer Officer holds the operational responsibility for ensuring effective engagement with customers. The insights and feedback collected from these interactions are integral in guiding Finnair's strategy and approach to improving customer experience.

To address consumer and end-users' accessibility needs, relevant instructions and forms for requesting assistance or specialised services are provided on Finnair's website. Finnair continuously enhances its digital services' accessibility by adhering to the Web Content Accessibility Guidelines and its compliance status is disclosed in the accessibility statements on Finnair's website. To monitor the customer experience of passengers with accessibility needs, Finnair monitors the accessibility net promoter score (aNPS) intended for tracking customer satisfaction among passengers requiring special assistance.

Finnair also engages in dialogue with relevant domestic and foreign consumer representatives and authorities, such as the Finnish Transport and Communications Agency (Traficom), the Finnish Competition and Consumer Authority, Data Protection Ombudsman, the Non-discrimination Ombudsman, and the United States Department of Transportation. Finnair is dedicated to fostering dialogue with consumer representatives and authorities to account for diverse customer needs and maintain fairness in operations.

In the event of a personal data breach, Finnair has an established incident management process in place, and notifications are made to customers and other affected parties without undue delay. Finnair's defined responsible teams investigate and manage potential data breaches according to defined processes under the oversight of the DPO and CISO. If the breach poses a risk to the rights and freedoms of natural persons, under the GDPR Finnair is required to notify the Data Protection Ombudsman within 72 hours of becoming aware of it.

For more information on procedures in the event of disruptions see *S4-3 Processes to remediate negative impacts and channels to raise concerns.*

S4-3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

Finnair has established procedures to address and rectify negative impacts customers may face and provides multiple channels for raising concerns. All feedback, whether from individual or corporate customers, is reviewed and routed to the relevant department to ensure comprehensive attention and potential corrective measures. Customer feedback is a valuable tool in assessing performance and making informed decisions for improvement. Regular feedback is received through the established channels, indicating that they are accessible and effectively utilised by customers to voice their concerns or inquiries.

Finnair's customer-facing employees address customers' concerns throughout the customer journey. In addition, customer contact centres are the primary channel to contact Finnair via phone and chat. Customers are instructed to use the online contact forms available on Finnair's website to file feedback and claims requests. In response to service disruptions resulting in negative impacts, such as delays in punctuality, Finnair aligns with EU Regulation (EC261/2004) offering assistance and compensation to affected passengers. Customers can also refer to the Finnair Notice on Passenger Rights available on Finnair's website. If a concern remains unresolved, customers are advised to contact relevant authorities to seek further guidance and resolution.

Finnair treats all reported instances of discrimination with the utmost seriousness. All complaints and reports received through either direct customer feedback channels or relevant authorities are reviewed. If it is established that Finnair's actions have resulted in discrimination against passengers, necessary adjustments are made following the directives of relevant authorities.

Finnair places utmost importance on the personal health and safety of its customers, consistently prioritising their wellbeing. If any actions directly attributable to Finnair result in a health or safety issue for a customer, Finnair recognises its accountability and ensures appropriate compensation is provided to those affected.

In the event of a personal data breach, Finnair contacts affected customers and other parties without undue delay and notifies the Data Protection Ombudsman as required by the GDPR. Finnair may also advise customers to take preventive security measures, including changing their email or Finnair Plus account passwords, and remaining vigilant against potential phishing attempts. Finnair encourages customers to reach out with concerns or inquiries about their personal data, with instructions provided on Finnair's website under Finnair Privacy Commitment.

Customer contact centres are the primary channel intended for consumers and end-users to contact Finnair with any concerns to ensure a timely response and necessary assistance. In addition, Finnair encourages all stakeholders, including consumers and end-users, who witness or suspect misconduct or violation of Finnair's Code of Conduct to submit a report via Finnair's whistleblowing channel. The channel, accessible via Finnair's website and hosted by an external service provider, enables anonymous submission of reports. For a detailed description of processes for investigating reports filed through the channel, see *G1-1 Mechanisms for identifying, reporting, and investigating concerns*.

S4-4 Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

For the reporting period of 2024, Finnair has not quantified the current or future operational and capital expenditures for implementing actions related to accessibility, inclusion, and non-discrimination, sustainability communication and marketing, punctuality, health and safety, privacy and human trafficking.

Access to products and services, and non-discrimination

Finnair aims to ensure the accessibility of products, services, and digital platforms by adhering to its Policy on the Accessibility of Products and Services. A cross-organisational accessibility working group is tasked with monitoring and developing processes aligned with the Policy's objectives. To assess the effectiveness of actions aimed at maintaining and improving the accessibility of products and services, the accessibility working group follows key performance indicators, specifically the aNPS, intended to measure satisfaction among customers requiring special assistance. The volume of reports from customers and authorities concerning discrimination is also monitored. This feedback serves as an indicator of what action is needed and appropriate in response to accessibility impacts. The Web Content Accessibility Guidelines are followed in digital platform development and conformance is reported on the accessibility statements available on Finnair's website.

In 2024, Finnair adopted the Hidden Disabilities Sunflower scheme to assist passengers with non-visible disabilities and deployed accessible self-service check-in desks at Helsinki-Vantaa airport. In addition, customer-facing employees at Finnair and Aurinkomatkat receive accessibility and inclusion training.

Sustainability communication and marketing

In 2024, Finnair established internal principles for sustainability communication and marketing in line with contemporary consumer legislation and its requirements. Finnair organises internal training on sustainability topics and their effective and accurate communication, with the aim of offering consumers sustainability content that is clear and comprehensible. Finnair's sustainability communication and marketing also aims to increase customers' awareness of flight emissions and how customers may contribute to reduction efforts.

During 2024 Finnair enhanced the transparency of its sustainability communications with a focus on SAF and the climate impact of the environmental projects tied to Finnair's climate service. In 2024, Finnair introduced content related to SAF on its website and social media, further highlighting the option for passengers to contribute to SAF purchases during the booking process.

Punctuality

Finnair's Operations Control Center continuously monitors operational performance to avoid disruptions and minimise their impact. If unavoidable disruptions occur, disruption management measures are utilised to reduce negative impacts on customers. In 2024, the previous customer notification system for handling service disruptions was replaced with an advanced, state of the art communication tool with improved features facilitating more tailored and dynamic communication to customers during service disruptions. Finnair consistently enhances disruption management by testing and introducing new functionalities for optimised rerouting and aims to automate and digitise the process to ensure reliable and efficient solutions to impacted customers.

Privacy

As part of ongoing actions to mitigate the potential negative impact and risk of data breaches, Finnair employs preventive and detective security measures and monitors for potential threats. In case of a breach, Finnair has established responsive controls to contain and mitigate effects and communicate any potential subsequent risk to customers' data and privacy. Finnair implements an improvement strategy to reinforce cybersecurity and enhance the protection of customer personal data. Additionally, the Information Security Risk management process encompasses evaluation of threats, vulnerabilities, and shifts in risk landscape that could potentially compromise data security. Finnair employees controlling or processing personal data receive training for processing, safeguarding, and managing the data lifecycle. Guidelines for the processing of personal data are detailed in Finnair's internal Personal Data Processing Instructions, and further guidelines for ensuring GDPR compliance in daily work tasks are accessible to all employees via Finnair's intranet. Internal awareness of the topic is increased through internal training, such as the mandatory eLearning course on GDPR for all new employees and targeted trainings.

Health and safety

Finnair takes continuous and systematic action to ensure passenger health and safety in its operations. The components of the Safety and Security Management Systems facilitate concrete activities, which include continuous monitoring, recording, and evaluating of safety and security performance. Finnair is committed to fostering a culture of safety and security, encouraging and empowering employees to report any safety and security observations promptly and proactively. Finnair has made reporting channels easily accessible to ensure employees can effortlessly voice their observations. As part of continuous safety and security promotion, Finnair ensures all personnel are trained and competent to perform their respective safety and security duties. Safety and security training is mandatory for all operational personnel and other selected personnel groups, including all new employees. To promote safety and security practices internally, safety and security communication is regularly published to raise awareness among employees.

Finnair organised its annual Safety & Security week highlighting the importance of continuous measures to ensure health and safety, with employees being offered first-aid and safety equipment use training, presentations, and opportunity to interact with internal and external health and safety subject matter experts.

Health epidemics and pandemics

In case of suspected infectious disease, Finnair's customer-facing employees are trained to take precaution measures before boarding, during and after flight. If an infectious disease is suspected onboard, protective measures are taken by cabin crew to ensure the safety of all passengers, while attending to the passenger with symptoms. Upon landing, local health authorities and ground personnel are informed of the suspected case onboard so appropriate post-flight measures, such as disinfection of the aircraft, can be taken. Finnair's Medical Director is responsible for monitoring the global epidemiological situation and infection patterns and instructing Finnair employees accordingly.

Human trafficking

Finnair's flying crew personnel undergo mandatory training aimed at preventing human trafficking, encompassing both classroom sessions and completion of an online eLearning course. An online course on preventing human trafficking is also compulsory for all managers and supervisors in Finnair ground handling operations worldwide, and for all check-in, gate, and arrival service agents at Helsinki-Vantaa airport. The online course is made available for all Finnair employees via Workday eLearning platform. Finnair mandates that all stations from which its flights are operated from have a human trafficking prevention plan in place, ensuring employees are aware of procedures and contact points for reporting suspected cases. To maintain awareness of global trends, Finnair participates in educational seminars organised by organisations, such as IATA and International Organisation for Migration.

During 2024, awareness of the topic was raised on Finnair's intranet as part of a security blog publication. The topic was also covered during Finnair's annual Safety & Security week with presentations from Finnair's Head of Security and the Finnish Border Guard.

S4-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Finnair has not set targets related to consumers and end-users for the reporting period of 2024. Finnair nevertheless tracks key performance indicators related to the topic as customer-centricity is a key strategic objective for Finnair.

To track the effectiveness of its policies and actions in relation to customer satisfaction, Finnair continuously monitors the NPS score intended for measuring customer satisfaction. To assess the effectiveness of actions aimed at maintaining and improving the accessibility of products and services, the accessibility working group follows the aNPS intended for measuring customer satisfaction among passengers requiring special assistance. In addition, the volume of reports from customers and authorities concerning discrimination is monitored.

To determine whether Finnair's communications and marketing on sustainability-related topics is adequately clear, transparent, and comprehensible, Finnair engages in direct discussion with its customers through physical and digital platforms. Finnair also engages in open dialogue with relevant authorities and regulators on the subject.

In terms of customer data privacy, the number of reported or suspected breaches is monitored to evaluate the effectiveness of its current mitigation and prevention measures and to determine the need for further action.

Finnair has set internal safety and security objectives with associated targets, and performance is monitored quarterly by the Finnair Safety Review Board chaired by the Accountable Manager.

In terms of monitoring the effectiveness of its ability to prevent and mitigate the negative impacts related to human trafficking, Finnair has no data on whether suspected cases reported by its employees were actual cases of human trafficking due to protection of the involved persons' privacy. However, Finnair does monitor the current trends in human trafficking and updates internal training, instructions, and awareness building accordingly, with the aim to effectively recognise potential trafficking situations.

GOVERNANCE INFORMATION

G1 Business conduct

For description of the administrative, management, and supervisory bodies' role and expertise related to business conduct matters, see *ESRS 2 GOV-1 The role of the administrative, management and supervisory bodies*. For description of the processes to identify and assess material impacts, risks, and opportunities in relation to business conduct matters, see *ESRS 2 IRO-1 Description of the processes to identify and assess material impacts, risks, and opportunities.*

G1-1 Business conduct policies and corporate culture

Company policies and corporate culture

Finnair is committed to complying with international and national legislation in its operations and the ethical business principles laid out in its Board of Directors approved and publicly communicated Code of Conduct. Finnair is signatory to the UN Global Compact since 2013, and supports its Ten Principles on human rights, labour, environment, and anti-corruption, as well as the Sustainable Development Goals (SDGs) set by the UN General Assembly. Finnair reports annually on the progress of its operations in accordance with the UN Communication on Progress (CoP) requirements. Finnair has defined top-level policies through which business conduct requirements are integrated into its management system. Top-level policies encompass the Code of Conduct and the Internal Control and Risk Management Policy, which emphasise commitment to sound corporate culture based on transparency, honesty, integrity, and ethical behaviour.

Identified material sustainability matter	Type	Description
Corporate culture, protection of whistleblowers, and corruption and bribery		
Unethical business conduct and violations of principles	**Negative impact**	Potential breaches in ethical conduct within Finnair's own operations or by business partners in its value chain could lead to unethical practices, violation of legal and regulatory frameworks, and unfair treatment of stakeholders. While the risk for violations of business conduct principles is considered incidental rather than widespread, the resulting impacts could negatively affect both people and the environment depending on the nature of the violation. To mitigate the potential for such violations, Finnair incorporates business conduct requirements into its management system through policies and procedures, maintains robust internal controls and raises employee awareness to prevent, detect, and address any violations.
Risk of reputational damage from unethical business conduct and violations of principles	**Risk**	Violation of ethical business conduct principles either within its own operations or in its value chain could negatively impact Finnair's reputation, resulting in loss of stakeholders' trust and subsequent financial repercussions. Financial repercussions could also be a result of legal sanctions, depending on the nature of the violation. To mitigate this risk, Finnair employs a robust internal control and risk management framework to ensure compliance is firmly embedded in its operations.
Animal welfare		
Illegal Wildlife Trade	**Negative impact**	Illegal Wildlife Trade (IWT) can lead to biodiversity loss, disrupt ecosystems, and threaten endangered species. Finnair's global network of flights and cargo shipments can unintentionally facilitate IWT. Finnair aims to counter IWT in its own operations and through collaboration in the air transport industry. Finnair addresses IWT by training its employees in customer-facing or cargo handling roles, raising stakeholder awareness, and collaborating with the United for Wildlife Transport Taskforce.
Management of relationships with suppliers, including payment practices		
Preferred partner for suppliers through good and fair relationship management	**Opportunity**	Finnair's ability to operate its network efficiently is integral to its operations and value creation. This is ensured in collaboration with Finnair's many suppliers and business partners. Finnair aims to be the preferred partner to its suppliers by following a structured approach to supplier relationship management and ensuring transparent and on-time payment practices. Being the preferred partner to its current and prospective suppliers can result in improved cooperation and long-term collaboration, fostering benefits for both parties in the medium- and long-term time horizon.

The Finnair Code of Conduct establishes the commitment to compliance with applicable legislation, including respect for international human and labour rights, and the ethical standards to be followed by all employees and members of the Finnair Board of Directors, regardless of their location or position. The Internal Control and Risk Management Policy establishes the framework and principles for identifying and managing risks related to Finnair's strategy and business objectives, encompassing risks related to business integrity and compliance. The top-level policies are approved annually by the Board of Directors. In addition, Finnair has defined specific policies to address important topics such as anti-bribery and anti-corruption, fair competition, trade sanctions, conflict of interest situations, insider requirements, procurement, occupational health and safety, data privacy, information security, data governance, decision-making authorisations, Board diversity, accessibility of Finnair products and services, environmental and energy efficiency, business continuity management, business travel, disclosure, whistleblower protection, as well as modern slavery and human trafficking. All policies, rules, procedures, and key controls are part of the internal control and risk management framework, which is established in the Internal Control and Risk Management Policy.

Finnair promotes its corporate culture by ensuring employee awareness and effective communication of policies and procedures related to business conduct. Finnair conducts periodic awareness campaigns and makes relevant documents readily accessible on its intranet. The Code of Conduct eLearning course is a mandatory, recurring training for all Finnair employees with a two-year cycle and its completion rates are regularly monitored. In addition, to assess employee awareness of the Code and its principles, the biannual Finnair Voice employee survey includes a question on whether employees agree that the Code's principles are followed in all aspects of work and offers a chance to elaborate on the employee's answer.

To ensure the implementation of business conduct requirements in the management system, specific procedures and key controls have been defined. The Risk & Compliance function at Finnair is responsible for the development and maintenance of the internal control and risk management framework, as well as monitoring the compliance of its implementation.

Finnair has not set targets related to business conduct for the reporting period of 2024. For information on how Finnair nevertheless tracks the effectiveness of its policies and actions to prevent and detect corruption and bribery and ensures its employees' awareness of the contents of the Finnair Code of Conduct see *G1-3 Prevention and detection of corruption and bribery*.

Mechanisms for identifying, reporting, and investigating concerns

Finnair employees and stakeholders are encouraged to report any concerns regarding violation of the law, suspected fraud or misconduct, or other unethical conduct in connection with Finnair's operations. Finnair has an established process for raising concerns which is documented in Finnair's Rules for Compliance Investigations and SpeakUp Reports document. The document is approved annually by Finnair's Executive Board. All employees with knowledge of suspected violations of the Finnair Code of Conduct are encouraged to raise their concern in accordance with the following reporting procedures: either talking to their direct manager or their People Partner, contacting the Risk & Compliance function, or submitting a report in the SpeakUp whistleblowing channel, which allows anonymous reporting. The channel is also available for external stakeholders on Finnair's website.

Within the channel, reports are divided into following categories: Antitrust or competition law, Conflict of interest, Corruption and bribery, Human rights or environment regulation, Privacy or information security, Reporting inaccuracies, theft and fraud, misuse of assets or insider trading, and Other misconduct or violation. The technical implementation of the channel is provided by an external service provider. The reports are received, handled, and investigated by the Risk & Compliance function, which has a reporting line to the Audit Committee of the Board of Directors.

Only persons nominated by Finnair have access to the reports submitted in the channel. These roles are set out in the Rules for Compliance Investigations and SpeakUp Reports document approved by the Executive Board. The investigation process is guided by the principles of fairness, confidentiality, and consistency. The VP Risk & Compliance, upon receipt of a report through the system, evaluates and assesses the information received and initiates the investigation process. The investigation meeting is convened upon the start of the investigation process and is chaired by the VP Risk & Compliance. The Risk & Compliance function is responsible for ensuring that all reported cases are processed objectively and documented appropriately.

The Risk & Compliance function may occasionally decide not to initiate an investigation on a report, for instance when there is insufficient information for an adequate investigation and if further information cannot be reasonably obtained, or if the reported matter is already known to the Risk & Compliance function from a previous report.

Neither the person being investigated nor their manager participates in the investigation of the reported concern. In addition to the safeguards implemented based on the whistleblower protection law, Finnair has a strict policy of non-retaliation against anyone raising a concern in good faith, as stated in the Finnair Code of Conduct. Regarding the personal data processing in submitting, handling, and investigating reports, the required Data Privacy Policy is made available alongside the reporting channel on Finnair's website. The Data Privacy Policy is annually reviewed and updated as needed. The requirements of the whistleblower protection law have been implemented in Finnair's reporting process in countries in which Finnair is established.

Animal welfare

As part of its Environmental and Energy Efficiency Policy Finnair expresses zero tolerance for illegal wildlife trade (IWT). Finnair is signatory to the United for Wildlife Transport Taskforce Buckingham Palace Declaration on IWT and as such promotes awareness on the issue to different stakeholder groups. Training is provided to employees working with passengers and cargo to help identify and address situations where IWT is suspected. During 2024, IWT awareness training featured info screens and online materials directed at Finnair employees in sales and Finnair Cargo. Materials were also provided to Finnair Cargo partners.

Finnair has prohibited the transportation of hunting trophies or memorabilia originating from endangered species or their parts in its cargo network, in addition to transporting of primates and canines intended for laboratory, experimental, or other exploitation use.

G1-2 Management of relationships with suppliers

Finnair's Procurement Policy sets a commitment to fast invoice processing and on-time payments to suppliers. Late payments are prevented by a robust purchase-to-pay process with electronic invoicing and continuous performance monitoring. The same process is applied to all suppliers, including SMEs.

Supplier relationships and collaborations at Finnair are managed in a systematic manner, with Finnair's Supplier Relationship Management (SRM) and Supplier Risk Management frameworks defining the structures for collaboration. Strategic and key suppliers, which account for 40% of Finnair's spending, are subject to enhanced oversight through SRM collaboration procedures to ensure a high level of monitoring of both the relationship and operations with these suppliers.

Finnair focuses on supply chain risk prevention in the Request for Proposal (RFP) phase and in supplier onboarding. Sustainability and compliance-related selection criteria are part of the RFP phase, trade sanctions and financial status are assessed during the vendor setup process, following the Know Your Counterparty (KYC) protocol. Finnair requires that all suppliers under a purchase contract with Finnair adhere to the Finnair Supplier Code of Conduct or alternatively provide a written commitment to their own equivalent Code or public policy, given it meets the standards set by the Finnair Supplier Code of Conduct, when delivering goods and services. During the RFP phase, suppliers are required to complete a sustainability questionnaire, which covers environmental and social topics, such as the supplier's environmental practices, commitment to climate change mitigation, and management of health and safety issues.

Supply chain risks are continuously monitored and managed within Finnair's Supplier Risk Management framework. This framework addresses a wide range of risks related to strategy, finance, operations, business continuity, quality, safety, compliance, and information security. In 2024, Finnair initiated a human rights risk assessment to assess human rights risks in its value chain. The assessment is based on risk country and risk category review, and covers mostly Tier 1 suppliers, and partly also Tier 2 suppliers. Finnair also performs supplier assessments, site visits and audits, particularly focusing on suppliers in high-risk countries. These actions are described in more detail under *S2 Workers in the value chain.*

G1-3 Prevention and detection of corruption and bribery

Procedures to prevent, detect, and address corruption and bribery

Finnair has defined its anti-bribery and anti-corruption position emphasising a zero-tolerance policy on bribery and corruption. This is highlighted both in the Finnair Code of Conduct and in the specific Rules document established to prevent, detect, and address allegations or incidents of corruption or bribery. The Code of Conduct eLearning course is a mandatory, recurring training module for all employees and its completion rates are regularly monitored. Percentage of functions-at-risk covered by the recurring Code of Conduct eLearning training module totalled 100% at year-end 2024.

At Finnair, certain functions are potentially exposed to risks for corruption and bribery due to their involvement in critical financial transactions and interactions with external stakeholders. These functions encompass Procurement, Fleet Management, Customer Engagement, Sales & Marketing, Partnerships & Alliances, as well as Governmental & Institutional Relations. Finnair prioritises the implementation of robust anti-corruption and anti-bribery measures in these functions to mitigate risks and ensure the highest standards of integrity and compliance.

To ensure partners and suppliers adhere to Finnair's policy on ethical business conduct, Finnair conducts KYC screenings. Its policies regarding sponsorships, donations, business gifts, and entertainment are rigorously enforced and continuously monitored. Key controls have been defined and established into processes to prevent and detect corruption and bribery risks. Potential exposure to any Politically Exposed Person or public official is closely monitored in all relevant processes. Commercial management is centralised in Finnair headquarters. Finnair's representation offices abroad are not separate legal entities, but branch offices of Finnair Plc, and therefore payments are largely managed by the headquarter Treasury function.

In the case of suspected corruption or bribery, the investigation participants have separate reporting lines from the management who are responsible for implementing and ensuring the effectiveness of key controls that are in place to prevent and detect corruption or fraud. The Risk & Compliance function is in charge of investigating any suspected incidents of corruption or bribery and reports the investigation outcomes to the CEO and to the Audit Committee of the Board of Directors.

G1-4 Incidents of corruption or bribery

In 2024, the number of reports submitted through the anonymous whistleblowing channel amounted to 30 (2023: 15 reports). No concerns were reported directly to the Risk & Compliance function's email (2023: 1 concern). No suspected or confirmed incidents of corruption or bribery were brought to Finnair's attention during the reporting period of 2024, and there were no convictions or fines for violation of anti-corruption and anti-bribery laws. A summary of all reports submitted through the whistleblowing channel are reported to the Audit Committee of the Board of Directors on an anonymised and aggregated level.

G1-6 Payment practices

Finnair standard payment term is 60 days net, as defined in Finnair Group Standard Terms for Procurement. However, in the case of small and medium sized suppliers, the payment terms may be agreed case by case. 98.28% of payments are paid within 60 days and the average time to pay invoices was 28 days for the reporting period of 2024. In 2024, Finnair had no ongoing legal proceedings due to late payments.

Financial Statements

Financial Statements

How to read Finnair Financial Statements?
Finnair's financial statements are structured to facilitate reading and understanding of the financial statements and to clarify the overall picture derived from it. The notes to the financial statements have been combined to business related sections, separately listing the accounting principles, critical accounting estimates and sources of uncertainty in each section. In addition, comments on interesting figures and other highlights are provided in text areas marked with a star. The financial statements also include illustrative charts to support the understanding of the figures.

i Notes to the financial statement have been combined into sections based on their context. The aim is to give a more relevant picture of the Finnair Group and its business. The content of each section is described and explained in the beginning of that section and marked with i.

A Specific accounting principles are attached to the relevant note. The accounting principles can be recognised from character A.

! Critical accounting estimates and sources of uncertainty have been presented together with the relevant note and specified with character !.

★ Highlights related to the section are explained in a separate text box to underline significant matters.

This Financial Information 2024 is not the official version of xHTML document compliant with the ESEF (European Single Electronic Format) regulation. The official version of Financial Information 2024 in accordance with ESEF regulations is available at **https://investors.finnair.com/fi**.

Consolidated income statement

EUR mill.	Note	2024	2023
Revenue	1.1, 1.2	**3,048.8**	**2,988.5**
Other operating income		140.0	130.5
Operating expenses			
Staff and other crew related costs	1.3.8	-559.5	-498.1
Fuel costs		-894.4	-898.9
Capacity rents		-111.7	-107.2
Aircraft materials and overhaul		-223.0	-200.1
Traffic charges		-270.6	-233.8
Sales, marketing and distribution costs		-123.0	-117.1
Passenger and handling services	1.3.2	-440.3	-414.1
Depreciation and impairment	2.3	-330.3	-346.2
Property, IT and other expenses	1.3.3	-121.7	-112.1
Operating result		**114.2**	**191.4**
Financial income	3.1	44.9	56.2
Financial expenses	3.1	-107.2	-142.2
Exchange rate gains and losses	3.1	-5.8	13.7
Result before taxes		**46.1**	**119.1**
Income taxes	5.1	-9.1	135.2
Result for the period		**37.0**	**254.3**
Attributable to			
Owners of the parent company		37.0	254.3
Earnings per share attributable to shareholders of the parent company, EUR			
Basic earnings per share	3.9	0.18	2.25
Diluted earnings per share	3.9	0.18	2.19

Consolidated statement of comprehensive income

EUR mill.	Note	2024	2023
Result for the period		**37.0**	**254.3**
Other comprehensive income items			
Items that may be reclassified to profit or loss in subsequent periods			
Change in fair value of hedging instruments		3.8	-7.7
Tax effect		-0.8	4.2
Items that will not be reclassified to profit or loss in subsequent periods			
Actuarial gains and losses from defined benefit plans	1.3.8.2	12.6	11.6
Tax effect		-2.5	-2.3
Other comprehensive income items total		**13.2**	**5.8**
Comprehensive income for the period		**50.1**	**260.0**
Attributable to			
Owners of the parent company		50.1	260.0

The financial year 2024 was characterised by a normalising market
The operating result for the financial year 2024 decreased year-on-year due to normalising demand and lower ticket prices, as profitability in the comparison period was improved especially by the strong passenger demand and exceptionally high ticket prices. The operating result was also negatively impacted by the partial return of indexation of the obligations of Finnair Pension Fund. The result for the financial year 2024 was still positive. Income taxes had a positive impact on the result for the comparison period, as deferred tax assets were recognised, and that had an impact on comparability. Accounting for income taxes is presented in more detail in note 5.1 Income taxes.

= Highlights

Consolidated balance sheet

EUR mill.	Note	2024	2023
ASSETS			
Non-current assets			
Fleet	2.1	1,220.8	1,053.0
Right-of-use fleet	2.2	636.2	775.0
Fleet total		1,857.0	1,828.0
Other fixed assets	2.1	141.2	141.8
Right-of-use other fixed assets	2.2	143.9	140.4
Other fixed assets total		285.0	282.2
Pension assets	1.3.8.2	95.0	128.0
Other non-current assets		59.8	3.1
Deferred tax assets	5.1	221.7	234.0
Non-current assets total		**2,518.6**	**2,475.2**
Current assets			
Receivables related to revenue	1.2.3	165.1	154.4
Inventories and other current assets	1.3.4	86.8	134.6
Derivative financial instruments	3.8	66.5	11.8
Other financial assets	3.2.1	664.9	776.8
Cash and cash equivalents	3.2.2	219.1	145.1
Current assets total		**1,202.4**	**1,222.8**
Assets total		**3,721.0**	**3,698.0**

EUR mill.	Note	2024	2023
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		75.4	75.4
Other equity		551.7	501.5
Equity total		**627.1**	**577.0**
Non-current liabilities			
Lease liabilities	2.2, 3.3	839.7	951.0
Other interest-bearing liabilities	3.3	735.4	790.2
Pension obligations	1.3.8.2	0.6	0.8
Provisions and other liabilities	1.3.6	122.0	125.9
Non-current liabilities total		**1,697.7**	**1,868.0**
Current liabilities			
Lease liabilities	2.2, 3.3	164.6	164.0
Other interest-bearing liabilities	3.3	125.4	120.3
Provisions	1.3.6	31.3	28.1
Trade payables		58.9	107.0
Derivative financial instruments	3.8	62.6	43.4
Deferred income and advances received	1.2.4	658.9	506.7
Liabilities related to employee benefits	1.3.8.1	112.8	116.5
Other liabilities	1.3.5	181.5	167.1
Current liabilities total		**1,396.2**	**1,253.1**
Liabilities total		**3,093.9**	**3,121.0**
Equity and liabilities total		**3,721.0**	**3,698.0**

Finnair invested in fleet and repaid interest-bearing liabilities
During 2024, Finnair purchased two leased aircraft and received the 18th Airbus A350 aircraft, which is reflected in the increase of its own fleet and in the decrease of the right-of-use fleet. The early termination of lease contracts was reflected also in the reduction of lease liabilities. Decrease in other interest-bearing liabilities was mainly due to a repayment of the remainder of pension premium loan. Changes in the capital structure are described in more detail in note 3. Capital structure and financing costs.

Consolidated cash flow statement

EUR mill.	2024	2023
Cash flow from operating activities		
Result before taxes	46.1	119.1
Depreciation and impairment	330.3	346.2
Financial income and expenses	68.1	72.3
Sales gains and losses on aircraft and other transactions	-12.0	-13.3
Change in provisions	8.4	-21.4
Employee benefits	49.3	8.9
Other adjustments	-3.1	1.0
Non-cash transactions	54.7	-11.5
Changes in trade and other receivables **	46.7	-30.2
Changes in inventories	-2.8	-1.1
Changes in trade and other payables	119.8	89.4
Changes in working capital	163.7	58.1
Financial expenses paid, net	-38.0	-98.7
Income taxes paid	-0.1	-
Net cash flow from operating activities	**612.7**	**472.3**
Cash flow from investing activities		
Investments in fleet ***	-222.8	-400.6
Investments in other fixed assets	-10.8	-3.6
Divestments of fleet, other fixed assets and shares	0.0	0.4
Lease and lease interest payments received	0.4	0.4
Change in other current financial assets (maturity over 3 months)	4.1	-60.7
Change in other non-current assets **	-57.3	0.0
Net cash flow from investing activities	**-286.4**	**-464.0**
Cash flow from financing activities		
Proceeds from loans	495.7	-
Loan repayments	-705.6	-377.4
Repayments of lease liabilities	-170.3	-198.1
Share issue ****	-	570.4
Share issue costs	-9.8	-2.1
Hybrid bond repayments	-	-200.0
Hybrid bond interests and expenses	-	-20.4
Capital loan repayments ****	-	-400.0
Capital loan interests and expenses	-	-48.9
Net cash flow from financing activities	**-390.0**	**-676.4**
Change in cash flows	**-63.7**	**-668.1**
Liquid funds, at beginning	707.5	1,375.6
Change in cash flows	-63.7	-668.1
Liquid funds, at end*	**643.8**	**707.5**

*** Liquid funds**

EUR mill.	2024	2023
Other financial assets	664.9	776.8
Cash and cash equivalents	219.1	145.1
Cash funds	**884.0**	**922.0**
Other current financial assets (maturity over 3 months)	-240.2	-214.4
Liquid funds	**643.8**	**707.5**

** Credit card acquirer holdbacks related to cash funds from passenger ticket sales held by credit card processors were reclassified from other current assets to other non-current assets at the end of 2024. This caused most of the positive impact on changes in trade and other receivables and the negative impact on change in other non-current assets.

*** The ECA (Export Credit Agency) financed A350 aircraft received in December 2024 is not included in cash flow from investments, as the cash flow related to the acquisition of the aircraft did not go through Finnair, but from the financier to Airbus. More details can be found in note 3.3 Financial liabilities.

**** The participation of the State of Finland to the rights issue was paid by offsetting the aggregate subscription price against a corresponding amount of the principal of the capital loan. After the completion of the rights issue Finnair repaid the remainder of the capital loan to the State of Finland. The offsetting is disclosed in more detail in the notes 3.3 Financial liabilities and 3.9 Equity-related information.

Changes in equity and liabilities arising from financing activities are disclosed in the notes 3.3 Financial liabilities and 3.9 Equity-related information.

Strong cash flow from operating activities, change in cash flows was moderate
The net cash flow from operating activities was strong and it increased year-on-year primarily due to the changes in working capital and lower paid net financial expenses. More than half of investments in fleet related to the acquisition of two aircraft previously leased by Finnair, whereas the new, ECA financed A350 aircraft was not taken into consideration in the net cash flow from investing activities. Net cash flow from financing activities was negative due to loan and lease repayments, even though the issued, new senior bond had a strengthening impact. Changes in the capital structure are described in more detail in note 3. Capital structure and financing costs.

= Highlights

Consolidated statement of changes in equity

EUR mill.	Share capital	Other restricted funds	Hedging reserve and other OCI items	Unrestricted equity funds	Retained earnings	Hybrid bond	Capital loan	Equity total
Equity 1 Jan 2024	**75.4**	**168.1**	**48.6**	**1,325.0**	**-1,040.2**	**-**	**-**	**577.0**
Result for the period	**-**	**-**	**-**	**-**	**37.0**	**-**	**-**	**37.0**
Change in fair value of hedging instruments	-	-	3.1	-	-	-	-	3.1
Actuarial gains and losses from defined benefit plans	-	-	10.1	-	-	-	-	10.1
Other comprehensive income items total	**-**	**-**	**13.2**	**-**	**-**	**-**	**-**	**13.2**
Comprehensive income for the period	**-**	**-**	**13.2**	**-**	**37.0**	**-**	**-**	**50.1**
Share issue costs	-	-	-	-0.1	-	-	-	-0.1
Share-based payments	-	-	-	0.1	-	-	-	0.1
Equity 31 Dec 2024	**75.4**	**168.1**	**61.8**	**1,325.0**	**-1,003.3**	**-**	**-**	**627.1**

EUR mill.	Share capital	Other restricted funds	Hedging reserve and other OCI items	Unrestricted equity funds	Retained earnings	Hybrid bond	Capital loan	Equity total
Equity 1 Jan 2023	**75.4**	**168.1**	**42.8**	**763.3**	**-1,237.0**	**198.0**	**400.0**	**410.7**
Result for the period	**-**	**-**	**-**	**-**	**254.3**	**-**	**-**	**254.3**
Change in fair value of hedging instruments	-	-	-3.5	-	-	-	-	-3.5
Actuarial gains and losses from defined benefit plans	-	-	9.3	-	-	-	-	9.3
Other comprehensive income items total	**-**	**-**	**5.8**	**-**	**-**	**-**	**-**	**5.8**
Comprehensive income for the period	**-**	**-**	**5.8**	**-**	**254.3**	**-**	**-**	**260.0**
Share issue	-	-	-	570.4	-	-	-	570.4
Share issue costs	-	-	-	-9.5	-	-	-	-9.5
Capital loan repayments	-	-	-	-	-	-	-400.0	-400.0
Capital loan interests and expenses	-	-	-	-	-39.1	-	-	-39.1
Hybrid bond repayments	-	-	-	-	-	-200.0	-	-200.0
Hybrid bond interests and expenses	-	-	-	-	-18.3	2.0	-	-16.3
Share-based payments	-	-	-	0.7	-	-	-	0.7
Equity 31 Dec 2023	**75.4**	**168.1**	**48.6**	**1,325.0**	**-1,040.2**	**-**	**-**	**577.0**

Equity increased especially due to the positive result for the period
The group's equity increased from the prior year especially due to the positive result for the period. It was also improved by increased other comprehensive income items.

= Highlights

Notes to the consolidated financial statements

Accounting principles

How should Finnair's accounting principles be read?
Finnair describes the accounting principles in conjunction with each note with the aim of providing an enhanced understanding of each accounting area. The basis of preparation is described as part of this note at a general level, while the principles more directly related to a specific note are attached to the corresponding note. The Group focuses on describing the accounting choices made within the framework of the prevailing IFRS policy and avoids repeating the actual text of the standard, unless Finnair considers it particularly important to the understanding of the note's content. The table below shows in which notes the related accounting principles are presented and to which IFRS standard the accounting principle is primarily based on.

Accounting principle	Note	Nr.	IFRS
Segment reporting	Segment information	1.1	IFRS 8
Revenue recognition, other income and trade receivables	Operating income	1.2	IFRS 15, IFRS 9, IFRS 7
Provisions and contingent liabilities	Provisions	1.3.6	IAS 37
Employee benefits and share-based payments	Employee benefits	1.3.8	IAS 19, IFRS 2
Pensions	Pensions	1.3.8.2	IAS 19
Tangible and intangible assets	Fleet and other fixed assets	2.1	IAS 16, IAS 36, IAS 38
Leases	Leasing arrangements	2.2	IFRS 16
Impairment of assets	Depreciation and impairment	2.3	IAS 36
Interest income and expenses	Financial income and expenses	3.1	IFRS 7, IFRS 9, IAS 32
Financial assets	Financial assets	3.2	IFRS 9, IFRS 7
Cash and cash equivalents	Financial assets	3.2	IFRS 9, IFRS 7
Financial liabilities	Financial liabilities	3.3	IFRS 9, IFRS 7
Derivative contracts and hedge accounting	Derivatives	3.8	IFRS 9, IFRS 7
Equity, dividend and treasury shares	Equity-related information	3.9	IAS 32, IAS 33
Consolidation principles of subsidiaries	Subsidiaries	4.2	IFRS 10
Investments in associates and joint ventures	Investments in joint ventures	4.4	IFRS 11, IAS 28
Related party disclosures	Related party transactions	4.5	IAS 24
Income tax and deferred taxes	Income taxes	5.1	IAS 12

Company information

Finnair Group engages in worldwide air transport operations and supporting services. The Group's parent company is Finnair Plc, which is domiciled in Helsinki at the registered address Tietotie 9, Vantaa, Finland. The parent company is listed on the NASDAQ OMX Helsinki Stock Exchange.

The consolidated financial statements of Finnair Group for the year ended 31 December 2024 were authorised for issue by the Board of Directors of Finnair Plc on 27 February 2025. Under Finland's Limited Liability Companies Act, shareholders have the option to accept, or reject the financial statements in the Annual General Meeting of the shareholders, which will be held after the publication of the financial statements.

Basis of preparation

Finnair Plc's consolidated financial statements for 2024 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, and they comply with the IAS and IFRS standards and respective SIC and IFRIC Interpretations effective on 31 December 2024. The notes to the consolidated financial statements also comply with Finnish accounting and corporate law. Changes applied in accounting principles in 2024 and future periods are described in the below section Changes in accounting principles.

The consolidated financial statements are presented in euros, which is the parent company's functional currency. Transactions denominated in foreign currencies are translated into functional currency by using the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies and outstanding at the end of the reporting period are translated using the exchange rates of the closing date. Foreign exchange gains and losses arising from monetary assets and liabilities as well as fair value changes of related hedging instruments are recognized in the income statement.

The 2024 consolidated financial statements have been prepared based on original acquisition costs, except for financial assets recognised through profit and loss at fair value and derivative contracts measured at fair value. Financial statement data is presented in millions of euros and rounded to the nearest hundred thousand euro, which is why the sum of the individual figures may differ from the total shown.

Presentation of consolidated income statement and balance sheet

Finnair's consolidated income statement includes a subtotal 'operating result' which is not defined in the IAS 1 Presentation of Financial Statements standard. The Group has defined it as the net amount of operating income and expenses, including revenue and other operating income, less operating expenses, such as employee benefits, fuel costs, maintenance expenses and depreciations. Exchange rate differences and realised changes in fair values of derivatives are included in the operating result if they arise from items related to business operations; otherwise, they are recognised in financial items. The operating result excludes financial items, share of results from associates and joint ventures and income taxes.

In the consolidated balance sheet, assets and liabilities are classified as current when they are expected to realise within 12 months or when they are classified as liquid funds or as financial assets or liabilities classified at fair value through profit or loss. Other assets and liabilities are classified as non-current assets or liabilities. Interest-bearing liabilities include loans from financial institutions, bonds, loans taken for aircraft financing (JOLCO-loans & export credit support), lease liabilities and commercial papers. Interest-bearing assets include interest-bearing deposits as well as investments in commercial paper and certificates, bonds and money market funds. Interest-bearing net debt is the net amount of interest-bearing assets and liabilities and cross-currency interest rate swaps that are used for hedging the currency and interest rate risk arising from interest-bearing loans.

Critical accounting estimates and sources of uncertainty

The preparation of IFRS financial statements requires Group management to make various judgements in applying the accounting principles that affect the reported amounts of assets and liabilities as well as income and expenses. Management judgement has to be exercised in applying the accounting principles especially when the IFRS has alternative accounting, valuation or presentation methods.

The application of the accounting policies prescribed by IFRS require making estimates and assumptions relating to the future where the actual outcome may differ from the earlier estimates and assumptions made. The estimates and assumptions made are based on past experience and management's best estimate of future events and other factors, that are believed to be reasonable given the current circumstances. The estimates and assumptions are continuously evaluated and any changes therein are reflected in the period that the changes occur.

Finnair's management has taken the relevant risks and opportunities related to the business environment into account in their estimates and assumptions, based on their best knowledge on the balance sheet date. At the time of preparation of the financial statements, international conflicts, global political instability and a tense labour market situation in Finland, in particular, are causing uncertainty in Finnair's operating environment. In

! = Critical accounting estimates

addition, changes in the price of jet fuel or foreign currency rates can have a material impact on the company's financial result, balance sheet and cash flow.

Considerations related to the climate related impacts are decribed in more detail in the following chapter Climate-related matters in the consolidated financial statements.

! The main identified critical estimates and sources of uncertainty related to separate sections of the financial statements are presented in connection to the financial items considered to be affected and attached to the corresponding note. The table below shows where to find more information about those estimates and uncertainties. !

Critical accounting estimates and sources of uncertainty	Note number	Note
Finnair Plus Customer Loyalty Program	1.2	Operating income
Maintenance reserves of the fleet	1.3.6	Provisions
Pension obligations	1.3.8.2	Pensions
Leasing arrangements	2.2	Leasing arrangements
Impairment testing of the fleet and other fixed assets	2.3	Depreciation and impairment
Derivative contracts and hedge accounting	3.8	Derivatives
Deferred taxes	5.1	Income taxes

Climate-related matters in the consolidated financial statements

Finnair's environmental management is based on the principle of continuous and systematic improvement. In October 2024, Finnair redefined its climate commitments and set a new science-based target to reduce its carbon emissions intensity (CO_2e/RTK) by 34.5 per cent by 2033 from a 2023 baseline. The Science Based Targets initiative (SBTi) has validated the company's target. Translated to absolute CO_2e emissions, the target equates to a reduction of approximately 13 per cent in CO_2e emissions using the parameters that have been established for the period. In connection with setting the new SBTi target, Finnair reviewed its long-term climate target of achieving carbon neutrality by 2045. After a careful consideration, the company decided to align its long-term climate ambition with the industry's united objective of achieving net-zero carbon emissions by 2050. Finnair's climate-related targets have been disclosed in more detail in the Report of the Board of Directors.

Finnair expects the climate-related costs to increase significantly over the next 1-5 years, resulting from carbon emission reduction targets and tightening climate legislation. Especially three initiatives included in the EU's "Fit for 55" legislative package are particularly relevant for the aviation industry: the reform of emissions trading (EU-ETS), the mixing quota for sustainable aviation fuel (ReFuelEU Aviation) and the proposal to introduce a kerosene tax (energy tax directive). Free emission allowances are expected to seize in 2026. An initial minimum mixing quota of two per cent for sustainable aviation fuel is introduced in 2025, reaching 70 per cent by year 2050. When in force, the new regulation is expected to result in higher costs for Finnair due to more expensive emission allowances, increased consumption of renewable fuel and possible abolition of the aviation fuel tax exemption. Where Finnair considers such costs will be recovered through increase in ticket fares, a corresponding adjustment is added to passenger revenue. In preparing the consolidated financial statements, the expected impacts of the climate related matters on the Group's results have been considered in the management's profitability and cash flow forecasts, which are also used in the evaluation of the recovery of deferred tax assets.

Finnair expects the impact of climate-related matters on the estimated economic life of its fleet to be insignificant, as management is not aware of such regulations at the balance sheet date that would directly prevent or limit the company's ability to use its current fleet. For example, an unexpected and significant increase in emission costs could, if realised, affect the timing of the planned fleet renewal in the future, but this is not considered likely at the time of the preparation of the financial statements.

Changes in accounting principles

New and amended IFRS standards and IFRIC interpretations

Changes in the IFRS standards and IFRIC-interpretations effective from periods beginning 1 January 2024 included mainly amendments or improvements to current standards that did not have material effect on Finnair financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements standard was issued in April 2024. It will apply for financial years beginning on or after 1 January 2027, with earlier application permitted. IFRS 18 replaces IAS 1 Presentation of Financial Statements standard. IFRS 18 includes, inter alia, new requirements for the presentation of specified subtotals in the income statement and for disclosure of management-defined performance measures (MPMs), as well as new principles for aggregation and disaggregation disclosures. In addition, IFRS 18 results in a number of consequential amendments to other standards, such as IAS 7 Statement of Cash Flows and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. During 2025, Finnair will investigate in more detail the impacts of IFRS 18 on its consolidated financial statements.

Other standards issued that are effective from periods on or after 1 January 2025 mainly include amendments or improvements to current standards that are not expected to have a material impact on the Group's consolidated financial statements.

i = Content of the section
A = Accounting principles
! = Critical accounting estimates

1 Operating result

Operating result includes notes related to revenue and operating result from the point of view of income statement and balance sheet.

1.1 Segment information

Segment reporting
The Finnair Executive Board is defined as the chief operative decision maker according to IFRS 8 Segment reporting. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Segments are defined based on Group's business areas. The Finnair Executive Board considers the business as one operating segment, which is Airline business; thus, separate segment information is not reported.

The revenue by product and geographical area is presented in the note 1.2.1 Revenue by product and traffic area. Finnair operates international and domestic routes, but the assets are almost solely owned in Finland. The fleet composes the major part of the non-current assets (see note 2.1 Fleet and other fixed assets). The fleet is mainly owned or leased by Finnair's Finnish subsidiary and the aircraft are operated flexibly across different traffic (geographical) areas. More details about fleet management and ownership can be found in the management report in the section "Fleet".

During the financial year, Finnair transported 11.7 million passengers (11.0), which was 6.1 per cent more than in 2023.

1.2 Operating income

The operating income section includes both income statement and balance sheet notes that relate to revenue. The aim is to provide a more coherent picture of income related items affecting Finnair's result and financial position. Trade receivables and deferred income containing mainly prepaid flight tickets and travel tour services are presented in connection with this section, because those are an essential part in revenue recognition.

Revenue recognition
Revenue is recognised when goods or services are delivered. Revenue is measured at fair value of the consideration received or receivable, net of discounts and indirect taxes.

Passenger revenue includes sale of flight tickets, and is recognised as revenue when the flight is flown in accordance with the flight traffic program. Recognition of unused tickets as revenue is based on the expected breakage amount of tickets remaining unused in proportion to the pattern of rights exercised by the passenger.

Sales price is allocated to a flight ticket and points in Finnair Plus' Customer Loyalty Program. Finnair loyalty customers can earn Avios points from tickets or services purchased, and use the earned points to buy services and products offered by Finnair or its cooperation partners. The points earned are measured at fair value and recognised as a decrease of revenue and debt at the time when the points-earning event (for example, flight is flown) is recognised as revenue. Fair value is measured by taking into account the fair value of those awards that can be purchased with the points and the customer selection between different awards based on historical customer behaviour. In addition, the fair valuation takes into account the expiry of the points. The debt is derecognised when the points are used or expire.

Customer compensations for delays or cancellations is a variable consideration in the contract and it is recognised as an adjustment to revenue.

Ancillary revenue includes sale of ticket related services, such as advance seat reservations, additional baggage fees as well as different service fees. The service revenue is recognized when the flight is flown in accordance with the flight traffic program, since it is considered as a contract modification instead of a separate revenue transaction.

Cargo revenue is recognized when the cargo has been delivered to the customer.

Tour operations revenue includes sale of flight and hotel considered as separate performance obligations, which are recognized as the service is delivered.

Trade receivables
Finnair Group recognises impairment provisions based on lifetime expected credit losses from trade receivables in accordance with IFRS 9. Finnair has chosen to apply a simplified credit loss matrix for trade receivables as trade receivables do not have a significant financing component. Accordingly, the credit loss allowance is measured at an amount equal to the lifetime expected credit losses. The expected credit loss model is forward-looking, and expected default rates are based on historical realised credit losses. The lifetime expected credit loss allowance is calculated using the gross carrying amount of outstanding trade receivables in each aging bucket and an expected default rate. The changes in expected credit losses are recognised in other operating expenses.

Finnair Plus Customer Loyalty Program
Valuation and revenue recognition related to Finnair Plus debt require management's judgement especially on fair valuation of points and timing of revenue recognition related to points expected to expire. The fair value of the point is defined by allocating the point to award selection based on historical behaviour of customers, after which the fair value of each award is defined. The liability is calculated by taking the total amount of points earned by customers, decreased by the expected expiry of the points. These points are then fair valued as described above, and the result is recognised as liability on the balance sheet.

1.2.1 Revenue by product and traffic area

2024

EUR mill.	Asia	North Atlantic	Europe	Middle East	Domestic	Unallo-cated	Total	Share, % of revenue by product
Passenger revenue	775.1	225.4	1,050.0	196.1	171.0	1.4	**2,419.0**	79.3
Ancillary revenue	36.4	11.3	61.8	2.0	7.1	63.2	**181.8**	6.0
Cargo	139.0	31.6	27.5	1.8	0.4	5.2	**205.5**	6.7
Travel services	28.1	1.4	209.7	3.2	-0.0	0.1	**242.4**	8.0
Total	**978.6**	**269.6**	**1,349.0**	**203.0**	**178.6**	**69.9**	**3,048.8**	**100.0**
Share, % of revenue by traffic area	32.1	8.8	44.2	6.7	5.9	2.3	100.0	-

The division of revenue by traffic area is based on destination of the Finnair flights. Finnair's revenue increased compared to the financial year 2023 mainly driven by higher ancillary revenue. The increase in cargo revenue was driven by higher volumes. Due to the wide scale of customers and nature of the business, sales to any individual customer is not material compared to Finnair's total revenue.

2023

EUR mill.	Asia	North Atlantic	Europe	Middle East	Domestic	Unallo-cated	Total	Share, % of revenue by product
Passenger revenue	763.2	214.9	1,045.3	206.3	172.7	9.3	**2,411.6**	80.7
Ancillary revenue	30.6	9.9	50.7	1.9	5.8	48.9	**147.8**	4.9
Cargo	133.6	28.5	26.5	1.4	0.4	1.6	**192.0**	6.4
Travel services	23.8	1.3	205.8	6.0	0.0	0.1	**237.1**	7.9
Total	**951.3**	**254.6**	**1,328.3**	**215.6**	**178.9**	**59.9**	**2,988.5**	**100.0**
Share, % of revenue by traffic area	31.8	8.5	44.4	7.2	6.0	2.0	100.0	-

1.2.2 Revenue by currency

EUR mill.	2024	2023
EUR	1,796.3	1,764.0
USD	302.4	282.1
JPY	156.1	128.4
SEK	108.2	100.6
GBP	107.8	109.4
KRW	87.0	93.6
NOK	71.1	82.9
Other currencies	419.9	427.5
Total	**3,048.8**	**2,988.5**

The hedging policies against foreign exhange rate fluctuations are described in note 3.5 Management of financial risks.

1.2.3 Receivables related to revenue

EUR mill.	2024	2023
Trade receivables	98.0	94.1
Accrued income	67.1	60.3
Total	**165.1**	**154.4**

Most of the accrued income represents contract assets, for which Finnair has met the performance requirement prior to receiving payment from customers and these have not yet been recognised as trade receivables. Contract assets mainly include accrued income related to cargo sales and receivables from airlines involved in the Siberian Joint Business on flights between Europe and Japan, or the Atlantic Joint Business on flights between Europe and North America. The fair value of trade receivables does not materially differ from balance sheet value.

	2024			2023		
Aging analysis of trade receivables	Trade receivables, EUR mill.	Probability of not collecting, %	Expected uncollectible, EUR mill.	Trade receivables, EUR mill.	Probability of not collecting, %	Expected uncollectible, EUR mill.
Not overdue	97.2	0.6 %	0.6	93.7	0.6%	0.5
Overdue less than 60 days	0.4	6.6 %	0.0	0.1	4.5%	0.0
Overdue more than 60 days	0.4	4.4 %	0.0	0.4	3.7%	0.0
Total	**98.0**	**0.7 %**	**0.7**	**94.1**	**0.6%**	**0.6**

During the financial year, the Group recognised credit losses in total of 0.6 million euros (0.8). Trade receivables do not contain significant credit risk because of the diversified customer base. The maximum exposure to credit risk at the reporting date equals to the total carrying amount of trade receivables. The Group does not hold any collateral as security related to trade receivables.

Trade receivables by currency

EUR mill.	2024	2023
EUR	48.6	51.4
USD	15.9	11.4
JPY	5.8	3.4
GBP	3.6	3.1
NOK	3.3	3.9
SEK	3.3	2.8
KRW	2.8	4.1
Other currencies	14.8	14.0
Total	**98.0**	**94.1**

1.2.4 Deferred income and advances received

EUR mill.	2024	2023
Deferred revenue on ticket sales	525.4	394.8
Loyalty program Finnair Plus	73.3	66.7
Advances received for tour operations	35.0	32.5
Other items	25.2	12.8
Total	**658.9**	**506.7**

Most of the deferred income and advances received represent contract liabilities, for which payments have been received from customers before the performance obligation is discharged by Finnair. Deferred income and advances received includes prepaid flight tickets and package tours for which the departure date is in the future. The Finnair Plus liability is related to Finnair's customer loyalty program, and equals the fair value of the accumulated, unused Avios points. Other items mainly include gift voucher liabilities and liabilities to airlines involved in the Siberian Joint Business on flights between Europe and Japan, or the Atlantic Joint Business on flights between Europe and North America.

1.2.5 Other operating income

EUR mill.	2024	2023
Lease income	106.9	95.3
Sales gains on fixed assets	12.0	13.4
Other income	21.1	21.8
Total	**140.0**	**130.5**

Other operating income increased compared to the financial year 2023 primarily due to the commencement of wet lease arrangements with Qantas for Singapore–Sydney flights in Q4 2023 and for Bangkok–Sydney flights at the beginning of Q2 2024. Sales gains on fixed assets mainly consist of the purchase of one A350 and one A321 aircraft, which were previously leased by Finnair.

1.3 Operating expenses

The operating expenses section includes the income statement and balance sheet notes related to operating expenses, aiming to provide a better overview of business operations and related expenses. Maintenance provisions of leased aircraft that inherently relate to aircraft overhaul costs are included in this operating expenses section. Also accrued expenses, such as liabilities related to jet fuel and traffic charges, are presented in this section. In addition, items related to employee benefits are presented at the end of this section in a separate note 1.3.8. Employee benefits. It includes the different forms of benefits received by Finnair employees, including share-based payments and pensions, their effect on staff costs and balance sheet as well as information on management remuneration.

Finnair's operating expenses increased compared to the prior year mainly due to increased capacity and longer Asian routings. Finnair continued its cost efficiency initiatives during 2024.

1.3.1 Operating expenses by currency

EUR mill.	2024	2023
EUR	1,805.8	1,774.4
USD	1,074.7	971.9
Other currencies	194.1	181.3
Total	**3,074.6**	**2,927.5**

The hedging policies against foreign exchange rate fluctuations are described in note 3.5 Management of financial risks.

1.3.2 Passenger and handling services

EUR mill.	2024	2023
Ground and cargo handling expenses	191.6	178.8
Expenses for tour operations	120.3	115.4
Catering expenses	61.5	57.3
Other passenger services	66.9	62.7
Total	**440.3**	**414.1**

1.3.3 Property, IT and other expenses

EUR mill.	2024	2023
IT expenses	69.5	67.2
Property expenses	20.4	21.9
Other expenses	31.9	22.9
Total	**121.7**	**112.1**

Property, IT and other expenses mainly consist of fixed costs.

Audit fees

EUR mill.	2024	2023
Auditor's fees	0.6	0.6
Tax advising	-	-
Other fees	0.1	0.2
Total	**0.7**	**0.9**

The auditor's fees of KPMG Oy Ab included fees of 489 thousand euros (614) for audit services and 137 thousand euros (9) for auditor's statements. Non-audit services to Finnair Group entities were 71 thousand euros (239).

1.3.4 Inventories and other current assets

EUR mill.	2024	2023
Credit card acquirer holdbacks	-	57.0
Inventories	35.0	32.2
Interest and other financial items	9.7	2.3
Aircraft materials and overhaul	8.1	9.5
Capacity rent receivables	7.3	7.0
Jet fuels	5.0	9.3
VAT receivables	4.4	3.7
Other items	17.3	13.6
Total	**86.8**	**134.6**

Credit card acquirer holdbacks relate to cash funds from passenger ticket sales that are held by credit card processors. These were reclassified from other current assets to other non-current assets during 2024.

1.3.5 Other liabilities

EUR mill.	2024	2023
Jet fuel and traffic charges	73.9	50.4
Passenger and handling services	37.4	38.1
Aircraft materials and overhaul	18.2	22.2
Sales, marketing and distribution cost accruals	17.0	17.1
Interest and other financial items	14.3	8.2
Other items	20.7	31.2
Total	**181.5**	**167.1**

= Content of the section

A = Accounting principles
! = Critical accounting estimates

1.3.6 Provisions

A Provisions
Provisions are recognised when the Group has a present legal or constructive obligation as the result of a past event, the fulfilment of the payment obligation is probable, and a reliable estimate of the amount of the obligation can be made. The amount to be recognised as provision corresponds to the management's best estimate of the expenses that will be necessary to meet the obligation at the end of the reporting period.

In most cases, the Group is obliged to return leased aircraft and their engines according to the redelivery condition set in the lease agreement. If at the time of redelivery, the condition of the aircraft and its engines differs from the agreed redelivery condition, Finnair needs to either maintain the aircraft so that it meets the agreed redelivery condition or settle the difference in cash to the lessor. To fulfil these maintenance obligations, the Group has recognised airframe heavy maintenance, engine performance maintenance, engine life limited part, landing gear, auxiliary power unit and other material maintenance provisions. The provision is defined as a difference between the current condition and redelivery condition of these maintenance components. The provision is accrued based on flight hours flown until the next maintenance event or the redelivery and recognised in the aircraft overhaul costs in the income statement. The provision is reversed at the maintenance event or redelivery. The price of the flight hour depends on the market price development of the maintenance costs. Estimated future cash flows are discounted to the present value. The maintenance market prices are mainly denominated in US dollars, which is why the amount of maintenance provision changes due to currency fluctuation of the dollar.

The final check and painting required at redelivery are considered unavoidable maintenance costs that realise when the aircraft is redelivered to the lessor, irrespective of the time or flight hours. The counterpart of the provision is recorded in the book value of the right-of-use asset at the commencement of the lease. Respectively, costs depending on the usage of the aircraft are not considered as part of the right-of-use asset cost, but these are recognised according to the principles presented above.

Restructuring provisions are recognised when the Group has prepared a detailed restructuring plan and has begun to implement the plan or has announced it. A

! Maintenance reserves of the fleet
The measurement of aircraft maintenance provisions requires management judgement especially related to the timing of maintenance events and the valuation of maintenance costs occurring in the future. The future maintenance costs and their timing are dependent on, for example, how future traffic plans actually realise, the market price development of maintenance costs and the actual condition of the aircraft at the time of the maintenance event. !

EUR mill.	Aircraft maintenance provision	Other provisions	2024	Aircraft maintenance provision	Other provisions	2023
Provision at the beginning of period	144.2	2.9	147.1	246.7	5.0	251.7
Provision for the period	49.4	1.8	51.2	49.1	1.2	50.3
Provision used	-42.6	-2.1	-44.7	-58.9	-2.8	-61.7
Provision reversed	-3.8	-0.4	-4.2	-2.3	-0.6	-2.9
Provision for right-of-use assets redelivery	-0.7	-	-0.7	-0.3	-	-0.3
Reclassifications	-14.7	-	-14.7	-90.8	-	-90.8
Unwinding of discount	5.7	-	5.7	7.8	-	7.8
Exchange rate differences	6.1	-	6.1	-7.1	-	-7.1
Total	**143.5**	**2.2**	**145.8**	**144.2**	**2.9**	**147.1**
Of which non-current	113.7	0.7	114.5	118.3	0.8	119.0
Of which current	29.8	1.5	31.3	25.9	2.1	28.1
Total	**143.5**	**2.2**	**145.8**	**144.2**	**2.9**	**147.1**

Non-current aircraft maintenance provisions are expected to be used by 2035. Maintenance provisions of 14.7 million euros (90.8) were reclassified against the acquisition cost of purchased, formerly leased aircraft.

In balance sheet, the non-current provisions and other liabilities of 122.0 million euros (125.9) include, in addition to provisions, other non-current liabilities 7.5 million euros (6.9), which mainly consist of received lease deposits.

1.3.7 Items affecting comparability

Finnair uses alternative performance measures in its internal reporting to the chief operative decision maker, or Finnair Executive Board. The figures are referred to in the European Securities Markets Authority (ESMA) Guidelines on Alternative Performance Measures, which Finnair uses to describe its business and financial performance development between periods. The alternative performance measures do not replace IFRS indicators, but shall be read in conjunction with key figures in accordance with IFRS financial statements.

Unrealised exchange rate differences of mainly in US dollars denominated aircraft maintenance provisions and unrealised fair value changes of derivatives where hedge accounting is not applied are excluded from comparable operating result. These exchange rate and fair value effects are included in the comparable operating result only when they will realise. In addition, gains and losses on aircraft and other transactions, impairment, certain changes in defined benefit pension plans as well as restructuring costs are not included in the comparable operating result.

	2024			2023		
EUR mill.	Reported	Items affecting compara-bility	Comparable	Reported	Items affecting compara-bility	Comparable
Revenue	**3,048.8**	-	**3,048.8**	**2,988.5**	-	**2,988.5**
Other operating income	140.0	-12.0	128.0	130.5	-13.5	117.0
Operating expenses						
Staff and other crew related costs	-559.5	40.9	-518.6	-498.1	-	-498.1
Fuel costs	-894.4	1.5	-893.0	-898.9	-0.7	-899.6
Capacity rents	-111.7	-	-111.7	-107.2	-	-107.2
Aircraft materials and overhaul	-223.0	6.1	-216.9	-200.1	-7.1	-207.2
Traffic charges	-270.6	-	-270.6	-233.8	-	-233.8
Sales, marketing and distribution costs	-123.0	-	-123.0	-117.1	-	-117.1
Passenger and handling services	-440.3	-	-440.3	-414.1	-	-414.1
Property, IT and other expenses	-121.7	0.0	-121.7	-112.1	0.1	-111.9
EBITDA	**-**	-	**480.9**	**-**	-	**516.5**
Depreciation and impairment	-330.3	0.7	-329.5	-346.2	13.7	-332.6
Operating result	**114.2**	**37.2**	**151.4**	**191.4**	**-7.5**	**184.0**

Items affecting comparability include loss of 40.9 million euros mainly relating to the obligations of Finnair Pension Fund, for which indexation was partially returned based on the precedent issued by the Supreme Administrative Court of Finland, gain of 12.0 million euros comprising of the purchase of two leased aircraft, loss of 6.1 million euros on the unrealised exchange rate difference of aircraft maintenance provisions and loss of 1.5 million euros on fair value changes of jet fuel options that are not included in hedge accounting.

A = Accounting principles

1.3.8 Employee benefits

1.3.8.1 Employee benefit expenses and share-based payments

A Share-based payments
Finnair provides several share-based compensation plans for its employees, under which the Group receives services from employees as consideration for share-based payments. Regarding share-based incentive plans for key personnel, the awards are paid only if performance criteria set by the Board of Directors is met. Share-based savings plan for employees (FlyShare) requires the employees to remain in Finnair's service for the defined period, but payment does not depend on any performance criteria.

The total expense for share-based payments is recognised over the vesting period, which is the period over which all of the specified vesting conditions, such as the fulfilment of goals and a valid employment relationship, are to be satisfied. Share-based payments that are settled net of taxes are considered in their entirety as equity-settled share-based payment transactions. The reward is valued based on the market price of the Finnair share as of the grant date, and recognised as an employee benefit expense over the vesting period with corresponding entry in the equity. Income tax paid to tax authorities on behalf of employee is measured based on the market price of the Finnair share at the delivery date and recognised as a decrease in equity. If the reward includes the portion settled in cash, it is accounted for as a cash-settled transaction. The liability resulting from the cash-settled transactions is measured based on the market price of the Finnair share at the balance sheet date and accrued as an employee benefit expense for service period with corresponding entry in the liabilities until the settlement date.

Termination benefits
Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to a termination. Group is demonstrably committed when it has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer.

Accounting principles related to pension benefits are described in the note 1.3.8.2 Pensions. A

Staff and other crew related costs

EUR mill.	2024	2023
Wages and salaries	366.8	348.6
Defined contribution schemes	64.1	61.7
Defined benefit schemes	49.3	8.3
Pension expenses total	113.4	70.0
Other social expenses	9.1	16.3
Salaries, pension and social costs	**489.3**	**435.0**
Operative staff related costs	31.5	30.5
Leased and outsourced crew	29.4	26.0
Other personnel related costs	9.3	6.5
Total	**559.5**	**498.1**

At Finnair, the total salary of personnel consists of fixed pay, allowances, short- and long-term incentives, fringe benefits and other personnel benefits.

A long-term incentive plan (Staff Incentive Plan) for 2023–2025 was prepared as part of the cost-saving programme in 2022. The incentive plan returns half of the one year's permanent savings made by the personnel group, if the goal of the incentive plan set by Finnair's Board of Directors is met.

The total amount of the short-term and above-mentioned long-term incentives excluding social security costs recognised for 2024 were 9.9 million euros (19.1). Staff and other crew related costs include one-off personnel related costs of 40.9 million euros in the reporting period, which mainly are related to the obligations of Finnair Pension Fund, for which indexation was partially returned based on the precedent issued by the Supreme Administrative Court of Finland. During the comparison period, these costs did not exist.

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 targets for the profit-sharing plan in years 2021–2024 were not set.

Liabilities related to employee benefits

EUR mill.	2024	2023
Holiday payments	75.7	72.4
Other employee related accrued expenses	37.0	44.1
Liabilities related to employee benefits	**112.8**	**116.5**

Other employee related accrued expenses mainly include withholding tax and accrued expenses related to social security costs and remunerations. Other non-current liabilities include the long-term Staff incentive plan of 2.6 million euros (1.5). In addition, restructuring provisions related to termination benefits (see note 1.3.6 Provisions) amounted to 0.2 million euros (0.2).

Management remuneration

EUR thousand	CEO Turkka Kuusisto, from 24 April 2024 onwards	Interim CEO Jaakko Schildt, 15 January - 23 April 2024	President and CEO Topi Manner, until 14 January 2024	Executive Board	Total 2024	President and CEO Topi Manner	Executive Board	Total 2023
Fixed pay	473	165	98	1,985	2,720	771	2,050	2,820
Short-term incentives*	124	40	34	779	977	372	1,057	1,428
Fringe benefits	17	4	1	86	108	19	92	111
Share-based payments	86	39	-629**	886	382	756	1,651	2,407
Pensions (statutory)***	99	34	21	459	613	189	519	708
Pensions (voluntary, defined contribution)	-	-	-	28	28	-	32	32
Total	**799**	**282**	**-476**	**4,223**	**4,828**	**2,106**	**5,401**	**7,507**

*Short-term incentives for the financial year 2024 are estimates as at the balance sheet date, the final review of targets has not been done. Short-term incentives for 2023 realised 248 thousand euros higher than expected in 2023 financial statements. The difference has been reported in 2024.
** Topi Manner was no longer eligible for the long-term incentive plan 2023–2025 and the related costs were reversed in 2024.
*** Statutory pensions include Finnair's share of the payment to Finnish statutory "TyEL" pension plan.

Management remuneration is presented on an accrual basis. Share-based payments include long-term incentive plans and are recognised over the vesting period until the end of the lock-up period, according to IFRS 2. Therefore, the costs accrued and recognised for the financial year include effects from several share-based payment plans independent of when the shares are delivered. Management has not been provided any other long-term incentives in addition to share-based payments.

The voluntary pension plans of one member of the Executive Board have been arranged through a Finnish pension insurance company. The retirement age for this member of the Executive Board is 63 years. The plan is a defined contribution plan.

Remuneration to the Board of Directors

EUR	Total 2024	Annual fees	Meeting compensation	Fringe benefits	Total 2023
Board of Directors	**531,897**	**346,860**	**179,200**	**5,838**	**445,830**
Alahuhta-Kasko Tiina	51,232	36,232	15,000	-	
Brewer Montie	74,450	39,850	34,600	-	
Erlund Jukka	59,254	39,083	19,400	772	
Jakosuo-Jansson Hannele	54,956	39,082	14,200	1,674	
Kjellberg Henrik	71,235	36,232	31,800	3,203	
Large Simon, until 30 September 2024	57,975	45,575	12,400	-	
Pajumaa Minna, until 18 March 2024	10,575	7,575	3,000	-	
Siitonen Jussi, from 19 March 2024 onwards	41,258	28,658	12,600	-	
Suvanto-Harsaae Sanna	110,963	74,574	36,200	189	

The remuneration of the Board of Directors is presented on an accrual basis. The compensation paid to the members of the Board of Directors include annual fees and meeting compensation. The annual fees are paid as a combination of shares and money so that approximately 40 per cent of the fees are used for acquiring the company's shares for the members of the Board of Directors, and the rest is paid in money. The members of the Board of Directors are entitled to a compensation for travel expenses in accordance with Finnair's general travel rules. In addition, the members of the Board of Directors and their spouses have a limited right to use staff tickets in accordance with Finnair's staff ticket rules. These tickets constitute taxable income in Finland and are reported as fringe benefits in the table above.

Share-based payments (long-term performance share plans)

This note provides description and information on effects of the Group's share-based incentive schemes. More information on share-based personnel bonus schemes can be found in Remuneration report and on company website.

Finnair's share-based incentive plan is a performance-based, annually commencing long-term incentive (LTI) arrangement, and the commencement of each new plan is subject to a separate decision made by Finnair's Board of Directors. The purpose of these plans is to encourage the management to work to increase long-term shareholder value. The Finnish Government's guidance regarding the remuneration of executive management and key individuals have been taken into consideration when designing the plans.

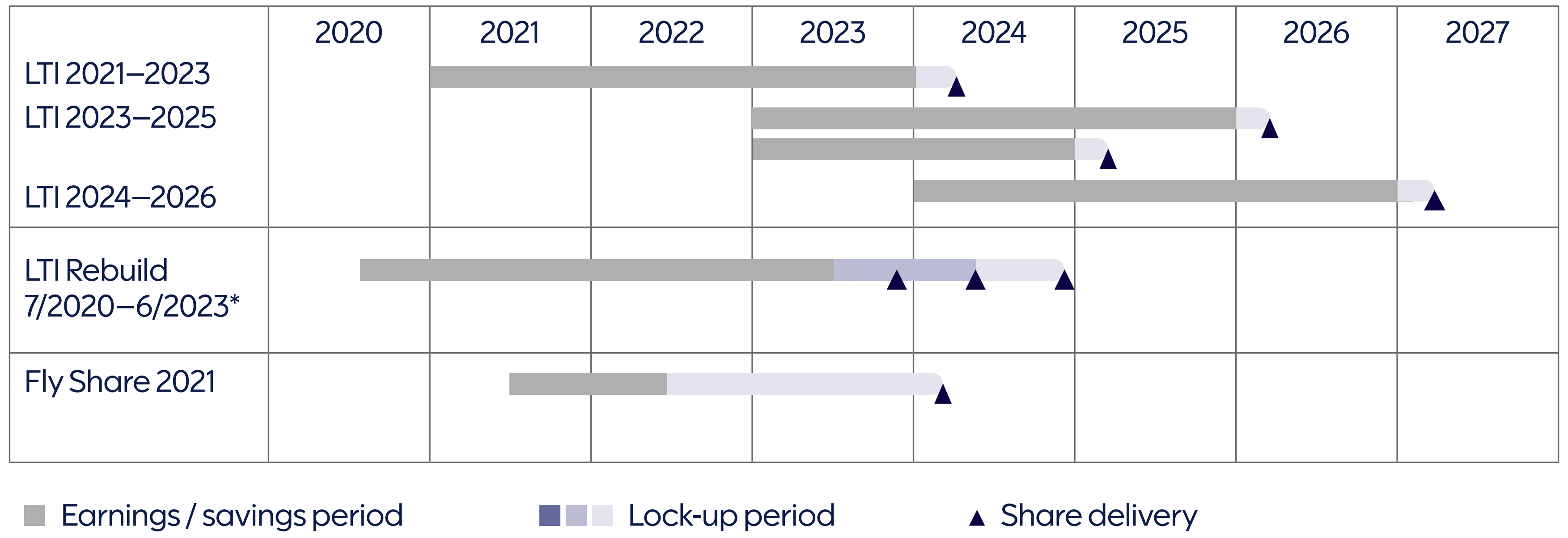
All annually commencing rolling LTI plans include a three-year earning period. An exception is the two-year earning period for years 2023–2024 within LTI plan 2023–2025. The potential share rewards will be delivered to the participants in one tranche during the year following the performance period and they are at the participants' free disposal after delivery, except for the Rebuild incentive where the performance period ended in June 2023 and the reward was delivered during 2023 and 2024.

The members of Finnair's Executive Board are expected to accumulate their share ownership in Finnair until it corresponds to their annual gross base salary. Each executive is expected to retain at least 50% of the shares received as reward, until the share ownership recommendation is fulfilled.

There are two long-term incentive plans ongoing; plan covering years 2023–2025 which includes two earning periods 2023–2024 and 2023–2025 as well as plan covering years 2024–2026. In 2022, no new long-term incentive plan was launched due to continuous business environment changes caused by the war in Ukraine.

The target levels and maximum levels set for the criteria are based on the long-term strategic objectives set by the company's Board of Directors. Criteria are monitored against the performance on a quarterly basis. The performance criteria of the plan for 2021–2023 in the reporting period and the plan for 2020–2022 in the comparison period were not reached. The performance criteria applied to the plans are:

Finnair share-based payment plans



* Total incentive rewards cannot exceed 120% of annual base salary in any year, exceeding amount was deferred from 2023 to 2024. In 2024, the Board of Directors used their discretion to deviate from the variable pay cap in a manner that is described in the Remuneration Report.

- 2021–2023 plan: earnings per share (EPS, 45% weight), unit cost with constant currencies and fuel price (CASK, 45% weight) and fuel efficiency (10% weight),
- 2023–2025 plan: operating result as well as
- 2024–2026 plan: free cash flow (FCF, 20% weight), earnings per share (EPS, 60% weight) and carbon emissions (CO_2/RTK, 20% weight).

The pay-out opportunity is defined as a fixed share amount in the beginning of each plan in relation to the participants annual base salary. Therefore, changes in the share price during the performance period impacts the value of the pay-out opportunity. The maximum number of shares that can be earned has been calculated based on 60% of annual base salary for the CEO and the other members of the Executive Board at the start of the plans, and based on 20-50% of annual base salary for the other plan participants. As a result of the rights issue in 2023, the share allocations for the 2021–2023 and 2023–2025 plans were adjusted 6.32-fold in order for the earning opportunities to retain their value. In addition, the share allocations were adjusted due to the reverse split executed during the financial year 2024, after which every 100 shares corresponded to one share.

The maximum combined value of all variable compensation (including both short- and long-term incentives) paid to an individual participant may not exceed 120% of the participant's annual gross base salary. In 2024, the Board of Directors used their discretion to deviate from the variable pay cap in a manner that is described in the Remuneration Report. The amounts of shares paid are stated before tax. The number of shares delivered will be deducted by an amount corresponding to the income tax payable for the incentive at the time of payment.

The total expense for the plans 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. The expense recognised for 2024 amounted to 1.5 million euros (3.8). The amount expected to be transferred to the tax authority to settle the employee's tax obligation is 1.1 million euros (3.4). The cost related to share-based payments is recognised in staff and other crew related costs and unrestricted equity funds.

A = Accounting principles
! = Critical accounting estimates

	Rebuild 2020–2023	2021–2023	2023–2025	2024–2026	Total
Grant date	9 Oct 2020	26 Jan 2021	23 Jan 2023	19 Feb 2024	
Grant price, euros*	6.63	10.49	8.56	3.14	
Number of persons at the end of the reporting year	-	-	64	72	
Expenses recognised for the financial year, LTI's total (million euros)	-0.2	-	1.4	0.3	1.5
of which share-settled (net of taxes)	-0.1	-	1.4	0.3	1.6
of which cash-settled	-0.1	-	-	-	-0.1
Shares granted, million shares**	1.6	-	0.9	1.1	3.6

* Grant price in the plans commenced on 23 January 2023 or before have been adjusted by a bonus element included in the rights issue in 2023 and the reverse split executed in 2024.
** As a result of the rights issue in 2023, the share allocations for the 2020–2023 Rebuild, 2021–2023 and 2023–2025 plans were adjusted based on the decision of the Board of Directors in order for the earning opportunities to retain their value. In addition, the share allocations were adjusted due to the reverse split executed in 2024.

The additional shares of the last saving period 7/2021—6/2022 in the FlyShare employee share savings plan were transferred at the beginning of 2024. The expense recognised for the share saving plan in 2024 amounted to -0.0 million euros (0.7).

1.3.8.2 Pensions

A Defined benefit and defined contribution plans
Pension plans are classified as defined benefit and defined contribution plans. Payments made into defined contribution pension plans are recognised in the income statement in the period to which the payment applies. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. Current service cost is the present value of the post employment benefit, which is earned by the employees during the year and it is recognised as staff and other crew related costs. The liability recognised in the balance sheet in respect of defined pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligations is determined by discounting the estimated future cash flows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. If fair value of plan assets is higher than present value of funded obligations, the net amount is presented as pension assets in the Group's balance sheet. A

! Pension obligations
The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of pension obligations. The note below includes a description of exposure to most significant risks and a sensitivity analysis on impacts of changes in actuarial assumptions. !

Description of pension plans at Finnair
The statutory pension cover of the employees of the Group's Finnish companies has been arranged in a Finnish pension insurance company. The statutory pension cover is a defined contribution plan. The Group's foreign sales offices and subsidiaries have various defined contribution plans that comply with local rules and practices. CEO has no supplementary pension plan. The supplementary defined contribution pension plan of one member of the Executive Board is arranged in a pension insurance company. The retirement age for this member is 63 years.

Other supplementary pension cover of the Group's domestic companies has been arranged mainly in the Finnair Pension Fund, in which the pension schemes are defined benefit plans. These pension plans cover old age supplementary pensions and disability pensions exceeding the pension cover under the Employment Pensions Act. The survivors' pensions under the supplementary pension cover applies on a limited basis to pensioners who have retired on 1 January 2005 at the latest, as well as to recipients of benefits previously in accordance with Finnair Plc's survivor's pension rules who transferred to the pension fund on 31 December 2015. The Pension Fund's old age pension scheme has been closed to other employees since 1 February 1992 and to pilots since 1 January 2010. Pilots recruited between 1 January 2010 and 31 May 2021 , are only covered by the limited occupational disability pension scheme if they are not switched to another work offered by the employer. The occupational disability pension is restricted to only accrued supplementary pension until 31 March 2022 and it doesn't include any projected pension component. The occupational disability pension can only be granted if the pilot's employment is resigned from Finnair Plc. The pension fund as a whole has been closed on 31 May 2021.

Old age pensions of pilots recruited in 2015 or later are defined contribution schemes arranged in a life insurance company. Supplementary pension cover has also vested pension right on a limited basis and the retirement age of the Pension Fund's vested pension is tied to a change in the retirement age under the Employment Pensions Act that came into force in 2017 or an event under disability pension cover under the Employment Pensions Act. Beginning from 2021, the earnings or supplementary pensions payable on which the pension fund's defined benefit supplementary pension cover is based are not adjusted by the pension index increment. The precedent issued by the Supreme Administrative Court of Finland on 25 September 2024 partially overruled the removal of inxed adjustments concerning pilots whose pension or paid-up policy had begun before the rule amendment on 30 December 2020. The possible related amendments to the rules of Finnair Pension Fund are still ongoing, but Pension Fund has already included the impacts of the possible amendments in its obligations. The supplementary pension liability of the Pension Fund is fully covered in accordance with the Finnish legislation. In addition, approximately 500 Finnair pilots have the right to a separate defined contribution supplementary pension arranged in a life insurance company after reaching the age of 55 years in addition to the Pension Fund's defined benefit old age pension cover, if the pilot continues to work as a pilot after the age of 55 years and retires from his/her job.

Exposure to most significant risks
Volatility of plan assets: Some of the plan assets are invested in equities which causes volatility but are in the long run expected to provide higher returns than corporate bonds. The discount rate of plan obligations is defined based on the interest rates of corporate bonds.

Changes in bond yield: A decrease in corporate bond yields increases plan obligations due to the fact that the pension obligation is discounted to net present value with a rate that is based on corporate bond rates. This increase in plan obligations is partially mitigated by a corresponding increase in the value of corporate bonds in plan assets.

Life expectancy: The most significant part of the provided pension benefits relate to old age pensions. Therefore, an increase in the life expectancy rate results in an increase of plan obligations.

Inflation risk: Pension obligations are partly linked to inflation which is why higher inflation leads to increased obligations. As only some of the plan assets increase with inflation, an increase in inflation will potentially decrease the solvency of the pension plan.

Defined benefit pension plans

EUR mill.	2024	2023
Items recognised in the income statement		
Current service costs	3.7	3.8
Past service cost	5.4	4.4
Amendments	36.5	-
Curtailments	3.7	-
Service cost total, recognised in staff costs	**49.3**	**8.3**
Net interest expenses and foreign exchange differences	-3.8	-4.4
Total included in the income statement	**45.4**	**3.8**
Amounts recognised through other comprehensive income		
Experience adjustment on plan obligation	-3.7	-5.7
Changes in financial actuarial assumptions	0.3	15.2
Net return on plan assets	-9.3	-21.1
Amounts recognised through other comprehensive income total	**-12.6**	**-11.6**
Number of persons involved, pension fund	3,757	3,893
Number of persons involved, other defined benefit plans	49	51

Items recognised in the balance sheet

EUR mill.	2024		2023	
	Pension assets	Pension obligations	Pension assets	Pension obligations
Present value of funded obligations	-290.5	-5.5	-260.6	-5.9
Fair value of plan assets	385.5	5.0	388.5	5.1
Pension assets (+) / pension obligations (-) in the balance sheet	**95.0**	**-0.6**	**128.0**	**-0.8**

Pension assets of 95.0 million euros (128.0) include 95.0 million euros (127.9) related to defined benefit plans insured through the Pension Fund and 0.0 million euros (0.1) related to other defined benefit plans. Pension obligations include 0.6 million euros (0.8) related to other defined benefit plans. The change during 2024 is mainly due to the obligations of Finnair Pension Fund, for which indexation was partially returned based on the precedent issued by the Supreme Administrative Court of Finland.

Changes in pension obligations

EUR mill.	2024	2023
Fair value of pension obligations at 1 January	266.5	264.4
Current service costs	3.2	3.3
Past service cost	5.4	4.4
Amendments	36.5	-
Curtailments	3.7	-
Interest expenses and foreign exchange differences	7.9	9.4
Expense recognised in income statement	**56.7**	**17.2**
Changes in actuarial assumptions	0.3	15.2
Experience adjustment on plan obligation	-3.7	-5.7
Remeasurements recognised through OCI	**-3.3**	**9.5**
Benefits paid	-23.7	-24.6
Net present value of pension obligations	**296.1**	**266.5**

Changes in plan assets

EUR mill.	2024	2023
Fair value of plan assets at 1 January	393.7	383.7
Administration expenses	-0.5	-0.5
Interest income and foreign exchange differences	11.7	13.8
Items recognised through profit and loss	**11.2**	**13.3**
Acturial gain (loss) on plan assets	9.3	21.1
Items recognised through OCI	**9.3**	**21.1**
Contributions paid	0.1	0.1
Benefits paid	-23.7	-24.6
Fair value of plan assets at 31 December	**390.5**	**393.7**

Plan assets are comprised as follows

%	2024	2023
Listed shares	18.8	14.8
Debt instruments	52.1	56.7
Property	25.9	25.2
Other	3.2	3.3
Total	**100.0**	**100.0**

Plan assets of the Pension Fund include Finnair Plc shares with a fair value of 0.5 million euros (0.9) and buildings used by the Group with a fair value of 21.6 million euros (22.0).

Defined benefit plans: principal actuarial assumptions

%	2024	2023
Discount rate %	3.04%	3.01%
Inflation %	1.79%	-
Annual rate of future salary increases %	1.20%	0.90%
Future pension increases %	0.00%	0.00%
Estimated remaining years of service	8	8

Sensitivity analysis

The sensitivity analysis describes the effect of a change in actuarial assumptions on the net defined benefit obligation. The analyses are based on the change in the assumption while holding all other assumptions constant. The method used is the same as that which has been applied when measuring the defined benefit obligation recognised in the balance sheet.

Sensitivity analysis on principal actuarial assumptions

Actuarial assumption	Change in assumption	Impact when increase in assumption, EUR mill.	%	Impact when decrease in assumption, EUR mill.	%
Discount rate %	0.25%	-6.2	-2.1%	6.5	2.2%
Annual rate of future salary increases %	0.25%	1.3	0.4%	-1.2	-0.4%
Future pension increases %	0.25%	2.7	0.9%	-2.6	-0.9%
Life expectancy at birth	1 year	6.9	2.4%	-	-

According to Finnish legislation, the pension fund needs to be fully funded. Finnair does not expect to pay contributions to the pension fund in 2025. The duration of defined benefit obligation is 9 years. The duration is calculated by using a discount rate of 3.04%.

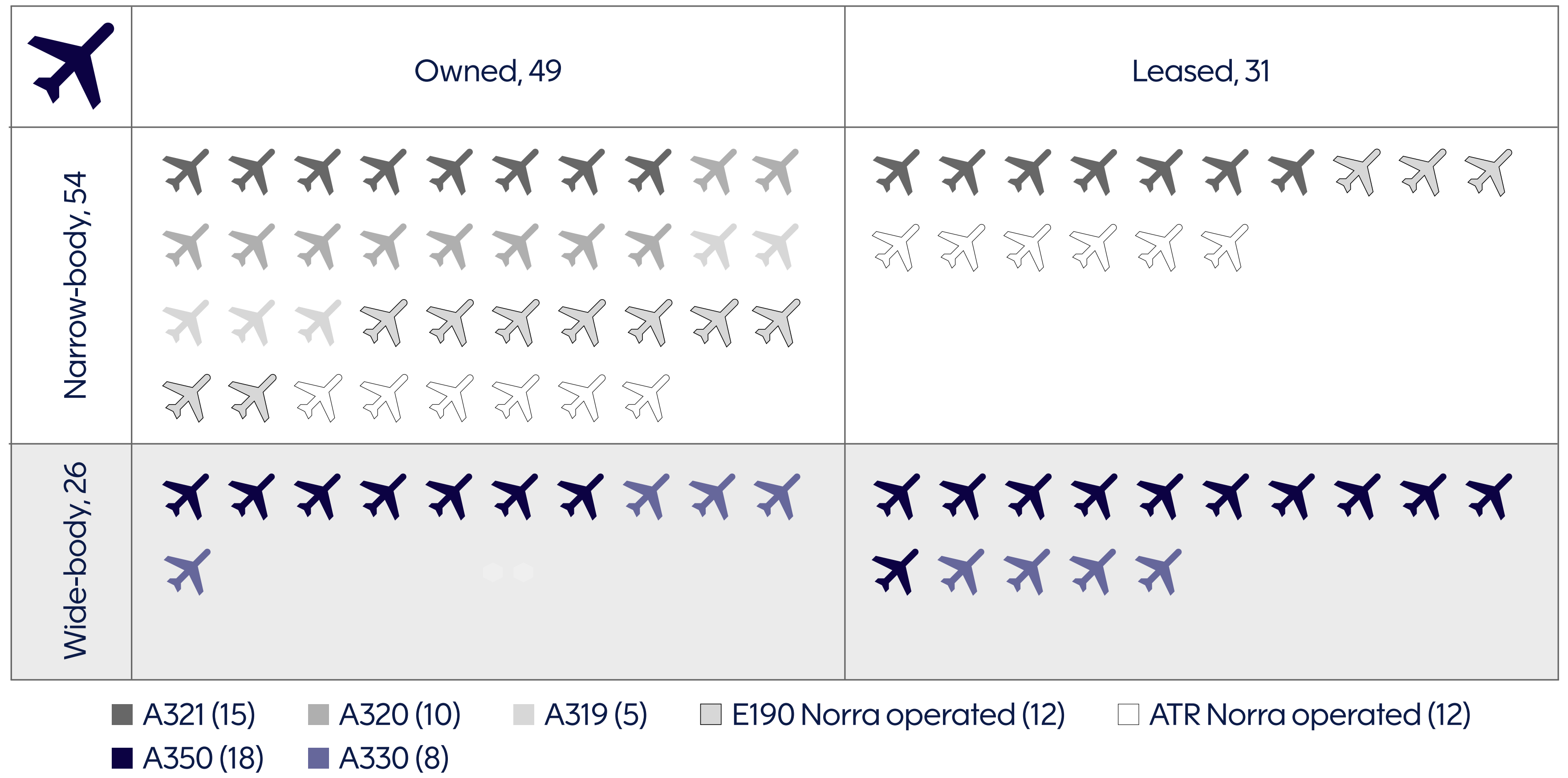
i = Content of the section
A = Accounting principles

2 Fleet and other fixed assets and leasing arrangements

i Fleet and other fixed assets and leasing arrangements include notes particularly related to the aircraft fleet. Notes related to the aircraft operated by the Group are combined in this section so that the general view of the fleet is easier to understand. In addition to owned aircraft, the notes cover leased aircraft under different kinds of aircraft lease arrangements. i

The assets owned and leased by Finnair consist mostly of aircraft operated by Finnair and Norra. In 2024, the number of owned aircraft was 49 (46) and leased aircraft 31 (33). During the financial year, a new A350 aircraft was delivered and additionally, Finnair purchased one leased A350 and one leased A321 aircraft. All aircraft were in operative use as at the balance sheet date.

Fleet



Fleet in Finnair balance sheet

EUR mill.	2024	2023	Change
Advances paid for aircraft	37.1	95.8	-58.7
Owned aircraft	1,183.7	957.2	226.5
Right-of-use fleet	636.2	775.0	-138.8
Fleet total	**1,857.0**	**1,828.0**	**29.0**
Fleet lease liabilities	826.4	940.3	-113.9
Depreciation and impairment from fleet during the period			
Depreciation for the period of owned aircraft	-164.6	-139.5	-25.1
Depreciation for the period of right-of-use fleet	-127.9	-156.9	29.0
Impairment for the period related to owned aircraft	-	-	-

2.1 Fleet and other fixed assets

A Fleet and other fixed assets are stated at historical cost less accumulated depreciation and accumulated impairment loss if applicable. Fleet includes aircraft and aircraft prepayments. The acquisition cost of aircraft is allocated to the aircraft frame, cabin components, engines and maintenance components as separate assets. Maintenance components include heavy maintenance, C-checks, APU (auxiliary power unit) restorations, landing gear overhauls and thrust reversers of aircraft frames, as well as performance restoration and maintenance of life limited parts of engines. Aircraft frames and engines are depreciated over the useful life of the aircraft. The maintenance components are depreciated during the maintenance cycle. Cabin components are depreciated over their expected useful life. Significant modifications of owned or leased aircraft are capitalised as separate items and depreciated over their expected useful life, which in the case of leased aircraft cannot exceed the lease period. Replaced components are derecognised from the balance sheet.

Advance payments for aircraft are recorded as fleet fixed assets. Interest costs related to advance payments are capitalised as acquisition cost for the period at which Finnair is financing the manufacturing of the aircraft. Hedging gains or losses related to the fair value changes of firm, USD nominated purchase commitments for aircraft are recognised in advance payments. Advance payments, realised foreign exchange hedges and capitalised interests are recognised as part of the aircraft acquisition cost once the aircraft is delivered and taken to commercial use.

Other fixed assets include rotable aircraft spare parts, other fixed assets and their prepayments. Other fixed assets are depreciated during their expected useful life.

Intangible assets mainly include computer software and connection fees. Connection fees are not depreciated. Gains and losses on disposal of tangible and intangible assets are included in other operating income and expenses.

Useful life and residual value

Depreciation of fleet and other fixed assets is based on the following expected economic lifetimes:

- New aircraft and engines (fleet) as well as flight simulators (other equipment) on a straight-line basis as follows:
  - Airbus A350 fleet, over 20 years to a residual value of 10%
  - Airbus A320 and Embraer fleet, over 20 years to a residual value of 10%
  - Airbus A330 fleet, over 18 years to a residual value of 10%
  - Turboprop aircraft (ATR fleet), over 20 years to a residual value of 10%
- Heavy maintenance, C-checks, APU and landing gear restorations and thrust reversers of aircraft frame, as well as performance maintenance and life limited parts of the engines, on a straight-line basis during the maintenance period
- Cabin components, over 7–20 years
- Rotable spare parts and components, over 15 years to a residual value of 0%
- Buildings, over 10–50 years from the time of acquisition to a residual value of 10%
- Other tangible assets, over 3–15 years
- Computer software, over 3–8 years

The residual values and estimated useful lives of the assets are assessed at each closing date and if they differ significantly from previous estimates, the depreciation periods and residual values are changed accordingly.

During 2024, the useful life of Finnair's current Embraer, A320 and A330 fleet was extended as follows:

- Embraer fleet, over 25 years to 0% residual value
- Airbus A320 fleet, over 28 years to 0% residual value
- Airbus A330 fleet, over 22 years to 0% residual value

The change decreased the depreciation of 2024 by 9.7 million euros. The decrease in 2025 is approximately 12 million euros.

Assets held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction, a sale is considered highly probable and expected to take place within the next twelve months. Assets classified as held for sale are stated at the lower of the carrying amount or fair value less cost to sell. Assets classified as held for sale are no longer depreciated. A

Fleet 2024

EUR mill.	Aircraft	Advances	Total
Acquisition cost 1 Jan 2024	2,096.8	95.8	2,192.7
Additions	375.9	-25.6	350.3
Disposals	-39.9	-	-39.9
Currency hedging of aircraft acquisitions	-	-3.2	-3.2
Reclassifications	15.2	-29.9	-14.7
Acquisition cost 31 Dec 2024	**2,448.0**	**37.1**	**2,485.1**
Accumulated depreciation and impairment 1 Jan 2024	-1,139.7	-	-1,139.7
Disposals	39.9	-	39.9
Depreciation for the financial year	-164.6	-	-164.6
Accumulated depreciation and impairment 31 Dec 2024	**-1,264.3**	-	**-1,264.3**
Book value 31 Dec 2024	**1,183.7**	**37.1**	**1,220.8**

Additions to fixed assets are mainly related to the new A350 aircraft delivered in December 2024, the purchase of one A350 and one A321 aircraft which were previously leased by Finnair, cabin refurbishment of the wide-body aircraft and investments in aircraft maintenance. The change in advances is primarily related to the new A350 aircraft. Currency hedging of aircraft acquisitions is described in the notes 3.5 Management of financial risks and 3.8 Derivatives.

Fleet 2023

EUR mill.	Aircraft	Advances	Total
Acquisition cost 1 Jan 2023	1,828.1	111.2	1,939.3
Additions	348.0	49.6	397.7
Disposals	-44.6	-	-44.6
Currency hedging of aircraft acquisitions	-	-10.2	-10.2
Reclassifications	-34.7	-54.8	-89.5
Acquisition cost 31 Dec 2023	**2,096.8**	**95.8**	**2,192.7**
Accumulated depreciation and impairment 1 Jan 2023	-1,044.5	-	-1,044.5
Disposals	44.3	-	44.3
Depreciation for the financial year	-139.5	-	-139.5
Accumulated depreciation and impairment 31 Dec 2023	**-1,139.7**	-	**-1,139.7**
Book value 31 Dec 2023	**957.2**	**95.8**	**1,053.0**

Other fixed assets 2024

EUR mill.	Aircraft rotable parts	Buildings and land	Other equipment	Intangible assets	Advances	Total
Acquisition cost 1 Jan 2024	37.2	74.5	124.5	32.0	1.0	269.3
Additions	4.0	-	8.9	0.3	1.9	15.1
Disposals	-1.6	-	-0.7	-10.2	-	-12.5
Reclassifications	0.0	-	0.8	-	-0.8	0.0
Acquisition cost 31 Dec 2024	**39.6**	**74.5**	**133.5**	**22.1**	**2.2**	**271.9**
Accumulated depreciation and impairment 1 Jan 2024	-24.1	-14.5	-59.3	-29.7	-	-127.5
Disposals	1.6	-	0.7	10.2	-	12.5
Depreciation for the financial year	-3.3	-1.8	-10.1	-0.5	-	-15.7
Accumulated depreciation and impairment 31 Dec 2024	**-25.8**	**-16.3**	**-68.7**	**-19.9**	**-**	**-130.7**
Book value 31 Dec 2024	**13.8**	**58.3**	**64.8**	**2.2**	**2.2**	**141.2**

In addition to the aircraft rotable parts included in the other fixed assets, Finnair's inventories include non-rotable aircraft parts amounting to 29.6 million euros (26.7).

Other fixed assets 2023

EUR mill.	Aircraft rotable parts	Buildings and land	Other equipment	Intangible assets	Advances	Total
Acquisition cost 1 Jan 2023	35.3	74.5	122.5	40.7	0.4	273.4
Additions	3.6	-	2.5	0.3	0.8	7.3
Disposals	-1.7	-	-0.6	-9.0	-	-11.3
Reclassifications	-	-	0.1	0.1	-0.1	0,0
Acquisition cost 31 Dec 2023	**37.2**	**74.5**	**124.5**	**32.0**	**1.0**	**269.3**
Accumulated depreciation and impairment 1 Jan 2023	-22.3	-12.7	-50.5	-37.7	-	-123.3
Disposals	1.4	-	0.6	9.0	-	11.0
Depreciation for the financial year	-3.1	-1.8	-9.4	-1.0	-	-15.3
Accumulated depreciation and impairment 31 Dec 2023	**-24.1**	**-14.5**	**-59.3**	**-29.7**	**-**	**-127.5**
Book value 31 Dec 2023	**13.2**	**60.1**	**65.2**	**2.3**	**1.0**	**141.8**

A = Accounting principles

Capitalised borrowing costs

	Aircraft		Advances		Total	
EUR mill.	2024	2023	2024	2023	2024	2023
Book value 1 Jan	7.8	8.3	7.4	4.5	15.3	12.8
Additions	6.0	-	-2.0	2.9	4.0	2.9
Depreciation	-0.5	-0.5	-	-	-0.5	-0.5
Book value 31 Dec	**13.3**	**7.8**	**5.4**	**7.4**	**18.7**	**15.3**

In 2024, borrowing costs of 4.0 million euros (2.9) were capitalised in tangible assets related to the Airbus A350 investment programme. Finnair uses the effective interest rate to calculate the capitalised borrowing costs that represents the costs of the loans used to finance the investment. The average yearly interest rate in 2024 was 5.4% (5.1%). The general borrowings used to fund the acquisition of capital assets are included in the calculation of the capitalisation rate.

Assets and liabilities held for sale

Finnair had no assets classified as held for sale at the end of the financial year 2024.

Pledged assets and other restrictions on fixed assets

Finnair does not have fixed assets pledged as a security for bank loans. Fleet assets include three A350 aircraft financed with JOLCO-loans and two A350 aircraft where the legal title is transferred to Finnair after loans are repaid. More details on these arrangements are presented in the note 3.3. Financial liabilities.

Investment commitments

Investment commitments as at the end of the year totalled 162.6 million euros (313.7) and they include firm aircraft orders, other aircraft related investments as well as committed maintenance investments. Out of the total investment commitments, 22.6 million euros is expected to take place within the next 12 months and 140.0 million euros during the following 1-5 years. The amount of the total commitments fluctuates between the order and the delivery date of the aircraft mainly due to EUR/USD exchange rate changes and escalation clauses included in airline purchase agreements. The exact amount of the commitments in relation to each aircraft is only known at the time of the delivery.

2.2 Leasing arrangements

A The Group as lessee

Finnair assesses whether a contract that relates to tangible assets is, or contains, a lease in accordance with the IFRS 16. Lease agreements for tangible assets, where the contract conveys the right to use an identified asset for a period of time in exchange for consideration, are classified as leases.

The lease term is the non-cancellable period for which a lessee has the right to use an underlying asset, together with both periods covered by an option to extend the lease if Finnair is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if Finnair is reasonably certain not to exercise the option.

The lease recognition requirements are not applied to short-term leases, where at the commencement date, the lease term is 12 months or less and does not contain a purchase option. Finnair considers the lease period to be the period that is enforceable. Hence, for contracts where the contract term is non-fixed and Finnair has the right to terminate the contract without the permission from the other party with no more than an insignificant penalty and there are no other indications that the contract is enforceable, Finnair classifies these contracts as short-term. The lease recognition requirements are also not applied to leases that are not material to Finnair.

For short-term leases and immaterial leases to which these exemptions are applied, the lease payments are recognised as an expense on either a straight-line basis over the lease term, or on another systematic basis if that basis is more representative of the pattern of Finnair's benefit.

At the commencement date of a lease, Finnair recognises both a right-of-use asset and a lease liability.

The lease liability is the present value of future lease payments. At Finnair, lease payments for aircraft leases typically contain variable payments that depend on interest rates and indices. The variable payments are included in the measurement of the lease liability from the commencement date of the lease.

The right-of-use asset is measured at cost, comprising
- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any incentives received;
- any initial direct costs incurred by Finnair; and
- an estimate of costs to be incurred by Finnair in restoring the assets to the condition required by the terms and conditions of the lease.

In most cases, Finnair is obliged to return leased aircraft and their engines according to the redelivery condition set in the lease agreement. If at the time of redelivery, the condition of the aircraft and its engines differs from the agreed redelivery condition, Finnair needs to either maintain the aircraft so that it meets the agreed redelivery condition or settle the difference in cash to the lessor.

The maintenance costs can be divided into two main groups:
1) costs that are incurred independent of the usage of the aircraft / leasing period and
2) costs that are incurred dependent on the usage of the aircraft / leasing period

The final check and painting required at redelivery are considered unavoidable maintenance costs that realise when the aircraft is redelivered to the lessor, irrespective of the time or flight hours. The counterpart of the provision is recorded in the book value of the right-of-use asset at the commencement of the lease.

Respectively, costs depending on the usage of the aircraft are not considered as part of the right-of-use asset cost.

Finnair remeasures the lease liability when there is a lease modification that changes the scope of a lease or the consideration for the lease, that was not part of the original terms and conditions of the lease (including changes in lease payments resulting from a change in indices and rates used in variable aircraft lease payments) or when the the likehood of Finnair using a purchase-option is changed. The amount of the remeasurement of the lease liability is generally recognised as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the remaining measurement is recognised in profit or loss.

After initial recognition, right-of-use assets are measured at cost less any accumulated depreciations and accumulated impairment losses. The assets are depreciated with a straight-line method from the commencement date to the shorter of end of useful life of the right-of-use asset and the end of lease term. However, if the lease transfers ownership of the asset to Finnair by the end of lease term or if the cost of the right-of-use asset reflects that Finnair will exercise a purchase option, the right-of-use asset is depreciated from the commencement date to the end of useful life of the asset.

At Finnair aircraft lease contracts contain the interest rate implicit in the lease, even if the aircraft lease agreements do not clearly define the interest rate implicit in the lease. Since the fair values of the aircraft are provided publicly by third parties, Finnair is able to calculate the implicit interest rate for each qualifying aircraft operating lease. The rate implicit in the lease is defined as the rate that causes the sum of the present value of the lease payments and the present value of the unguaranteed residual value of the underlying asset at the end of the lease to equal the sum of the fair value of the underlying asset and any initial direct costs of the lessor. The implicit interest rate is determined by each aircraft lease contract separately.

For other lease contracts, an implicit interest rate cannot be usually determined. The incremental borrowing rate is therefore used and it is determined by each class of assets separately, based on management estimate.

Aircraft lease contracts are usually denominated in foreign currency (US dollars) and the foreign currency lease liabilities are revalued at each balance sheet date to the spot rate. The lease payments (lease payments made) are accounted for as repayments of the lease liability and as interest expense.

The Group as lessor

Agreements, where the Group is the lessor, are accounted for as operating leases, when a substantial part of the risks and rewards of ownership are not transferred to the lessee. The assets leased under operating lease are included in the tangible assets and they are depreciated during their useful life. Depreciation is calculated using the same principles as the tangible assets for own use. Under the provisions of certain aircraft lease agreements, the lessee is required to pay periodic maintenance reserves which accumulate funds for aircraft maintenance. Advances received for maintenance are recognised as liability, which is charged, when maintenance is done. The rents for premises and aircraft are recognised in the income statement as other operating income over the lease term.

Agreements, where the Group is the lessor, are accounted for as finance leases, when a substantial part of the risks and rewards of ownership are transferred to the lessee. Finnair recognises assets held under a finance lease in its balance sheet and presents them as a receivable at an amount equal to the net investment of the lease which is equal to the sum of the present values of the lease income it will receive in the future and the unguaranteed residual value.

Finnair subleases aircraft and buildings as well as ground equipment from time to time, which are classified either as finance leases or operating leases based on the individual contract terms. A lease is classified on its commencement

A = Accounting principles
! = Critical accounting estimates

date and is reassessed only if the lease is amended. At the commencement date, for the subleases, a net investment (lease receivable), equaling to the present value of lease payments and the present value of the unguaranteed residual value, is recognised. The proportion of the right-of-use asset subleased is derecognised from the balance sheet and the difference between the right-of-use asset and the net investment is recognised in the profit or loss, in other operating income and expenses. Subsequently, the lease payments received are accounted for as repayments of the lease receivable and as interest income.

Sale and leaseback
In sale and leaseback transactions, where Finnair sells and then leases back aircraft, Finnair measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained by the Group. Accordingly, Finnair recognises only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. A

! Leasing arrangements
Determining the interest rate and lease term used in discounting the lease payments, estimating the redelivery obligations of aircraft leases and the classification of sublease agreements to operating and financial leases require management discretion in interpretation and application of accounting standards.
The carrying value of the right-of-use assets are tested for impairment as part of cash generating unit at the balance sheet date. More details is presented in the note 2.3. !

Right-of-use assets 2024

EUR mill.	Aircraft	Buildings and land	Other equipment	Total
Book value 1 Jan 2024	775.0	114.8	25.6	915.3
New contracts	2.1	8.2	3.6	13.9
Reassessments and modifications	16.4	13.7	0.1	30.2
Disposals	-29.4	-	-	-29.4
Depreciation for the financial year	-127.9	-14.6	-6.8	-149.3
Impairment	-	-0.7	-	-0.7
Book value 31 Dec 2024	**636.2**	**121.4**	**22.5**	**780.0**

New contracts are mainly related to the new Schengen lounge at Helsinki-Vantaa airport and a spare engine lease contract. Reassessments and modifications are primarily related to lease extensions made for one A330 and one A321 aircraft, as well as to the non-Schengen lounge at Helsinki-Vantaa airport. Disposals are related to the purchases of one leased A350 and one leased A321 aircraft, for which the leasing contracts were terminated in connection with the acquisitions.

Right-of-use assets 2023

EUR mill.	Aircraft	Buildings and land	Other equipment	Total
Book value 1 Jan 2023	932.9	114	31.4	1,078.20
New contracts	0.2	18.6	5.5	24.3
Reassessments and modifications	45.0	9.0	-3.5	50.5
Disposals	-46.2	-	-	-46.2
Depreciation for the financial year	-156.9	-13.1	-7.7	-177.8
Impairment	-	-13.7	-	-13.7
Book value 31 Dec 2023	**775.0**	**114.8**	**25.6**	**915.3**

Lease liabilities

	Aircraft		Buildings and land		Other equipment	
EUR mill.	2024	2023	2024	2023	2024	2023
less than one year	140.9	143.2	16.7	14.8	7.0	6.0
1–5 years	409.3	464.8	63.8	51.5	16.7	20.5
more than 5 years	276.2	332.3	73.7	81.9	-	-
Total	**826.4**	**940.3**	**154.2**	**148.2**	**23.7**	**26.6**

The Group leases aircraft, premises and other fixed assets, for which the lease liability is recorded on the balance sheet. The lease agreements have different terms of renewal and include index-linked terms and conditions. The Group was operating 31 leased aircraft at the end of the year with lease agreements of different tenors.

Finance lease receivables, Group as lessor

	Buildings and land	
EUR mill.	2024	2023
less than 12 months	0.3	0.3
13–24 months	0.0	0.3
25–36 months	0.0	0.0
37–48 months	0.0	0.0
49–60 months	0.0	0.0
more than 60 months	0.1	0.1
Total	**0.5**	**0.8**

During the period, the Group had finance lease receivables related to the buildings and land area located in the airport area.

Leasing arrangements in profit and loss

EUR mill.	2024	2023
Depreciation expense of right-of-use assets	-149.3	-177.8
Interest expense on lease liabilities	-60.0	-70.7
Interest income on sublease receivables	0.0	0.0
Exchange rate changes of lease liabilities	-54.2	37.0
Hedging result of lease liabilities	19.5	-4.6
Short-term wet leases	-28.2	-26.9
Short-term office rents	-2.7	-3.8
Variable purchase traffic and cargo capacity rents	-83.5	-80.3
Total	**-358.4**	**-327.1**

Operating expenses include costs related to short-term and capacity based rental agreements, that are not material for the Group or do not contain a lease according to IFRS 16, and are therefore not recognised in the balance sheet. In the income statement, the short-term wet leases and variable purchase traffic and cargo capacity rents are included in capacity rents and the short-term office rents are included in property, IT and other expenses. Gains related to sale and leaseback transactions are recorded in other operating income in profit and loss. Total cash outflow relating to leases was -342.6 million euros (-376.7).

A = Accounting principles

Off-balance sheet lease commitments, Group as lessee

	Premises rents		Other rents	
EUR mill.	2024	2023	2024	2023
less than one year	2.5	2.6	1.9	0.9
1–5 years	3.4	4.7	1.7	0.5
more than 5 years	6.5	7.0	-	-
Total	**12.4**	**14.3**	**3.6**	**1.5**

Off-balance sheet lease commitments are short-term lease agreements and other lease agreements for which the underlying asset is of low value or contracts that do not contain a lease according to IFRS 16. Therefore, these contracts are not recognised as right-of-use assets and lease liabilities in the balance sheet. The most significant item in the rents for premises is the right-to-use a test cell, which is excluded from the lease liabilty on the basis that it is not for the exclusive use of Finnair. Other rents include IT equipment leases that are not material.

Off-balance sheet lease receivables, Group as lessor

	Aircraft		Buildings and land	
EUR mill.	2024	2023	2024	2023
less than 12 months	22.6	23.5	2.3	2.3
13–24 months	22.6	23.5	1.9	2.2
25–36 months	11.6	23.5	1.9	1.9
37–48 months	3.7	11.3	0.8	1.9
49–60 months	0.5	3.4	-	0.8
more than 60 months	-	0.4	-	-
Total	**60.9**	**85.6**	**6.9**	**9.1**

The Group has leased 15 owned aircraft as well as premises with irrevocable lease agreements. Additionally, Finnair has subleased 9 aircraft classified as operating leases. These agreements have different terms of renewal and other index-linked terms and conditions.

2.3 Depreciation and impairment

A Depreciation
Depreciation of assets is determined based on their expected useful life or maintenance cycle and residual value. Depreciation for all assets is calculated using straight-line method. Depreciation is started when the asset is available for use. Depreciation is ceased when the asset is either classified as held for sale or derecognised. The useful life and residual value for assets are described in more detail in the note 2.1. A

EUR mill.	2024	2023
Amortisation of intangible assets	0.5	1.0
Depreciation of own fleet	164.6	139.5
Depreciation of right-of-use fleet	127.9	156.9
Depreciation of other tangible assets	15.3	14.3
Depreciation of other right-of-use assets	21.4	20.9
Amortisation and depreciation	**329.5**	**332.6**
Impairment of assets	0.7	13.7
Impairment	**0.7**	**13.7**
Total	**330.3**	**346.2**
Total depreciation and impairment in income statement	**330.3**	**346.2**

Depreciation and impairment include both planned depreciations on fixed assets as well as impairment. The change in depreciation of own and right-of-use fleet is mainly due to nine lease buyouts completed in 2023 which resulted in an increase in the depreciation of own fleet as well as a decrease in the depreciation of right-of-use fleet.

During 2024, Finnair recorded an impairment of 0.7 million euros (13.7) related to a land lease agreement located at the airport and the lease agreement for the building on it due to low utilisation of the leased property. As of 31 December 2024, the lease liability related to the property totalled 12.6 million euro.

Impairment testing

A Impairment testing
Finnair reviews its fleet, other fixed assets and other non-current assets for indication of impairment on each balance sheet date. The recoverable amount of an asset or a cash generating unit is determined as the higher of value in use and the fair value less cost to sell. An impairment loss is recognized if an asset's recoverable amount is less than its carrying amount.

The recoverable amount is defined for the cash generating unit, and the impairment is evaluated at the cash generating unit level. Finnair is a network carrier with highly integrated fleet operations and it considers all its fleet (including the right-of-use fleet) and other closely related assets as one cash-generating unit. Also intangible assets with indefinite useful life have been identified to belong to the one cash-generating unit. Assets that are either idle or held for sale are excluded from the cash-generating unit and reviewed for impairment separately. A

! = Critical accounting estimates
i = Content of the section
A = Accounting principles

! Calculation of the recoverable amount
Finnair applies the value in use model as its primary method for determining the recoverable amount of the assets. The value in use measurement is based on a discounted cash flow model where the cash flow projections are based on Finnair's strategy approved by the Board of Directors and a management forecast covering a five-year period. The cash flow projections beyond the five-year period are based on the management's long-term growth assumptions. Preparation of the calculations used for impairment testing requires the use of significant management judgement and estimates, which is why the actual outcome may differ from the current management estimates and assumptions made. !

Finnair has not identified indications of possible impairment in connection with the preparation of its 2024 consolidated financial statements. As part of Finnair's internal process, in addition to the evaluation of separate impairment indicators, Finnair's management prepares an annual impairment test which indicated no need for impairment. Although the EBITDA-margin sensitivity used in the impairment testing decreased to -1.6 percentage points compared to previous year's -2.7 percentage points, a reasonably possible change in any single key assumption would not result in an impairment.

3 Capital structure and financing costs

3.1 Financial income and expenses

i The notes related to financial assets, liabilities and equity have been gathered into the capital structure and financing costs-section in order to give a better overview of the Group's financial position. The note ´Earnings per share´ has been added to the equity section. i

A Interest income and expenses
Interest income and expenses are recognised on a time-proportion basis using the effective interest method. Interest expenses related to the financing of significant investments are capitalised as part of the asset acquisition cost and depreciated over the useful life of the asset.
More detailed information about financial assets can be found in note 3.2 and about interest bearing liabilities in note 3.3. A

EUR mill.	2024	2023
Interest income on leases	0.0	0.0
Gains on investment instruments held at FVPL	36.8	38.0
Interest from assets held at amortised cost	6.4	14.7
Other interest income	0.0	0.0
Other financial income	1.6	3.4
Dividend income	0.0	0.0
Financial income total	**44.9**	**56.2**
Interest on leases	-60.0	-70.7
Other financial expenses	-10.3	-25.4
Interest expenses for liabilities measured at amortised cost	-36.9	-46.0
Interest rate swaps, fair value hedges	6.3	-
Fair value adjustment to bond book value attributable to interest rate risk	-6.3	-
Financial expenses total	**-107.2**	**-142.2**
Foreign exchange gains and losses	-5.8	13.7
Financial expenses, net	**-68.1**	**-72.3**

In the effectiveness testing of the Group's hedge accounting, both cash flow and fair value hedging were found to be effective at year end 2024. Thus, as in the comparison year 2023, no inefficiency is included in the financial items for 2024. Financial income and expenses include an identical amount of profit and loss for fair value hedging instruments and for hedged items resulting from the hedged risk.

In 2024, foreign exchange gains and losses recognised in financial expenses consist of a net realised exchange gain of 25.1 million euros and a net unrealised exchange loss of 30.9 million euros which were mostly caused by strenghtening of US dollar relative to euro. During the year 2024, 4.0 million euros of interest expense was capitalised in connection with the A350 investment program (3.0). More information about the capitalised interest can be found in note 2.1 Fleet and other fixed assets.

Other financial expenses include for example guarantee fees as well as interest and penalties related to taxes.

A = Accounting principles

3.2 Financial assets

A Financial assets

In the Group, financial assets have been classified into the following categories according to the IFRS 9 standard "Financial Instruments": amortised cost and fair value through profit and loss. The classification is made at the time of the original acquisition based on the objective of the business model and the characteristics of contractual cash flows of the investment, or by applying a fair value option. All purchases and sales of financial assets are recognised on the trade date.

Financial assets at fair value through profit and loss include such assets as investments in bonds and money market funds. Financial assets at fair value through profit and loss have mainly been acquired to obtain a gain from short-term changes in market prices. All those derivatives that do not fulfil the conditions for the application of hedge accounting are classified as financial assets at fair value through profit and loss and are valued at fair value in each financial statement. Realised and unrealised gains and losses arising from changes in fair value are recognised in the income statement in the period in which they arise. Financial assets recognised at fair value through profit and loss, as well as those maturing within 12 months, are included in current assets.

In Finnair Group, unquoted shares are valued at their acquisition price in the absence of a reliable fair value.

Investments in debt securities are measured at amortised cost, but only when the objective of the business model is to hold the asset to collect the contractual cash flows and the asset's contractual cash flows represent only payments of principal and interest. Financial assets recognised at amortised cost are valued using the effective interest method. Financial assets valued at amortised cost include trade receivables and security deposits for aircraft operating lease agreements. Due to the nature of short-term receivables and other receivables, their book value is expected to be equal to the fair value.

Derecognition of financial assets takes place when the Group has lost its contractual right to receive cash flows or when it has substantially transferred the risks and rewards outside the Group.

Impairment of financial assets

Finnair Group recognises impairment provisions based on lifetime expected credit losses from trade receivables in accordance with IFRS 9. Finnair has chosen to apply a simplified credit loss matrix for trade receivables as trade receivables do not have a significant financing component. Accordingly, the credit loss allowance is measured at an amount equal to the lifetime expected credit losses. The expected credit loss model is forward-looking, and expected default rates are based on historical realised credit losses. The lifetime expected credit loss allowance is calculated using the gross carrying amount of outstanding trade receivables in each aging bucket and an expected default rate. The changes in expected credit losses are recognised in other expenses in the consolidated income statement. More information on the credit loss provision on trade receivables can be found in note 1.2.3. Receivables related to revenue.

The impairment model does not apply to financial investments, such as bonds and money market funds, included in other financial assets as those are measured at fair value through profit and loss under IFRS 9, which already takes into account expected credit losses. With respect to the assets measured at amortised cost, Finnair is actively following such instruments and will recognise impairment through profit and loss if there is evidence of deterioration in credit quality.

Cash and cash equivalents

Cash and cash equivalents consist of cash reserves and short-term bank deposits with maturity of less than three months. Foreign exchange-denominated items have been converted to euro using the mid-market exchange rates on the closing date. A

3.2.1 Other current financial assets

EUR mill.	2024	2023
Commercial paper, certificates and bonds	73.2	53.4
Money market funds	589.5	723.4
Unlisted shares	2.2	-
Total	**664.9**	**776.8**
Ratings of counterparties		
Better than A		
A	19.8	-
BBB	29.6	21.7
BB	4.9	3.9
Unrated	610.6	751.2
Total	**664.9**	**776.8**

As of 31 December 2024, investments in instruments issued by unrated counterparties mostly include investments in money market funds (EUR 723.4 million euros).

The Group's financial asset investments and risk management policy are described in more detail in Note 3.5. The IFRS classifications and fair values of the financial assets are presented in Note 3.6.

3.2.2 Cash and cash equivalents

EUR mill.	2024	2023
Cash and bank deposits	219.1	145.1
Total	**219.1**	**145.1**

The items include cash and bank deposits realised on demand. Foreign currency cash and bank deposits have been valued using the closing date mid-market exchange rates. The reconciliation of cash and cash equivalents is illustrated in the notes of the consolidated cash flow statement.

3.3 Financial liabilities

A Financial liabilities

Finnair Group's financial liabilities are classified into two different classes: amortised cost and fair value through profit and loss. Financial liabilities are initially recognised at fair value on the basis of the original consideration received. Transaction costs have been included in the original book value of financial liabilities. Thereafter, all non-derivative financial liabilities are valued at amortised cost using the effective interest method. Financial liabilities are included in long- and short-term liabilities, and they can be interest-bearing or non-interest-bearing. Loans that are due for payment within 12 months are presented in the short-term liabilities. Foreign currency loans are valued at the mid-market exchange rate on the closing date, and translation differences are recognised in the financial items.

Accounts payable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities takes place when the Group has fulfilled the contractual obligations. A

Non-current liabilities

EUR mill.	2024	2023
Loans from financial institutions, non-current	-	199.8
JOLCO loans and other	232.9	209.2
Bonds	502.5	381.3
Lease liabilities	839.7	951.0
Interest-bearing liabilities total	**1,575.1**	**1,741.3**
Non-interest-bearing liabilities	**7.5**	**6.9**
Total	**1,582.6**	**1,748.1**

Finnair's interest-bearing liabilies decreased during the financial year 2024. Most significant financing transactions affecting interest-bearing liabilities during 2024 were the issuance of a 500-million-euro senior unsecured bond, one ECA financing agreement for one Airbus A350 aircraft in excess of 100 million euros, repayment of the pension premium loan in full and lease buybacks on aircraft.

The Group's JOLCO loans and other include the JOLCO loans (Japanese Operating Lease with Call Option) for three A350 aircraft and export credit support for two A350 aircraft. Export credit support is a debt arrangement to finance aircraft. The transactions are treated as loans and owned aircraft in Finnair's accounting. Non-interest-bearing liabilities mainly include leases and maintenance reserves related to the aircraft leased to other airlines.

Current interest-bearing liabilities

EUR mill.	2024	2023
Loans from financial institutions, current	-	80.0
JOLCO loans and other	125.4	40.4
Lease liabilities	164.6	164.0
Total	**290.1**	**284.3**

JOLCO loans and other include the JOLCO loans (Japanese Operating Lease with Call Option) for three A350 aircraft and export credit support for two A350 aircraft. The transactions are treated as loans and owned aircraft in Finnair's accounting.

	Fair value		Book value	
Interest-bearing liabilities, EUR in millions	2024	2023	2024	2023
Lease liabilities	1,004.4	1115.0	1,004.4	1115.0
Loans from financial institutions	-	272.1	-	279.7
Bonds	511.0	371.9	502.5	381.3
JOLCO loans and other	353.4	231.9	358.3	249.5
Total	**1,868.8**	**1,990.9**	**1,865.2**	**2,025.6**

Fair values of interest-bearing liabilities (excluding lease liabilities) have been calculated by discounting the expected cash flows using the market interest rate and company's credit risk premium at the reporting date. Fair value of bonds has been calculated by using the quoted price of reporting date (102.2).

	Short-term borrowings	Long-term borrowings	Short-term lease liabilities	Long-term lease liabilities	Total
Total liabilities from financing activities, 1 January 2024	**120.3**	**790.2**	**164.0**	**951.0**	**2,025.6**
Repayments	-121.4	-584.3	-170.3	-	-875.9
Acquisitions	-	-	1.8	42.7	540.1
Decreases	-	-	-	-38.5	-38.5
Foreign exchange adjustments	-	16.9	9.1	44.6	70.6
Reclassification between short-term and long-term liabilities	126.4	-126.4	160.0	-160.0	0.0
Other non-cash movements	0.0	143.3	-	-	143.3
Total liabilities from financing activities, 31 December 2024	**125.4**	**735.4**	**164.6**	**839.7**	**1,865.2**

	Short-term borrowings	Long-term borrowings	Short-term lease liabilities	Long-term lease liabilities	Total
Total liabilities from financing activities, 1 January 2023	**240.0**	**1,058.4**	**202.7**	**1,128.0**	**2,629.1**
Repayments	-239.8	-137.5	-198.1	-	-575.5
Acquisitions	-	-	3.1	73.1	76.1
Decreases	-	-	-	-56.9	-56.9
Foreign exchange adjustments	-	-12.4	-5.7	-31.0	-49.1
Reclassification between short-term and long-term liabilities	120.0	-120.0	162.1	-162.1	0.0
Other non-cash movements	0.1	1.7	-	-	1.8
Total liabilities from financing activities, 31 December 2023	**120.3**	**790.2**	**164.0**	**951.1**	**2,025.6**

Maturity dates of interest-bearing financial liabilities 31 Dec 2024 EUR mill.	2025	2026	2027	2028	2029	Later	Total
JOLCO loans and other, fixed interest	22.5	11.2	-	-	-	-	33.7
JOLCO loans and other, variable interest	103.0	45.5	22.2	22.4	22.5	112.2	327.9
Bonds, fixed interest	-	-	-	-	500.0	-	500.0
Lease liabilities, fixed interest	124.6	105.6	96.5	73.8	73.7	276.3	750.5
Lease liabilities, variable interest	40.0	39.5	41.5	38.9	20.4	73.7	253.9
Interest-bearing financial liabilities total	**290.1**	**201.8**	**160.3**	**135.1**	**616.6**	**462.1**	**1,866.0**
Payments from interest rate and currency derivatives	777.0	94.0	-	-	20.1	-	891.1
Income from interest rate and currency derivatives	-797.7	-101.3	-	-1.9	-29.3	-	-930.2
Commodity derivatives	33.7	1.5	-	-	-	-	35.2
Trade payables and other liabilities	240.4	-	-	-	-	-	240.4
Interest payments	92.1	75.3	64.1	56.1	49.5	75.6	412.6
Total	**635.6**	**271.3**	**224.3**	**189.3**	**657.0**	**537.7**	**2,517.1**

Maturity dates of interest-bearing financial liabilities 31 Dec 2023 EUR mill.	2024	2025	2026	2027	2028	Later	Total
JOLCO loans and other, fixed interest	-	23.4	11.7	-	-	-	35.1
JOLCO loans and other, variable interest	40.4	85.9	31.9	10.0	10.1	39.3	217.5
Loans from financial institutions, variable interest	80.0	200.0	-	-	-	-	280.0
Bonds, fixed interest	-	382.5	-	-	-	-	382.5
Lease liabilities, fixed interest	127.6	131.9	101.8	89.7	68.5	329.0	848.5
Lease liabilities, variable interest	36.4	36.4	35.9	37.7	35.0	85.2	266.5
Interest-bearing financial liabilities total	**284.4**	**860.1**	**181.2**	**137.3**	**113.7**	**453.4**	**2,030.1**
Payments from interest rate and currency derivatives	872.4	2.3	2.7	-	1.7	-	879.1
Income from interest rate and currency derivatives	-864.9	-	-	-	-	-	-864.9
Commodity derivatives	15.8	1.5	-	-	-	-	17.4
Trade payables and other liabilities	274.1	-	-	-	-	-	274.1
Interest payments	96.8	73.2	45.1	34.6	27.6	84.1	361.3
Total	**678.5**	**937.2**	**229.1**	**171.9**	**142.9**	**537.5**	**2,697.0**

The interest rate re-fixing period is three months for variable interest loans and for variable interest lease liabilities. The bonds maturing do not include the amortised cost of 3.8 million euros paid in 2024 and due on 2029. JOLCO loans do not include the amortised cost of 3.2 million euros paid on 2016 and due in 2025. Therefore, the total amount of interest-bearing financial liabilities differs from the book value by the amount equal to the amortised costs.

The minimum lease payments, discount values and present values of lease liabilities are presented in Note 2.2 Leasing arrangements.

The currency mix of interest-bearing liabilities is as follows:

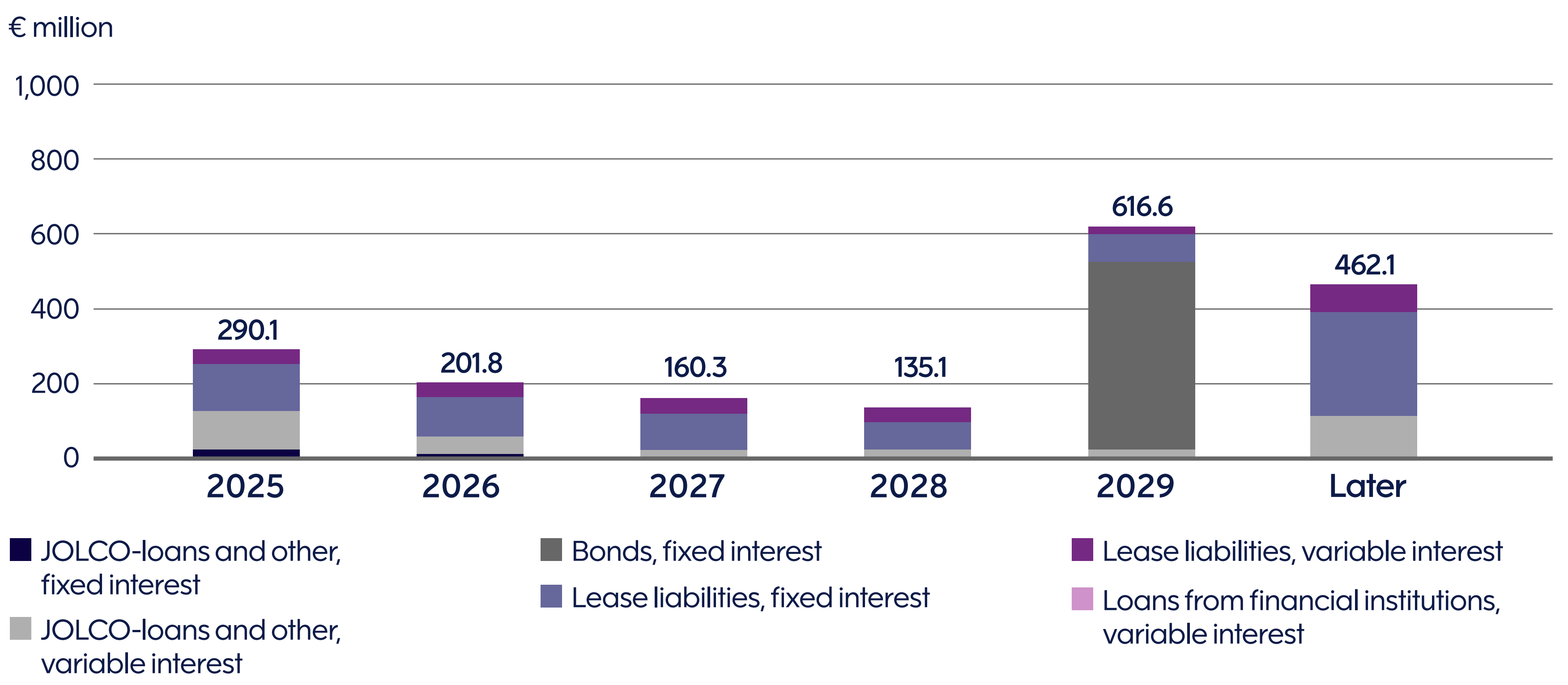
EUR mill.	2024	2023
EUR	822.5	841.2
USD	1,008.9	1,149.2
JPY	33.7	35.1
HKD	0.1	0.1
	1,865.2	**2,025.6**

The weighted average effective interest rate on interest-bearing liabilities was 5.0% (4.0%).

Interest rate re-fixing period of interest-bearing liabilities

	2024	2023
Up to 6 months	39.7%	22.2%
6–12 months	1.7%	0.1%
1–5 years	21.9%	43.9%
More than 5 years	36.7%	33.8%
Total	**100.0%**	**100.0%**

Maturity dates of interest-bearing financial liabilities



3.4 Contingent liabilities

EUR mill.	2024	2023
Guarantees on behalf of group companies	58.2	51.5
Total	**58.2**	**51.5**

3.5 Management of financial risks

Principles of financial risk management

The nature of Finnair Group's business operations exposes the company to a variety of financial risks: foreign exchange, interest rate, credit, liquidity and commodity price risks. The Group's policy is to limit the uncertainty caused by such risks on cash flow, financial performance, balance sheet items and equity.

The management of financial risks is based on the risk management policy prepared by the Financial Risk Steering Committee and approved by the Board of Directors. The policy specifies the minimum and maximum levels permitted for each type of risk. Financial risk management is directed and supervised by the Financial Risk Steering Committee. Practical implementation of the risk management policy and risk management have been centralized to the parent company's treasury department.

For the management of foreign exchange, interest rate and jet fuel the company uses different derivative instruments, such as forward contracts, swaps and options. At inception, derivatives are designated as hedges of highly probable cash flows (cash flow hedges), hedges of firm orders (hedges of the fair value of firm commitments) or as financial derivatives where the hedging relationship does not qualify for hedge accounting (economic hedges). Finnair Group implements cash flow hedging through foreign exchange hedging of highly probable forecasted sales and costs denominated in foreign currencies and jet fuel price risk, in accordance with the hedge accounting principles of IFRS 9. Hedge accounting compliant fair value hedges of Finnair Group consist of interest rate hedges of the issued bond and fair value hedges of firm aircraft purchase commitments.

Fuel price risk in flight operations

Fuel price risk means the cash flow and financial performance uncertainty arising from fuel price fluctuations.

Finnair hedges against jet fuel price fluctuations using jet fuel forward contracts and options. The Jet Fuel CIF Cargoes NWE index is used as the underlying asset of jet fuel derivatives, since approximately 63 per cent of Finnair's fuel purchase contracts are based on the benchmark price index for Northwest Europe jet fuel deliveries.

Finnair applies the principle of time-diversification in its fuel hedging. Finnair updated its risk management policy in December 2023, and hedging horizon was extended from 12 months to 18 months. The risk management policy states that hedging ratio must be increased during each quarter of the year, so that for the first three months of the hedging period the hedge ratio is approximately between 70 per cent and 95 per cent, with target ratio being 80 per cent. Thereafter, lower hedge ratio limits apply for each quarter. Due to hedging, the fuel cost per period is not as low as the spot-based price when prices fall, but when spot prices rise, the fuel cost rises more slowly.

The hedges of jet fuel consumption are treated as cash flow hedges in accounting, in accordance with the hedge accounting principles of IFRS 9. During 2024, Finnair has hedged the jet fuel price risk in its entirety, without separating it into underlying risk components, such as crude oil price risk. However, Finnair has used proxy hedging for certain layer components of its jet fuel consumption, as described below.

In the hedging of jet fuel price risk, Finnair Group designates layer components of its jet fuel consumption as hedged items. The layer components are defined as jet fuel consumption linked to different jet fuel price benchmarks. The first layer is defined as jet fuel purchases based on the Jet Fuel CIF Cargoes NWE index, with consumption linked to other price benchmarks, notably Cargoes FOB Singapore, representing other layers. Since the Jet Fuel CIF Cargoes NWE index is used as the underlying of all jet fuel derivatives, they are designated as proxy hedges for consumption based on other price benchmarks. Therefore, ineffectiveness may arise if the correlation between the NWE index and the price benchmark for the underlying consumption is not high enough for the fair value changes in the hedged item and the hedging instrument to be exactly offsetting. Any ineffectiveness resulting from overhedging or insufficient correlation is recognised in fair value changes in derivatives and changes in exchange rates of fleet overhauls.

Emission price risk

Emission price risk means the cash flow and financial performance uncertainty arising from emission price fluctuations related to emissions trading schemes (EU-ETS and UK-ETS). On the closing date, all requirements for calendar year 2024 were covered, and Finnair had hedged approximately 58% of its exposure for year 2025 with forward purchase agreements. Finnair has entered into these forward purchase agreements to hedge against emission price fluctuations. Forward purchase agreements qualify for own use exemption and are not accounted for as a financial instrument under IFRS 9. Total value of these forward purchase agreements equals approximately 45 million euros.

Timing of the notional and hedged price	Hedged price $/tonne	Notional amount (tonnes)	Maturity Under 1 year	Maturity 1 to 2 years
31 December 2024				
Jet fuel consumption priced with NWE index	785.2	776,284	660,284	116,000
Jet fuel consumption priced with SING index	801.6	52,716	52,716	-
31 December 2023				
Jet fuel consumption priced with NWE index	892.1	655,264	626,264	29,000
Jet fuel consumption priced with SING index	918.3	21,736	21,736	-

The average hedged price of the instruments hedging highly probable jet fuel purchases is calculated by taking into account only the hedging (bought) leg of collar option structures, and therefore represents the least favorable hedged rate. The most favorable rate, calculated by including only the sold leg of collar option structures, is 758.35 US dollars per tonne for NWE consumption, and 779.54 US dollars for SING consumption. Options excluded from hedge accounting are excluded in both cases.

At the end of the financial year, Finnair had hedged 77 per cent of its forecasted fuel purchases for the first six months of 2025 and 46 per cent of the purchases for the second half of the year. In the financial year 2024, fuel used in flight operations accounted for approximately 34 per cent of Group's turnover. At the end of the financial year, the forecast for 2025 is approximately 37 per cent of the Group's turnover. On the closing date, a 10 per cent rise in the market price of jet fuel – excluding hedging activity – increases annual fuel costs by an estimated 76 million euros. On the closing date – taking hedging into account – a 10 per cent rise in the market price of jet fuel lowers the operating profit by around 37 million euros.

Foreign exchange risk

Foreign exchange risk means the uncertainty in cash flows and financial performance arising from exchange rate fluctuations.

Finnair Group's foreign exchange risk mainly arises from fuel purchases, aircraft lease liabilities, acquisition and divestment of aircraft, aircraft maintenance, overflight royalties and foreign currency revenue. About 59 per cent of the Group's revenue is denominated in euros. The most important foreign revenue currencies are the US dollar (10 per cent, percentage of revenue), the Japanese yen (5 per cent) and the British pound sterling (4 per cent). Approximately 41 per cent Group's operating costs are denominated in foreign currencies. The most important purchasing currency is the US dollar, which accounts for approximately 35 per cent of all operating costs. The most significant US dollar-denominated expense is fuel costs. The largest investments – aircraft and their spare parts – are also mainly made in US dollars.

The risk management policy divides the foreign exchange position into three parts, namely exposure to forecasted cash flows, balance sheet position and investment position.

The cash flow exposure mainly consists of sales denominated in a number of different currencies and US dollar-denominated expenses. Forecasted jet fuel purchases, aircraft materials and overhaul expenses and traffic charges form a group of similar items that are hedged with the same hedging instrument. The purpose of currency risk hedging – for cash flow exposure – is to reduce the volatility of cash flows and the comparable operating result due to fluctuating currency prices. This is done using a layered hedging strategy for the two biggest sources of currency risk and utilising diversification benefits of the portfolio of various currencies. The contracts are timed to mature when the cash flows from operating expenses are expected to be settled. The hedging limits are set only for the main contributors to currency risk: the Japanese yen and the US dollar basket consisting of the US dollar and the Hong Kong dollar. Finnair updated its risk management policy in December 2023, and hedging horizon for both Japanese yen and US dollar basket was extended from 12 months to 18 months. The hedging horizon of 18 months is divided into six three-month periods. The risk management policy states that hedging ratio must be increased during each quarter of the year, so that for the first three months of the hedging period the hedge ratio is approximately between 70 per cent and 95 per cent, with target ratio being 80 per cent. Thereafter, lower hedge ratio limits apply for each quarter.

The investment position includes all foreign currency denominated aircraft investments for which a binding purchase agreement has been signed as well as commitments for sale and leaseback transactions in the next four years. According to its risk management policy, Finnair Group hedges 50-100% of its aircraft investment exposure. New hedges of investments in aircraft are made as an IFRS 9 fair value hedge of a firm commitment.

Balance sheet exposure consists of foreign currency denominated financial assets and liabilities, as well as other foreign currency denominated balance sheet items, such as provisions, trade receivables, trade payables and assets held for sale. Maximum hedge ratio for balance sheet position is 100% and minimum is 0%.

At the end of the financial year, Finnair had a hedge level for net operating cash flows of 58 per cent in the USD-basket and 56 per cent in JPY for the coming 12 months. On the closing date – excluding hedges – a 10 per cent strengthening of the US dollar against the euro has a negative impact on the 12-month operating result of around 70 million euros and a 10 per cent weakening of the Japanese yen against the euro has a negative impact of around 15 million euros. On the closing date – taking hedging into account – a 10 per cent strengthening of the US dollar weakens the operating result by around 30 million euros and a 10 per cent weakening of the Japanese yen weakens the operating result by around 6 million euros. In the above numbers, the USD-basket risk includes the Hong Kong dollar, which historical correlation with the US dollar is high.

The hedge levels for balance sheet position at the end of the financial year were 92 per cent for USD and 78 per cent for Japanese yen. Sensitivities of the balance sheet position are as follows: on the closing date – excluding hedges – a 10 per cent strengthening of the US dollar against the euro has a negative impact on the net result of around 101 million euros and a 10 per cent strengthening of the Japanese yen against the euro has a negative impact of around 4 million euro. On the closing date – taking hedging into account – a 10 per cent strengthening of the US dollar weakens the result by around 9 million euros and a 10 per cent strengthening of the Japanese yen weakens the result by around 0.9 million euros.

		Maturity		
Timing of the notional EUR mill. 31 December 2024	Notional amount (gross)	Less than 1 year	1 to 2 years	2 to 4 years
USD	1 156,5	829,3	228,9	98,4
JPY	136,7	131,7	5,1	

Cross-currency interest rate swaps are included in the nominal amount calculation.

Foreign exchange P&L exposure EUR mill. 31 December 2024	JPY	USD-basket
Net forecasted operating cash flows, next 12m	168.2	-718.4
Net operating cash flow hedges, next 12m	-102.3	430.3
Weighted average exchange rate of hedging instruments against the euro	158.68	1.09
Foreign exchange exposure from operating cash flows after hedging, next 12m	**66.0**	**-288.1**

The average exchange rate of the instruments hedging highly probable forecasted sales and purchases denominated in foreign currencies is calculated by taking into account only the hedging (bought) leg of collar option structures, and therefore represents the least favorable hedged rate. The most favorable rate, calculated by including only the sold leg of collar option structures, is 1.10 for USD contracts and 152.09 for JPY instruments.

Foreign exchange balance sheet exposure EUR mill. 31 December 2024	JPY	USD
Net balance sheet items	-39.7	-676.7
Net hedges of balance sheet items	30.9	589.8
Weighted average exchange rate of hedging instruments against the euro	162.07	1.07
Foreign exchange exposure from balance sheet items after hedging	**-8.8**	**-86.8**

Foreign exchange investment exposure EUR mill. 31 December 2024	USD
Net investment position	-147.1
Net hedges of investment position	75.4
Weighted average exchange rate of hedging instruments against the euro	1.09
Foreign exchange exposure from investment position after hedging	**-71.7**

Foreign exchange P&L exposure EUR mill. 31 December 2023	JPY	USD-basket
Net forecasted operating cash flows, next 12m	136.3	-639.7
Net operating cash flow hedges, next 12m	-69.8	373.2
Weighted average exchange rate of hedging instruments against the euro	152.09	1.09
Foreign exchange exposure from operating cash flows after hedging, next 12m	**66.6**	**-266.5**

Foreign exchange balance sheet exposure EUR mill. 31 December 2023	JPY	USD
Net balance sheet items	-39.3	-718.6
Net hedges of balance sheet items	33.4	590.9
Weighted average exchange rate of hedging instruments against the euro	155.92	1.09
Foreign exchange exposure from balance sheet items after hedging	**-5.9**	**-127.7**

Foreign exchange investment exposure EUR mill. 31 December 2023	USD
Net investment position	-289.2
Net hedges of investment position	158.9
Weighted average exchange rate of hedging instruments against the euro	1.11
Foreign exchange exposure from investment position after hedging	**-130.3**

Interest rate risk

Interest rate risk means the cash flow, financial performance and balance sheet uncertainty arising from interest rate fluctuations.

In Finnair Group, the interest rate risk is measured using the interest rate re-fixing period. If necessary, interest rate derivatives are used to adjust the interest rate re-fixing period. According to the risk management policy, the mandate for the investment portfolio's interest rate re-fixing period is 0-12 months and for interest-bearing liabilities 36-72 months. On the closing date, the investment portfolio's interest rate re-fixing period was approximately 3 months and approximately 56 months for interest-bearing liabilities. On the closing date, a one percentage point rise in interest rates increases the annual interest income of the investment portfolio by approximately 6.0 million euros and the interest expenses of the loan portfolio by approximately 4.7 million euros. The situation as of December 29 2023 is a reasonable representation of conditions throughout the year given the current market environment.

Future lease agreements expose the group to interest rate risk, as the interest rate is one component of the lease price. The interest rate is fixed when the lease payments start. If necessary, the group can hedge this exposure with cash flow hedges.

Timing of the notional EUR mill. 31 December 2024	Notional amount (gross)	Maturity Less than 1 year	 1 to 2 years	 2 to 4 years
Interest rate derivatives	592.0	103.7	139.9	348.4

Cross-currency interest rate swaps are included in the nominal amount calculation. Finnair has not entered into any interest rate derivatives on which it is paying a fixed rate.

Credit risk

The Group is exposed to counterparty risk when investing its cash reserves and when using derivative instruments. The credit risk is managed by only making contracts with financially sound domestic and foreign banks, financial institutions and brokers, within the framework of the risk management policy for counterparty risk limits. Liquid assets are also invested in money market funds, bonds and commercial papers issued by conservatively selected companies, according to company-specific limits. This way, risk exposure to any single counterparty is not significant. Changes in the fair value of Group loans arises from changes in FX and interest rates, not from credit risk. The Group's credit risk exposure arises from other current financial assets presented in note 3.2.1, cash and cash equivalents presented in note 3.2.2, trade receivables presented in note 1.2.3 and derivatives presented in note 3.8.

Liquidity risk

The goal of the Finnair Group is to maintain good liquidity. Liquidity is ensured by cash reserves, bank account limits, liquid money market investments and committed credit facilities. Counterparties of groups' long term loans are solid financial institutions with good reputations.

Finnair executed several financing transactions to strenghten its balance sheet and maintain liquidity levels during 2024. During Q2, Finnair agreed on a new secured revolving credit facility of 200 million euros and issued a new 500-million-euro senior unsecured bond maturing in May 2029. During Q4, Finnair financed its 18th A350 aircraft with export credit support in excess of 100 million euros. Bond maturing in May 2025 and pension premium loan have been repaid in entirety during 2024.

The Group's cash funds were 884.0 million euro at the end of financial year 2024. Revolving credit facility of 200 million euro was undrawn on 31 December 2024. It has a financial covenant of net debt to EBITDA ratio of 3.75 or less. On the closing date, Finnair's net debt to EBITDA was 2.0. Finnair has a domestic commercial paper program of 200 million euro, which was not in use as of the closing date.

Capital management

The aim of Finnair's capital management is to secure access to the capital markets at all times despite the volatile business environment, as well as to support future business development. Through maintaining an optimal capital structure the Group also aims to minimize the cost of capital and maximize the return on capital employed. The capital structure is influenced via, for example, dividend distribution and share issues. The Group can vary and adjust the level of dividends paid to shareholders, the amount of capital returned to them or the number of new shares issued. The Group can also decide on sales of asset items in order to reduce debt.

S&P Global Ratings has assigned a long-term issuer credit rating of BB+ to Finnair Plc, with a stable outlook. A public rating enables deeper funding sources from the debt capital markets and increases the execution certainty of financing transactions.

The development of the Group's capital structure is continuously monitored using the adjusted gearing ratio and net debt to EBITDA ratio. When calculating adjusted gearing, adjusted interest-bearing net debt is divided by the amount of shareholders' equity. The Group's adjusted gearing at the end of 2024 was 154.8 per cent (192.8), and net debt to EBITDA was 2.0 (2.2).

Sensitivity analysis of the fair value reserve

If the price of Jet fuel CIF NWE had been 10 per cent higher, the balance of the reserve would have been 39.1 million euro (27.9) higher. Correspondingly, a 10 per cent weaker Jet fuel CIF NWE price would have reduced the reserve by 43.2 million euro (35.3). In terms of the US dollar, a 10 per cent weaker level would have lowered the balance of the fair value reserve by 38.7 million euro (35.9) and a 10 per cent stronger dollar would have had a positive impact of 41.8 million euro (33.3). In terms of Japanese yen, a 10 per cent stronger yen would have had a negative impact of 9.5 million euro (6.5), and a 10 per cent weaker level would have increased the balance of the fair value reserve by 9.8 million euro (6.8). The effect of change in interests to the fair value reserve in own equity is not material. The enclosed sensitivity figures do not take into account any change in deferred tax liability (tax assets).

3.6 Classification of financial assets and liabilities

EUR mill.	Hedge accounting items	Fair value through profit and loss	Amortised cost	Book value
31 Dec 2024				
Financial assets				
Receivables	-	-	59.6	59.6
Other financial assets	-	664.9	-	664.9
Trade receivables and other receivables	-	-	250.5	250.5
Derivatives	55.3	11.2	-	66.5
Cash and cash equivalents	-	-	219.1	219.1
Book value total	**55.3**	**676.1**	**529.2**	**1,260.7**
Fair value total	**55.3**	**676.1**	**529.2**	**1,260.7**
Financial liabilities				
Interest-bearing liabilities	-	-	860.8	860.8
Lease liabilities	-	-	1,004.4	1,004.4
Derivatives	62.6	0.0	-	62.6
Trade payables and other liabilities	-	-	240.4	240.4
Book value total	**62.6**	**0.0**	**2,105.7**	**2,168.3**
Fair value total	**62.6**	**0.0**	**1,868.8**	**1,931.4**

EUR mill.	Hedge accounting items	Fair value through profit and loss	Amortised cost	Book value
31 Dec 2023				
Financial assets				
Receivables	-	-	2.6	2.6
Other financial assets	-	776.8	-	776.8
Trade receivables and other receivables	-	-	289.0	289.0
Derivatives	10.0	1.8	-	11.8
Cash and cash equivalents	-	-	145.1	145.1
Book value total	**10.0**	**778.6**	**436.7**	**1,225.3**
Fair value total	**10.0**	**778.6**	**436.7**	**1,225.3**
Financial liabilities				
Interest-bearing liabilities	-	-	910.6	910.6
Lease liabilities	-	-	1,115.0	1,115.0
Derivatives	34.4	8.9	-	43.4
Trade payables and other liabilities	-	-	274.1	274.1
Book value total	**34.4**	**8.9**	**2,299.7**	**2,343.0**
Fair value total	**34.4**	**8.9**	**1,990.9**	**2,034.2**

In this note interest rate derivatives (currency and interest-rate swaps) are included in derivatives. Item Receivables mainly includes USD-denominated security deposits for leased aircraft. Trade payables and other liabilities include: trade payables and other interest-bearing and non-interest-bearing liabilities.

Derivatives are valued at fair value, with further details in the fair value hierarchy. Financial assets valued at fair value are money market funds (fair value hierarchy level 1) and bonds, or commercial papers (fair value hierarchy level 2). Receivables are mainly current and the book value is equivalent to the fair value, because the discount effect is not significant. Pension premium loan and issued bond make the most significant part of the loans valued at amortised cost. Breakdown of fair values of financial liabilities is presented in note 3.3. The valuation principles of financial assets and liabilities are outlined in the accounting principles.

Fair value hierarchy of financial assets and liabilities valued at fair value

Fair values at the end of the reporting period

EUR mill.	31 Dec 2024	Level 1	Level 2
Assets			
Financial assets at fair value			
Securities held for trading	664.9	589.5	75.4
Derivatives			
Currency and interest rate swaps and options	37.0		37.0
- of which in fair value hedge accounting			
Currency derivatives	23.2	-	23.2
- of which in fair value hedge accounting	1.8	-	1.8
- of which in cash flow hedge accounting	20.7	-	20.7
Commodity derivatives	6.4	-	6.4
- of which in cash flow hedge accounting	6.4	-	6.4
Total	**731.5**	**589.5**	**141.9**
Liabilities			
Financial liabilities at fair value			
Derivatives			
Currency and interest rate swaps and options	20.1	-	20.1
- of which in fair value hedge accounting		-	
Currency derivatives	1.0	-	1.0
- of which in cash flow hedge accounting	0.9	-	0.9
Commodity derivatives	41.6	-	41.6
- of which in cash flow hedge accounting	41.6	-	41.6
Total	**62.6**	-	**62.6**

During the financial year, no significant transfers took place between fair value hierarchy Levels 1 and 2.

The fair values of hierarchy Level 1 are fully based on quoted (unadjusted) prices in active markets of the same assets and liabilities.

The fair values of Level 2 instruments are, to a significant extent, based on input data other than the quoted prices included in Level 1, but still mainly based on directly observable data (price) or indirectly observable data (derived from price) for the particular asset or liability.

On the other hand, the fair values of Level 3 instruments are based on asset or liability input data that is not based on observable market information (unobservable inputs). The fair values are based on confirmations supplied by counterparties, based on generally accepted valuation models.

A = Accounting principles

3.7 Offsetting financial assets and liabilities

EUR mill.	2024	2023
Derivative assets gross amounts	66.5	11.8
Amounts of financial assets presented in the balance sheet	**66.5**	**11.8**
Enforceable master netting agreement	-49.7	-11.8
Derivative assets net amount	**16.9**	**0.0**

EUR mill.	2024	2023
Derivative liabilities gross amounts	-62.6	-43.4
Amounts of financial liabilities presented in the balance sheet	**-62.6**	**-43.4**
Enforceable master netting agreement	49.7	11.8
Derivative liabilities net amount	**-13.0**	**-31.5**

For the above financial assets and liabilities, subject to enforceable master netting arrangements or similar arrangements, each agreement between the Group and the counterparty allows net settlement of the relevant financial assets and liabilities when both parties choose to settle on a net basis. In the absence of such mutual decision, financial assets and liabilities will be settled on a gross basis. However, each party of the master netting agreement, or similar agreement, will have the option to settle on a net basis in the event of default of the other party. Depending on the terms of each agreement, an event of default includes failure by a party to make a payment when due, failure by a party to perform any obligation required by the agreement (other than payment), if such failure is not remedied within periods of 30 to 60 days after notice of such failure is given to the party, or bankruptcy.

3.8 Derivatives

A Derivative contracts and hedge accounting

According to its risk management policy, Finnair Group uses foreign currency, interest rate and commodity derivatives to reduce the exchange rate, interest rate and commodity risks which arise from the Group's balance sheet items, foreign currency denominated purchase agreements, anticipated foreign currency denominated purchases and sales as well as future jet fuel purchases. It is the Group's policy not to enter into derivative financial contracts for speculative purposes.

The derivatives are initially recognised as well as subsequently valued at fair value in each financial statement and interim report. The fair values of the derivatives are based on the value at which the instrument could be exchanged between knowledgeable, willing and independent parties, with no compulsion to sell or buy in the sales situation. The fair values of derivatives are determined as follows:

The fair values of all derivatives are calculated using the exchange rates, interest rates, volatilities and commodity price quotations on the closing date. The fair values of currency forward contracts are calculated as the present value of future cash flows. The fair values of currency options are calculated using the Black-Scholes option pricing model. The fair values of interest rate swap contracts are calculated as the present value of future cash flows. The fair values of cross-currency interest rate swap contracts are calculated as the present value of future cash flows. The fair values of interest rate options are calculated using generally accepted option valuation models. The fair values of commodity forward contracts are calculated as the present value of future cash flows. The fair values of commodity options are calculated using generally accepted option valuation models.

The Group uses credit valuation adjustment for cross-currency interest rate swaps as the maturities of these derivatives are long. The credit valuation adjustment is not done for the rest of the derivatives as the maturities for these are short and the impact would not be material. Credit risk management is described in more detail in note 3.5.

Gains and losses arising from changes in the fair value are presented in the financial statements according to the original classification of the derivative. Gains and losses on derivatives qualifying for hedge accounting are recognised in accordance with the nature of the risk being hedged. At inception, derivative contracts are designated as hedges of future cash flows, hedges of the fair value of recognised assets or liabilities and binding purchase contracts (cash flow hedges or fair value hedges) or as derivatives not meeting the hedge accounting criteria or to which hedge accounting is not applied (economic hedges). Hedging of the fair value of net investments of foreign units or embedded derivatives have not been used.

At the inception of hedge accounting, Finnair Group documents the economic relationship and the hedge ratio between the hedged item and the hedging instrument, as well as the Group's risk management objectives and the strategy for the inception of hedging. At the inception of hedging, and at least at the time of each financial statement, the Group documents and assesses the effectiveness of hedge relationships by examining the past and prospective capacity of the hedging instrument to offset changes in the fair value of the hedged item or changes in cash flows. The values of derivatives in a hedging relationship are presented in the balance sheet item Short–term financial asset and liabilities.

Finnair Group implements the IFRS hedge accounting principles in the hedging of future cash flows (cash flow hedging). The principles are applied to the price and foreign currency risk of jet fuel, the foreign currency risk of lease payments and the foreign currency risk of highly probable future sales and costs denominated in foreign currencies. The IFRS fair value hedge accounting principles are applied to the hedging of foreign exchange and interest rate risk of aircraft.

The change in the fair value of the effective portion of derivative instruments that have been designated and qualify as cash flow hedges are recognised in comprehensive income and presented within equity in the fair value reserve, to the extent that the requirements for the application of hedge accounting have been fulfilled and the hedge is effective. The gains and losses, recognised in the fair value reserve, are transferred to the income statement in the period in which the hedged item is recognised in the income statement. When a hedging instrument expires or is sold, terminated or exercised, or the criteria for cash flow hedge accounting are no longer fulfilled, but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in the hedge reserve and is recognised in accordance with the above policy when the transaction occurs. If the underlying hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in the hedge reserve with respect to the hedging instrument is recognised immediately in the consolidated income statement.

The effectiveness of hedging is tested on a quarterly basis. The effective portion of the hedges is recognised in the fair value reserve of other comprehensive income, from which it is transferred to the income statement when the hedged item is realised or, in terms of investments, as an acquisition cost adjustment.

Fair value hedging is implemented on firm orders of new aircraft, and in order to hedge the fixed interest rate bond. The binding purchase agreements for new aircraft are treated as firm commitments under IFRS, and therefore, the fair value changes of the hedged part arising from foreign currency movements are recognised in the balance sheet as an asset item, and corresponding gains or losses recognised through profit and loss. Similarly, the fair value of instruments hedging these purchases is presented in the balance sheet as a liability or receivable, and the change in fair value is recognised in profit and loss.

The gain or loss related to the effective portion of the interest rate swap, which hedges the fixed interest rate bond, is recognised as financial income or expenses in the income statement. The gain or loss related to the ineffective portion is recognised within other operating income and expenses in the income statement. The change in the fair value attributable to the interest rate risk of the hedged fixed interest rate loans is recognised in the financial expenses in the income statement.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item, for which the effective interest method is used, is amortized to profit or loss over the period to maturity.

Finnair Group uses cross-currency interest rate swaps in the hedging of the interest rate and foreign exchange risks of foreign currency denominated loans. Cross-currency interest rate swaps are excluded from hedge accounting, and therefore the fair value changes are recognised in derivative assets and liabilities in the balance sheet, as well as in the financial income and expenses in the income statement. The fair value changes of the loans are simultaneously recognised in the financial income and expenses. Realised foreign exchange rate differences, as well as interest income and expenses, are recognised in the financial income and expenses against the exchange rate differences and interest income and expenses of the loan.

Finnair Group uses jet fuel swaps (forward contracts) and options in the hedging of jet fuel price risk. Unrealised gains and losses on derivatives hedging jet fuel, which are designated as cash flow hedges and fulfil the requirements of IFRS hedge accounting, are recognised in the hedging reserve within other comprehensive income. Accrued derivative gains and losses, recognised in shareholders' equity, are recognised as income or expense in the income statement in the same financial period as the hedged item is recognised in the income statement. If a forecasted cash flow is no longer expected to occur, and as a result the IFRS hedge accounting criteria are not fulfilled, the fair value changes and the accrued gains and losses reported in shareholders' equity are transferred to the items affecting comparability in the income statement. Changes in the fair value of jet fuel swaps and options excluded from hedge accounting are recognised in fair value changes in derivatives in the income statement, while the realised result is presented in fuel costs.

For forward and option contracts, an economic relationship exists between the hedged item and the hedging instrument as the hedging instrument and the hedged item are expected to move in opposite directions because of the same underlying exposure. This is true for all hedge relationships except for the SING consumption hedged with NWE hedges (as described in section 3.5). In that case, the underlying is different, but the underlying hedged item (SING) and the hedge (NWE) have a historical correlation of 0.99. Therefore, it can be classified as a relationship where the underlying and the hedge are economically closely related. Ineffectiveness on fuel derivatives can also arise from timing differences on the notional amount between the hedged instrument and hedged item, significant changes in credit risk of parties to the hedging relationship and changes in the total amount of the hedged item, for instance if the underlying fuel consumption forecast is not accurate enough, that can result in overhedging. However, as Finnair usually hedges less than 100% of its exposure, the risk of overhedging is insignificant. Finnair has established a hedge ratio of 1:1 for hedging relationships.

Finnair uses forward contracts and options to hedge its exposure to foreign currency denominated cash flows. The hedges of cash flows denominated in foreign currencies are treated as cash flow hedges in accounting, in accordance with the hedge accounting principles of IFRS 9. Unrealised gains and losses on hedges of forecasted cash flows qualifying for hedge accounting are recognised in the hedging reserve in OCI, while the change in the fair value of such hedges not qualifying for hedge accounting is recognised in Fair value changes in derivatives and changes in exchange rates of fleet overhauls in the income statement. The change in fair value recognised in the hedging reserve in equity is transferred to the income statement when the hedged transaction is realised. Forward points are included in the hedging instrument and in the hedge relationship. Potential sources of ineffectiveness include changes in the timing of the hedged item, significant changes in the credit risk of parties to the hedging relationship and changes in the total amount of the hedged item, for instance if the underlying cash flow forecast is not accurate enough, that can result in overhedging. However, as Finnair usually hedges less than 100% of its exposure, the risk of overhedging is insignificant. Realised profit or loss on derivatives hedging JPY-denominated operating cash flows is presented in revenue, realised profit or loss on derivatives hedging a group of similar USD costs is proportionally recognised in corresponding expense lines, while profit or loss on derivatives hedging cash flows denominated in other currencies is presented in Other expenses.

The hedge ratio is defined as the relationship between the quantity of the hedging instrument and the quantity of the hedged item in terms of their relative weighting. With currency hedging, the hedge ratio is typically 1:1. For forward and option contracts, an economic relationship exists between the hedged item and the hedging instrument as there is an expectation that the value of the hedging instrument and the value of the hedged item would move in opposite directions because of the common underlying exposure.

Changes in the fair value of interest rate derivatives not qualifying for hedge accounting are recognised in financial income and expenses in the income statement. Changes in the fair value as well as realised gain or loss on forward contracts used to hedge foreign currency denominated balance sheet items of Finnair Group are recognised in financial expenses. Changes in the fair value and the realised result of hedges of assets held for sale are recognised in Items affecting comparability.

Cost of hedging

At Finnair, the time value of an option is excluded from the designation of a financial instrument and accounted for as a cost of hedging. Upon initial recognition, Finnair defers any paid premium in the cost of hedging reserve within other comprehensive income. The fair value changes of the time value are recognised in the cost of hedging reserve within other comprehensive income. The premium will be transferred to the consolidated income statement in the same period that the underlying transaction affects the consolidated income statement for transaction-related hedges. As of 31 December 2024, Finnair has deferred premiums only on transaction-related hedges. A

! Critical accounting estimates and sources of uncertainty

Finnair accounts for its cash flow hedges of forecasted foreign currency denominated purchases and sales and future jet fuel purchases in accordance with the IFRS 9. Under the hedge accounting principles, a forecast transaction can be designated as a hedged item only if that transaction is considered as highly probable. The evaluation of probability is based on the management forecasts about the future level of Finnair's operations and cash flows. Such forecasts require the use of management judgement and assumptions, which inherently contain some degree of uncertainty. Should the expected circumstances or outcome change in the future, the management would need to reassess whether a hedged forecast transaction is still highly likely to occur. This could be the case if, for example, the expected recovery and thus the expected jet fuel consumption levels would not realize as expected. Should the forecast transaction no longer be highly probable, it would no longer qualify as an eligible hedged item and hedge accounting would need to be discontinued. Should it no longer be expected to occur at all, the balance of the cash flow hedge reserve included in other comprehensive income would need to be reclassified to profit or loss. !

	2024				2023			
EUR mill.	Nominal value	Positive fair values	Negative fair values	Fair net value	Nominal value	Positive fair values	Negative fair values	Fair net value
Currency derivatives								
Jet fuel currency hedging								
Operational cash flow hedging (forward contracts)	490.8	19.5	-0.7	18.8	389.7	2.0	-5.5	-3.5
Operational cash flow hedging, bought options	41.7	1.2	-	1.2	53.3	0.0	-	0.0
Operational cash flow hedging, sold options	37.8	-	-0.2	-0.2	48.9	-	-0.6	-0.6
Fair value hedging of aircraft acquisitions	**75.4**	**1.8**	**0.0**	**1.8**	**158.9**	**0.1**	**-1.5**	**-1.4**
Hedge accounting items total	**645.7**	**22.6**	**-0.9**	**21.6**	**650.7**	**2.1**	**-7.6**	**-5.5**
Balance sheet hedging (forward contracts)	305.6	0.7	0.0	0.6	321.8	0.2	-0.1	0.2
Items outside hedge accounting total	**305.6**	**0.7**	**0.0**	**0.6**	**321.8**	**0.2**	**-0.1**	**0.2**
Currency derivatives total	**951.3**	**23.2**	**-1.0**	**22.3**	**972.6**	**2.3**	**-7.6**	**-5.3**
Commodity derivatives								
Jet fuel forward contracts, tonnes	598,000	1.0	-26.6	-25.6	422,000	5.3	-14.9	-9.6
Bought options, jet fuel, tonnes	231,000	5.4	-	5.4	255,000	2.6	-	2.6
Sold options, jet fuel, tonnes	231,000	-	-14.9	-14.9	255,000	-	-12.0	-12.0
Hedge accounting items total	**-**	**6.4**	**-41.6**	**-35.2**	**-**	**7.9**	**-26.8**	**-18.9**
Bought options, jet fuel, tonnes	-	-	-	-	187,000	1.6	-	1.6
Items outside hedge accounting total	**-**	**-**	**-**	**-**	**-**	**1.6**	**-**	**1.6**
Commodity derivatives total	**-**	**6.4**	**-41.6**	**-35.2**	**-**	**9.5**	**-26.8**	**-17.4**
Interest rate derivatives								
Interest rate swaps	250.0	26.4	-20.1	6.3	-	-	-	-
Hedge accounting items total	**250.0**	**26.4**	**-20.1**	**6.3**	**-**	**-**	**-**	**-**
Cross currency interest rate swaps	342.0	10.5	-	10.5	310.4	-	-8.9	-8.9
Items outside hedge accounting total	**342.0**	**10.5**	**0.0**	**10.5**	**310.4**	**-**	**-8.9**	**-8.9**
Interest rate derivatives total	**592.0**	**37.0**	**-20.1**	**16.8**	**310.4**	**-**	**-8.9**	**-8.9**
Derivatives total *	**-**	**66.5**	**-62.6**	**3.9**	**-**	**11.8**	**-43.3**	**-31.5**

* Positive (negative) fair value of hedging instruments as of 31.12.2024 is presented in the statement of financial position in the item derivative financial instruments within current assets (derivative financial instruments within current liabilities). However, during the year 2024 Finnair has resumed normal hedging operations.

A = Accounting principles
! = Critical accounting estimates

A = Accounting principles

Hedged items in hedge relationships

31 December 2024	Carrying amount of the hedged item: Assets	Carrying amount of the hedged item: Liabilities	Accumulated amount of fair value hedge adjustments included in the carrying amount of the hedged item: Assets	Accumulated amount of fair value hedge adjustments included in the carrying amount of the hedged item: Liabilities	Line item in the statement of financial position in which the hedged item is included	Changes in fair value of the hedged item used for calculating hedge ineffectiveness, previous 12 months	Changes in fair value of the hedging instrument used for calculating hedge ineffectiveness, previous 12 months
Cash flow hedges							
Jet fuel price risk							
- Forecasted jet fuel purchases	-	-	-	-	-	76.9	6.3
Foreign exchange risk							
- Forecasted sales and purchases, USD	-	-	-	-	-	-61.8	8.8
- Forecasted sales and purchases, JPY	-	-	-	-	-	-8.3	4.4
Fair value hedges							
Foreign exchange risk							
- Aircraft acquisitions	-2.6	-	-2.6	-	Non-current assets	-18.4	7.2
Interest rate risk							
- Fixed rated loans	-	256.3	-	6.3	Interest-bearing liabilities	6.3	-6.3

Ratings of derivative counterparties

EUR mill.	2024	2023
Better than A	11.4	-3.9
A	4.9	-20.9
BBB	-12.4	-6.7
Total	**3.9**	**-31.5**

Derivatives realised through profit and loss

EUR mill.		2024	2023
Jet fuel hedging	Fuel costs	-11.9	0.6
Operational cash flow hedging	Fuel costs	5.8	-7.2
Operational cash flow hedging	Aircraft materials and overhaul	0.8	-0.8
Operational cash flow hedging	Traffic charges	0.2	-0.2
Operational cash flow hedging	Revenue	5.5	4.2
Interest rate swaps	Financial expenses	-7.3	-
Expenses of hedge accounting items total		**-6.9**	**-3.3**
Jet fuel hedging	Fuel costs	0.0	-6.1
Balance sheet hedging	Financial expenses	15.7	-8.4
Cross-currency interest rate swaps	Financial expenses	4.4	3.7
Expenses of items outside hedge accounting total		**20.2**	**-10.8**

3.9 Equity-related information

A Shareholders' equity

The nominal value of shares had been recognised in the share capital before an amendment to the Articles of Association registered on 22 March 2007. Share issue profit and gains on sale of own shares had been recognised in other restricted funds before the change in the Limited Liability Company Act in 2006.

The subscription proceeds from the 2007 share issue less transaction costs after taxes as well as share-based payments according to IFRS 2 have been recognised in the unrestricted equity funds.

The rights issue proceeds from 2020 and 2023 less the transaction costs has been recognized in the unrestricted equity funds.

Hedging reserve and other OCI items include changes in the fair value of derivative instruments used in cash-flow hedging, in addition to actuarial gains and losses related to defined benefit pension plans, cost of hedging and translation differences.

The acquisition cost of repurchased owned shares less transaction costs after taxes is charged to equity until the shares are cancelled or reissued. The consideration received for sale or issue of own shares is included in equity.

The dividend proposed by the Board of Directors is not deducted from distributable equity until approved at the Annual General Meeting. A

Number of shares	2024	2023
Number of outstanding shares in the beginning of the financial year	20,431,573,617	1,407,001,962
Rights issue	-	19,012,413,069
Shares granted from FlyShare employee share savings plans	9,419,258	1,487,760
Directed share issue without consideration	4,714,922	-
Reverse split	-20,241,250,720	-
Executive Board Rebuild Incentive Plan	98,031	10,670,826
Number of outstanding shares at the end of the financial year	**204,555,108**	**20,431,573,617**
Own shares held by the parent company	256,284	49,565,650
Total number of shares at the end of the financial year	**204,811,392**	**20,481,139,267**

Finnair Plc's share capital, paid in its entirety and registered in the trade register, was at 75,442,904.30 euros at the end of 2023 and 2024. The shares have no nominal value. During the year 2024, Finnair transferred a total of 9,419,258 shares to FlyShare participants, Finnair executed a reverse split with a ratio of 100 to 1 and transffered a total of 98,031 shares to Executive Board Rebuild Incentive Plan participants.

Group's hedging reserve and other OCI items

EUR mill.	2024	Amounts reclassified to profit or loss	Unrealised gains and losses recognised in OCI	2023	Line item affected in profit or loss because of the reclassification
Jet fuel price hedging	-31.9	11.9	-30.5	-13.2	Fuel costs
Operating cash flow hedging	19.5	-12.3	35.2	-3.5	Revenue and cost lines*
Hedging of interest related to future lease payments	-2.1	0.7	-	-2.8	Lease payments for aircraft
The actuarial gains and losses of defined benefit plan	94.6	-	12.6	82.0	
Cost of hedging reserve	-2.9	-	-1.2	-1.7	
Tax effect	-15.4	-	-3.3	-12.2	
Total	**61.8**	**0.4**	**12.8**	**48.6**	

*Forward and option contracts hedging forecasted sales and purchases denominated in foreign currencies are hedges of a group of similar hedged items, and the amounts reclassified from OCI to P&L are proportionally allocated to different cost lines based on the realised cost amounts. Amounts reclassified to revenue and different cost lines are specified in the table "Derivatives realised through profit or loss" in note 3.8.

Maturity dates of fair values recognised in the hedging reserve

EUR mill.	2025	2026	2027	2028	2029	Total
Jet fuel price hedging	-30.3	-1.5	-	-	-	-31.9
Operating cash flow hedging	18.6	0.9	-	-	-	19.5
Hedging of interest related to future lease payments	-0.7	-0.7	-0.7	-0.7	0.8	-2.1
The actuarial gains and losses of defined benefit plan	94.6	-	-	-	-	94.6
Cost of hedging reserve	-2.9	-	-	-	-	-2.9
Tax effect	-15.8	-0.3	0.1	01.	-0.2	-15.4
Total	**63.4**	**-1.1**	**-0.6**	**-0.6**	**0.6**	**61.8**

Earnings per share

The basic earnings per share figure is calculated by dividing the result for the financial year attributable to the parent company's shareholders by the weighted average number of shares outstanding during the financial year. The result for the financial year is adjusted for the after-tax amounts of hybrid bond interests and capital loan interests and other fees regardless of payment date, as well as transaction costs of the new hybrid bond issued and premium paid, when a hybrid bond is redeemed. When calculating the earnings per share adjusted for dilution, the weighted average of the number of shares takes into account the diluting effect resulting from the conversion into shares all potentially diluting shares. Finnair has not granted any options.

EUR mill.	2024	2023
Result for the financial year, EUR mill.	37.0	254.3
Hybrid bond interest, EUR mill.	-	-13.7
Capital loan cost, EUR mill.	-	-32.9
Tax effect	-	9.3
Adjusted result for the financial year	**37.0**	**216.9**
Weighted average number of shares, mill. Pcs	204.5	96.4
Basic earnings per share, EUR	0.18	2.25
Diluted earnings per share, EUR	0.18	2.19
Effect of own shares, EUR	0.00	0.00

Return of capital per share

The Board of Directors proposes to the Annual General Meeting that a return of capital of 0.11 euros per share be distributed in two instalments. The first instalment is 0.06 euros per share and the second instalment 0.05 euros per share.

Finnair Plc's distributable equity

EUR mill.	2024
Hedging reserve	-12.3
Unrestricted equity funds	1 344.9
Retained earnings	-856.5
Result for the financial year	158.5
Distributable equity total	**634.6**

i = Content of the section
A = Accounting principles

4 Consolidation

i Notes under the Consolidation section include a description of the general consolidation principles and methods of consolidation. The aim of the section is to provide an overall picture of the Group's structure and principles applied in preparing consolidated financial statements and classifying ownership interests. In addition, notes include information about subsidiaries and joint ventures held, acquired or sold by the Group. i

4.1 General consolidation principles

Consolidation

Consolidation, the consolidation method and classification of ownership interests depend on whether Group has power to control or jointly control the entity or if it has significant influence or other interests in the entity. When Group has the power to control the entity, it is consolidated as a subsidiary in the Group according to principles described in the note 4.2 Subsidiaries. When Group has joint control or significant influence over an entity but does not have the power to control, an entity is accounted for by using the equity method according to principles set in note 4.4 Investments in associates and joint ventures. If Group does not have power to control nor significant influence in the entity, its ownership interests are classified as financial assets available for sale and accounted for according to principles described in the note 3.2 Financial assets.

4.2 Subsidiaries

A **Consolidation principles of subsidiaries**
Finnair Plc's consolidated financial statements include the parent company Finnair Plc and all of its subsidiaries. Subsidiaries are defined as companies in which Finnair has control. Control exists when Finnair has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Usually Finnair has power over the entity when it owns more than 50% of the votes or where Finnair otherwise has the power to govern the financial and operating policies. The acquired subsidiaries are included in the consolidated financial statements from the day the Group has control, and disposed subsidiaries until the control ceases.

Acquired and established companies are accounted for using the acquisition method of accounting. Accordingly, the acquired company's identifiable assets, liabilities and contingent liabilities are measured at fair value on the date of acquisition. The excess between purchase price and fair value of the Group's share of the identifiable net assets is recognised as goodwill.

All inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless there is evidence of impairment related to the transferred asset. The accounting principles of subsidiaries have been changed to correspond Group's accounting policies. A

Subsidiaries

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 Kitchen Oy, Finland	100.0	Matkayhtymä Oy, Finland	100.0
Finnair Business Services Oü, Estonia	100.0		

Northport Oy, FTS Financial Services Oy, Finnair Engine Services Oy and Kiinteistö Oy Lentokonehuolto were merged into Finnair Plc on 31 December 2024.

4.3 Acquisitions and divestments

There were no business acquisitions or divestments in 2024 and 2023.

4.4 Investments in joint ventures

A Companies where the Group has joint control with another entity and significant decisions require both parties approval are considered as joint ventures and those are accounted for using the equity method. The group has no joint arrangements classified as joint operations in which the group would have rights to shares in the assets or liabilities of the joint ventures and which it would combine with its balance sheet.

The investment in joint ventures include goodwill recognised at the time of acquisition. The Group recognises its share of the post-acquisition results in joint ventures in the income statement. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has incurred obligations on behalf of the joint venture.

Results from the transactions between the Group and its joint ventures are recognised only to the extent of unrelated investor's interests in the joint ventures. The Group determines at each reporting date whether there is any objective evidence that the investment in the joint ventures is impaired. In case of such indications, Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value. The impairment is recognised in share of results in joint ventures.

Accounting policies of joint ventures have been changed to correspond with the accounting policies adopted by the Group. If financial statements for the period are not available, the share of the profit of certain joint ventures is included in the consolidated accounts based on the preliminary financial statements or latest available information. A

Information on the Group's joint ventures

Nordic Regional Airlines AB (Norra) operates mainly purchased traffic for Finnair. The owners (Finnair 40% and Danish Air Transport 60%) have joint control over the entity. In the balance sheet of Finnair, Norra has been classified as a joint venture.

EUR mill.	Domicile	Assets	Liabilities	Revenue	Profit/Loss	Holding %
31 Dec 2024	Sweden	89.9	88.8	88.2	0.9	40.00
31 Dec 2023	Sweden	110.7	110.4	84.0	0.6	40.00

The result of associated companies and joint ventures for 2024 was 0.9 (0.6) million euros, of which Finnair's share was 0.0 (0.0) million euros. Investments in joint ventures in consolidated balance sheet were 0.0 (0.0) million euros. More information on transactions with joint ventures can be found in the note 4.5 Related party transactions.

4.5 Related party transactions

Related parties of the Finnair Group includes its subsidiaries, management (the Board of Directors, the CEO and the Executive Board), their close family members and companies controlled by them or their close family members, associated companies and joint ventures, Finnair pension fund and Finnair Group sickness fund. Subsidiaries are listed in the note 4.2 and joint ventures in note 4.4. Related party transactions include such operations that are not eliminated in the Group's consolidated financial statements.

The State of Finland, which has control over Finnair, owns 55.7% (55.7) of Finnair's shares. The pension premium loan, primarily guaranteed by the State of Finland, was fully repaid during 2024. All the transactions with other government owned companies and other related parties are on arm's length basis, and are on similar terms than transactions carried out with independent parties. The following transactions have taken place with related party entities:

EUR mill.	2024	2023
Sales of goods and services		
Joint venture	26.0	25.4
Pension fund	0.2	0.2
Sickness fund	0.2	0.3
Employee benefits		
Pension fund	49.4	8.3
Sickness fund	0.7	0.8
CEO and Executive Board	4.8	7.5
The Board of Directors	0.5	0.4
Purchases of goods and services		
Joint venture	88.6	84.7
Pension fund	2.4	1.6
Financial income		
Pension fund	3.8	4.4
Receivables		
Joint venture	7.0	6.7
Pension fund	95.0	128.1
Sickness fund	0.2	-
Liabilities		
Joint venture	5.6	4.6
Pension fund	16.3	17.3*
Sickness fund	0.0	0.1

* In 2023 financial statements, a property leased by Pension Fund was erroneously recognised twice in the 2023 property lease liabilities.

The employee benefits of pension fund increased mainly due to the obligations of Finnair Pension Fund, for which indexation was partially returned based on the precedent issued by the Finnish Supreme Administrative Court. Employee benefits and non-current receivables from pension fund are related to defined benefit pension plans in Finnair Pension Fund. These are described more detailed in the note 1.3.8.2. Management remuneration is presented in note 1.3.8.1. Management has not been granted any loans and there have not been any other transactions with management. More information on joint venture can be found in the note 4.4.

Finnair Pension Fund

The Finnair Pension Fund in Finland is a stand-alone legal entity which mainly provides additional pension coverage to Finnair's personnel in the form of defined benefit plan, and manages related pension assets. The assets include Finnair's shares representing 0.1% (0.1%) of the company's outstanding shares. Real estate and premises owned by the Pension Fund have been mainly leased to Finnair. In 2024 and 2023 Finnair did not pay any contributions to the Pension Fund. Pension asset was 95.0 million euros (127.9) at the end of the financial year.

Finnair sickness fund

The Finnair sickness fund in Finland is a stand-alone legal entity which provides its members the possibility to seek best possible care by compensating related medical costs. The fund's sphere of operation consists of persons (members) employed by group companies (shareholders). The activities of the insurance fund are financed by contributions collected from shareholders and members.

5 Other notes

i Other notes include all such notes that do not specifically relate to any previous subject matters. i

5.1 Income taxes

A The tax expense for the period includes current and deferred tax and adjustments to previous years' taxation. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or other equity items.

Deferred taxes are calculated for temporary differences between accounting and taxation using the valid tax rates for future years at the closing date. Deferred tax asset is recognised to the extent that realisation of the related tax benefit through future profits is probable. Temporary differences arise mainly from sales of tangible assets and depreciation, right-of-use assets, lease liabilities and tax losses. Deferred tax is recognised for foreign subsidiaries' undistributed earnings only when related tax effects are probable.

Deferred tax assets and liabilities are netted when they are levied by the same taxing authority and Finnair has a legally enforceable right to set off the balances.

According to the IAS 12 Income taxes standard Finnair has applied a temporary mandatory exception to neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. A

! Deferred taxes

Recognition of deferred tax asset is based on management estimates and require the use of management judgement in order to assess whether there will be sufficient taxable profits flowing to the company in the future. The expectations used in the calculation are based on the latest forecast approved by the Board of Directors in connection with the financial statements and assumptions that are consistent with those used elsewhere in the financial statements. Finnair's management has taken the relevant risks (inter alia international conflicts, global political instability and changes in the price of jet fuel or foreign currency rates) and opportunities related to the business environment into account in their estimates and assumptions, based on their best knowledge on the balance sheet date. As a result of the normalisation of the business environment, deferred tax asset from the taxable losses of 2020–2021 were fully recognised and the taxable loss of 2022 was mainly recognised in the balance sheet at the end of 2023. Based on the criteria outlined in IAS 12 and the management's assessment of the Finnair Group's forecasted future profits and performance, there was no need to write down deferred tax asset from the taxable losses or recognise the unrecognised part of deferred tax asset from the taxable loss of 2022 in the financial year 2024. Finnair expects to be able to use the tax losses recognised on balance sheet in advance of 10 years expiry date in 2030–2032. !

Global minimum tax framework (Pillar Two)

The OECD introduced Global Anti-Base Erosion (GloBE) Rules rules for a new global minimum tax framework (Pillar Two) at the end of 2021 and in December 2022, the EU Minimum Tax Directive (Pillar Two) was entered into force. The EU Directive is set to implement a global minimum tax rate of 15% for multinational enterprises and large-scale domestic groups and has been applicable within EU starting from 2024. To provide transitional relief for Pillar Two tax compliance and administrative burden, the OECD has introduced a Framework for Transitional Safe CbCR Safe Harbours applicable for Transition Period covering fiscal years 2024–2026.

Finnair has taken measures for assessing its potential exposure to Pillar Two rules and based on its initial assessment, it does not anticipate material top-up tax adjustments during the transitional period 2024–2026. Finnair will monitor the development of regulatory updates, as OECD is expected to publish additional guidance and details concerning for example aviation industry, permanent safe harbours frameworks and Qualified Domestic Minimum Tax Regimes.

i = Content of the section
A = Accounting principles
! = Critical accounting estimates

Income taxes

EUR mill.	2024	2023
Taxes for the financial year		
Current tax	-0.1	-0.1
Adjustments recognised for current tax of prior periods	-0.0	-
Deferred taxes	-9.0	135.3
Total	**-9.1**	**135.2**

The reconciliation of income taxes to theoretical tax cost calculated at Finnish tax rate

EUR mill.	2024	2023
Result before taxes	46.1	119.1
Taxes calculated using the Finnish tax rate 20%	-9.2	-23.8
Different tax rates of foreign subsidiaries	0.1	0.1
Tax-exempt income	0.4	0.4
Non-deductible expenses	-0.3	3.2
Non-capitalised temporary differences	-0.1	-3.3
Re-recognised deferred tax on taxable losses 2020-2021	-	117.0
Recognised temporary differences in taxation 2022	-	13.9
Recognised deferred tax on taxable loss 2022	-	27.7
Adjustments recognised for taxes of prior periods	-0.0	0.0
Income taxes total	**-9.1**	**135.2**

The effective tax rate was 19.8% in the financial year 2024. Distributing retained earnings of foreign subsidiaries as dividends would cause a tax effect of 0.5 million euros (0.4).

Deferred tax assets and liabilities

Changes in deferred taxes during 2024

EUR mill.	2023	Recognised in the income statement	Recognised in shareholders' equity	2024
Deferred tax assets				
Confirmed losses	219.5	-40.3	-	179.2
Property, plant and equipment	49.9	21.8	-	71.7
Leases	226.0	-22.4	-	203.7
Valuation of derivatives at fair value	4.2	-	-0.8	3.5
Other temporary differences	17.3	2.3	0.0	19.6
Total	**517.0**	**-38.6**	**-0.7**	**477.7**
Netted from deferred tax liabilities	-283.0	29.6	-2.5	-256.0
Deferred tax assets in balance sheet	**234.0**	**-9.0**	**-3.3**	**221.7**

EUR mill.	2023	Recognised in the income statement	Recognised in shareholders' equity	2024
Deferred tax liabilities				
Defined benefit pension plans	-25.5	9.1	-2.5	-18.9
Property, plant and equipment	-76.4	-6.7	-	-83.1
Leases	-181.1	27.2	-	-154.0
Total	**-283.0**	**29.6**	**-2.5**	**-256.0**
Netted from deferred tax assets	283.0	-29.6	2.5	256.0
Deferred tax liabilities in balance sheet	**-**	**-**	**-**	**-**

Finnair's taxable result was profitable in year 2024 and a part of tax losses for 2020 was utilised. Confirmed losses will expire in 2030–2032. Finnair's management is continuously monitoring the probability of utilising deferred tax assets and considers both positive and negative evidence in the assessment. The management has concluded at the time of the preparation of the consolidated financial statements that the management forecast of taxable profit provides positive evidence about its ability to utilise the unused tax losses and other deductible temporary differences.

Changes in deferred taxes during 2023

EUR mill.	2022	Recognised in the income statement	Recognised in shareholders' equity	2023
Deferred tax assets				
Confirmed losses	93.7	116.0	9.8	219.5
Property, plant and equipment	60.4	-10.4	-	49.9
Leases	279.2	-53.1	-	226.0
Valuation of derivatives at fair value	-	-	4.2	4.2
Other temporary differences	16.9	-6.1	6.4	17.3
Total	**450.2**	**46.4**	**20.5**	**517.0**
Netted from deferred tax liabilities	-369.6	88.9	-2.3	-283.0
Deferred tax assets in balance sheet	**80.6**	**135.3**	**18.1**	**234.0**

EUR mill.	2022	Recognised in the income statement	Recognised in shareholders' equity	2023
Deferred tax liabilities				
Defined benefit pension plans	-24.0	0.8	-2.3	-25.5
Property, plant and equipment	-109.2	32.8	-	-76.4
Leases	-236.4	55.3	-	-181.1
Total	**-369.6**	**88.9**	**-2.3**	**-283.0**
Netted from deferred tax assets	369.6	-88.9	2.3	283.0
Deferred tax liabilities in balance sheet	**-**	**-**	**-**	**-**

Unrecognised deferred taxes

	2024			2023		
EUR mill.	Expiry year	Gross amount	Tax effect	Expiry year	Gross amount	Tax effect
Tax losses	2032	31.1	6.2	2032	31.1	6.2
Interest expenses under the limitation of the right to deduct interest	No expiry	73.7	14.7	No expiry	73.1	14.6
Total	**-**	**104.8**	**21.0**	**-**	**104.2**	**20.8**

5.2 Disputes and litigation

Finnair reports only cases of which the interest is material and that are not insured. As of 31 December 2024, there were no such disputes pending.

5.3 Events after the closing date

There were no events after the closing date that would have a material financial impact.

6 Parent company financial statements

Finnair Plc income statement

EUR mill.	Note	2024	2023
Revenue	6.2	**2,895.0**	**2,830.0**
Other operating income	6.3	144.8	131.3
Operating income		**3,039.8**	**2,961.3**
Materials and services	6.4	1,625.7	1,573.3
Staff expenses	6.5	351.3	343.9
Depreciation and reduction in value	6.6	10.2	10.9
Other operating expenses	6.7	1,101.0	1,045.0
Operating expenses		**3,088.2**	**2,973.0**
Operating profit/loss		**-48.4**	**-11.7**
Financial income and expenses	6.8	38.9	-41.6
Profit/loss before appropriations and taxes		**-9.5**	**-53.3**
Appropriations	6.9	207.9	165.0
Income taxes	6.10	-40.0	119.7
Profit/loss for the financial year		**158.5**	**231.5**

Finnair Plc balance sheet

EUR mill.	Note	2024	2023
ASSETS			
Non-current assets			
Intangible assets	6.11	21.5	16.5
Tangible assets	6.12	104.5	81.1
Investments			
Holdings in group undertakings		621.1	649.4
Participating interests		0.0	0.0
Other shares and similar rights of ownership		0.4	0.4
Loan and other receivables	6.14	59.5	2.4
Total investments	6.13	**681.0**	**652.2**
Deferred tax assets	6.15	196.5	237.1
Total non-current assets		**1,003.5**	**986.9**
Current assets			
Current receivables	6.16	865.4	783.4
Marketable securities	6.17	664.9	776.8
Cash and bank equivalents	6.18	217.4	144.3
Total current assets		**1,747.7**	**1,704.5**
TOTAL ASSETS		**2,751.2**	**2,691.4**
EQUITY AND LIABILITIES			
Equity			
Share capital		75.4	75.4
Share premium account		24.7	24.7
Other reserves			
Unrestricted equity funds		1,344.9	1,344.4
Legal reserve		147.7	147.7
Hedging reserve		-12.3	-14.7
Retained earnings		-856.5	-1,088.0
Profit/loss for the financial year		158.5	231.5
Total equity	6.19	**882.5**	**721.0**
Accumulated appropriations	6.20	16,8	17.0
Provisions	6.21	141.7	143.7
Liabilities			
Non-current liabilities	6.22	510.6	587.7
Current liabilities	6.23	1,199.6	1,222.0
Total liabilities		**1,710.2**	**1,809.6**
Equity and liabilities total		**2,751.2**	**2,691.4**

Finnair Plc cash flow statement

EUR mill.	2024	2023
Cash flow from operating activities		
Result before appropriations	-9.5	-53.3
Depreciation	10.2	10.9
Other non-cash transactions	-29.2	-98.0
Financial income and expenses	-38.9	41.6
Changes in trade and other receivables	55.1	-34.7
Changes in trade and other payables	82.8	149.4
Changes in working capital	137.9	114.7
Interest and other financial expenses paid	-35.8	-88.0
Received interest and other financial income	43.8	52.2
Cash flow from operating activities	**78.6**	**-19.8**
Cash flow from investing activities		
Investments in intangible and tangible assets	-26.4	-3.6
Change in loan and other receivables	-65.1	-84.0
Received dividends	0.0	0.0
Cash flow from investing activities	**-91.6**	**-87.7**
Cash flow from financing activities		
Proceeds from loans	500.0	-
Loan repayments and changes	-689.6	-742.9
Proceed from share issues	-	570.4
Repayment of capital loan	-	-400.0
Capital loan interests and expenses	-	-48.9
Received and given group contributions	163.8	126.6
Cash flow from financing activities	**-25.8**	**-494.8**
Change in cash flows	**-38.8**	**-602.3**
Change in liquid funds		
Liquid funds, at beginning	921.1	1,523.4
Change in cash flows	-38.8	-602.3
Liquid funds, at end	**882.3**	**921.1**

Notes to Finnair Plc financial statements

6.1 Accounting principles

General

Finnair Plc is the parent company in Finnair Group, domiciled in Helsinki, Finland. Financial statements are prepared in accordance with accounting principles required by Finnish law.

Foreign currency items

Business transactions in foreign currencies have been valued using the exchange rate at the date of transaction. Receivables and liabilities on the balance sheet date are valued using the exchange rate on the balance sheet date. Advances paid and received are valued in the balance sheet using the exchange rate at the date of payment. Exchange rate differences on trade receivables and payables are treated as the adjustments to turnover and other operating expenses. Exchange rate differences on other receivables and liabilities are entered under financial income and expenses.

Derivative contracts

According to its risk management policy, Finnair uses foreign exchange, interest rate and commodity derivatives to reduce the exchange rate, interest rate and commodity risks which arise from the Finnair's balance sheet items, currency denominated purchase agreements, anticipated currency denominated purchases and sales as well as future jet fuel purchases. The balance sheet exposure is hedged only at group level, except for Finnair Aircraft Finance that has hedged its own exposures. The combined entity-level exposure for all Group companies differs from the Group-level exposure by the amount of intercompany items. Therefore, the balance sheet position and contracts hedging it are presented only in note 3.5. of the Group financial statements. Similarly, the foreign currency cash flow exposure is only hedged at the Group level to take advantage of the netting effect, and is presented in note 3.5 of the Group financial statements. Derivative contracts are valued using the rates on the balance sheet date according to Accounting Act 5:2 a §.

The derivatives are initially recognized at original acquisition cost (fair value) in the balance sheet and subsequently valued at fair value in each financial statement and interim report. The fair values of the derivatives are based on the value at which the instrument could be exchanged between knowledgeable, willing and independent parties, with no compulsion to sell or buy in the sales situation.

The fair values of all derivatives are calculated using the exchange rates, interest rates, volatilities and commodity price quotations on the closing date. The fair values of currency forward contracts are calculated as the present value of future cash flows. The fair values of currency options are calculated using the Black-Scholes option pricing model. The fair values of interest rate and currency swap contracts are calculated as the present value of future cash flows. The fair values of interest rate options are calculated using generally accepted option valuation models. The fair values of commodity forward contracts are calculated as the present value of future cash flows. The fair values of commodity options are calculated using generally accepted option valuation models.

Gains and losses arising from changes in the fair value are presented in the financial statements according to the original classification of the derivative. Gains and losses on derivatives qualifying for hedge accounting are recognized in accordance with the underlying asset being hedged. At inception, derivative contracts are designated as future cash flows hedges, hedges of binding purchase contracts (cash flow hedges or fair value hedges) or as derivatives not meeting the hedge accounting criteria or to which hedge accounting is not applied (economic hedges). Hedging of the fair value of net investments of foreign units or embedded derivatives have not been used.

At the inception of hedge accounting, Finnair documents the economic relationship and the hedge ratio between the hedged item and the hedging instrument, as well as the company's risk management objectives and the strategy for the inception of hedging. At the inception of hedging, and at least at the time of each financial statement, Finnair documents and assesses the effectiveness of hedge relationships by examining the past and prospective capacity of the hedging instrument to offset changes in the fair value of the hedged item or changes in cash flows. The values of derivatives in a hedging relationship are presented in the balance sheet items current assets and current liabilities.

Finnair applies the IFRS hedge accounting principles in the hedging of future cash flows (cash flow hedging). The principles are applied to the foreign currency risk of foreign currency denominated purchases and sales, the price risk of jet fuel purchases and the price risk of electricity.

The change in the fair value of the effective portion of derivative instruments that fulfil the terms of cash flow hedging are directly recognised in the fair value reserve of other comprehensive income, to the extent that the requirements for the application of hedge accounting have been fulfilled. The gains and losses, recognised in fair value reserve, are transferred to the income statement in the period in which the hedged item is recognised in the income statement. When an instrument acquired for the hedging of cash flow matures or is sold, or when the criteria for hedge accounting are no longer fulfilled, the gain or loss accrued from hedging instruments remains in equity until the forecast transaction takes place. However, if the forecasted hedged transaction is no longer expected to occur, the gain or loss accrued in equity is immediately recognised in the income statement.

Financial assets and liabilities

Financial assets have been classified into the following categories: amortised cost and fair value through profit and loss. The classification is made at the time of the original acquisition based on the objective of the business model and the contractual cash flows of the investment. All purchases and sales of financial assets are recognised on the trade date. Liabilities are recognised at acquisition cost. Financial assets at fair value through profit and loss as well as assets and liabilities maturing within 12 months are included in current assets and liabilities. Investments in debt securities are measured at amortised cost, but only when the objective of the business model is to hold the asset to collect the contractual cash flows and the asset's contractual cash flows represent only payments of principal and interest. Financial assets recognised at amortised cost are valued using the effective interest method. Financial assets valued at amortised cost include trade receivables, deferred charges and security deposits for aircraft lease agreements. Due to the nature of short-term receivables and other receivables, their book value is expected to be equal to the fair value. Derecognition of financial assets takes place when Finnair has lost its contractual right to receive cash flows or when it has substantially transferred the risks and rewards outside the company.

Finnair recognises credit loss provisions based on lifetime expected credit losses from trade receivables in accordance with IFRS 9. Finnair has chosen to apply a simplified credit loss matrix for trade receivables as trade receivables do not have a significant financing component. The expected credit loss model is forward-looking, and expected default rates are based on historical realised credit losses. The lifetime expected credit loss allowance is calculated using the gross carrying amount of outstanding trade receivables in each aging bucket and an expected default rate. The changes in expected credit losses are recognised in other expenses in the consolidated income statement. The impairment model does not apply to financial investments, such as bonds and money market funds, included in other financial assets as those are measured at fair value through profit and loss under IFRS 9, which already takes into account expected credit losses. With respect to the assets measured at amortised cost, Finnair is actively following such instruments and will recognise impairment through profit and loss if there is evidence of deterioration in credit quality.

Fixed assets and depreciation

The depreciation of fixed assets is determined based on their expected useful life and residual value. All assets are depreciated with straight-line depreciation method. Depreciation is started when the asset is available for use. Depreciation is ceased either when the asset is sold, or the asset is derecognised. The useful lives of fixed assets are following:

- Buildings, 10—50 years from the time of acquisition to a residual value of 10%.
- Other tangible assets, over 3—15 years

Research and development costs

Except for major software development costs, research and development costs are expensed as they occur. Research and development of aircraft, systems and operations is conducted primarily by the manufacturers.

Emissions trading

The net impacts of FInnair's emissions trading are presented in the notes and have been taken into account in fuel costs and in prepaid expenses as well as accuals and deferred income related to jet fuels.

Leasing

Lease payments for aircraft are significant. Annual lease payments are treated as rental expenses. Lease payments due in future years under aircraft lease contracts are presented as off-balance sheet items.

Appropriations

The difference between total and planned depreciation is shown as accumulated appropriations in the balance sheet and the change during the financial year in the income statement. Appropriations contain also given and received group contributions.

Income taxes

Income taxes in the income statement include taxes calculated for the financial year based on Finnish tax provisions, adjustments to taxes in previous financial years and the change in deferred taxes.

The deferred tax receivable or liability is calculated for the temporary differences between taxation and the financial statements using the tax rate confirmed on the closing date. The balance sheet includes the deferred tax receivable or liability at the amount of the estimated likely receivable.

Pension schemes

The mandatory pension cover of the company's domestic employees has primarily been arranged through a Finnish pension insurance company and other additional pension cover through the Finnair pension fund or a Finnish pension insurance company. Since 1992, the pension fund has no longer accepted employees other than pilots for additional pension coverage. The Finnair pension fund's pension obligation is fully covered with respect to additional coverage. Pension fund liabilities are presented in the notes to the financial statements.

Provisions

Provisions in the balance sheet and entered as expenses in the income statement comprise those items which the company is committed to covering through agreements or otherwise in the foreseeable future and which have no corresponding revenue and whose monetary value can be reasonably assessed.

The company is obliged to return leased aircraft at the required redelivery condition. To fulfil these maintenance obligations the company has recognised provisions based on flight hours flown during the maintenance period.

6.2 Revenue by business area

EUR mill.	2024	2023
Revenue by division		
	2,895.0	**2,830.0**
Passenger revenue	2,530.9	2,511.9
Ancillary services	158.7	126.4
Cargo revenue	205.4	191.8
Distribution of turnover by market areas based on flight routes, % of turnover		
Finland	6%	6%
Europe	42%	42%
Middle East	7%	7%
Asia	33%	33%
North Atlantic	9%	9%
Unallocated	2%	2%
Total	**100%**	**100%**

6.3 Other operating income

EUR mill.	2024	2023
Aircraft lease income	92.2	81.0
Other rental income	26.5	24.4
Other income	26.1	25.9
Total	**144.8**	**131.3**

6.4 Materials and services

EUR mill.	2024	2023
Materials and supplies		
Ground handling and catering expenses	303.7	280.1
Fuel costs	893.0	899.6
Aircraft materials and overhaul	302.2	275.0
IT expenses	18.5	17.2
Other items	108.4	101.4
Total	**1,625.7**	**1,573.3**

6.5 Staff costs

EUR mill.	2024	2023
Wages and salaries	292.6	280.8
Pension expenses	52.9	50.8
Other social expenses	5.8	12.2
Total	**351.3**	**343.9**

Management remuneration and remuneration paid to the Board of Directors are presented in the note 1.3.8.1 Employee benefit expenses and share-based payments in the consolidated financial statements.

Personnel on average	4,089	3,801

6.6 Planned depreciation and amortisation

EUR mill.	2024	2023
On other long-term expenditure	5.3	6.3
On buildings	1.2	1.2
On other equipment	3.7	3.4
Total	**10.2**	**10.9**

6.7 Other operating expenses

EUR mill.	2024	2023
Lease payments for aircraft	434.8	431.4
Other rents for aircraft capacity	111.0	106.7
Office and other rents	35.4	46.3
Traffic charges	270.6	233.8
Sales and marketing expenses	116.5	111.3
Other expenses	132.7	115.4
Total	**1,101.0**	**1,045.0**

Audit fees in other expenses

EUR mill.	2024	2023
Authorised Public Accountants	**KPMG**	**KPMG**
Auditor's fees	0.4	0.4
Other fees	0.1	0.2
Total	**0.5**	**0.7**

6.8 Financial income and expenses

EUR mill.	2024	2023
Dividend income		
From other companies	0.0	0.0
Total	**0.0**	**0.0**
Interest income		
From group companies	19.4	16.3
From other companies		
Net gains on debt instruments held mandatorily at FVPL	36.8	36.3
Other interest income	6.4	16.4
Total	**62.6**	**69.0**
Interest expenses		
To group companies	-5.7	-6.5
To other companies	-36.1	-57.5
Total	**-41.8**	**-64.0**
Other financial income		
Other	1.5	3.3
Total	**1.5**	**3.3**
Other financial expenses		
Other	-11.3	-32.3
Total	**-6.8**	**-32.3**
Exchange gains and losses	23.4	-17.6
Financial income and expenses total	**38.9**	**-41.6**

6.9 Appropriations

EUR mill.	2024	2023
Change in depreciation difference	1.2	1.2
Received group contribution	206.7	163.8
Total	**207.9**	**165.0**

The group contributions received in 2024 relate to 159.6 million euro received from Finnair Aircraft Finance Oy, 9.2 million euro from Oy Aurinkomatkat – Suntours Lth Ab, 23.2 million euro from Finnair Kitchen Oy, 9.0 million euro from Finnair Technical Services Oy, 3.1 million euro Finnair Cargo Oy, 1.8 million euro from Amadeus Finland Oy, 0.6 million euro from Finnair Engine Services Oy, 0.2 million euro from Northport Oy and 0.1 million euro from FTS Financial Services Oy.

6.10 Income taxes

EUR mill.	2024	2023
Income tax for the financial year	-	-17.0
Change in deferred taxes	-40.0	136.8
Total	**-40.0**	**119.7**

6.11 Intangible assets

EUR mill.	2024	2023
Other long-term expenditure		
Acquisition cost 1 January	71.9	79.1
Additions	10.4	2.0
Disposals	-10.4	-9.2
Acquisition cost 31 December	**71.9**	**71.9**
Accumulated depreciation 1 January	-55.4	-58.4
Disposals	10.3	9.2
Depreciation and reduction in value	-5.3	-6.2
Accumulated depreciation 31 December	**-50.4**	**-55.4**
Book value 31 December	**21.5**	**16.5**
Intangible assets Total 31 December	**21.5**	**16.5**

6.12 Tangible assets

Tangible assets 31.12.2024

EUR mill.	Aircraft	Aircraft rotable parts	Land	Buildings	Other equipment	Advances paid	Total
Acquisition cost 1 January	-	-	0.7	54.2	60.8	0.9	116.6
Additions	12.8	0.1	-	-	1.6	2.4	16.9
Additions from merger	-	-	-	17.5	0.1	-	17.7
Disposals	-	-	-	-	-0.6	-0.8	-1.3
Acquisition cost 31 December	**12.8**	**0.1**	**0.7**	**71.7**	**62.0**	**2.5**	**149.8**
Accumulated depreciation 1 January	-	-	-	-9.1	-26.4	-	-35.5
Disposals	-	-	-	-	0.5	-	0.5
Depreciation and reduction in value	-0.1	-0.0	-	-1.2	-3.5	-	-4.8
Depreciations from merger	-	-	-	-5.3	-0.1	-	-5.5
Accumulated depreciation 31 December	**-0.1**	**-0.0**	**-**	**-15.6**	**-29.6**	**-**	**-45.3**
Book value 31 December	**12.7**	**0.1**	**0.7**	**56.1**	**32.4**	**2.5**	**104.5**
The share of machines and equipment in the book value of tangible assets 31 December					30.4%		

Tangible assets 31.12.2023

EUR mill.	Aircraft	Aircraft rotable parts	Land	Buildings	Other equipment	Advances paid	Total
Acquisition cost 1 January	-	-	0.7	54.2	60.2	0.3	115.4
Additions	-	-	-	-	1.1	0.8	1.8
Disposals	-	-	-	-	-0.4	-0.2	-0.6
Acquisition cost 31 December			**0.7**	**54.2**	**60.8**	**0.9**	**116.6**
Accumulated depreciation 1 January	-	-	-	-7.9	-23.5	-	-31.4
Disposals	-	-	-	-	0.3	-	0.3
Depreciation and reduction in value	-	-	-	-1.2	-3.3	-	-4.5
Accumulated depreciation 31 December	**-**	**-**	**-**	**-9.1**	**-26.4**	**-**	**-35.5**
Book value 31 December	**-**	**-**	**0.7**	**45.1**	**34.3**	**0.9**	**81.1**
The share of machines and equipment in the book value of tangible assets 31 December					40.7%		

6.13 Investments

EUR mill.	2024	2023
Group companies		
Acquisition cost 1 January	649.4	649.4
Additions		-
Disposals from merger	-28.3	-
Book value 31 December	**621.1**	**649.4**
Associates and joint ventures		
Acquisition cost 1 January	0.0	0.0
Book value 31 December	**0.0**	**0.0**
Shares in other companies		
Acquisition cost 1 January	0.4	0.4
Additions	-0.0	-0.0
Book value 31 December	**0.4**	**0.4**

Associates and joint ventures	Share of parent company %
Nordic Regional Airlines AB, Sweden	40.00

Group companies	Share of parent company %		Share of parent company %
Finnair Cargo Oy, Finland	100.00	Oy Aurinkomatkat - Suntours Ltd Ab, Finland	100.00
Finnair Aircraft Finance Oy, Finland	100.00	Finnair Business Services OÜ, Estonia	100.00
Finnair Technical Services Oy, Finland	100.00		
Finnair Kitchen Oy, Finland	100.00		
Amadeus Finland Oy, Finland	95.00		

Northport Oy, Finnair Engine Services Oy, Kiinteistö Oy Lentokonehuolto and FTS Financial Services Oy were merged to Finnair Oyj on 31.12.2024.

6.14 Non-current loan and other receivables

EUR mill.	2024	2023
From other companies	59.5	2.4
Total	**59.5**	**2.4**

6.15 Deferred tax assets

EUR mill.	2024	2023
Deferred tax assets 1 January	237.1	104.0
From result for the financial year	-40.3	-17.0
From temporary differences	0.4	4.6
Addition from merger	0.0	-
From valuation of derivates at fair value	-0.6	3.7
Adjustments recognised for taxes of prior periods	-	141.9
Deferred tax assets 31 December	**196.5**	**237.1**

Finnair Plc has not recognised a deferred tax asset of 7.5 million euros for the share of 37.3 million euros of the confirmed tax loss for the financial year 2022, which expires in 2032. In addition, a deferred tax asset of 13.7 million euros related to interest expenses of 68.7 million euros that are subject to the limitation of the right to deduct interest expenses, and which do not have a limitation period have not been recognised.

6.16 Current receivables

EUR mill.	2024	2023
Short-term receivables from group companies		
Trade receivables	16.7	22.4
Group contribution receivable	206.7	163.8
Accrued income and prepaid expenses	1.4	2.7
Other receivables	355.6	334.6
Total	**580.3**	**523.5**
Short-term receivables from associates and joint ventures		
Trade receivables	0.0	-
Prepaid expenses	7.0	6.7
Total	**7.0**	**6.7**
Short-term receivables from others		
Trade receivables	95.1	91.0
Prepaid expenses	116.5	84.6
Derivative financial instruments	53.6	11.5
Other receivables	12.9	66.1
Total	**278.1**	**253.2**
Short-term receivables total	**865.4**	**783.4**

Accrued income and prepaid expenses	2024	2023
Group contribution	206.7	163.8
Sales accruals	62.4	55.8
Employee related deferred charges and receivables	2.7	2.2
Other prepaid expenses	59.7	36.0
Prepaid expenses total	**331.5**	**257.8**

6.17 Investments

EUR mill.	2024	2023
Short-term investments at fair value	664.9	776.8

6.18 Cash and bank equivalents

EUR mill.	2024	2023
Funds in group bank accounts and deposits maturing in three months	217.4	144.3

6.19 Shareholder's equity

EUR mill.	Share capital	Share premium account	Legal reserve	Hedging reserve	Restricted equity	Un-restricted equity funds	Retained earnings	Non-restricted equity	Capital loan	Equity total
Equity 1.1.2024	**75.4**	**24.7**	**147.7**	**-14.7**	**233.1**	**1,344.4**	**-856.5**	**487.8**	**-**	**721.0**
Change in fair value of equity instruments	-	-	-	2.5	2.5	-	-	-	-	2.5
Share-based payments	-	-	-	-	-	0.5	-	0.5	-	0.5
Result for the financial year	-	-	-	-	-	-	158.5	158.5	-	158.5
Equity 31.12.2024	**75.4**	**24.7**	**147.7**	**-12.3**	**235.6**	**1,344.9**	**-698.1**	**646.9**	**-**	**882.5**

EUR mill.	Share capital	Share premium account	Legal reserve	Hedging reserve	Restricted equity	Un- restricted equity funds	Retained earnings	Non-restricted equity	Capital loan	Equity total
Equity 1.1.2023	**75.4**	**24.7**	**147.7**	**-9.9**	**237.9**	**772.9**	**-1,048.9**	**-276.0**	**400.0**	**361.9**
Change in fair value of equity instruments	-	-	-	-4.8	-4.8	-	-	-	-	-4.8
Share issue	-	-	-	-	-	570.4	-	570.4	-	570.4
Share-based payments	-	-	-	-	-	1.1	-	1.1	-	1.1
Repayment of capital loan	-	-	-	-	-	-	-	-	-400.0	-400.0
Capital loan interests and fees	-	-	-	-	-	-	-39.1	-39.1	-	-39.1
Result for the financial year	-	-	-	-	-	-	231.5	231.5	-	231.5
Equity 31.12.2023	**75.4**	**24.7**	**147.7**	**-14.7**	**233.1**	**1,344.4**	**-856.5**	**487.8**	**0.0**	**721.0**

Distributable equity

EUR mill.	2024	2023
Hedging reserve	-12.3	-14.7
Unrestricted equity funds	1,344.9	1,344.4
Retained earnings	-856.5	-1,088.0
Profit/loss for the financial year	158.5	231.5
Total	**634.6**	**473.1**

Share and dividends information is available in Financial statements in group note 3.9.

6.20 Accumulated appropriations

EUR mill.	2024	2023
Accumulated depreciation difference 1 January	17.0	18.2
Change in depreciation difference	-1.2	-1.2
Addition from merger	0.9	-
Accumulated depreciation difference 31 December	**16.8**	**17.0**
Accumulated appropriations total	**16.8**	**17.0**

6.21 Provisions

EUR mill.	2024	2023
Provisions 1 January	143.7	235.8
Provision for the period	57.1	58.5
Provision used	-65.2	-143.5
Exhange rate differences	6.1	-7.1
Provisions 31 December	**141.7**	**143.7**
Of which long-term	108.6	113.9
Of which short-term	33.1	29.8
Total	**141.7**	**143.7**

Provisions contain mostly aircraft maintenance provisions. Long-term aircraft maintenance provisions are expected to be used by 2035.

6.22 Non-current liabilities

EUR mill.	2024	2023
Loans from financial institutions	-	200.0
Bonds	506.3	382.5
Other liabilities	4.3	5.2
Total	**510.6**	**587.7**
Maturity of interest-bearing liabilies		
1–5 years	506.3	582.5
Total	**506.3**	**582.5**

Interest-bearing liabilities consists mainly from the senior unsecured bond issued in 2024. The senior unsecured bond has a nominal value of 500 million euro and it matures after five years from issuance. The senior unsecured bond pays 4,75% interest to the investors.

6.23 Current liabilities

EUR mill.	2024	2023
Current liabilities to group companies		
Trade payables	49.9	114.8
Accruals and deferred income	14.5	18.3
Group bank account liabilities	139.1	166.3
Total	**203.5**	**299.4**
Current liabilities to associates and joint ventures		
Trade payables	0.3	0.3
Accruals and deferred income	1.8	1.0
Total	**2.1**	**1.3**
Current liabilities to others		
Loans from financial institutions	-	80.0
Trade payables	48.6	91.8
Accruals and deferred income	937.2	739.4
Other liabilities	8.1	10.0
Total	**994.0**	**921.2**
Current liabilities total	**1,199.6**	**1,222.0**
Accruals and deferred income		
Unflown air transport revenues	524.9	394.5
Jet fuels and traffic charges	73.9	50.4
Holiday payment liability	63.4	60.9
Other employee related accrued expenses	25.9	29.8
Loyalty program Finnair Plus	73.8	67.0
Derivative financial instruments	62.6	32.9
Accrued other charges	91.9	94.7
Other items	37.1	28.5
Total	**953.5**	**758.7**

6.24 Collateral, contingent liabilities and other commitments

EUR mill.	2024	2023
Guarantees and contingent liabilities		
On behalf of group companies	58.2	51.5
Total	**58.2**	**51.5**
Aircraft lease payments		
Within one year	414.9	412.9
After one year and not later than 5 years	1,134.3	1,169.5
Later than 5 years	561.6	527.9
Total	**2,110.7**	**2,110.3**
Company has primarly leased the aircraft fleet from the fully owned subsidiary.		
Other lease payments		
Within one year	26.5	16.2
After one year and not later than 5 years	85.2	86.9
Later than 5 years	158.0	174.5
Total	**269.7**	**277.6**
Pension obligations		
Total obligation of pension fund	315.0	301.4
Non-mandatory benefit covered	-315.0	-301.4
Total	**-**	**-**

6.25 Derivatives

	2024				2023			
EUR mill.	Nominal value	Positive fair values	Negative fair values	Fair net value	Nominal value	Positive fair values	Negative fair values	Fair net value
Currency derivatives								
Jet fuel currency hedging								
Operational cash flow hedging (forward contracts)	490.8	19.5	-0.7	18.8	389.7	2.0	-5.5	-3.5
Operational cash flow hedging, bought options	41.7	1.2	-	1.2	53.3	0.0	-	0.0
Operational cash flow hedging, sold options	37.8	-	-0.2	-0.2	48.9	-	-0.6	-0.6
Hedge accounting items total	**570.3**	**20.7**	**-0.9**	**19.8**	**491.8**	**2.0**	**-6.1**	**-4.1**
Balance sheet hedging (forward contracts)	40.3	0.1	-	0.1	-	-	-	-
Items outside hedge accounting total	**40.3**	**0.1**	**0.0**	**0.1**	**-**	**-**	**-**	**-**
Currency derivatives total	**610.6**	**20.8**	**-0.9**	**19.9**	**491.8**	**2.0**	**-6.1**	**-4.1**
Commodity derivatives								
Jet fuel forward contracts, tonnes	598,000	1.0	-26.6	-25.6	422,000	5.3	-14.9	-9.6
Bought options, jet fuel, tonnes	231,000	5.4	-	5.4	255,000	2.6	-	2.6
Sold options, jet fuel, tonnes	231,000	-	-14.9	-14.9	255,000	-	-12.0	-12.0
Hedge accounting items total		**6.4**	**-41.6**	**-35.2**		**7.9**	**-26.8**	**-18.9**
Bought options, jet fuel, tonnes		-	-	-	187,000	1.6	-	1.6
Items outside hedge accounting total		**-**	**-**	**-**	**187,000**	**1.6**	**-**	**1.6**
Commodity derivatives total		**6.4**	**-41.6**	**-35.2**		**9.5**	**-26.8**	**-17.4**
Interest rate derivatives								
Interest rate swaps	250.0	26.4	-20.1	6.3	-	-	-	-
Hedge accounting items total	**250.0**	**26.4**	**-20.1**	**6.3**	**-**	**-**	**-**	**-**
Interest rate derivatives total	**250.0**	**26.4**	**-20.1**	**6.3**	**-**	**-**	**-**	**-**
Derivatives total*		**53.6**	**-62.6**	**-9.0**		**11.5**	**-32.9**	**-21.4**

* Positive (negative) fair value of hedging instruments on 31 Dec 2024 is presented in the statement of financial position in the item derivative assets within current assets (derivative liabilities within current liabilities).

6.26 Financial assets and liabilities measured at fair value

Financial assets and liabilities valued at fair value at the end of reporting period

EUR mill.	2024	Level 1	Level 2
Financial assets at fair value			
Securities held for trading	664.9	589.5	75.4
Derivatives			
Currency and interest rate swaps and options	26.4		26.4
- of which in fair value hedge accounting	26.4		26.4
Currency derivatives	20.8		20.8
- of which in cash flow hedge accounting	20.7		20.7
Commodity derivatives	6.4		6.4
- of which in cash flow hedge accounting	6.4		6.4
Total	**718.5**	**589.5**	**129.0**
Financial liabilities at fair value			
Derivatives			
Currency and interest rate swaps and options	20.1		20.1
- of which in fair value hedge accounting	20.1		20.1
Currency derivatives	0.9		0.9
- of which in cash flow hedge accounting	0.9		0.9
Commodity derivatives	41.6		41.6
- of which in cash flow hedge accounting	41.6		41.6
Total	**62.6**		**62.6**

6.27 Fuel price risk in flight operations

Timing of the notional and hedged price

			Maturity	
31 December 2024	Hedged price $/tonne	Notional amount (tonnes)	Under 1 year	1 to 2 years
Jet fuel consumption priced with NWE index	785.2	776,284	660,284	116,000
Jet fuel consumption priced with SING index	801.6	52,716	52,716	

Foreign exchange risk

			Maturity	
Timing of the notional EUR mill. 31 December 2024	Average exchange rate of hedging instruments against the euro	Notional amount (gross)	Less than 1 year	1 to 2 years
USD	1.1	504.7	472.7	32.1
JPY	158.7	105.9	100.8	5.1

Cross-currency interest rate swaps are included in the nominal amount calculation.

Board of Directors' proposal on a return of capital

Finnair Plc's distributable equity on 31 December 2024 amounts to 634,622,303.69 euros, of which the net result for the financial year 2024 is 158,479,436.04 euros.

The Board of Directors proposes to the Annual General Meeting that a return of capital of 0.11 euros per share be distributed in two instalments based on the balance sheet to be adopted for the financial year, which ended on 31 December 2024, and the result be retained in the equity. The first instalment is 0.06 euros per share and the second instalment 0.05 euros per share. Based on the number of outstanding shares as of 27 February 2025, the total amount of a return of capital proposed to be paid is 22,501,061.88 euros.

Signing of the Report of the Board of Directors and the Financial Statements

Confirmation of the Board of Directors and the CEO

We confirm that
- the consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and the financial statements of the parent company prepared in accordance with the laws and regulations governing the preparation of financial statements in Finland give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole,
- the management report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face and
- the sustainability report within management report is prepared in accordance with sustainability reporting standards referred to in Chapter 7 of the Accounting Act and with the Article 8 of Taxonomy Regulation.

Helsinki, 27 February 2025
The Board of Directors of Finnair Plc

Sanna Suvanto-Harsaae
Tiina Alahuhta-Kasko
Montie Brewer

Jukka Erlund
Hannele Jakosuo-Jansson
Henrik Kjellberg

Jussi Siitonen

Turkka Kuusisto
CEO of Finnair Plc

Auditor's report

(This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.)

To the Annual General Meeting of Finnair Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Finnair Plc (business identity code 0108023-3) for the year ended 31 December, 2024. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including material accounting policy information, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 1.3.3 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The significant risks of material misstatement referred to in the EU Regulation No 537/2014 point (c) of Article 10(2) are included in the description of key audit matters below.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

The key audit matter	How the matter was addressed in the audit
Financial position and funding arrangements (Refer to Accounting principles for consolidated financial statements and Notes 3.2, 3.3 and 3.5)	
At the end of the financial year consolidated liquid funds amounted to €644 million and interest-bearing liabilities €1,865 million. To strengthen its balance sheet Finnair continued executing several financing and fleet related transactions. Financial position and funding arrangements are considered a key audit matter as funding arrangements have significant impact on the cash flows and financial position as well as the view given of those in the consolidated financial statements.	With the involvement of KPMG IFRS specialists, we assessed the terms of the funding arrangements and the impacts on classification and recognition in relation to accounting principles and accounting standards applied in the consolidated financial statements. Our procedures have included assessing the accounting treatment of financial transactions. We have also reconciled the balance sheet values of financial transactions to external confirmations at the balance sheet date. In addition, we assessed the appropriateness of the disclosures provided on the financing arrangements and financial position.

The key audit matter	How the matter was addressed in the audit
Fleet valuation (Refer to Accounting principles for consolidated financial statements and Note 2)	
The Group had own aircraft and right of use aircraft with total carrying value of €1,857 million representing 50% of total consolidated assets. The evaluation of the expected useful life of the components of the aircraft, the expected residual value, impairment of existing aircraft and assessment of whether onerous contract exists related to the future committed aircraft purchases requires a significant degree of management judgement. The valuation of the fleet is considered as a key audit matter due to the significance to the Group's consolidated statement of financial position, due to management judgement involved in forecasting future cash flows.	We assessed the reasonableness of assumptions made for useful lives, components and residual values regarding owned and leased aircraft and reconciled these assumptions against carrying values of aircraft components and associated depreciations recorded in the income statement. Our audit procedures, with the involvement of KPMG valuation specialists, included testing the integrity of the calculations and the technical model. We have challenged the assumptions used in impairment testing and their reasonableness by comparing against external industry market data, budgets approved by the Board of Directors and our own views. We have also assessed the appropriateness of the related disclosures.
Valuation of deferred tax assets for unused tax losses (Refer to Accounting principles for consolidated financial statements and note 5.1)	
The remaining balance of deferred tax assets arising from tax losses amounted to €179 million in the consolidated balance sheet. Deferred tax assets are recognized to the extent that it is probable that they can be utilized against taxable profit in the future. The valuation of deferred tax assets is based on management's estimate of the future taxable profits which will be generated before the unused tax losses expire. Valuation of deferred tax assets for unused tax losses is considered a key audit matter due to the high level of management judgement involved in preparation of forecasts of future taxable profits and the significance of carrying amounts.	We assessed the appropriateness of the methodology adopted by Finnair to identify existing tax loss carry forwards that will be utilized. To determine the recognition threshold of the deferred tax assets for unused tax losses we assessed the forecasting process by examining the procedure for preparing the taxable income forecasts used as a basis for estimates and by comparing income forecasts for prior years with actual results. We evaluated the appropriateness of key assumptions used in the forecasts and compared them with the ones adopted for non-current asset impairment tests. We also challenged the degree of the probability and accuracy of the available future taxable profits taking into consideration the positive and negative evidence and their individual significance for the overall assessment and examined their plausibility. In addition, we assessed the appropriateness of the disclosures relating to deferred tax assets in accordance with IFRS.

The key audit matter	How the matter was addressed in the audit
Deferred passenger revenue (Refer to Accounting principles for consolidated financial statements and Note 1.2.4)	
The deferred passenger revenue amounted to €659 million in the consolidated balance sheet. Passenger ticket sale is presented as deferred income from the point of sale until the flight is flown and the sale is recognized as revenue. Recognition of unused tickets as revenue is based on the expected breakage amount of tickets remaining unused. The points earned in the customer loyalty program are measured at fair value and recognised as a decrease of revenue and debt at the time when the points-earning event is recognised as revenue or when the points expire. Large volumes of transactions flow through various computer systems from the date of sale until revenue is recognized in the consolidated statement of profit or loss. The recording process is complex, which gives rise to inherent risk of error, in determining the amount and timing of the revenue recognition. Due to the significant volume and manual adjustment related to the recognition of passenger revenue, deferred passenger revenue is determined a key audit matter.	We obtained an understanding of revenue recognition process. We used data analytics tools for identifying revenue flows and risks in revenue recognition of ticket sales and focused our audit on key risks identified. Further, we used data analyses in testing deferred revenue of unflown tickets. We evaluated the design and tested the operating effectiveness of key controls over revenue recognition. We tested the mathematical accuracy and input data of the calculation used to recognize revenues from the breakage model. We also analysed the assumptions used in the revenue recognition of the customer loyalty program. We tested a sample of passenger revenue recognized as well as a sample of unused tickets in the deferred revenue.

We have not identified other key audit matters relating to the financial statements of the parent company.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on May 29, 2020, and our appointment represents a total period of uninterrupted engagement of five years.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements or our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in compliance with the applicable provisions, excluding the sustainability report information on which there are provisions in Chapter 7 of the Accounting Act and in the sustainability reporting standards.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in compliance with the applicable provisions. Our opinion does not cover the sustainability report information on which there are provisions in Chapter 7 of the Accounting Act and in the sustainability reporting standards.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other opinions

We support that the financial statements and the consolidated financial statements should be adopted. The proposal by the Board of Directors regarding the treatment of distributable funds is in compliance with the Limited Liability Companies Act. We support that the Members of the Board of Directors of the parent company and the Managing Director should be discharged from liability for the financial period audited by us.

Helsinki, 27 February 2025

KPMG OY AB

Kirsi Jantunen
Authorised Public Accountant, KHT

Assurance Report on the Sustainability Report

(This document is an English translation of the Finnish Assurance Report on the Sustainability Report. Only the Finnish version of the report is legally binding.)

To the Annual General Meeting of Finnair Plc

We have performed a limited assurance engagement on the group sustainability report of Finnair Plc (business identity code 0108023-3) that is referred to in Chapter 7 of the Accounting Act and that is included in the report of the Board of Directors for the financial year 1.1.–31.12.2024.

Opinion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the group sustainability report does not comply, in all material respects, with
1) the requirements laid down in Chapter 7 of the Accounting Act and the sustainability reporting standards (ESRS);
2) the requirements laid down in Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (EU Taxonomy).

Point 1 above also contains the process in which Finnair Plc has identified the information for reporting in accordance with the sustainability reporting standards (double materiality assessment) and the tagging of information as referred to in Chapter 7, Section 22 of the Accounting Act.

Our opinion does not cover the tagging of the group sustainability report with digital XBRL sustainability tags in accordance with Chapter 7, Section 22, Subsection 1(2), of the Accounting Act, because sustainability reporting companies have not had the possibility to comply with that provision in the absence of the ESEF regulation or other European Union legislation.

Basis for Opinion

We performed the assurance of the group sustainability report as a limited assurance engagement in compliance with good assurance practice in Finland and with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.

Our responsibilities under this standard are further described in the *Responsibilities of the Authorized Group Sustainability Auditor* section of our report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

We draw attention to the fact that the group sustainability report of Finnair Plc that is referred to in Chapter 7 of the Accounting Act has been prepared and assurance has been provided for it for the first time for the financial year 1.1.–31.12.2024. Our opinion does not cover the comparative information that has been presented in the group sustainability report. Our opinion is not modified in respect of this matter.

Authorized Group Sustainability Auditor's Independence and Quality Management

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our engagement, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The authorized group sustainability auditor applies International Standard on Quality Management ISQM 1, which requires the authorized sustainability audit firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director of Finnair Plc are responsible for:

- the group sustainability report and for its preparation and presentation in accordance with the provisions of Chapter 7 of the Accounting Act, including the process that has been defined in the sustainability reporting standards and in which the information for reporting in accordance with the sustainability reporting standards has been identified as well as the tagging of information as referred to in Chapter 7, Section 22 of the Accounting Act and
- the compliance of the group sustainability report with the requirements laid down in Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088;
- such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of a group sustainability report that is free from material misstatement, whether due to fraud or error.

Inherent Limitations in the Preparation of a Sustainability Report

Preparation of the sustainability report requires company to make materiality assessment to identify relevant matters to report. This includes significant management judgement and choices. It is also characteristic to the sustainability reporting that reporting of this kind of information includes estimates and assumptions as well as measurement and estimation uncertainty. Furthermore, when reporting forward looking information company has to disclose assumptions related to potential future events and describe company´s possible future actions in relation to these events. Actual outcome may differ as forecasted events do not always occur as expected.

Responsibilities of the Authorized Group Sustainability Auditor

Our responsibility is to perform an assurance engagement to obtain limited assurance about whether the group sustainability report is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the group sustainability report.

Compliance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) requires that we exercise professional judgment and maintain professional skepticism throughout the engagement. We also:

- Identify and assess the risks of material misstatement of the group sustainability report, whether due to fraud or error, and obtain an understanding of internal control relevant to the engagement in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Design and perform assurance procedures responsive to those risks to obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Description of the Procedures That Have Been Performed

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. The nature, timing and extent of assurance procedures selected depend on professional judgment, including the assessment of risks of material misstatement, whether due to fraud or error. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our procedures included for ex. the following:

- We interviewed Finnair Plc's management and persons responsible for the preparation and gathering of the sustainability information.
- We familiarized with interviews to the key processes related to collecting and consolidating the sustainability information.
- We got acquainted with the relevant guidances and policies related to the sustainability information disclosed in the sustainability report.
- We acquainted ourselves to the background documentation and other records prepared by the company, as appropriate and assessed how they support the information included in the sustainability report.
- In relation to the double materiality assessment process, we interviewed persons responsible for the process and familiarized ourselves with the process description prepared of the double materiality assessment and other documentation and background materials.
- In relation to the EU taxonomy information we interviewed the management of the company and persons with key roles in reporting taxonomy information to examine how taxonomy eligible activities have been identified, we obtained evidence supporting the interviews and reconciled the reported EU taxonomy information to supporting documents and to the bookkeeping, as applicable.
- We assessed the application of the ESRS sustainability reporting standards reporting principles in the presentation of the sustainability information.

Helsinki, 27 February 2025

KPMG OY AB
Authorized Sustainability Audit Firm

Kirsi Jantunen
Authorised Public Accountant, KHT

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