airBaltic

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**Company Announcement**

**11 August 2026**

# Air Baltic Corporation AS Outlines *Business Plan to Strengthen Long-Term Sustainability*

## airBaltic Business Plan: Key Elements

Air Baltic Corporation AS (the "Company", "airBaltic") has announced a comprehensive business plan designed to transform the Company's business, optimize its operating model, and establish a sustainable long-term capital structure.

## New Business Plan

The new business plan includes:

- **A redesigned fleet and network** – airBaltic will adopt a profitability-led network strategy, refocusing its operations around Riga as the core hub while prioritizing depth and frequency in existing markets over broad expansion. Secondary bases will complement the network through selected point-to-point services, while tactical and seasonal flying will be used to optimize fleet utilization and mitigate seasonality rather than drive long-term growth.
- **A strengthened commercial partnership with ACMI customers** – profitable year-round capacity deployment which materially reduces the Company's fixed-cost burden during the winter season.
- **A more efficient cost base** – annual operating costs are targeted to be reduced by approximately €45 million through fleet, network and operational initiatives.
- **A strengthened balance sheet** – the Company plans to reduce its debt through the measures described below.

## Strengthening the Balance Sheet

The plan includes a comprehensive recapitalization designed to support airBaltic's long-term sustainability, including:

- €225 million of interim financing to address near-term liquidity requirements;
- A permanent exit financing package comprising €225 million of new debt financing and €100 million of new equity capital;
- Partial equitization of the 2029 Senior Secured Notes, with participating and non-participating 2029 SSN Bondholders assumed to receive aggregate take-back debt consideration of up to €125 million; and
- A level of equitization of balance sheet obligations, including financial, lease and other liabilities

Implementation of the transactions described above is subject to market conditions.

The interim financing is anticipated to be secured on a first-out basis by the collateral package currently securing the 2029 Senior Secured Notes which has an estimated going-concern value of €506 million, consisting of:

- Aircraft and engines: €255 million (appraisal value by MBA as of June 2026)
- Spare parts: €28 million (appraisal value by MBA as of May 2026)
- Trademark, Brand, and IP: €132 million (appraisal value by MBA as of April 2026)
- Other collateral: €83 – 91 million
    - A220 simulator: €6 million (appraisal value by MBA as of April 2026)
    - Receivables: €60 - 67 million (Net Book Value as of April - June 2026)
    - Hangars, Training Centre: €10 million (appraisal value by Latio, as of March 2024 and included in the Prospectus for the 2029 Senior Secured Notes)
    - Bond service reserve account: €3 million (actual balance as of June 2026)
    - Other (Uniforms, shares, fixed assets): €4 million (Net Book Value as of June 2026)

Under a liquidation scenario, potential returns in respect of the collateral would be materially lower than appraised values, which assume going-concern valuations. Please refer to detailed appraisals attached to this press release for additional information.

Execution of the interim financing is contingent upon obtaining the required 2029 Bondholder resolutions.

**Operational and Financial Outlook**

Under the revised business plan, airBaltic expects to operate an all Airbus A220 fleet of approximately 40 aircraft by 2031, compared to approximately 100 aircraft contemplated under the prior plan. Consistent with the smaller fleet and redesigned network strategy, scheduled service ASKs are projected to decline from 9.6 billion in 2026 to 8.7 billion in 2027, before gradually increasing to 10.5 billion by 2031.

The Company expects revenue to reach approximately €0.8 billion in 2027, €0.9 billion in 2029, and €1.0 billion in 2031.

EBITDAR is expected to increase to approximately €192 million in 2027, €243 million in 2029, and €300 million in 2031, representing an EBITDAR margin of approximately 25–29%.

By the end of 2026, unrestricted cash is forecast to reach €84 million, supported by the anticipated €225 million interim financing (assumed to be raised in August 2026) and €325 million of exit financing, including €100 million in the form of new equity. The Business Plan assumes that proceeds from the exit financing will be used to repay the interim financing. Following implementation of the Business Plan, liquidity is projected to exceed 15% by the end of 2027 and increase to approximately 20–25% from 2028 onward.

Net leverage is expected to be approximately 4.8x following completion of the recapitalization at year-end 2026, including approximately €513 million of lease liabilities and other corporate debt, in addition to the exit debt financing and take-back debt. As the Business Plan is implemented, net leverage is projected to decline to approximately 2.4x by year-end 2029 and further reduce to 1.6x by year-end 2031.

| Business Plan Metrics | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 |
|---|---|---|---|---|---|---|---|
| Scheduled Service ASKs (Billions) | 9.1 | 9.6 | 8.7 | 8.9 | 9.5 | 9.9 | 10.5 |
| Fleet plan (# of aircraft) | 51 | 36 | 36 | 37 | 39 | 40 | 41 |
| Total Revenue (€ Billions) | 0.8 | 0.9 | 0.8 | 0.8 | 0.9 | 1.0 | 1.0 |
| EBITDAR (€ millions) | 144 | 158 | 192 | 218 | 243 | 264 | 300 |
| Unlevered FCF (€ millions) | - | - | 139 | 182 | 109 | 123 | 217 |
| Lease payments (€ millions) | - | - | (73) | (76) | (80) | (84) | (117) |
| Debt payments (€ millions) | - | - | (24) | (24) | (23) | (22) | (21) |
| Levered FCF (€ millions) | - | - | 33 | 73 | (4) | 7 | 69 |
| Unrestricted liquidity (€ millions) | 11 | 84 | 117 | 189 | 185 | 192 | 262 |

*The financial information set forth above is based on airBaltic's current expectations and assumptions and is not a guarantee of future performance. Actual results may differ materially due to a variety of factors, including fuel prices, foreign exchange rates, inflation, demand trends, supply chain disruptions and the successful implementation of the Company's business plan. All financial information is presented on a consolidated basis for airBaltic.*

*Collateral values reflect EUR conversions based on the foreign exchange rate at the time of valuation.*

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