

LISTING PROSPECTUS



Finnair Plc

EUR 400,000,000 4.250 per cent Notes due 19 May 2025

On 19 May 2021, Finnair Plc (the “**Issuer**” or the “**Company**” and, together with its subsidiaries and associated companies, on a consolidated basis, “**Finnair**”, the “**Finnair Group**” and the “**Group**”) issued EUR 400,000,000 4.250 per cent notes due 19 May 2025 (the “**Notes**”). The Notes were offered for subscription in a minimum amount of EUR 100,000 (the “**Offering**”). The principal amount of each book-entry unit (in Finnish *arvo-osuuden yksikkökoko*) is EUR 1,000. Net proceeds from the issue of the Notes will be used for the partial repurchase of the Issuer’s existing EUR 200 million 2.250 per cent notes due 2022 issued by the Issuer (the “**Existing Notes**”) and the remaining proceeds for general corporate purposes.

Each Note bears interest from, and including, 19 May 2021 at the rate of 4.250 per cent per annum to, but excluding, the maturity date or such earlier date on which the Note is redeemed or purchased and cancelled. Interest will be payable semi-annually in arrears commencing on 19 November 2021 and thereafter semi-annually on each 19 May and 19 November, as described in “*Terms and Conditions of the Notes—4. Interest*”.

The Notes constitute direct, unsecured, unguaranteed and unsubordinated obligations of the Issuer. The Notes were issued in the book-entry securities system of Euroclear Finland Oy (“**Euroclear Finland**”) in dematerialised form under the Finnish Act on Book-Entry System and Clearing Activities (348/2017, as amended). The Notes may be held by holders of the Notes (the “**Noteholders**”) directly through book-entry accounts with Euroclear Finland. The Notes are not evidenced by any physical note or document of title other than statements of account made by Euroclear Finland or its account operator and cannot be physically delivered.

The Issuer will apply for listing of the Notes on Nasdaq Helsinki Ltd (“**Nasdaq Helsinki**”) (the “**Listing**”) and the trading on the Notes is expected to commence by the end of May 2021. See “*Important Information*” for information on Issuer’s obligation to supplement this listing prospectus (the “**Listing Prospectus**”) prior to the Listing. The Notes and the Issuer are not currently rated by any rating agency.

Investment in the Notes involves certain risks. The summary of certain principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Notes is presented under “*Risk Factors*”. Each investor should carefully review this Listing Prospectus, including the risks involved, prior to making an investment decision.

The Notes have not been, and will not be, registered under the U.S. Securities Act 1933, as amended (the “**Securities Act**”), or the securities laws of any state of the United States, and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, any U.S. person (as such terms are defined in Regulation S under the Securities Act (“**Regulation S**”)), except in certain transactions exempt from, or in a transaction not subject to the registration requirements of, the Securities Act and in accordance with applicable state securities laws. The Notes have been offered and sold in offshore transactions outside the United States in reliance on Regulation S.

Coordinators and Bookrunners



Bookrunners



The date of this Listing Prospectus is 20 May 2021.

IMPORTANT INFORMATION

MiFID II product governance / Professional investors, eligible counterparties and retail investors target market – Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, professional clients and retail clients, each as defined in Directive 2014/65/EU as amended (the “**MIFID II**”); and (ii) all channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**Distributor**”) should take into consideration the manufacturers’ target market assessment; however, a Distributor subject to MIFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the Issuer’s target market assessment) and determining appropriate distribution channels.

Important – EEA retail investors – The Notes are not PRIIPs for the purposes of Regulation (EU) No 1286/2014 (the “**PRIIPs Regulation**”) and, accordingly, no key information document pursuant to the PRIIPs Regulation has been or will be made available in respect of the Notes.

UK MiFIR product governance / Professional investors and eligible counterparties only target market – Solely for the purposes of the product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (the “**COBS**”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of the domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the “**UK MiFIR**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**Distributor**”) should take into consideration the manufacturers’ target market assessment; however, a Distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the Issuer’s target market assessment) and determining appropriate distribution channels.

PROHIBITION OF SALES TO UK RETAIL INVESTORS: UK PRIIPs Regulation / UK Investor – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA which were relied on immediately before exit day to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

In this Listing Prospectus (as defined below), any reference to “**Finnair**”, the “**Finnair Group**” and the “**Group**” mean Finnair Plc and its subsidiaries and associated companies, on a consolidated basis, the “**Issuer**” and the “**Company**” mean Finnair Plc, except where the context may otherwise require. Danske Bank A/S (“**Danske Bank**”) and Nordea Bank Abp (“**Nordea**”) are acting as coordinators and bookrunners (the “**Coordinators**”) and OP Corporate Bank plc (“**OP**”) and Skandinaviska Enskilda Banken AB (publ) (“**SEB**”) and, together with Danske Bank, Nordea and OP, the “**Bookrunners**”) are acting as bookrunners in relation to the offering and issue of the Notes.

This document (this listing prospectus and the documents incorporated by reference herein are jointly referred to as the “**Listing Prospectus**”) has been prepared in accordance with the Finnish Securities Markets Act (746/2012, as amended, the “**Finnish Securities Markets Act**”), the Regulation (EU) 2017/1129 of the European Parliament and of the Council, as amended (the “**Prospectus Regulation**”), Commission Delegated Regulation (EU) 2019/979 of 14 March 2019, supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council with regard to regulatory technical standards on key financial information in the summary of a prospectus, the publication and classification of prospectuses, advertisements for securities, supplements to a prospectus, and the notification portal, and repealing Commission Delegated Regulation (EU) No 382/2014 and Commission Delegated Regulation (EU) 2016/301, Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 (Annexes 8 and 16) supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004 and the regulations and guidelines issued by the Finnish Financial Supervisory Authority (the “**FIN-FSA**”). This Listing Prospectus has been drawn up as a simplified prospectus in accordance with Article 14 of the Prospectus Regulation. The FIN-FSA has approved this Listing Prospectus as the competent authority under the Prospectus Regulation. The FIN-FSA has only approved this Listing Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the FIN-FSA of this Listing Prospectus should not be considered as an endorsement of the issuer that is the subject of this Listing Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes. The record number of the FIN-FSA’s approval is FIVA 26/02.05.04/2021. This Listing Prospectus has been prepared in English only. However, the summary of this Listing Prospectus has been translated into Finnish.

This Listing Prospectus is valid until the Listing. Responsibility to supplement this Listing Prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when this Listing Prospectus is no longer valid.

This Listing Prospectus should be read together with all documents which are incorporated herein by reference. This Listing Prospectus shall be read and construed on the basis that such documents are incorporated and form part of this Listing Prospectus. See “*Documents Incorporated by Reference*”.

The Bookrunners are acting exclusively for the Issuer as the managers in connection with the Offering and the Listing and will not be responsible to anyone other than the Issuer for providing the protections afforded to its clients nor giving investment or other advice in relation to the Notes. Neither the Issuer nor the Bookrunners have taken any action, nor will they take any action to make a public offer of the Notes in their possession, or the distribution of this Listing Prospectus or any other documents relating to the Notes admissible in any jurisdiction requiring special measures to be taken for the purpose of making a public offer. Any investor investing in the Notes becomes bound by the final terms and conditions for the Notes.

The distribution of this Listing Prospectus and the offer and sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Listing Prospectus comes are instructed by the Issuer and the Bookrunners to inform themselves about and to observe any such restrictions. This Listing Prospectus may not be distributed in the United States, Australia, Canada, Hong Kong, Japan or Singapore, or such other countries or otherwise in such circumstances in which the offering of the Notes would be unlawful or require measures other than those required under the laws of Finland. This Listing Prospectus does not constitute an offer of, or an invitation to purchase, the Notes in any jurisdiction. No offer will be made to persons whose participation in the offering requires any additional Listing Prospectus or registration. None of the Issuer, the Bookrunners or any of their respective affiliates or representatives accepts any legal responsibility for any such violations by any person or entity, whether or not a prospective investor of Notes, and whether or not the person or entity is aware of such restrictions.

Prospective investors should rely solely on the information contained in this Listing Prospectus. No person has been authorised to give any information or to make any representation not contained in or not consistent with this Listing Prospectus or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer. In making an investment decision, each investor must rely on their examination, analysis and enquiry of the Issuer and the terms of the Notes, including the risks and merits involved. Neither the Issuer, nor the Bookrunners nor any of their respective affiliated parties or representatives, is making any representation to any offeree or subscriber of the Notes regarding the legality of the investment by such person. Investors are recommended to make their independent assessment of the legal, tax, business, financial and other consequences of an investment in the Notes. The contents of this Listing Prospectus are not to be construed as legal, business, tax, financial or other advice.

The Bookrunners assume no responsibility for the accuracy or completeness of the information herein and, accordingly, no representation or warranty, express or implied, is made by the Bookrunners as to the accuracy or completeness of the information contained in this Listing Prospectus, and nothing contained in this Listing Prospectus is, or shall be relied upon as a promise or representation by the Bookrunners in this respect, whether as to the past or the future. Apart from the responsibilities and liabilities, if any, which may be imposed on the Bookrunners by Finnish law or under the regulatory regime of any other jurisdiction where exclusion of liability under Finnish law or the relevant regulatory regime of the other jurisdiction would be illegal, void or unenforceable, the Bookrunners do not accept any responsibility whatsoever for the contents of this Listing Prospectus or for any statement made or purported to be made by them, or on their behalf, in connection with the Issuer or the Notes. The Bookrunners accordingly disclaim to the fullest extent permitted by applicable law any and all liability whether arising in tort, contract, or otherwise (save as referred to above) which they may otherwise have in respect of such document or any such statement.

The information contained herein is current as of the date of this Listing Prospectus. The delivery of this Listing Prospectus, and the offer, sale or delivery of the Notes shall not mean that no adverse changes or events have occurred after the date of this Listing Prospectus, which could result in a material adverse effect on Finnair’s business, financial position, and future prospects and, thereby, on the Issuer’s ability to fulfil its obligations under the Notes as well as on the value of the Notes. Nothing contained in this Listing Prospectus is, or shall be relied upon as, a promise by the Issuer or the Bookrunners as to the future. If a significant new factor, material mistake or material inaccuracy relating to the information included in this Listing Prospectus which may affect the assessment of the securities arises or is noted prior to the Listing, this Listing Prospectus will be supplemented in accordance with the Prospectus Regulation.

The Notes are governed by and construed in accordance with the laws of Finland. Any dispute arising in relation to the Notes shall be settled exclusively by Finnish courts in accordance with Finnish law.

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SUMMARY

Introduction and Warnings

This summary contains all the sections required by the Prospectus Regulation to be included in a summary for this type of securities and issuer. This summary should be read as an introduction to this Listing Prospectus. Any decision to invest in the securities should be based on consideration of this Listing Prospectus as a whole by the investor.

An investor investing in the securities could lose all or part of the invested capital. Where a claim relating to the information contained in this Listing Prospectus is brought before a court, the plaintiff investor might, under applicable law, have to bear the costs of translating this Listing Prospectus before legal proceedings are initiated. Finnair assumes civil liability in respect of this summary including translation thereof only if it is misleading, inaccurate or inconsistent, when read together with the other parts of this Listing Prospectus, or where it does not provide, when read together with the other parts of this Listing Prospectus, key information in order to aid investors when considering whether to invest in the securities.

The contact details of the Issuer are as follows:

Issuer	Finnair Plc
Address	Tietotie 9, FI-01530 Vantaa, Finland
Telephone.....	+358 600 081 881
Business code.....	0108023-3
Legal entity identifier (the “LEI code”)	213800SB6EOB8SSK9W63

The details of the Notes are as follows:

ISIN.....	FI4000507132
Trading code	FIASJ042525

The FIN-FSA has, in its capacity as competent authority under the Prospectus Regulation, approved this Listing Prospectus on 20 May 2021. The record number of the FIN-FSA’s approval is FIVA 26/02.05.04/2021. The FIN-FSA’s address is P.O. Box 103, FI-00101 Helsinki, Finland, its telephone number is +358 9 183 51 and its email address is kirjaamo@finanssivalvonta.fi.

Key Information on the Issuer

Who Is the Issuer of the Securities?

General

The corporate name of the Issuer is Finnair Plc and it is domiciled in Helsinki, Finland. The Issuer is registered with the trade register maintained by the Finnish Patent and Registration Office (the “**Trade Register**”) under the business identity code 0108023-3 and the LEI code 213800SB6EOB8SSK9W63. The Issuer is a public limited liability company incorporated in Finland and operating under Finnish law.

Principal Activities

Finnair is the flag carrier of, and the largest airline in, Finland. Finnair’s route network connects Europe, Asia and North America through its hub at Helsinki-Vantaa Airport (“**Helsinki Airport**”). Finnair specialises in the transportation of passenger and cargo traffic between Asia and Europe, and also offers package tours under its Aurinkomatkat-Suntours and Finnair Holidays brands.

The coronavirus (“**COVID-19**”) pandemic has heavily affected the global aviation sector, as well as Finnair’s operations. Strict travel restrictions in particular resulted in a sudden and material reduction in demand for passenger air travel, which forced Finnair to cut its passenger traffic capacity by over 70 per cent (measured in available seat kilometres (“**ASK**”)) in 2020. At the date of this Listing Prospectus, Finnair continues to operate a limited network, as the COVID-19 pandemic is still present globally. The coverage of COVID-19 vaccinations is gradually increasing, however, the travel restrictions imposed by public authorities in many countries are yet to be lifted.

Major Shareholders

As at the date of this Listing Prospectus, the State of Finland (acting through the Prime Minister’s Office) holds 55.9 per cent of the shares in the Issuer. Accordingly, the State of Finland has control over the Issuer as referred to in Chapter 2, Section 4 of the Finnish Securities Markets Act. The Issuer is not aware of any other shareholders owning more

than five per cent of the issued and outstanding share and votes in the Issuer based on the information available to Issuer at the date of this Listing Prospectus.

Chief Executive Officer and the Executive Board

The following table sets forth the members of the Issuer's Executive Board as at the date of this Listing Prospectus:

	Position	Year born	Year appointed to the Executive Board
Topi Manner	Chief Executive Officer	1974	2019
Nicklas Ilebrand	Senior Vice President, Strategy	1980	2019
Johanna Karppi	Senior Vice President, People & Culture	1968	2019
Ole Orvär	Chief Commercial Officer	1966	2019
Tomi Pienimäki	Chief Digital Officer	1973	2019
Sami Sarelius	Senior Vice President and General Counsel	1971	1998
Jaakko Schildt	Senior Vice President, Operations	1970	2016
Mika Stirkkinen	Chief Financial Officer	1968	2019
Päivyt Tallqvist	Senior Vice President, Communications	1970	2020

The Board of Directors

The following table sets forth the members of the Issuer's Board of Directors as at the date of this Listing Prospectus:

	Position	Year born	Year first elected to the Board of Directors
Jouko Karvinen	Chairman	1957	2016
Colm Barrington	Vice Chairman	1946	2017
Tiina Alahuhta-Kasko	Member	1981	2019
Montie Brewer	Member	1957	2018
Jukka Erlund	Member	1974	2019
Hannele Jakosuo-Jansson	Member	1966	2021
Henrik Kjellberg	Member	1971	2018
Maija Strandberg	Member	1969	2020

Statutory Auditor

The Issuer's statutory auditor is KPMG Oy Ab, Authorised Public Accountant Firm, with Authorised Public Accountant Kirsi Jantunen as the auditor with principal responsibility. Kirsi Jantunen is registered in the Finnish Register of Auditors pursuant to Chapter 6, Section 9 of the Finnish Auditing Act (*tilintarkastuslaki* 1141/2015, the "**Finnish Auditing Act**") maintained by the Trade Register.

What Is the Key Financial Information Regarding the Issuer?

The selected historical key financial information presented below has been derived from Finnair's unaudited consolidated interim report as at and for the three months ended 31 March 2021, including the unaudited comparative consolidated financial information as at and for the three months ended 31 March 2020, as well as audited consolidated financial statements as at and for the financial year ended 31 December 2020, including the audited comparative consolidated financial information for the financial year ended 31 December 2019.

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

	As at and for the three months ended 31 March		As at and for the year ended 31 December	
	2021	2020	2020	2019
	(unaudited)		(audited)	
	(EUR in millions, unless otherwise indicated)			
KEY FIGURES				
Operating result	(149.1)	(95.6)	(464.5)	160.0
Interest-bearing net debt	1,514.7	923.0	1,373.8 ⁽¹⁾	621.0 ⁽¹⁾
Gearing, per cent.....	191.8	125.5	153.2	64.3
Net cash flow from operating activities	(117.7)	(133.5)	(1,043.1)	564.5
Net cash flow from investing activities.....	5.2	(67.3)	351.6	(513.2)
Net cash flow from financing activities	(46.1)	135.5	1,001.9	(225.4)

(1) Unaudited.

The aim of Finnair's dividend policy is to pay on average at least one third of the earnings per share as a dividend over an economic cycle. The Issuer intends to take into account its earnings trend and outlook, financial situation and capital needs for any given period. Due to the COVID-19 pandemic, in accordance with the proposal of the Board of Directors, the shareholders resolved in the Annual General Meeting of Finnair on 17 March 2021 that no dividend be paid based on the balance sheet adopted for the year 2020.

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

- The COVID-19 pandemic has had a material adverse effect on Finnair's business, financial condition, results of operations and future prospects, and is expected to continue to adversely affect the demand for airline services, including Finnair's services;
- Finnair may not be able to successfully implement its strategy, or its strategy may prove to be misaligned in relation to prevailing market conditions or changes in the industry;
- Finnair may be unable to achieve the expected benefits from its cost adjustment and efficiency program;
- Finnair may not achieve its goals in future negotiations regarding the terms of collective labour agreements of its unionised work groups or in negotiations concerning adjustment measures due to the weakened demand situation, exposing it to the risk of strikes and other work-related disruptions;
- the airline industry is characterised by low profit margins with limited short-term cost manoeuvrability, exposing Finnair to the risks of decreased profitability and liquidity;
- Finnair is exposed to the residual value risk, and also to the risk of impairment in the value of its aircraft;
- variations in the price of jet fuel affect Finnair's operating expenses, and hedging transactions related to fuel prices may prove to be ineffective or may increase costs in relation to the prevailing market price; and
- adverse developments in macroeconomic conditions, including the extended duration and/or increased spread of the COVID-19 pandemic, may result in reduced access to capital and lower liquidity.

Key Information on the Securities

What Are the Main Features of the Securities?

The Notes constitute direct, unsecured, unguaranteed and unsubordinated obligations of the Issuer. The Notes are dematerialised securities registered in the Finnish book-entry system maintained by Euroclear Finland. The ISIN of the Notes is FI4000507132. The currency of the Notes is the euro.

On 19 May 2021, the Issuer issued EUR 400,000,000 4.250 per cent Notes due 19 May 2025. The Notes were offered for subscription in a minimum amount of EUR 100,000. The principal amount of each book-entry unit (in Finnish *arvo-osuuden yksikkökoko*) is EUR 1,000. The Notes rank *pari passu* among each other and with all other unsecured, unguaranteed and unsubordinated indebtedness, save for such obligations as may be preferred by mandatory provisions of law. Each Note bears interest from, and including, 19 May 2021 at the rate of 4.250 per cent per annum to, but excluding, the maturity date (*i.e.*, 19 May 2025) or such earlier date on which the Note is redeemed or purchased and cancelled. The interest on the Notes will be paid semi-annually in arrears commencing on 19 November 2021 and thereafter semi-annually on each 19 May and 19 November until the Notes have been repaid in full. The Noteholders exercise their right of decision by attending a noteholders' meeting or participating in a written decision making procedure.

Notes are freely transferable after having been registered into the respective book-entry account.

Where Will the Securities Be Traded?

The Issuer will apply for listing of the Notes on the main list of Nasdaq Helsinki.

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

- Investors are exposed to credit risk in respect of the Issuer and may lose their investment in the Notes;
- the Notes constitute unsecured obligations of the Issuer;
- there is currently no public market for the Notes and if an active trading market for the Notes does not develop or is not maintained, it could have a material adverse effect on the market price of the Notes;
- since the Notes bear a fixed interest rate, their price may fall as a result of an increase in the interest rates; and
- the Issuer using its right or being obligated to redeem and purchase the Notes prior to maturity may have an adverse effect on the Issuer and on any Notes outstanding.

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

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

The Notes were offered for subscription through a book-building procedure in a minimum amount of EUR 100,000 that was carried out on 10 May 2021. The Notes were not, and will not be, offered to the public. The Notes were issued on 19 May 2021. Application will be made for the Notes to be admitted to trading on the official list of Nasdaq Helsinki, and the Listing is expected to take place by the end of May 2021.

The Notes may be registered on behalf of the Noteholders on book-entry accounts and transfers of Notes may only be effected through, and title thereto will only pass upon, registration and transfer in such book-entry accounts.

In connection with the Offering, the Issuer expects to pay approximately a total of EUR 2.4 million in fees and expenses. No fees or other payments will be charged to the investor by the Issuer. Account operators may charge fees in accordance with their price lists for the subscription and opening and maintaining of the book-entry account or other custody system and for custody of the Notes.

Why Is This Listing Prospectus Being Produced?

This Listing Prospectus is being produced by the Issuer in order to have the Notes listed on the main list of Nasdaq Helsinki.

The Notes were issued in order to enable further financing and to meet the existing and future financing requirements of the Issuer. The aggregate net proceeds to the Issuer from the Offering, after deduction of the fees and expenses payable by the Issuer, will be approximately EUR 397.6 million. Net proceeds from the issue of the Notes will be used for the partial repurchase of the Existing Notes and the remaining proceeds for general corporate purposes.

Material Interests of the Bookrunners

The interests of the Bookrunners are normal business interests in the financial markets.

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

TIIVISTELMÄ

Johdanto ja varoitukset

Tämä tiivistelmä sisältää kaikki ne osiot, jotka kyseessä olevasta arvopaperista ja sen liikkeeseenlaskijasta tulee esittää Esiteasetuksen mukaisesti. Tätä tiivistelmää tulee lukea tämän Listalleottoesitteen johdantona. Sijoittajan tulee perustaa päätöksensä sijoittaa arvopapereihin esitteeseen kokonaisuutena.

Arvopapereihin sijoittava sijoittaja voi menettää sijoitetun pääoman kokonaisuudessaan tai osittain. Jos tuomioistuimessa pannaan vireille tähän Listalleottoesitteeseen sisältyviä tietoja koskeva kanne, kantajana toimiva sijoittaja voi sovellettavan lainsäädännön mukaan joutua ennen oikeudenkäynnin vireillepanoa vastaamaan tämän Listalleottoesitteen käännskustannuksista. Finnair vastaa siviilioikeudellisesti tästä tiivistelmästä vain, jos tiivistelmä on harhaanjohtava, epätarkka tai epä johdonmukainen suhteessa tämän Listalleottoesitteen muihin osiin tai jos tiivistelmässä ei anneta yhdessä tämän Listalleottoesitteen muiden osien kanssa keskeisiä tietoja sijoittajien päätöksenteon tueksi, kun he harkitsevat sijoittamista arvopapereihin.

Liikkeeseenlaskijan yhteystiedot ovat seuraavat:

Liikkeeseenlaskijan nimi	Finnair Oyj
Osoite	Tietotie 9, 01530 Vantaa
Puhelinnumero	0 600 081 881
Yritys- ja yhteisötunnus	0108023-3
Oikeushenkilötunnus ("LEI-tunnus")	213800SB6EOB8SSK9W63

Arvopaperia koskevat tiedot ovat seuraavat:

ISIN	FI4000507132
Kaupankäyntitunnus	FIASJ042525

Finanssivalvonta on Esiteasetuksen mukaisena toimivaltaisena viranomaisena hyväksynyt tämän Listalleottoesitteen 20.5.2021. Finanssivalvonnan tämän Listalleottoesitteen hyväksymispäätöksen diaarinumero on FIVA 26/02.05.04/2021. Finanssivalvonnan osoite on PL 103, 00101 Helsinki, puhelinnumero 09 183 51 ja sähköpostiosoite kirjaamo@finanssivalvonta.fi.

Keskeisiä tietoja liikkeeseenlaskijasta

Kuka on arvopapereiden liikkeeseenlaskija?

Yleistä

Liikkeeseenlaskijan rekisteröity toiminimi on Finnair Oyj ja sen kotipaikka on Helsinki. Liikkeeseenlaskija on rekisteröity Patentti- ja rekisterihallituksen ylläpitämään Kaupparekisteriin ("Kaupparekisteri") y-tunnuksella 0108023-3 ja LEI-tunnuksella 213800SB6EOB8SSK9W63. Liikkeeseenlaskija on julkinen osakeyhtiö, joka on perustettu Suomessa ja siihen sovelletaan Suomen lakia.

Pääasiallinen toiminta

Finnair on Suomen kansallinen ja Suomen suurin lentoyhtiö. Finnairin reittiverkosto yhdistää Euroopan, Aasian ja Pohjois-Amerikan sen liikenteen solmukohtana toimivan Helsinki-Vantaan lentoaseman ("Helsingin lentoasema") kautta. Finnair on erikoistunut Aasian ja Euroopan väliseen matkustaja- ja rahtiliikenteeseen, ja lisäksi se tarjoaa matkapalveluja Aurinkomatkat-Suntours ja Finnair Holidays -tuotemerkkien alla.

Koronaviruksen ("COVID-19") aiheuttama pandemia on vaikuttanut voimakkaasti globaaliin lentotoimialaan, mukaan lukien Finnairin toimintaan. Erityisesti tiukat matkustusrajoitukset vähensivät lentoliikenteen kysyntää äkillisesti ja olennaisesti, minkä johdosta Finnairin piti leikata matkustuskapasiteettiaan tarjotuilla henkilökilometreillä (ASK) laskettuna yli 70 prosenttia vuonna 2020. Tämän Listalleottoesitteen päivämääränä Finnair jatkaa rajallisen verkoston operoimista, sillä COVID-19-pandemia vallitsee edelleen maailmanlaajuisesti. Vaikka rokotekattavuus COVID-19-virusta vastaan vähitellen kasvaa, viranomaisten asettamat matkustusrajoitukset ovat monissa maissa edelleen paikallaan.

Suurimmat osakkeenomistajat

Suomen valtio, valtioneuvoston kanslian edustamana, omisti tämän Listalleottoesitteen päivämääränä yhteensä 55,9 prosenttia Liikkeeseenlaskijan osakkeista. Näin ollen Suomen valtiolla on arvopaperimarkkinalain 2 luvun 4 §:n mukainen määräysvalta Liikkeeseenlaskijassa. Liikkeeseenlaskijan tiedossa ei ole muita osakkeenomistajia, jotka

omistaisivat enemmän kuin viisi prosenttia Finnairin liikkeeseen lasketuista ja ulkona olevista osakkeista perustuen tietoihin, jotka ovat Finnairin saatavilla tämän Listalleottoesitteen päivämääränä.

Toimitusjohtaja ja johtoryhmä

Seuraavassa taulukossa esitetään Liikkeeseenlaskijan johtoryhmän jäsenet tämän Listalleottoesitteen päivämääränä:

	Asema	Syntymävuosi	Vuosi, jolloin nimitetty johtoryhmään
Topi Manner	Toimitusjohtaja	1974	2019
Nicklas Ilebrand	Strategiajohtaja	1980	2019
Johanna Karppi	Henkilöstöjohtaja	1968	2019
Ole Orvär	Kaupallinen johtaja	1966	2019
Tomi Pienimäki	Chief Digital Officer	1973	2019
Sami Sarelius	Lakiasianjohtaja	1971	1998
Jaakko Schildt	Operatiivinen johtaja	1970	2016
Mika Stirkkinen	Talousjohtaja	1968	2019
Päivyt Tallqvist	Viestintäjohtaja	1970	2020

Hallitus

Seuraavassa taulukossa esitetään Liikkeeseenlaskijan hallituksen jäsenet tämän Listalleottoesitteen päivämääränä:

	Asema	Syntymävuosi	Vuosi, jolloin valittu hallitukseen
Jouko Karvinen	Puheenjohtaja	1957	2016
Colm Barrington	Varapuheenjohtaja	1946	2017
Tiina Alahuhta-Kasko	Jäsen	1981	2019
Montie Brewer	Jäsen	1957	2018
Jukka Erlund	Jäsen	1974	2019
Hannele Jakosuo-Jansson	Jäsen	1966	2021
Henrik Kjellberg	Jäsen	1971	2018
Maija Strandberg	Jäsen	1969	2020

Lakisääteinen tilintarkastaja

Liikkeeseenlaskijan lakisääteinen tilintarkastaja on tilintarkastusyhteisö KPMG Oy Ab, KHT Kirsi Jantusen ollessa päävastuullinen tilintarkastaja. Kirsi Jantunen on merkitty Kaupparekisterin ylläpitämään tilintarkastuslain (1141/2015, ”**Tilintarkastuslaki**”) 6 luvun 9 §:n mukaiseen tilintarkastajarekisteriin.

Mitä ovat liikkeeseenlaskijaa koskevat keskeiset taloudelliset tiedot?

Alla esitettävät valikoidut historialliset keskeiset taloudelliset tiedot ovat peräisin Finnairin tilintarkastamattomasta konsernin osavuositarkastuksesta 31.3.2021 päättyneeltä kolmen kuukauden jaksolta, sisältäen tilintarkastamattomat vertailutiedot 31.3.2020 päättyneeltä kolmen kuukauden jaksolta sekä tilintarkastetusta konsernitilinpäätöksestä 31.12.2020 päättyneeltä tilikaudelta, sisältäen tilintarkastetut vertailutiedot 31.12.2019 päättyneeltä tilikaudelta.

Seuraavassa taulukossa esitetään eräitä Finnairin keskeisiä tunnuslukuja ilmoitetuilta päiviltä ja ilmoitettuina ajanjaksoina:

	31.3. ja 1.1.–31.3.		31.12. ja 1.1.–31.12.	
	2021	2020	2020	2019
	(tilintarkastamaton)		(tilintarkastettu)	
	(miljoonaa euroa, ellei toisin ilmoitettu)			
TUNNUSLUKUJA				
Liiketulos	-149,1	-95,6	-464,5	160,0
Korollinen nettovelka	1 514,7	923,0	1 373,8 ⁽¹⁾	621,0 ⁽¹⁾
Nettovelkaantumisaste, prosenttia.....	191,8	125,5	153,2	64,3
Liiketoiminnan nettorahavirta.....	-117,7	-133,5	-1 043,1	564,5
Investointien nettorahavirta	5,2	-67,3	351,6	-513,2
Rahoituksen nettorahavirta	-46,1	135,5	1 001,9	-225,4

(1) Tilintarkastamaton.

Finnairin osinkopolitiikan tavoitteena on maksaa suhdannesyklin aikana keskimäärin vähintään kolmasosa osakekohtaisesta tuloksesta osinkoina. Liikkeeseenlaskija pyrkii ottamaan huomioon osingonjaossa sen kulloisenkin

tuloskehityksen ja näkymät, rahoitustilanteen ja pääomatarpeet. COVID-19-pandemian johdosta Finnairin yhtiökokous päätti 17.3.2021 hallituksen esityksen mukaisesti, että vuodelta 2020 vahvistetun taseen perusteella ei jaeta osinkoa.

Mitkä ovat liikkeeseenlaskijaan liittyvät olennaiset riskit?

- COVID-19-pandemialla on ollut olennaisen haitallinen vaikutus Finnairin liiketoimintaan, taloudelliseen asemaan, liikutukseen ja tulevaisuudennäkymiin ja sen odotetaan jatkossakin vaikuttavan haitallisesti lentoliikennepalvelujen, mukaan lukien Finnairin palvelujen, kysyntään;
- Finnair ei välttämättä onnistu toteuttamaan strategiaansa tai sen strategia voi osoittautua virheelliseksi suhteessa vallitsevaan markkinatilanteeseen tai toimialan muutoksiin;
- Finnair ei välttämättä pysty saavuttamaan sen kustannussäästö- ja tehostamistoimenpiteistä odotettavia hyötyjä;
- Finnair ei välttämättä saavuta tavoitteitaan neuvoteltaessa sen järjestäytyneitä työntekijöitä koskevien työehtosopimusten ehtoista taikka heikentyneen kysyntätilanteen vuoksi suunnitelluista sopeutustoimista, mikä altistaa sen lakkojen ja työliitännäisten muiden häiriöiden riskille;
- alhaiset katteet ja rajoitettu lyhyen aikavälin kulujen hallittavuus ovat luonteenomaisia lentoliikennealalla, mikä altistaa Finnairin riskeille kannattavuuden ja maksuvalmiuden laskusta;
- Finnair on alttiina jäänösarvoriskille ja lentokoneiden arvon alentumiselle;
- lentopetrolin hintavaihtelut vaikuttavat Finnairin liiketoimintakuluihin ja polttoaineen hintoihin liittyvät suojaukset voivat osoittautua tehottomiksi tai kasvattaa kustannuksia suhteessa vallitsevaan markkinahintaan; ja
- yleisen taloudellisen tilanteen haitalliset kehitykset, mukaan lukien COVID-19-pandemian pitkittynyt kesto tai kasvanut levinneisyys, voivat johtaa pääoman saatavuuden huonontumiseen ja alhaisempaan maksuvalmiuteen.

Keskeiset tiedot arvopapereista

Mitkä ovat arvopapereiden keskeiset ominaisuudet?

Velkakirjat ovat Liikkeeseenlaskijan suorina, vakuudettomia, takaamattomia ja ei-alisteisia velvoitteita. Velkakirjat rekisteröidään Euroclear Finlandin ylläpitämään arvo-osuusjärjestelmään eikä niistä anneta fyysisiä velkakirjoja. Velkakirjojen ISIN on FI4000507132. Velkakirjojen valuutta on euro.

Liikkeeseenlaskija laski 19.5.2021 liikkeeseen 400 000 000 euron 4,250 prosentin Joukkovelkakirjalainan, joka erääntyy 19.5.2025. Velkakirjoja tarjottiin merkittäväksi vähintään 100 000 eurolla. Kunkin arvo-osuuden yksikkö on 1 000 euroa. Velkakirjat ovat samanarvoisia keskenään ja muiden Liikkeeseenlaskijan vakuudettomien, takaamattomien ja ei-alisteisten velkojen kanssa, lukuun ottamatta niitä velvoitteita, joilla on etuoikeus pakottavan lain nojalla. Kullekin Velkakirjalle maksetaan 4,250 prosentin korkoa alkaen 19.5.2021 (tämä päivä mukaan lukien) Erääntymispäivään tai ennen tätä siihen päivään saakka, kun Velkakirja lunastetaan tai ostetaan tai mitätöidään (tämä päivä pois lukien). Velkakirjojen korko maksetaan puolivuositain takautuvasti 19.11.2021 alkaen ja sen jälkeen 19.5. ja 19.11., kunnes Velkakirjat on maksettu kokonaisuudessaan takaisin. Velkakirjojenhaltijat käyttävät päätösvaltaansa velkakirjalainanhaltijoiden kokouksessa tai kirjallisessa päätöksentekomenettelyssä.

Velkakirjat ovat vapaasti vaihdettavissa sen jälkeen, kun ne ovat rekisteröity arvo-osuustilille.

Missä arvopapereilla tullaan käymään kauppaa?

Liikkeeseenlaskija jättää listalleottohakemuksen Nasdaq Helsingille Velkakirjojen listaamiseksi Nasdaq Helsingin pörssilistalle.

Mitkä ovat arvopapereihin liittyvät keskeiset riskit?

- Sijoittajiin kohdistuu Liikkeeseenlaskijaan liittyvä luottoriski ja sijoittajat voivat menettää sijoituksensa Velkakirjoihin;
- Velkakirjat ovat Liikkeeseenlaskijan vakuudettomia velvoitteita;
- Velkakirjoilla ei tällä hetkellä ole julkista markkinaa ja mikäli Velkakirjoille ei synny aktiivista kaupankäyntimarkkinaa tai se ei säily, tällä voi olla olennaisen haitallinen vaikutus Velkakirjojen markkinahintaan;
- koska Velkakirjat kerryttävät kiinteää korkoa, niiden hinta voi laskea korkotason nousun johdosta; ja

- mikäli Liikkeeseenlaskija käyttää oikeuttaan tai on velvollinen lunastamaan ja ostamaan Velkakirjat ennen niiden eräpäivää, tällä voi olla haitallinen vaikutus Liikkeeseenlaskijaan ja ulkona oleviin Velkakirjoihin.

Keskeiset tiedot arvopapereiden yleisölle tarjoamisesta ja kaupankäynnin kohteeksi ottamisesta

Mitkä ovat arvopaperiin sijoittamisen edellytykset ja aikataulu?

Velkakirjat tarjottiin merkittäviksi book-building -menettelyssä 10.5.2021 ja vähimmäismerkintänä oli 100 000 euroa. Velkakirjoja ei ole tarjottu eikä tulla tarjoamaan yleisölle. Velkakirjat laskettiin liikkeeseen 19.5.2021. Velkakirjojen ottamisesta kaupankäynnin kohteeksi Nasdaq Helsingin pörssilistalle jätetään hakemus ja Nasdaq Helsingin odotetaan ottavan Velkakirjat kaupankäynnin kohteeksi toukokuun 2021 loppuun mennessä.

Velkakirjat voidaan rekisteröidä haltijan nimiin arvo-osuustilille ja Velkakirjat ja niiden omistusoikeus on siirrettävissä ja omistusoikeus merkittävässä vain arvo-osuustilin kautta.

Liikkeeseenlaskijan arvio sille Velkakirjojen liikkeeseenlaskusta aiheutuvista kustannuksista on 2,4 miljoonaa euroa. Liikkeeseenlaskija ei veloita palkkioita tai muita maksuja sijoittajalta. Tilinhoitajayhteisöt voivat veloittaa oman hinnoittelunsa mukaisia palkkioita merkinnästä, arvo-osuustilin avaamisesta ja ylläpitämisestä tai muista Velkakirjojen hallintaan liittyvistä järjestelyistä.

Miksi tämä Listalleottoesite on laadittu?

Liikkeeseenlaskija on laatinut tämän Listalleottoesitteen saadakseen Velkakirjat otetuksi kaupankäynnin kohteeksi Nasdaq Helsingin pörssilistalle.

Velkakirjat laskettiin liikkeeseen Liikkeeseenlaskijan lisärahoituksen mahdollistamiseksi sekä tulevien että nykyisten rahoitustarpeiden täyttämiseksi. Liikkeeseenlaskijan arvio liikkeeseenlaskusta kerättävien varojen nettomäärästä, kulujen ja palkkioiden vähennysten jälkeen, on noin 397,6 miljoonaa euroa. Velkakirjalainan liikkeeseenlaskusta saatavat nettovarot käytetään osittain Olemassa olevien velkakirjojen takaisinostoon ja loput varat yleisiin rahoitustarpeisiin.

Järjestäjien olennaiset intressit

Järjestäjien intressit ovat tavanomaiset liiketaloudelliset intressit rahoitusmarkkinoilla.

Järjestäjät ja niiden kanssa samaan konserniin kuuluvat yhtiöt ja/tai niiden lähipiiriyhtiöt ovat kukin tarjonneet ja saattavat tulevaisuudessa tarjota Finnairille neuvonanto-, konsultointi- tai pankkipalveluita osana tavanomaista liiketoimintaansa, josta ne ovat saaneet, tai tulevat saamaan, tavanomaiset palkkiot ja kulukorvaukset. Lisäksi tietyt Järjestäjät toimivat myös takaisinostotarjouksen järjestäjinä Olemassa olevien velkakirjojen takaisinostotarjouksessa. Lisäksi tietyt Järjestäjät tai niiden lähipiiriin kuuluvat tahot ovat toimineet ja voivat tulevaisuudessa toimia järjestäjinä tai lainanantajina tietyissä Finnairin rahoitussopimuksissa, joista ne ovat saaneet, tai tulevat saamaan, tavanomaiset palkkiot ja kulukorvaukset. Järjestäjät tai niiden lähipiiriyhtiöt saattavat pitää pitkiä tai lyhyitä positioita, ja käydä muutoin kauppaa tai muutoin tehdä transaktioita Liikkeeseenlaskijan velka- tai pääomainstrumenteilla sekä omaan, että asiakkaidensa lukuun.

RISK FACTORS

An investment in the Notes involves a number of risks, many of which are inherent in the Issuer's business and could be significant. Investors considering an investment in the Issuer's non-equity securities should carefully review the information contained in this Listing Prospectus, and in particular, the risk factors described below. The following description of risk factors is based on information known and assessed on the date of this Listing Prospectus and, therefore, is not necessarily exhaustive. Some of these factors are potential events that may or may not materialise. Should one or more of the risk factors described in this Listing Prospectus materialise, it could have a material adverse effect on the Issuer's business, financial condition and results of operations. The Issuer also faces additional risks not currently known or not currently deemed material, which could also have a material adverse effect on the Issuer's business, financial condition and results of operations and, therefore, on the Issuer's ability to fulfil its obligations under the Notes as well as on the market price of the Notes, and investors could lose part or all of their investment.

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

- *risks relating to the airline industry;*
- *regulatory risks;*
- *risks relating to Finnair's business operations;*
- *risks relating to Finnair's financing;*
- *risks relating to the Notes; and*
- *risks relating to the terms and conditions of the Notes.*

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

Risks Relating to the Airline Industry

The COVID-19 pandemic has had a material adverse effect on Finnair's business, financial condition, results of operations and future prospects, and is expected to continue to adversely affect the demand for airline services, including Finnair's services.

The ongoing COVID-19 pandemic has drastically affected the global aviation sector, including Finnair's operations. As at the date of this Listing Prospectus, restrictive and preventive measures imposed by public authorities as well as private organisations around the world to curb the spread of the virus continue to be in place. In addition to the severe shock caused to the global economy in general, many of these measures have also had a particularly severe effect on airlines due to their specific adverse effect on passengers' ability or willingness to travel by air. Such measures have included, among others, travel bans and social distancing measures as well as cancellations of business conferences, live entertainment and sports events. Strict travel restrictions in particular resulted in a sudden and material reduction in demand for passenger air travel, which forced Finnair to significantly cut its capacity. This, in turn, had a significant adverse effect on Finnair's financial and operating performance in 2020, during which Finnair experienced an unprecedented reduction in passenger volumes, revenue and profitability. In order to adjust its operations to the prevailing conditions, Finnair introduced significant cost adjustment initiatives, including temporary and permanent layoffs, affecting almost all of its personnel.

The Issuer's management estimates that the recovery of air traffic to pre-COVID-19 levels will progress in stages in accordance with the development of the COVID-19 pandemic and general economic conditions. The Issuer's management currently estimates that Finnair will only be able to meaningfully increase its traffic to a greater extent starting from later in the summer of 2021 and that its 2019 traffic levels measured in ASKs are expected to be achieved in 2023. Although the COVID-19 vaccine coverage is gradually increasing, the recovery of air traffic is largely dependent on travel restrictions imposed by public authorities that are yet to be lifted on a broad scale. In addition, passengers' willingness to travel may not immediately return, and the recovery of demand for long-haul and short-haul flights may also be different from the levels seen prior to the pandemic. Therefore, there can be no assurance that airline travel will recover at the pace, or to the level, currently estimated by the Issuer's management. If demand in the markets in which Finnair operates does not recover fully to pre-COVID-19 levels within the timeline that management currently expects, it may lead to more overcapacity. See also "—*Competition in the airline industry is intense and restructuring measures of competitors as well as new market entrants could disrupt or further intensify Finnair's competitive environment*" below.

The COVID-19 pandemic may also have long-term negative effects on air travel demand due to potential changes in travellers' perception of the air travel experience and a general reluctance to travel by air. Additional restrictions or other

measures that dissuade people from travelling by air may also be introduced in the future as a result of the COVID-19 pandemic, prolonging the negative effects of the COVID-19 pandemic on Finnair's business. Personal health precautions such as the temperature screening of passengers, limiting passengers' movement within the cabin during flights, the mandatory wearing of protective masks or other measures introduced at airports or on flights may make the air travel experience more burdensome for passengers. This may result in lower demand even following the recovery of airline traffic, and consequently affect the demand for air travel. The COVID-19 pandemic could also permanently reduce the demand for air travel as a result of the increasing adoption of virtual and teleconferencing tools to replace business travel in particular, or due to the perceived uncertainty relating to the current pandemic or other similar health threats in the future. See also “— *Finnair is exposed to the risk of significant losses from natural events, pandemics or health epidemics and weather-related events, influencing air travel and flight-related incidents, and airline insurance may become too difficult or expensive to obtain*” below. These factors could have long-term or permanent negative effects on air travel demand, and consequently could lead to a slower recovery once travel restrictions are lifted.

Finnair's estimates regarding the effects of the COVID-19 pandemic on its business, financial condition, results of operations and future prospects, as well as its estimates regarding the expected recovery of the airline traffic have been made based on the information available to the management of the Issuer as at the date of this Listing Prospectus. Any statements regarding future events involve inherent risks, uncertainties and assumptions, both general and specific, and the risk exists even if the predictions, forecasts, projections, plans and other forward-looking statements would prove to be inaccurate. As at the date of this Listing Prospectus, the duration of the COVID-19 pandemic and its future effects on the aviation industry, and Finnair in particular, remains uncertain, and the overall situation remains highly fluid, making it difficult to judge the COVID-19 pandemic's effects on Finnair's business, financial condition, results of operations and future prospects. See also “— *Risks Relating to Finnair's Financing— Adverse developments in macroeconomic conditions, including the extended duration and/or increased spread of the COVID-19 pandemic, may result in reduced access to capital and lower liquidity*”.

The airline industry is characterised by low profit margins with limited short-term cost manoeuvrability, exposing Finnair to the risks of decreased profitability and liquidity.

The entire airline industry, and scheduled passenger service in particular, is characterised by low profit margins and high fixed costs. The direct costs of operating any particular flight do not vary significantly with the number of passengers or the amount of cargo carried and, therefore, a relatively small change in the number of passengers, amount of cargo carried or in the fare pricing or traffic mix could lead to a disproportionate fall in profitability, as fixed costs generally cannot be reduced on short notice. Especially in the event of a sudden and significant decrease in revenues, fixed costs offset much of the savings achieved through capacity reductions. Due to the COVID-19 pandemic, Finnair's revenue decreased by 73.2 per cent in 2020 compared to 2019, but Finnair's operating expenses decreased notably less than the decline in revenue, due to certain fixed cost items.

In the past, this condition has been exacerbated by aggressive pricing by low cost airlines, which, in turn, has had the effect of driving down fares in general. Additionally, the costs of overflight rights, airport services, transit and take-off/landing fees as well as security charges represent a significant part of Finnair's variable operating cost base. When flights are being operated, these costs can be reduced only to a limited extent, if at all, and there is no assurance that such costs would not increase in the future, especially in proportion to reduced revenues. It is also possible that security regulations worldwide could be further tightened and personal health precautions enhanced due to the COVID-19 pandemic or otherwise, and that charges or other costs arising from these measures could increase further. Future health measures Finnair may be required to implement could vary between countries and include, amongst other things, requirements for passengers to have their temperatures checked or undergo tests or examinations prior to entering an airport, prior to boarding an airplane or on arrival at their destination, or measures which would limit the number of seats that can be occupied on an aircraft. If Finnair implements further measures to ensure passenger safety, whether at its own volition or at the request or demand of national governments or regulatory bodies, in addition to increasing Finnair's cost base, passengers may be disinclined to travel with Finnair.

Finnair constantly reviews its operations and is actively seeking efficiency improvement initiatives. Since the outbreak of the COVID-19 pandemic, Finnair has focused on reducing its volume-driven costs as discussed in “*Information about the Group—Measures Due to the COVID-19 Pandemic*”. The adequacy and ultimate success of Finnair's initiatives to control costs and improve productivity are not known at this time and cannot be assured. Moreover, whether these initiatives will be adequate or successful depends largely on factors beyond Finnair's control, notably the overall industry environment following the COVID-19 pandemic, including passenger demand, unit revenues and industry capacity growth and jet fuel prices as well as the legal and regulatory environment. An increase in the price of any of the above-mentioned charges, or the failure to successfully implement cost-efficiency initiatives may have an adverse effect on Finnair's results of operations and liquidity position.

Inability to adjust costs to respond to decreases or persistent slumps in demand due to the COVID-19 pandemic or otherwise in the future may have an adverse effect on Finnair's profitability and liquidity, which may have a material adverse effect on Finnair's business, financial condition, results of operations and future prospects.

Variations in the price of jet fuel affect Finnair's operating expenses, and hedging transactions related to fuel prices may prove to be ineffective or may increase costs in relation to the prevailing market price.

In addition to the operational activities and market conditions, the jet fuel price development has a material effect on Finnair's results of operations, as jet fuel costs are Finnair's largest variable expense item. Jet fuel costs represented approximately 26 per cent of Finnair's operating costs in 2019, approximately 21 per cent in 2020 and 11 per cent in the first quarter of 2021, the two latter figures being affected by the COVID-19 pandemic and the reduction in operated flights. Fuel price fluctuations may result in increased uncertainty around Finnair's financial performance and cash flow. Jet fuel prices have historically fluctuated widely, and the volatility in the oil market has reached extreme levels due to the sudden decrease in demand due to the COVID-19 pandemic. As at the date of this Listing Prospectus, cuts in production and revival of demand has enabled an oil price rebound from the lowest levels. However, any increased supply or decreased demand could again put downward pressure on oil prices.

The residual effect of jet fuel price fluctuations is determined by the hedges in use at a given point in time. Under Finnair's treasury policy, jet fuel purchases are hedged for 24 months forward on a rolling basis, and the percentage of estimated jet fuel consumption that is hedged decreases towards the end of the hedging period. Under Finnair's treasury policy, the jet fuel hedging ratios for the first six months are between 60 per cent and 90 per cent. Due to the COVID-19 pandemic, Finnair has temporarily amended its treasury policy, setting out the lower bound of jet fuel hedging ratio to 0 per cent for the entire hedging period. For the first six months, the jet fuel hedging ratio is between 0 per cent and 90 per cent. As at 31 March 2021, Finnair has hedged some of its jet fuel purchases for the next nine months. The jet fuel hedging ratios vary significantly depending on the capacity and demand. As a result, the jet fuel hedging ratios are variable and may be subject to material changes as the capacity and demand development forecasts are updated. Finnair's treasury policy may not, however, always prove to be appropriate in relation to market prices, and fluctuations in jet fuel prices are not reflected directly in Finnair's result. Consequently, there remains a risk that fluctuations in jet fuel prices may result in Finnair bearing the expenses of the jet fuel hedging without receiving any benefits in the form of reduced risk exposure. During 2020, reduced air travel caused by the COVID-19 pandemic resulted in lower than expected volumes of jet fuel consumption, making Finnair's jet fuel hedges partially ineffective, and, as a result, Finnair discontinued hedge accounting for the majority of its jet fuel and foreign currency hedges. In addition, the market price of jet fuel was also lower than in 2019, affected by both the reduced global demand due to the COVID-19 pandemic and the oil price war between Saudi Arabia and Russia. Finnair's jet fuel costs, including hedging results and emissions trading costs, decreased mainly due to COVID-19-related capacity cuts, which were particularly visible from the second to the fourth quarter of 2020. As a result, the volume-related decline was partially offset by the jet fuel price (including the effect of currencies and hedging).

The Issuer's management believes that fluctuations in jet fuel prices are expected to continue in the future beyond the current COVID-19 crisis. Finnair's ability to pass on the increased costs of jet fuel to its customers by increasing fares is limited by the competitive nature of the airline industry as discussed in "*Competition in the airline industry is intense and restructuring measures of competitors as well as new market entrants could disrupt or further intensify Finnair's competitive environment*" below. Finnair's jet fuel costs are also subject to foreign exchange rate risk as international prices for jet fuel are denominated in U.S. dollars. In addition to these market-related developments, external factors such as weather-related events, natural disasters, political disruptions or wars involving oil-producing countries, changes in governmental policy concerning jet fuel production, transportation or marketing, changes in jet fuel production capacity, environmental concerns, pandemics or health threats similar or comparable to the COVID-19 pandemic, volatility in the financial markets concerning spot prices and futures contracts concerning oil and other macroeconomic factors affecting the demand for oil products may result in unexpected fuel supply shortages and fuel price increases in the future. Increasing jet fuel costs and disruptions in fuel supplies and ineffective hedging policies in relation to changes in market prices may result in increased expenses, which may have a material adverse effect on Finnair's business, financial condition, results of operations and future prospects.

Geopolitical tensions and political uncertainty may have a material adverse effect on the demand for air travel and may affect Finnair's ability to operate certain routes.

Factors such as geopolitical uncertainty, the threat of trade wars, the threat of terrorism and other potential external disruptions may significantly affect the demand for air travel and air freight and consequently Finnair's operations. Geopolitical tensions - such as the economic sanctions from the United States and the European Union (the "EU") against Russia and the continuing trade tensions between the United States and China - may continue to have an adverse effect on the global economic environment. The economic tensions between the United States and China, together with the current megatrend of the transition of economic and political power towards developing countries (see "*Information about the Group—Operating Environment—Megatrends—Shift in Economic and Political Focus from the United States and Europe to Developing Countries*"), may affect the aviation industry as a whole, but Finnair in particular given the strong presence Finnair has in the Asian market. Potentially increasing protectionism in the political environment may also hinder the market access required for the implementation of Finnair's current growth strategy.

The United Kingdom (the "UK") left the EU effective from 1 February 2020, with a negotiated treaty on the withdrawal of the UK from the EU, including a transition period until 31 December 2020. The UK and the EU reached an agreement

on their relationship, the full effects of which, still remain to be seen. The UK and EU carriers are entitled to operate point-to-point flights between the EU and the UK (so-called third and fourth freedom traffic rights). The limitation to third and fourth freedom traffic rights only would not be expected to impact Finnair's operations. As at the date of this Listing Prospectus, the operations are with no restrictions and limitations as to the volume of traffic, capacity, frequency, regularity, routing, origin, destination or aircraft type, however, there can be no assurance that there will not be any restrictions or limitations in the future. Such reduction of traffic rights may require Finnair to adjust its flight offering, and further, amend the terms of cooperation with certain oneworld™ alliance partners operating to and from the UK.

Any increased political uncertainty or escalation of geopolitical tensions may lead to disruptions to Finnair's operations. Such disruptions may result in increased costs of operations and lead to an adverse effect on the demand for air travel and freight services, all of which may have a material adverse effect on Finnair's business, financial condition, results of operations and future prospects.

The development of the airline industry is sensitive to changes in general economic conditions, which may lead to uncertainty in estimating required investments and result in the volatility of future operating results.

The development of the airline industry and demand for air transportation has historically been correlated to the development of macroeconomic factors, such as gross domestic product ("GDP"). Due to this correlation, aviation is an industry that is highly sensitive to global economic cycles and to slow or moderate economic growth and private consumption trends, reacting quickly to external disruptions, seasonal variations and economic trends. These developments have been reinforced by the severe shock to the global economy caused by the COVID-19 pandemic, which has resulted in a significant deterioration of macroeconomic conditions in the markets in which Finnair operates. The effects of the COVID-19 pandemic have been unusually broad, covering both large geographical areas and several different business sectors. There can be no assurance that further adverse developments in macroeconomic conditions, such as a prolonged economic recession or depression, deterioration in business or consumer confidence, fluctuations in currency rates, changing customer preferences or employment levels, lower availability of credit, rising interest rates or inflation or changes in taxation will not occur. Any increased uncertainty in macroeconomic conditions or a prolonged level of lower economic activity resulting from the COVID-19 pandemic or otherwise may further affect the demand for air travel and air freight services and result in additional costs, which may have a material adverse effect on Finnair's business, financial condition, results of operations and future prospects.

Since travel, especially leisure travel, is a discretionary consumer expense, the current downturn in economic growth in Europe and the slowing growth in the Asian economies resulting from the COVID-19 pandemic and related restrictive measures imposed by governments to curb its spread have had the effect of reducing demand for air travel within Europe and to more distant destinations. In addition, demand for Finnair's services from passengers, in particular leisure travellers, varies over the course of the year, which causes Finnair's quarterly results to fluctuate. The growing proportional share of Asian traffic in Finnair's network increases this seasonal fluctuation, due to destination-specific seasons in Asian leisure and business travel. Given Finnair's strategic focus on Asia, the business operations of Finnair are increasingly dependent on the economic conditions and demand for air travel to and from Asia. Should the growth in Asian economies slow down further or become stagnant for an extended period of time, the demand for Finnair's services may remain at low levels or decrease, which could have an adverse effect on Finnair's business and financial condition.

Airline fares and passenger demand have fluctuated significantly in the past and may fluctuate significantly in the future. The Issuer is not able to predict future market conditions with certainty, or the fares that it may be able to charge. As discussed under "*Information about the Group—Operating Environment*", Finnair may have to make decisions on, or regarding, significant fleet investments years before price- and quality-conscious travellers make their purchase decisions. Furthermore, aircraft delivery times may take years, which means that airlines must plan their business for the long term, often at least 10 years ahead. Considering the forward-looking investment schedule of Finnair and the sensitivity of the airline industry to general business conditions, there can be no assurance that Finnair is able to correctly estimate the amount of investment required to deliver its services, potentially resulting in an excess or a shortage of aircraft and other equipment.

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

Competition in the airline industry is intense and restructuring measures of competitors as well as new market entrants could disrupt or further intensify Finnair's competitive environment.

Finnair operates within a highly competitive industry. The Issuer's management believes that, with the growth of the industry, not only have Finnair's competitors changed, but competition has also intensified. Capacity increases and product improvements among Finnair's existing or new competitors may have an effect on the demand for, and yield of, Finnair's services. Competition in the sector 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 oneworld™ alliance or its joint businesses. In addition, the cost base restructurings of Finnair's competitors, undertaken in response to the COVID-19 pandemic, may result in further intensified competition through, among others, more aggressive pricing. Finnair introduced significant cost adjustment measures in 2020 that were both volume-driven and permanent, in order to minimise the losses caused by the very limited operations beginning in the first quarter and to ensure that Finnair will be competitive and operate from a more efficient cost base when passenger traffic starts to recover. However, the management of the Issuer acknowledges that the markets and the competitive environment may not be the same after the COVID-19 pandemic, and there can be no assurance that the measures undertaken by Finnair will improve its competitiveness in the post-COVID-19 airline environment.

The balance between supply and demand can shift to either direction in a short period of time. In the passenger transportation business, network carriers such as Finnair are exposed to competition on non-stop itineraries between individual cities, as well as on one-stop itineraries, since passengers can choose from a number of different connecting options, especially in long-haul markets. Further, Finnair is also subject to intense competition in its cargo business both from large, established air cargo companies as well as from smaller providers that operate only a few aircraft and offer a limited range of services. Any capacity increase or product improvement by Finnair's main competitors may have a material adverse effect on Finnair's competitive position and revenues, and require further adjustments of expenses and increase price competition, which may adversely affect Finnair's profitability.

In addition, the Issuer's management believes that the middle class in many Asian countries is growing and Asian airlines are expected to expand their operations to intercontinental flights (see *"Information about the Issuer—Operating Environment—Megatrends—Shift in Economic and Political Focus from the United States and Europe to Developing Countries"*). As a result of the increasing significance of Asian markets, non-Asian airlines must increase their understanding of various Asian cultures and Asian customers in order to stay competitive as Asian customers are expected to increasingly select their airline based on local tastes and expectations for the quality of services and products. Finnair's failure to understand or to respond in a timely manner to changes in the preferences of Asian customers and changes in Asian market conditions could have an adverse effect on Finnair's competitiveness and require further investments through, among others, hiring competent personnel with in-depth knowledge of the Asian market and measures to improve Finnair's attractiveness to Asian customers, which may put pressure on profitability.

Finnair is exposed to risks associated with the uncertainty involved in appropriate capacity planning. In the highly competitive airline environment, Finnair's revenue optimisation and marketing strategies, including decisions on products, prices and promotions, may not be adequate to create a sustainable competitive advantage. In recent years before the COVID-19 pandemic, low-cost carriers have grown and proliferated, especially in the European short-haul traffic on the routes on which Finnair operates. Simultaneously, the airline industry has suffered from overcapacity due to the increased amount and size of aircraft as well as an increase in aircraft seating density on these routes. Considering these developments, there can be no assurance that Finnair, or its competitors, would not increase its, or their, capacity beyond current public forecasts on European or Asian routes in the future. This would further intensify the competition, put pressure on ticket prices and yields and may also result in Finnair having substantial overcapacity in its short-haul or long-haul traffic, weakening Finnair's profitability. The risk of excessive capacity is magnified due to the COVID-19 pandemic, where the sudden and significant decrease in air travel and air freight has been followed by a period of low demand, which is likely to persist for an extended period of time.

In addition, Finnair, along with other airlines, strives to distribute its services in increasingly versatile and flexible ways and at lower cost by adopting and utilising new distribution technologies and channels, including the transition towards differentiation of fare content and availability between channels. The utilisation of these technologies also enables improved identification of customer preferences and behaviour through customer data generated by sales and service applications. The ability to capitalise on the commercial possibilities provided by these technologies is dependent on, among others, Finnair's ability to select the right partners to develop and implement such applications as well as its ability to generate products and services that best correspond to customer needs. There can be no assurance that Finnair would be able to utilise new technologies better, or as well as, other airlines or other operators in Finnair's value chain for digital distribution. Should Finnair not be able to adopt and utilise new technologies efficiently enough or in a manner that increases its revenue per passenger, this may weaken Finnair's competitive position.

Increasing and intensifying competition as well as overcapacity resulting in weaker profitability, or conversely, insufficient capacity available to respond to a sudden recovery in demand that prevents Finnair from translating consequent opportunities into growth, may have a material adverse effect on Finnair's business, financial condition, results of operations and future prospects.

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

Terrorist attacks and terrorist activity cause uncertainty in the minds of the travelling public. The threat or occurrence of a major terrorist attack, political uprising or armed conflict could have a material adverse effect on passenger demand for air travel or require Finnair to amend, suspend or cancel services on affected routes. The effects of any such attacks or conflicts

could be dramatically intensified should any attacks be targeted against civil aviation, business centres or tourist destinations. While Finnair's security and safety management systems are compliant with the European Aviation Safety Agency (EASA), it cannot be excluded that any future security-related complications or changes in the security environment may result in new regulation or safety requirements that increase costs, or disruptions to Finnair's business, which may affect passengers' propensity to travel and, thereby reduce demand for Finnair's services. For example, in the beginning of 2020, Finnair diverted the flight routing of some of its Dubai-bound flights in order to avoid Iranian and Iraqi airspace. This decision was made as a safety measure after missile attacks on U.S. military bases in Iraq, and the change in the flight routing resulted in longer flight times. Any adverse developments in the actual or perceived security of air travel or travel destinations may result in reduced demand and decreased revenues or additional costs to improve the safety and security of passengers, which may have a material adverse effect on Finnair's business, financial condition, results of operations and future prospects.

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

As with all airlines, Finnair is exposed to potential significant losses in the event of major natural disasters. Such unexpected external shocks can rapidly affect the development of demand for air travel. Finnair's competitiveness in the air transport sector depends on how flexibly Finnair can react and adapt to unexpected events. While Finnair has plans of action to minimise the operational effects on air transport from various external disruptive factors, such as natural disasters, there can be no assurance that these measures will be adequate in the event such circumstances arise. Further, outbreaks of epidemics or pandemics, such as COVID-19 (see "*The COVID 19 pandemic has had a material adverse effect on Finnair's business, financial condition, results of operations and future prospects, and is expected to continue to adversely affect the demand for airline services, including Finnair's services*" above), can adversely affect the demand for air travel and have a significant effect on Finnair's operations. As a result of such outbreaks, Finnair may have to reduce passenger levels on, and/or reduce the number of, its flights to some of its destinations. Such outbreaks, and/or negative publicity resulting from such outbreaks, could reduce Finnair's sales significantly. Further, since the airline business is characterised by high fixed costs, reduced passenger yields on Finnair's flights could have a considerable negative effect on the profitability of Finnair's business.

Further, natural hazards arising from climate change, such as increased extreme weather conditions, including substantial snowfall, atmospheric turbulence, earthquakes, hurricanes, typhoons, or severe thunderstorms, may result in substantial additional costs to Finnair. Such weather conditions may, for example, lead to flight cancellations, increased waiting times, increased fuel consumption as well as costs associated with aircraft de-icing, which could lead to additional costs to Finnair and thus, have an adverse effect on Finnair's results of operations and financial condition.

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

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

Regulatory Risks

Changes to the bilateral agreements or the trade relationship between the EU and non-EU countries may result in limitations on Finnair's route and overflight rights and increase the charges associated with such rights.

The recent changes in the geopolitical climate, as discussed in more detail in "*Risks Relating to the Airline Industry—Geopolitical tensions and political uncertainty may have a material adverse effect on the demand for air travel and may affect Finnair's ability to operate certain routes*" above, may result in an increase in protectionism, which may negatively affect Finnair's operations and profitability. The price and availability of overflight rights, which allow airlines to fly over individual countries or territories, as well as the price of traffic charges, such as arrival, departure, navigation and passenger charges, affect Finnair's business operations to a material extent. Further, these rights and charges are negotiated between sovereign states, which means that their adoption is beyond Finnair's influence. In addition, the availability and price of

these rights varies markedly. Any disruption in the trade relationships between the United States and China, or the EU and Russia, may cause states essential to Finnair's business to impose new fees or otherwise limit traffic over their territories. Any such developments would have a material adverse effect on the business, financial condition or results of operations of Finnair, as overflight rights over Russia and route rights to Asia are critical to Finnair's competitive advantage. In addition, there can be no assurance that existing bilateral agreements with Russia, China and other non-EU countries will not change and result in an increase in the above-mentioned charges. As disclosed in "*Risks Relating to the Airline Industry—The airline industry is characterised by low profit margins with limited cost manoeuvrability, exposing Finnair to the risks of decreased profitability and liquidity*" above, any increase in the prices of, for example, the cost of overflight rights, could significantly reduce the profitability of Finnair's business.

Additionally, Regulation (EC) No 847/2004 on the negotiation and implementation of air service agreements between EU member states and third countries sets forth principles designed to ensure an adequate exchange of information within the EU, so that EU member states, in their bilateral relations with third countries in the area of air service, do not risk infringing EU law. EU member states may also delegate their powers to the European Commission to negotiate agreements with third countries on behalf of all the EU member states. Currently, the European Commission has not been given a mandate to negotiate on air services with third countries, such as China, South Korea and Japan, which are Finnair's core markets in – and on the way to – Northeast Asia. Should the European Commission obtain a mandate to negotiate with countries such as these, this could result in lower availability of traffic rights or unfavourable changes to the terms of utilising them. Such changes may restrict Finnair's chances of increasing its traffic on routes that are a part of Finnair's current growth strategy. Any restrictions affecting Finnair's core markets could involve, or result in increases to, the traffic charges related to flying over, or arriving to, third countries' territories, resulting in increased costs for Finnair. Such additional costs could significantly reduce the profitability of Finnair's business and have a material adverse effect on Finnair's financial condition. Limited or non-existent access to markets essential to Finnair's current strategy could require Finnair to amend its strategic focus. Amending its current strategy could result in increased costs to Finnair. The additional costs arising from increases in charges or refocusing of Finnair's strategy to adjust operations to reduced access or increased prices of overflight charges or other air traffic fees may result in reduced profitability, which may have a material adverse effect on Finnair's business, financial condition, results of operations and future prospects.

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

The Court of Justice of the EU has confirmed on multiple occasions that passengers whose flights have been delayed for at least three hours may be entitled to standardised compensation, unless the delay is caused by extraordinary circumstances. In addition, Finnair follows EU Regulation (EC) No 261/2004 (as amended) establishing common rules on compensation and assistance to passengers in the event of denied boarding and of cancellation or long delay of flights, along with Regulation (EC) No 2027/97 on air carrier liability in respect of the carriage of passengers and their baggage by air. The COVID-19 pandemic and subsequent restrictions on air travel resulted in an unprecedented number of claims within a short period of time from customers demanding refunds for cancelled flights. In 2020, Finnair paid approximately EUR 464 million to customers in refunds for flights cancelled due to the COVID-19 situation. The Issuer's management believes that the legislative framework regarding customer compensation and the airlines' liability will further develop in the future and thus, there can be no assurance that Finnair will not be subject to an increased number of claims or complaints from passengers or more strict regulation or enforcement related to the airlines' liability by the EU in the future. Flight delays often occur due to reasons outside of Finnair's influence and are difficult to avoid, which leads to a number of customer complaints and appeals. Even though Finnair has previously received a large number of such claims and appeals annually, the financial impact of the delay and cancellation claims was not threatening to the financial standing of Finnair. However, there can be no assurance that the number of appeals may not increase in the future and lead to increased costs and potential reputational damages for Finnair. Such costs or reputational damages could adversely affect Finnair's profitability and demand for Finnair's services.

The Finnish Competition and Consumer Authority, acting in its capacity as the national enforcement body contemplated in Regulation (EC) No 261/2004, has adopted an interpretation of Regulation (EC) No 261/2004 and of the rulings of the Court of Justice of the EU, which, according to the Issuer's management and its own experience in Finnair's key markets in the EU and the European Economic Area ("EEA"), is significantly stricter than the interpretation adopted by other national enforcement bodies in the respective countries. The Finnish Consumer Ombudsman has also attempted to enforce this strict interpretation by seeking an injunction against Finnair regarding its compensation practices. The action was subsequently rejected by the Market Court of Justice on 4 January 2019, and the Supreme Court later also rejected the Consumer Ombudsman's application for a leave to appeal the case. However, there can be no assurance that in the future there would not be similar actions against Finnair, which could lead to increased compensations payable to passengers and lead to negative publicity causing reputational harm to Finnair.

As at the date of this Listing Prospectus, Finnair is also party to numerous consumer disputes relating to the interpretation of Regulation (EC) No 261/2004 and of the related rulings of the Court of Justice of the EU. The monetary liability that may arise for Finnair directly from individual disputes, if determined adversely to Finnair, would be limited. However, to the extent such disputes are litigated in courts, while there is legal uncertainty regarding the interpretation of the Regulation and the related EU Court rulings, there can be no assurance as to the outcome of such court proceedings, which could lead

to stricter interpretation becoming applicable and therefore increased compensations payable to passengers. Further, Finnair may, from time to time, be involved in litigation and arbitration proceedings. There can be no assurance as to the outcome of these proceedings and Finnair's reputation could be harmed even if a favourable judgment is received. If an unfavourable judgment against Finnair would be made in these claims, it may have a material adverse effect on Finnair's business and result in additional costs that reduce Finnair's profitability. See also *"Information about the Group—Legal and Regulatory Proceedings"*.

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

Complaints or appeals concerning state aid decisions relating to Finnair's refinancing may result in additional costs for Finnair and materially and adversely affect Finnair's financial and liquidity position.

As set out under *"Information about the Group—State Aid Relating to Finnair's Refinancing"*, Finnair has received state aid from the State of Finland relating to Finnair's refinancing. It is possible to lodge an appeal against state aid decisions in the General Court of the EU within two months of their publication in the Official Journal of the EU. Competitors in the airline industry have, as at the date of this Listing Prospectus, lodged appeals against other already approved state assistance measures, including those of Finnair, providing indications that any further measures as well as the decisions to approve them may also be challenged. Consequently, there can be no assurance that similar appeals or complaints would not be filed against the decision by the European Commission with respect to the hybrid loan of a maximum of EUR 400 million (the **"Hybrid Loan"**) granted to Finnair by the State of Finland or other transactions involving Finnair and the State of Finland, such as the guarantee granted for Finnair's pension premium loan or the rights offering carried out by Finnair in 2020 (the **"Rights Offering"**). Whilst Finnair believes that it is in a strong legal position, the final outcome of any legal proceedings resulting from a potential appeal or complaint against the decision by the European Commission is subject to significant uncertainty, and as at the date of this Listing Prospectus, it is not possible to estimate the result of such proceedings. In the event that an appeal or complaint is successful, this may have a material adverse effect on Finnair's financial and liquidity position.

Any alleged or actual non-compliance with currently applicable regulations in Finnair's operations, the adoption of new national, regional and/or international regulations or revisions to existing regulations may result in restrictions on Finnair's ability to operate or result in increased expenses, which may have a material adverse effect on Finnair.

The aviation industry is affected by a number of regulatory regimes at the EU and international levels. The airline industry is subject to national, regional and international laws and regulations, relating to, among other things, security, safety, licensing, competition, data and consumer protection, noise levels and the environment. In addition, Finnair depends on assigned take-off and landing slots at slot restricted airports. At some airports, if an airline does not use its slots, the slots may be reallocated. Although the European Commission has temporarily waived minimum slot-use requirements due to the COVID-19 pandemic at relevant airports, there can be no assurance that Finnair would be able to keep or obtain the needed slots in order to be able to implement its Asia-focused strategy in the future.

In response to the COVID-19 pandemic, the airline industry has been particularly affected by regulatory measures to curb the spread of the virus, as travel bans and general restrictions on the mobility of citizens have grounded aircraft across the world and required airlines to run significantly reduced networks with decreased capacity to comply with the restrictions. The COVID-19 pandemic may also lead to new travel safety regulations concerning, among others, social distancing. These may require e.g. adjustments of seating arrangements, mandatory empty seats or other measures intended to isolate passengers from each other and minimise contact between passengers as well as aircraft and airport personnel. Additional laws and regulations may be adopted from time to time which could impose additional requirements or restrictions on airline operations.

In the UK, the Competition and Markets Authority has requested British Airways and American Airlines to surrender some of their flight slots at London Gatwick or Heathrow in the interest of competition, citing competition concerns on certain non-stop routes. As at the date of this Listing Prospectus, Finnair has not been materially affected by these measures or itself been subjected to such measures by competition authorities. However, any increased inclination by competition authorities to take action in a similar way in the processes through which slots are allocated or traded could result in disruptions to routes operated by Finnair or to connecting flights operated by its partners, and diminish Finnair's ability to uphold a comprehensive network together with its partners.

In addition, as part of its operations, Finnair retains personal information received from its customers, which is subject to certain regulatory data privacy protection in the EU and elsewhere. Personal information held offline and online may be sensitive. If personal information were processed, stored or made available to third parties in violation of the applicable laws or if a third party were to misappropriate such information, the reputation of Finnair could be harmed, it could become the subject of regulatory action, proceedings and/or fines, customers could bring legal claims against Finnair and certain countries could cancel Finnair's flight permits.

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

Finnair may be adversely affected by any future application of restrictions in regard to pollution, greenhouse gas emissions, noise and other environmental laws and regulations or failure to adhere to best practices in sustainability.

The increasing significance of and focus on sustainability as set out under “*Information about the Group—Operating Environment—Megatrends—Increasing Significance of Sustainability*”, may lead to increasing restrictions for airlines in regard to pollution, greenhouse gas emissions, fuel composition and quality, noise and other environmental laws and regulations. Further, if any such regulation is specific to a region or country, the risk of a competitive disadvantage would arise. Finnair may be subject to additional costs due to changes in “cap and trade” schemes, such as the European Emissions Trading Scheme (the “EU ETS”). The EU included air traffic as part of the EU ETS in 2012. However, the European Parliament decided to exempt all flights between countries in the EEA and between third countries from the EU ETS, until 2023. In the autumn of 2016, the assembly of the International Civil Aviation Organization (ICAO) concluded a historic agreement on market-based measures to help stabilise airline emissions at the level of 2020 (so-called Carbon Offsetting and Reduction Scheme for International Aviation (“CORSIA”). From 2021 onwards, the airlines will be obligated to compensate their emissions exceeding the target by purchasing emission reduction units. Due to the CORSIA agreement, all flights between countries in the EEA and third countries continue to be exempt from the EU ETS for the time being. The costs of emissions trading in the coming years may increase due to changes to the current EU ETS model and/or future implementation of the CORSIA agreement.

The Issuer's management believes that the airline industry is expected to face stricter regulations on emissions and noise, with increased regulations resulting in added costs such as tax-like payments. From time to time, there have been discussions at the EU level and within EU member states about whether existing tax exemptions for jet fuel should be reviewed; and there can be no assurance that the current tax exemptions for jet fuel will be upheld. The elimination of these exemptions would lead to a substantial increase in Finnair's jet fuel costs and subsequently have an adverse effect on Finnair's business as discussed in more detail in “—*Risks Relating to the Airline Industry—Variations in the price of jet fuel affect Finnair's operating expenses, and hedging transactions related to fuel prices may prove to be ineffective or may increase costs in relation to the prevailing market price*” above.

New noise control regulations may also restrict airline operations and/or cause additional costs. Noise control regulations typically concentrate on the level of noise and its environmental impact, especially in areas close to airports. Permits may, for example, include restrictions on night flights to meet the imposed noise level requirements. Any such restrictions on night flights would affect Finnair's scheduling and operations at Helsinki Airport as Finnair's standard schedule has flights landing and taking-off between midnight and five a.m. (Eastern European time). Further, as Helsinki Airport acts as the home hub of Finnair, any additional restrictions may have a material adverse effect on Finnair's capability to grow and to conduct its business, as discussed in more detail in “—*Risks Relating to Finnair's Business Operations—Finnair's business operations and its current growth strategy are dependent on the ability of Helsinki Airport to accommodate the increasing air traffic to the airport*” below.

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

Risks Relating to Finnair's Business Operations

Finnair may not be able to successfully implement its strategy, or its strategy may prove to be misaligned in relation to prevailing market conditions or changes in the industry.

As at the date of this Listing Prospectus, Finnair's strategy comprises sustainable, profitable growth with a focus on the Asian markets and international scheduled passenger traffic. However, the COVID-19 pandemic has presented a particular risk to the implementation of Finnair's strategic operating plans in the near or medium term, and as a result, Finnair has decided to re-evaluate its strategy in the autumn of 2021. The appropriateness and successful execution of Finnair's strategy

could be affected by a number of factors beyond Finnair's control and there can be no assurance that Finnair will be able to succeed in the implementation of its strategy or that its strategy would in all situations prove to be appropriate.

When developing Finnair's strategic operating plans, Finnair makes certain assumptions, including, but not limited to, those related to customer demand, competition, market consolidation, the availability of aircraft and the global economy. Actual economic, market and other conditions have been and may continue to differ from Finnair's assumptions. While Finnair continues to believe in its current Asia focus, the focus areas related to growth, network and fleet investments and their schedules, as well as long-term financial targets, will be re-evaluated as a result of the effect on demand caused by the COVID-19 pandemic. The management of the Issuer still estimates that Finnair will return to the path of sustainable, profitable growth within a rebuilding period of approximately two years. However, if actual results continue to vary significantly from its prior assumptions or vary significantly from its future assumptions, this could have a material adverse effect on the successful implementation of Finnair's strategy even after the rebuilding period. In addition, there can be no assurance that Finnair's re-evaluated strategy would not in the future prove to be misaligned in relation to prevailing market conditions or changes in the industry compared to the pre-pandemic competitive environment. Changes in Finnair's current strategy may also result in additional costs or adversely affect the confidence in Finnair among investors.

Despite the expected re-evaluation of Finnair's strategy, the management of the Issuer continues to believe that the future growth of Finnair's core business, international scheduled passenger traffic, largely depends on Finnair's ability to implement its Asia strategy and carry out its planned investments successfully. However, there can be no assurance that Finnair will continue to have access to the financial markets in order to finance these investments as planned (see below "*Risks Relating to Finnair's Financing—Adverse developments in macroeconomic conditions, including the extended duration and/or increased spread of the COVID-19 pandemic, may result in reduced access to capital and lower liquidity*"), that there will not be any delays in deliveries by aircraft manufacturers (see below "*Quality and availability issues with third-party suppliers and their products and services may have an adverse effect on Finnair's reputation and result in a decreased demand for Finnair's services and/or unexpected costs*") and that, when made, these investments would allow Finnair to grow its traffic to and from Asia as planned. Given that a large part of Finnair's sales originates from flights to and from Asia, any failure to achieve growth in the Asian markets or a decrease in Finnair's share in the Asian markets may have an adverse effect on Finnair's overall return to the path of sustainable, profitable growth after the COVID-19 pandemic.

Further, any adverse developments affecting the oneworld™ alliance or the joint businesses may have a material adverse effect on Finnair. Such adverse developments may include one or more member airlines significantly reducing their routes or frequencies, terminating their membership in favour of another alliance or a member airline being suspended as a result of insolvency or for other reasons. In addition, Finnair could in the future need to terminate its membership in the oneworld™ alliance without being able to join another competitive strategic alliance or form other cooperation arrangements with suitable partners. A failure to form suitable cooperation arrangements, or other adverse change in the oneworld™ alliance or in the joint businesses, could result in Finnair not being able to provide enough frequencies or access to additional destinations via these partners and thus, reduce the services Finnair offers and have an adverse effect on Finnair's competitiveness. Such adverse developments could result in a need for Finnair to significantly amend its strategic focus and/or to seek new strategic partners, which could increase Finnair's operating costs significantly.

In addition, Finnair emphasises the use of both Finnair's own digital sales channels and those of online travel agents. To the extent that consumer behaviour favours sales channels with a higher cost to Finnair, its investments in these channels will not produce the desired efficiencies and its sales costs may increase.

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

Finnair may be unable to achieve the expected benefits from its cost adjustment and efficiency program.

Finnair has undergone and is currently undergoing cost-adjustment and efficiency measures as discussed under "*Information about the Group—Measures Due to the COVID-19 Pandemic*". Finnair's expectations concerning the effects, timing and successful implementation of these measures are based on several assumptions and expectations. However, these assumptions and expectations are subject to several risks and uncertainties. In addition, the planned measures are based on current circumstances and do not take into account the effect that unforeseen changes in the industry and changes to Finnair's operations may have in the future. For example, new, more permanent measures imposed as a result of a prolonged COVID-19 pandemic, could result in increases in the time and expense spent on the training of Finnair's personnel. As a result, Finnair may be unable to achieve the full benefits from these measures, or from additional programs, in the future. The benefits achieved by Finnair may also prove to be of a temporary nature, and changes in general market conditions or the operating environment of the industry, including competitive trends, may result in the loss of some or all of such benefits in the future. In addition, the timing of the cost-saving measures is partly dependent on negotiations with employee representatives, and there can be no assurance that Finnair would as a result of the negotiations be able to define measures which would correspond fully with the expected savings.

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

Finnair may not achieve its goals in future negotiations regarding the terms of collective labour agreements of its unionised work groups or in negotiations concerning adjustment measures due to the weakened demand situation, exposing it to the risk of strikes and other work-related disruptions.

Finnair's business is labour intensive, employing large numbers of pilots, flight attendants and other personnel, the majority of whom are represented by labour unions. Finnair currently has no ongoing or upcoming negotiations relating to pending expirations of collective labour agreements, and Finnair has valid agreements in place with the relevant unions. However, the overall labour market situation in Finland is challenging and it may also have an effect on Finnair's future operations.

As Finnair is not able to operate a full traffic program at present due to the COVID-19 pandemic, there is less work available for its personnel. Due to the COVID-19 pandemic, Finnair has taken significant adjustment measures, including temporary and permanent layoffs affecting almost all of Finnair's personnel during the majority of 2020. Finnair has also carried out staff co-operation negotiations due to the effects of the COVID-19 pandemic, which resulted in the reduction of approximately 600 employees globally. In addition to the personnel reductions, Finnair intends to continue to apply temporary layoffs for a large share of its personnel. The need for further permanent layoffs largely depends on the development of the COVID-19 pandemic and the pace of recovery of air travel, and there can be no assurance that such further layoffs will not be necessary in the future, which may result in strikes, work stoppages, litigation or other industrial actions, which may require Finnair to amend or postpone its plans.

In addition, measures which may be considered in relation to adjustments of personnel costs and negotiations with labour unions could cause disagreements or general unrest between the labour market parties and lead to a deterioration in Finnair's relationship with its personnel. Consequently, there can be no assurance that the agreements with labour unions can be negotiated to the long-term benefit of Finnair or that the outcome of new negotiations, mediations or arbitrations will be on terms consistent with Finnair's expectations or comparable to agreements entered into by other airlines. If Finnair is unable to reach an agreement with any of its unionised work groups in negotiations regarding the terms of their collective labour agreements or if additional segments of Finnair's workforce become unionised, Finnair may be subject to work interruptions or stoppages. Likewise, if third-party regional carriers with whom Finnair has contract carrier agreements or other third parties – including ground workers and other service providers – are unable to reach agreement with their unionised work groups in current or future negotiations regarding the terms of their collective bargaining agreements, those carriers may be subject to work interruptions or stoppages affecting Finnair, potentially also leading to interruptions or stoppages due to sympathy strikes by Finnair's personnel. In addition, any future agreements or outcome of negotiations, mediations or arbitrations in relation to wage reopeners may result in increased personnel costs or other charges that could increase Finnair's operating costs with the effect that it is not able to compete with some other airlines that have more flexible personnel cost structures than that of Finnair. The materialisation of any of the above risks may have a material adverse effect on Finnair's business, financial condition, results of operations and future prospects.

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

When acquiring a new aircraft, Finnair generally enters into an agreement with the manufacturer to purchase the aircraft. As the financing decision is typically taken prior to the expected delivery of the aircraft, Finnair can therefore be exposed to fluctuations in the secondary market for aircraft. When used for impairment testing, the market value of Finnair's aircraft may be adversely affected by fluctuations in the exchange rate between the euro and the U.S. dollar, as the quoted aircraft market values are mainly denominated in U.S. dollars but the aircraft on Finnair's balance sheet are denominated in euros. In addition, a large number of similar aircraft brought on the market for sale within a short period of time may result in significant downward pressure on the market prices for those aircraft, as the supply becomes disproportionate to the existing demand. The effects of the COVID-19 pandemic have resulted in a significant slowdown in aircraft acquisitions, and demand for aircraft is likely to remain subdued as long as the COVID-19 pandemic persists. The financial distress caused to commercial airlines by the pandemic also creates an elevated risk that many airlines or aircraft lessors would simultaneously attempt to sell parts of their fleet, either to boost liquidity or attempt to better match supply with demand. In addition, there could be attempts to liquidate aircraft fleets following airline bankruptcies, further pushing down prices in the secondary aircraft market. A decrease in the secondary market prices may involve risks for Finnair, especially to the extent that Finnair wishes or needs to rely on the sales proceeds of aircraft to discharge debts relating to the financing of aircraft. On the other hand, if Finnair finances the purchased aircraft through a sale and leaseback financing arrangement, Finnair realises the market value of the aircraft at the time of the transaction and any future changes in aircraft value will not have an effect on the payments under the initial lease arrangement, nor will Finnair be exposed to residual value risk for such aircraft. However, there can be no assurance that a functioning aircraft sale and leaseback market will always exist or that such a market is maintained, or that Finnair will be able to enter into such sale and leaseback financing arrangements.

Any decrease in the value of the aircraft could also have an adverse effect on Finnair's financial position, should the carrying value of the aircraft need to be impaired due to the difference in the carrying value and the recoverable amount of such aircraft. As at 31 March 2021, the balance sheet value of the entire fleet was EUR 2,124.0 million, which consisted of fleet (EUR 1,381.3 million) and right-of-use-fleet (EUR 742.7 million). In accordance with the International Financial Reporting Standards applicable in the EU ("IFRS"), the carrying value of the fixed assets is subject to periodic depreciation and is reviewed for impairment whenever there is an indication that their carrying values could exceed their recoverable amount. The recoverable amount is measured as the higher of fair value less costs to sell and value in use. Sometimes, the recoverable value of an individual asset cannot be determined. In that case, the recoverable amount is determined for the smallest group of assets that generates independent cash flows (cash-generating unit). As a result of such tests, Finnair might be required to recognise an impairment loss in its income statement should the carrying value of the assets be in excess of their recoverable amount. Factors that could trigger an impairment of assets include, but are not limited to, changes in the market valuation of used aircraft, possible future underperformance of Finnair's business relative to projected future operating results and cash flows, negative industry or macroeconomic developments as well as changes in discount rates or applicable tax rate. The preparation of impairment tests requires the use of estimates. Estimates are based on budgets and forecasts, which inherently contain some degree of uncertainty. The main uncertainty factors in calculations are the USD/EUR and JPY/EUR exchange rates, unit revenue, estimated sales volumes and jet fuel prices. Should Finnair need to recognise any impairment loss, this could have a material adverse effect on its business, results of operations and financial condition.

The materialisation of any of the above risks, resulting in decreases of the value of aircraft, may result in lower sales proceeds or a decreased market value of Finnair's aircraft and result in a material adverse effect on Finnair's balance sheet and profits, which may in turn have a material adverse effect on Finnair's business, financial condition, results of operations and future prospects.

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

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

A key component of Finnair's recovery from the effects of the COVID-19 pandemic is the retention of older aircraft in its current fleet (see "*Information about the Group—Fleet*"). Finnair's dependence on Airbus aircraft, especially for its long-haul fleet, makes it particularly vulnerable to any problems that might be associated with the manufacturer or its aircraft. In addition, Finnair is also dependent on Rolls-Royce Ltd, which manufactures and maintains the Trent engines, and Lufthansa Technik AG, which is responsible for certain maintenance processes. Finnair could be adversely affected if a design defect or mechanical problem with any of its aircraft – or any other type of aircraft that Finnair subsequently operates – were discovered, causing such aircraft to be grounded while any such defect or problem was corrected, or while attempts were made to correct such defect or problem.

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

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

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

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

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

Finnair has become increasingly dependent on information technology initiatives to reduce costs and to enhance customer service and customer satisfaction in order to compete in the current business environment (see "*Information about the Group—Operating Environment*"). Finnair depends on automated information systems and technology, including its computerised airline reservation system, its flight operations system, its website, its telecommunication systems and other automated systems. Thus, the performance and the reliability of information technology are critical to Finnair's ability to attract and retain customers and for Finnair's ability to compete effectively and implement its commercial strategy. These initiatives will continue to have a direct effect on information technology and data security costs and, in addition, the development of the information system solutions and the information technology environment requires continuous investments. In addition, any internal error, failure or external interruption in information technology infrastructure Finnair depends on, such as power, telecommunications or the internet, may also disrupt its information technology network. Any individual, sustained or repeated failure of information technology could affect Finnair's customer service, and result in increased costs and damage to the Finnair brand. Finnair's information technology systems and related data may be vulnerable to a variety of sources of interruption due to events beyond its control, including natural disasters, terrorist or cyberattacks, telecommunications failures, computer viruses, hackers and other security issues. Although Finnair is continually developing its information security and situation-management preparedness for serious disruptions to information systems and telecommunications, these measures may not be adequate or implemented properly to prevent a business disruption.

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

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

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

As all airlines, Finnair is dependent on qualified airline personnel, in particular pilots, cabin crew and employees with qualifications in scheduling of routes, aircraft maintenance, information technology and sales. In response to the decreased demand due to the COVID-19 pandemic, Finnair has taken, and may in the future take, personnel adjustment measures, including negotiations on temporary and permanent layoffs. These measures could have an adverse effect on the retention of competent personnel and may damage Finnair's reputation as an employer. The implementation of Finnair's long-term growth strategy is dependent on Finnair's ability to secure the relevant and necessary competences through the retention of in-house talent and targeted recruitments. There can be no assurance that Finnair will be able to retain employees in key positions, or recruit a sufficient number of new employees with appropriate technical and/or other qualifications, at a cost that enables Finnair to remain competitive. The materialisation of any of the above risks may have a material adverse effect on Finnair's business, financial condition, results of operations and future prospects.

Finnair's business operations and its current growth strategy are dependent on the ability of Helsinki Airport to accommodate the increasing air traffic to the airport.

Although Finnair's strategy will be re-evaluated in the autumn of 2021 due to the COVID-19 pandemic, the management of the Issuer still estimates that Finnair will return to the path of sustainable, profitable growth within a rebuilding period of approximately two years. In order to effectively achieve sustainable and profitable growth in a post-COVID-19 environment, Finnair is dependent on its home hub, Helsinki Airport, continuing to offer adequate capacity and cost-efficient and high-quality services to support Finnair's business operations. At the date of this Listing Prospectus, Helsinki Airport is under construction to expand the terminals, and the construction work is expected to be finalised during 2023. When finalised, the extension is expected to facilitate the increase of the airport's annual passenger volume to 30 million and, subsequently, further enable the implementation of Finnair's current growth strategy. The construction work may cause passenger traffic disruptions. Furthermore, despite the finalised extension work, there might not be adequate gate capacity for Finnair's growing business, and therefore, there can be no assurance that increased air traffic would not result in severe congestion and delays. This would constitute a considerable risk for the short-haul connecting traffic, which is critical to Finnair. In relation to Asian traffic, the transfer of passengers and goods from one flight to another at Helsinki Airport has been increasing and, in the short-term, this could lead to delays due to the airport's space restrictions and increased security measures. In addition, since Finnair is heavily dependent on Helsinki Airport, a delay in the construction work could result in Finnair not being able to operate already published flights or meet the demand for its flight services. As at the date of this Listing Prospectus, it is also uncertain what effect the COVID-19 pandemic may have on airport capacity investments, and whether these effects would be favourable to the implementation of Finnair's strategy in the future. See also "*—Finnair may not be able to successfully implement its strategy, or its strategy may prove to be misaligned in relation to prevailing market conditions or changes in the industry*" above. Not being able to meet the demands of its customers and cancellations of flights or flight delays could lead to Finnair's customers opting to use Finnair's competitors' services and/or to an increased number of refunds and customer complaints. Such effects could result in additional costs and reputational damage for Finnair, reducing Finnair's profitability and demand for Finnair's services. A reduction in demand or the incurrence of additional costs could have a significant effect on Finnair's competitiveness. The materialisation of any of the above risks may have a material adverse effect on Finnair's business, financial condition, results of operations and future prospects.

Risks Relating to Finnair's Financing

Adverse developments in macroeconomic conditions, including the extended duration and/or increased spread of the COVID-19 pandemic, may result in reduced access to capital and lower liquidity.

Finnair has been, and may also in the future be, affected by the uncertainty in the global economy and in the financial markets. In particular, Finnair has undertaken several measures in response to the COVID-19 pandemic to secure Finnair's future financing even in case of a prolonged COVID-19 pandemic. However, the relatively high percentage of fixed costs in the airline industry, in relation to decreases in demand and revenues, exposes Finnair to liquidity risks. In the event of sudden and persisting low revenues (such as the events discussed in the above risk "*—Risks Relating to the Airline Industry—The COVID 19 pandemic has had a material adverse effect on Finnair's business, financial condition, results of operations and future prospects, and is expected to continue to adversely affect the demand for airline services, including Finnair's services*"), Finnair may not be able to adjust its fixed costs at a sufficient rate, which could lead to reduced liquidity as existing cash or cash equivalent assets and cash flows would need to be directed to covering fixed costs. Although Finnair's cash flows from operations and its available capital and credit facilities have to date been sufficient to meet its obligations and commitments, Finnair's capital position and liquidity has been, and may in the future be, negatively affected by the materialisation of some of the risks related to the COVID-19 pandemic and consequent measures to restrict air travel. In addition, due to the state aid decision by the European Commission in relation to the Rights Offering, it is not possible for the State of Finland to participate in Finnair's potential future share issues other than *pro rata* with its existing shareholding during the three-year period starting from the date of the Rights Offering. As a result, the State's ability to further support Finnair's capital base is limited, which may materially hamper Finnair's ability to raise future equity-based funding. See also "*Information about the Group—State Aid Relating to Finnair's Refinancing*".

If Finnair's access to capital were materially diminished, Finnair might not be able to ensure sufficient liquidity in order to be able to pay its leases and debts on time or comply with certain operating and financial covenants under its financing agreements or with other material provisions of its contractual obligations, or these agreements may require additional security, waivers or collateral to maintain. As a result, there can be no assurance that Finnair's capital resources will, at all times, be sufficient to satisfy its business and liquidity needs. If Finnair were unable to satisfy its business and liquidity needs, such as acquiring the additional financing required for future investments, refinancing or renegotiating its existing debt, Finnair may have to adjust its strategy or fulfil the payment obligations related to its fleet investments. As discussed in the risk factor "*—Risks Relating to Finnair's Business Operations— Finnair may not be able to successfully implement its strategy, or its strategy may prove to be misaligned in relation to prevailing market conditions or changes in the industry*" above, a failure by Finnair in implementing its current or future strategy could have an adverse effect on Finnair's competitiveness and profitability. If Finnair would not be able to carry out its planned investments, it may not be able to compete with its competitors in terms of available flight routes and quality of aircraft, potentially resulting in a decrease in

demand for Finnair's services. In addition, as Finnair prepares its financial information in accordance with the IFRS, future changes in the IFRS accounting standards may lead to significant changes in the reported financial statements of Finnair. Although Finnair's current loans provide for debt covenants to be assessed based on current accounting standards, a change in said standards may affect Finnair's position when renewing or acquiring further financing.

As a result of the high level of uncertainty, there can be no assurance that the reductions in expenditures, measures to improve liquidity or other strategic actions that Finnair has taken or may take in the future in response to the COVID-19 pandemic would be effective in offsetting decreased demand, especially in the event of an extended duration or increased spread of the pandemic, which could, in turn, involve extensions or expansions of current travel restrictions. This may require Finnair to take additional actions to improve its financial position, including measures to improve liquidity, such as the issuance of additional unsecured or secured debt securities, equity securities or equity-linked securities, the sale of assets and/or the entry into additional bilateral or syndicated secured or unsecured credit facilities. The effect the COVID-19 pandemic has had on the global economy generally and the air transportation industry specifically, may make it difficult for Finnair to raise additional capital if needed to meet its liquidity needs on acceptable terms, or at all. Any extended duration or increased spread of the COVID-19 pandemic and the continuation of reduced demand could have a material adverse effect on Finnair's liquidity and ability to secure sufficient bank and capital markets financing to meet its obligations, which may have a material adverse effect on Finnair's business, financial condition, results of operations and future prospects.

Finnair may continue to accumulate significant losses, and, thus, deferred tax assets.

Due to the COVID-19 pandemic, and the consequent significant decrease in demand and revenues, Finnair may continue to accumulate significant losses, and, thus, deferred tax assets. Deferred tax liabilities of EUR 64.3 million as at 31 December 2019, changed to deferred tax assets of EUR 84.8 million as at 31 December 2020 and net deferred tax assets of EUR 111.3 million as at 31 March 2021, mainly due to a significant taxable loss caused by the COVID-19 pandemic. The total eventual tax loss for the year 2020 will expire within 10 years and Finnair expects that this can be used against its future taxable results based on the management's estimates and forecasts, which inherently contain some degree of uncertainty. There can, however, be no assurance that Finnair would be able to use future losses to offset future taxation. Should the COVID-19 pandemic lead to further long-term adverse effects on macroeconomic developments in general or the operational environment for air travel in particular, Finnair may not be able to generate sufficient taxable income to use the accrued losses fully, in part, or at all.

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

Fluctuations in foreign exchange rates, particularly between the euro and the U.S. dollar and between the euro and the Japanese yen, may have a material adverse effect on Finnair. Finnair's foreign exchange risk arises mainly from fuel and aircraft purchases and maintenance, divestment of aircraft, aircraft lease payments, overflight royalties and foreign currency revenue. The largest investments, including the acquisition of aircraft and their spare parts, are mainly made in U.S. dollars and fuel costs and aircraft lease costs are also primarily U.S. dollar-denominated. The Japanese yen and the renminbi are important revenue currencies in Finnair's Asian operations. Since a significant portion of Finnair's sales are denominated in currencies other than the euro, and Finnair reports its financial results in euro, it is consequently subject to currency conversion risk. In addition, due to the introduction of "IFRS 16 – Leases" in 2019, Finnair's asset-related foreign currency exposure has increased with 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 U.S. dollar denominated liability has an effect on Finnair's net result depending on the hedging ratio. Finnair hedges its currency exposure using a variety of derivative instruments and natural hedges where possible, such as forward contracts, swaps and options, in compliance with the risk management policy approved annually by the Board of Directors. Finnair's treasury policy may not, however, always prove to be appropriate, particularly due to the exceptional circumstances that prevail. Consequently, there remains a risk that fluctuations in exchange rates may result in Finnair bearing the expenses of the hedging without receiving any benefits in the form of reduced risk exposure, and, there can be no assurance that Finnair's derivatives in place are sufficient to provide adequate protection against foreign exchange losses (see "Information about the Group—Operating Environment—Sensitivities"). In addition, the introduction of "IFRS 16 – Leases" poses a risk from a timing perspective. The timing mismatch between the cash flows of the underlying risk and hedging instrument can open cash flow risk arising from the currency fluctuations when rolling the hedging instrument. Consequently, increases and decreases in the value of the euro versus other currencies will affect the amount of these items in Finnair's consolidated financial statements, even if their value has not changed in their original currency. These conversions could result in significant changes to Finnair's results of operations from period to period. The materialisation of any of the above risks may have a material adverse effect on Finnair's business, financial condition, results of operations and future prospects.

The amount of indebtedness that Finnair currently has and which it may incur in the future could lead to the breach of financing covenants, or limited access to additional capital and liquidity.

Finnair has, and will continue to have, a significant amount of indebtedness, including substantial fixed obligations under aircraft leases and financings. Finnair's undrawn committed revolving credit facility in the amount of EUR 175 million

includes, among others, a financial covenant based on cash, equity and book equity levels on the last date of each quarter. The Issuer has originally in May 2020 agreed certain amendments to the revolving credit facility agreement, including the covenant level for adjusted gearing and in March 2021, the Issuer has negotiated certain additional amendments, including new financial covenants temporarily replacing the financial covenant based on adjusted gearing. As of 31 March 2021, the Issuer shall ensure that, at all times: (i) the Group's consolidated cash and cash equivalents, short-term marketable money market instruments and certain other financial investments and government bonds exceed EUR 400 million; (ii) the Group's consolidated shareholders' equity (including debt instruments treated as shareholders' equity under IFRS and capital loans provided in compliance with the Finnish Companies Act) exceeds EUR 400 million; and (iii) the equity of the Issuer within the meaning of the Finnish Companies Act, but excluding any hybrid instruments and any capital loans, exceeds EUR 150 million. The aforementioned temporary covenants are reviewed on a quarterly basis and shall cease to apply upon request by the Issuer and subsequent confirmation that the adjusted gearing ratio is compliant with the covenant levels as agreed in May 2020. The level for adjusted gearing shall not be equal to or greater than 225 per cent until 30 June 2021, 200 per cent from 1 July 2021 until 30 June 2022 and 175 per cent after 30 June 2022 depending on the timing of such request by the Issuer and thereafter. In addition, the availability of the revolving credit facility is dependent on the European Commission's approval of the remaining EUR 50 million of the Hybrid Loan. If Finnair fails to comply with its financing covenants and is unable to remedy or obtain a waiver or amendment, this may have an adverse effect on Finnair's ability to secure access to liquidity and may result in increased financing costs.

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

In addition to financing through operating cash flows, Finnair's recovery from the effects of the COVID-19 pandemic is dependent on continued access to external financing. The ability of Finnair to make scheduled payments under its indebtedness will depend on, among other things, its future operating performance and its ability to refinance its indebtedness, if necessary. Each of these factors is, to a large extent, subject to economic, financial, competitive, regulatory, operational and other factors, many of which are beyond Finnair's control. There can be no assurance that Finnair will be able to generate sufficient cash flow from its operations to pay its debts, to fund its working capital, pension programs, capital expenditure, lease obligations, to engage in future acquisitions and, in the future, to refinance its indebtedness. The Issuer also depends, to some extent, on cash flow from its subsidiaries, which may not, at all times, be adequate to make distributions and other payments due to, among other things, applicable tax laws. There can be no assurance that Finnair will continue to be able to obtain, on a timely basis, sufficient funds on terms acceptable to Finnair in order to maintain adequate liquidity and to finance the operating and capital expenditures necessary to support its business strategy in the event that cash flows from operations and cash on hand are insufficient. Failure to generate additional funds and to maintain adequate liquidity, whether from operations or additional debt or equity financings, may require Finnair to delay or abandon some or all of its anticipated expenditures or to modify its business strategy. Further, the ability of competitors to raise money more easily and on more favourable terms could create a competitive disadvantage for Finnair and any future borrowings and financing arrangements may be subject to covenants which limit Finnair's operating and financial flexibility resulting in a decrease in Finnair's capability to engage in business opportunities.

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

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

Finnair is subject to the effects of interest rate fluctuations on its floating rate financing arrangements and aircraft leases. As a result of Finnair's floating rate borrowings and aircraft leases, an increase in interest rates could cause an increase in the amount of Finnair's interest payments and aircraft lease payments. In addition, when Finnair agrees to lease a new aircraft, the monthly lease payments to be made by it upon delivery of the aircraft can be subject to adjustments based on interest rate fluctuations during the period between the signing of the lease and the delivery date of the aircraft. Finnair also has certain lease agreements in which the monthly lease payments are based on floating interest rates and hence the payment amounts fluctuate from time period to time period. Finnair measures the interest rate risk using the interest rate re-fixing period. According to Finnair's risk management policy, as set out in the financial statements as at and for the year ended on 31 December 2020, the mandate for the investment portfolio's interest rate re-fixing period is 0–12 months and for

interest-bearing liabilities, including lease liabilities, 36–72 months. As at 31 December 2020, the investment portfolio's interest rate re-fixing period was approximately 3 months and approximately 50 months for interest-bearing liabilities, including lease liabilities and interest rate derivatives. As at 31 December 2020, a one percentage point rise in interest rates would increase the annual financial income of the investment portfolio by approximately EUR 7.1 million and the interest expenses of the loan portfolio by EUR 4.3 million. Despite Finnair's use of derivatives to manage the interest rate related risks, an increase in the interest rates on Finnair's indebtedness may significantly increase its costs of financing and amount of interest paid, which in turn could have an adverse effect on Finnair's financial condition and results of operations.

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

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

As at 31 March 2021, the net fair value of Finnair's derivative instruments was negative EUR 9.8 million, representing an increase of EUR 164.9 million from the comparative period in 2020 and an increase of EUR 77.4 million compared to 31 December 2020. During the first quarter of 2021, the fair value of Finnair's hedge instruments remained negative, and, therefore, continued to have a decreasing effect on Finnair's equity. Due to the COVID-19 pandemic, the operational level was adjusted and, thus, underlying currency and fuel price exposure was non-existent. As the forecast underlying risk no longer existed, Finnair unwound the hedges. In line with IFRS standards, the fair value of those derivatives was reclassified, which led to an increase on net financing expenses by EUR 136 million for the year ended 31 December 2020. Incurrence of further hedging losses in the future may also have a material adverse effect on Finnair's financial condition and results of operations.

Risks Relating to the Notes

Investors are exposed to credit risk in respect of the Issuer and may lose their investment in the Notes.

Investors in the Notes carry a credit risk relating to the Issuer. The payments by the Issuer to investors under the Notes will, therefore, be dependent on the Issuer's ability to meet its payment obligations, which in turn is to a large extent dependent on developments in the Issuer's business and financial performance. An investor is always solely responsible for the economic consequences of his/her/its investment decisions.

An increased credit risk may cause the investors to expect a higher risk premium from the Notes, which could affect the Notes' value negatively. Another aspect of the credit risk is that a deteriorating financial condition of the Issuer may reduce the Issuer's possibility to receive debt financing at the time of the maturity of the Notes and such debt financing might be needed for the Issuer to be able to meet its payment obligations under the Notes. In addition, should the Issuer become insolvent during the term of the Notes, an investor may forfeit interest payable on, and the principal amount of, the Notes in whole or in part.

The Notes constitute unsecured obligations of the Issuer.

The Notes constitute direct, unsecured, unguaranteed and unsubordinated obligations of the Issuer. The Notes are not guaranteed by any person or entity. No one other than the Issuer will accept any liability in respect of any failure by the Issuer to pay any amount due under the Notes.

This means that in the event of bankruptcy, reorganisation or winding-up of the Issuer, the Noteholders normally receive payment after any priority creditors have been fully paid. Accordingly, the prospects of the Issuer may adversely affect the liquidity and the market price of the Notes and may increase the risk that the Noteholders will not receive prompt and full payment, when due, for interest, principal and/or any other amounts payable to the Noteholders pursuant to the Notes from time to time.

There is currently no public market for the Notes and if an active trading market for the Notes does not develop or is not maintained, it could have a material adverse effect on the market price of the Notes.

The Notes constitute a new issue of securities by the Issuer. Prior to the contemplated Listing on Nasdaq Helsinki, there is no public market for the Notes. Although an application will be made to list the Notes on Nasdaq Helsinki, no assurance can be given that such application will be approved within the contemplated timeframe, or at all. In addition, the Listing will not guarantee that a liquid public market for the Notes will develop, and even if such a market were to develop, neither the Issuer nor the Bookrunners are under any obligation to maintain such market. The liquidity and the market prices of the Notes can be expected to vary with changes in market and economic conditions, the financial position and prospects of the Issuer and many other factors that generally influence the market prices of securities. Such factors may significantly

affect the liquidity and the market prices of the Notes, which may trade at a discount to the price at which the Noteholders purchased the Notes.

If an active trading market for the Notes does not develop or is not maintained, it could have a material adverse effect on the market price of the Notes. Further, Noteholders may not be able to sell their Notes at all or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Moreover, if additional and competing products are introduced in the markets, it could have a material adverse effect on the market price of the Notes.

Neither the Issuer nor the Notes are rated.

The Issuer has no ratings solicited by it. Further, the Notes are currently not rated by any rating agency. Accordingly, investors are not able to refer to any independent credit rating when evaluating factors that may affect the value of the Notes. The absence of a rating may reduce the liquidity of the Notes as investors often base part of their decision to buy debt securities on credit ratings. The absence of a rating may also increase the borrowing costs of the Issuer. Furthermore, as at the date of this Listing Prospectus, unrated notes are not eligible for purchases by the European Central Bank (the “ECB”) under the ECB purchase programme criteria. The absence of ECB purchases may adversely affect the demand of the Notes in both primary and secondary markets, which could lower the overall liquidity of the Notes. A decrease in the liquidity of the Notes, in turn, may adversely affect the pricing of the Notes.

The Issuer may issue additional debt and/or grant security.

Except for as set out in Condition 12 (*Negative Pledge*) of the terms and conditions of the Notes, the Issuer is not prohibited from issuing further notes or incurring other debt ranking *pari passu* or senior to the Notes or restricted from granting any security on any existing or future debts. Issuance or incurrence of further debt or granting of security may reduce the amount recoverable by the Noteholders upon the winding-up or insolvency of the Issuer, which could have an adverse effect on the Issuer’s ability to fulfil its obligations under the Notes as well as on the market price and value of the Notes.

The Notes do not, as a rule, contain covenants on the Issuer’s financial standing or operations and do not limit its ability to merge, demerge, effect asset sales or otherwise effect significant transactions that may have a material adverse effect on the Notes and the Noteholders.

As a rule, the Notes do not contain provisions designed to protect Noteholders from a reduction in the creditworthiness of the Issuer. In particular, the terms and conditions of the Notes do not, except as set forth in Condition 10 (*Put Option Events*) of the terms and conditions of the Notes, which grant the Noteholders the right of repayment of the Notes in certain limited circumstances, restrict the Issuer’s ability to enter into a merger as a receiving entity, partial demerger, asset sale or other significant transaction that could materially alter the Issuer’s existence, legal structure of organisation or regulatory regime and/or its composition and business. In the event the Issuer were to enter into any such transaction, the Issuer’s ability to fulfil its obligations under the Notes as well as the market price and value of the Notes may be materially and adversely affected.

The Notes carry no voting rights at the Issuer’s general meetings of shareholders.

The Notes carry no voting rights with respect to the general meetings of shareholders (the “**General Meeting of Shareholders**”) of the Issuer. Consequently, in the Issuer’s General Meetings of Shareholders, the Noteholders cannot influence any decisions by the Issuer to redeem the Notes or any decisions by the Issuer’s shareholders concerning, for instance, the capital structure of the Issuer, which could affect the Issuer’s ability to make payments under the Notes.

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

In the event any withholding tax, public levy or similar is being imposed in respect of payments to Noteholders on amounts due pursuant to the Notes, the Issuer is not obliged to gross-up or otherwise compensate the Noteholders for the lesser amounts the Noteholders will receive as a result of the impositions of withholding tax or similar. Furthermore, the Noteholders do not have any right to premature redemption of the Notes based on the same.

Risks Relating to the Terms and Conditions of the Notes

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

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

While the nominal compensation rate of a security with a fixed interest rate is fixed during the term of such security or during a certain period of time, current interest rates on capital markets (market interest rates) typically change

continuously. In case market interest rates increase, the market price of such a security typically falls. If market interest rates fall, the price of a security with a fixed interest rate typically increases. Consequently, the Noteholders should be aware that movements of market interest rates may result in a material decline in the market price of the Notes and can lead to losses for the Noteholders if they sell the Notes. Further, the past performance of the Notes is not an indication of their future performance.

The Issuer using its right or being obligated to redeem and purchase the Notes prior to maturity may have an adverse effect on the Issuer and on any Notes outstanding.

As specified in the terms and conditions of the Notes, the Noteholders are entitled to demand premature repayment of the Notes in cases specified in Condition 10 (*Put Option Events*) and Condition 13 (*Events of Default*) of the terms and conditions of the Notes. Such premature repayment may have an adverse effect on the Issuer's financial condition and prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes towards such Noteholders who elect not to exercise their right to have their Notes prematurely repaid as well as on the market price and value of such Notes.

In addition, as specified in the terms and conditions of the Notes, the Issuer may at any time purchase the Notes in any manner and at any price prior to maturity. Only if such purchases are made by tender, such tender must be available to all Noteholders alike. The Issuer is entitled to cancel, dispose of or hold the purchased Notes at its discretion. Consequently, a Noteholder offering Notes to the Issuer in connection with such purchases may not receive the full invested amount. Furthermore, a Noteholder may not have the possibility to participate in such purchases. The purchases – whether by tender or otherwise – may have a material adverse effect on such Noteholders who do not participate in the purchases as well as on the market price and value of such Notes.

In addition, as specified Condition 8 (*Optional Redemption (call option)*), Condition 9 (*Clean-up call option*) and Condition 11 (*Redemption at the option of the Issuer due to the Noteholder's opposition of a Demerger*) of in the terms and conditions of the Notes, the Notes contain optional redemption features, which may limit their market value. During any period when the Issuer may elect to redeem the Notes, the market value of the Notes may not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period.

The Issuer may be expected to redeem the Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The Issuer may not be able to finance the repurchase of Notes.

As specified in the terms and conditions of the Notes, the Noteholders are entitled to demand premature repayment of the Notes in cases specified in Condition 10 (*Put Option Events*) and Condition 13 (*Events of Default*) of the terms and conditions of the Notes. The source for any repurchase required as a result of any such event will be available cash or cash generated from operating activities or other sources, including borrowings, sales of assets, sales of equity or funds provided by subsidiaries of the Issuer. There can be no assurance that the Issuer will have or will be able to generate sufficient funds to repurchase the Notes that have been requested to be repurchased.

Amendments to the terms and conditions of the Notes bind all Noteholders.

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

The right to receive payments under the Notes is subject to time limitations.

Under the terms and conditions of the Notes, if any payment under the Notes has not been claimed by the respective Noteholder within three years from the relevant due date thereof, the right to such payment shall become permanently forfeited. Such forfeiture to receive payment may cause financial losses to such Noteholders who have not claimed payment under the Notes within the time limit of three years.

GENERAL INFORMATION

Issuer

Finnair Plc
Tietotie 9
FI-01530 Vantaa
Finland

Coordinators and Bookrunners for the Issue of the Notes

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

Nordea Bank Abp
Satamaradankatu 5
FI-00500 Helsinki
Finland

Bookrunners for the Issue of the Notes

OP Corporate Bank plc
Gebhardinaukio 1
FI-00510 Helsinki
Finland

Skandinaviska Enskilda Banken AB (publ)
c/o Skandinaviska Enskilda Banken AB (publ) Helsinki
Eteläesplanadi 18
FI-00130 Helsinki
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Legal Counsel to the Issuer

White & Case LLP
Aleksanterinkatu 44
FI-00100 Helsinki
Finland

Auditor

KPMG Oy Ab
Töölönlahdenkatu 3 A
FI-00100 Helsinki
Finland

Responsibility Statement

This Listing Prospectus has been prepared by the Issuer and the Issuer accepts responsibility regarding the information contained in this Listing Prospectus. To the best knowledge of the Issuer, the information contained in this Listing Prospectus is in accordance with the facts and this Listing Prospectus makes no omission likely to affect its import.

Forward-looking Statements

This Listing Prospectus contains forward-looking statements about Finnair's business that are not historical facts, but statements about future expectations. When used in this Listing Prospectus, the words "aims", "anticipates", "assumes", "believes", "estimates", "expects", "will", "intends", "may", "plans", "should" and similar expressions as they relate to Finnair or Finnair's management identify certain of these forward-looking statements. Other forward-looking statements can be identified in the context in which the statements are made. Forward-looking statements are set forth in a number of places in this Listing Prospectus regarding the future results, plans and expectations with regard to Finnair's business, and on growth, profitability and the general economic conditions to which Finnair is exposed.

These forward-looking statements are based on Finnair's present plans, estimates, projections and expectations. They are based on certain expectations, which, even though they seem to be reasonable at present, may turn out to be incorrect. Such forward-looking statements are based on assumptions and are subject to various risks and uncertainties. Prospective investors should not unduly rely on these forward-looking statements. Numerous factors may cause actual results, realised revenues or performance to differ materially from the results, revenues and performance expressed or implied in the forward-looking statements of Finnair. See "*Risk Factors*" for information on factors that could cause Finnair's actual results of operations, performance or achievements to differ materially.

Finnair expressly disclaims any obligation to update forward-looking statements or to adjust them in light of future events or developments, save as required by law or regulation

Information Derived from Third-party Sources

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

Availability of Documents

This Listing Prospectus will be published on Finnair's website at investors.finnair.com/en/share/debt-investors on or about 20 May 2021. In addition, this Listing Prospectus will be available on request from debt capital markets units of Danske Bank, Nordea, OP and SEB.

No Incorporation of Website Information

For the avoidance of doubt, other than the parts of the documents incorporated by reference and specified in "*Documents Incorporated by Reference*", this Listing Prospectus and any prospectus supplement published on the Issuer's website, the contents of the Issuer's website or any other website do not form a part of this Listing Prospectus, and prospective investors should not rely on such information in making their decision to invest in the Notes.

No Credit Rating

The Issuer or its debt securities have not been assigned any credit ratings at the request or with the co-operation of the Issuer in the rating process.

Other Information

In this Listing Prospectus, references to "**euro**" or "**EUR**" are to the currency of the member states of the EU participating in the European Economic and Monetary Union, references to "**U.S. dollar**" or "**USD**" are to the lawful currency of the United States of America, references to "**Japanese yen**" and "**JPY**" are to the currency of Japan, references to "**Swedish krona**" and "**SEK**" are to the currency of the Kingdom of Sweden and references to "**renminbi**" are to the currency of the People's Republic of China.

Notice to Investors

General

Each Bookrunner has represented, warranted and undertaken that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Listing Prospectus or any related offering material, in all cases at its own expense. Other persons into whose hands this Listing Prospectus comes are required by the Issuer and the Bookrunners to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Listing Prospectus or any related offering material, in all cases at their own expense.

Notice to Investors in the EEA

In relation to each member state of the EEA (a “**Member State**”), each Bookrunner has represented and agreed that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Listing Prospectus to the public in that Member State other than:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes shall require the Issuer or any Bookrunner to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Prohibition of Sales to UK Retail Investors

Each Bookrunner has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Listing Prospectus to any retail investor in the UK. For the purposes of this provision:

- (a) the expression retail investor means a person who is one (or more) of the following:
 - (i) a retail client, as defined in point (8) of Article 2 of the EUWA; or
 - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

Notice to Prospective Investors in the United States

The Notes have not been, and will not be, registered under the Securities Act, or the securities laws of any state of the United States, and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, any U.S. person (as such terms are defined in Regulation S), except in certain transactions exempt from, or in a transaction not subject to the registration requirements of, the Securities Act and in accordance with applicable state securities laws. The Notes have been offered and sold in offshore transactions outside the United States in reliance on Regulation S.

Notice to Prospective Investors in the UK

The Listing Prospectus may only be distributed to, and is directed at (a) persons who have professional experience in matters relating to investments falling within article 19(1) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Order**”) or (b) high net worth entities falling within article 49(2)(a) to (d) of the Order, and other persons to whom it may be lawfully communicated, falling within article 49(1) of the Order (all such persons together being referred to as “**relevant persons**”). Any person who is not a relevant person should not act or rely on this document or any of its contents.

The Notes May Not Be a Suitable Investment for All Investors

Each prospective investor in the Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that investment in the Notes is consistent with its financial needs, objectives and condition, complies and is consistent with the investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the material risks inherent in investing in or holding the Notes.

A prospective investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or referred to in this Listing Prospectus;

- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the effect that the Notes can have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;
- (iv) understand fully the terms of the Notes and be familiar with the behaviour of any relevant financial market; and
- (v) be able to evaluate (either on its own or with the help of its financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Completion of Transactions Relating to the Notes is Dependent on Euroclear Finland's Operations and Systems

The Notes are issued in the book-entry securities system of Euroclear Finland. Pursuant to the Act on the Book-Entry System and Clearing and Settlement (348/2017, as amended; *Fi: laki arvo-osuusjärjestelmästä ja selvitystoiminnasta*), the Notes will not be evidenced by any physical note or document of title other than statements of account made by Euroclear Finland or its account operator. The Notes are dematerialised securities and title to the Notes is recorded and transfers of the Notes are perfected only through the relevant entries in the book-entry system and registers maintained by Euroclear Finland and its account operators. Therefore, timely and successful completion of transactions relating to the Notes, including but not limited to transfers of, and payments made under, the Notes, depend on the book-entry securities system being operational and that the relevant parties, including but not limited to the payment transfer bank and the account operators of the Noteholders, are functioning when transactions are executed. Any malfunction or delay in the book-entry securities system or any failure by any relevant party may result in the transaction involving the Notes not taking place as expected or being delayed, which may cause financial losses or damage to the Noteholders whose rights depended on the timely and successful completion of the transaction.

The Issuer or any other third party will not assume any responsibility for the timely and full functionality of the book-entry securities system. Payments under the Notes will be made in accordance with the laws governing the book-entry securities system, the rules of Euroclear Finland and the terms and conditions of the Notes. For purposes of payments under the Notes, it is the responsibility of each Noteholder to maintain with its respective book-entry account operator up to date information on applicable bank accounts.

Legislative Amendments May Take Place During the Term of the Notes

The Notes are governed by the laws of Finland, as in force from time to time. Finnish laws and regulations, including, but not limited to, tax laws and regulations, governing the Notes may change during the term of the Notes and new judicial decisions can be given and new administrative practices can be implemented. The Issuer makes no representations as to the effect of any such changes of laws or regulations, or new judicial decisions or administrative practices after the date of this Listing Prospectus.

Legal Investment Considerations May Restrict Certain Investments

The investment activities of the Noteholders may be subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential Noteholder should consult his/her/its legal advisers to determine whether and to what extent (i) the Notes are legal investments for him/her/it, (ii) the Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to his/her/its purchase or pledge of any of the Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules. There is a risk that investors in certain jurisdictions may be subject to restrictions or limitations that may affect the value of their investment.

TERMS AND CONDITIONS OF THE NOTES

FINNAIR PLC EUR 400,000,000 4.250 % NOTES DUE MAY 2025

ISIN CODE FI4000507132

The Board of Directors of Finnair Plc (the “**Issuer**”) has at its meeting on 26 April 2021 authorised the management or a person appointed by them to decide on the issue of notes referred to in paragraph 1 of Section 34 of the Act on Promissory Notes (622/1947, as amended) (in Finnish *Velkakirjalaki*) (the “**Notes**”).

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

MIFID II PRODUCT GOVERNANCE / TARGET MARKET

MiFID II product governance / Professional investors, eligible counterparties and retail investors target market – Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, professional clients and retail clients, each as defined in Directive 2014/65/EU as amended (the “**MIFID II**”); and (ii) all channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**Distributor**”) should take into consideration the manufacturers’ target market assessment; however, a Distributor subject to MIFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the Issuer’s target market assessment) and determining appropriate distribution channels.

Important – EEA retail investors – The Notes are not PRIIPs for the purposes of Regulation ((EU) No 1286/2014) (the “**PRIIPs Regulation**”) and, accordingly, no key information document pursuant to the PRIIPs Regulation has been or will be made available in respect of the Notes.

UK MiFIR PRODUCT GOVERNANCE / TARGET MARKET

UK MiFIR product governance / Professional investors and eligible counterparties only target market – Solely for the purposes of the product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (the “**COBS**”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of the domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the “**UK MiFIR**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**Distributor**”) should take into consideration the manufacturers’ target market assessment; however, a Distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the Issuer’s target market assessment) and determining appropriate distribution channels.

PROHIBITION OF SALES TO UK RETAIL INVESTORS: UK PRIIPs Regulation / UK Investor – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA which were relied on immediately before exit day to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

1. Principal Amount and Issuance of the Notes

The principal amount of the Notes is 400 million euros (EUR 400,000,000). The Issuer may later create and issue further notes having the same terms and conditions as the Notes, as further set out below under Condition 21 (*Further Issues*).

The Notes will be issued in dematerialised form in the Infinity book-entry securities system of Euroclear Finland Ltd (“**EFi**”) (or any system replacing or substituting the Infinity book-entry securities system in accordance with

the rules and decisions of EFi), address Urho Kekkosen katu 5 C, FI-00100 Helsinki, Finland, in accordance with the Finnish legislation governing book-entry system and book-entry accounts as well as the rules and decisions of EFi.

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

The issue date of the Notes is 19 May 2021 (the “**Issue Date**”). The Notes will be offered for subscription in a minimum amount of EUR 100,000. The principal amount of each book-entry unit relating to the Notes (in Finnish *arvo-osuuden yksikkökoko*) is EUR 1,000. The number of the Notes is 400,000 or a higher number if the Issuer decides to increase the maximum principal amount of the Notes. Each Note will be freely transferable after it has been registered into the respective book-entry account.

2. Subscription of the Notes

The Notes shall be offered for subscription mainly to domestic and international institutional investors outside of the United States of America through a book-building procedure. The subscription period shall commence and end on 10 May 2021 (the “**Subscription Period**”).

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

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

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

3. Issue Price

The issue price of the Notes is 99.716 per cent.

4. Interest

The Notes bear fixed interest at the rate of 4.250 per cent per annum. The interest on the Notes will be paid semi-annually in arrears commencing on 19 November 2021 and thereafter semi-annually on each 19 May and 19 November (each an “**Interest Payment Date**”) until the Notes have been repaid in full.

Interest shall accrue for each interest period from (and including) the first day of the interest period to (but excluding) the last day of the interest period on the principal amount of Notes outstanding from time to time. The first interest period commences on (and includes) the Issue Date and ends on (but excludes) the first Interest Payment Date. Each consecutive interest period begins on (and includes) the previous Interest Payment Date and ends on (but excludes) the following Interest Payment Date. The last interest period ends on the date when the Notes have been repaid in full.

Interest in respect of the Notes will be calculated on the basis of an interest year of three hundred and sixty (360) days with twelve (12) 30-day interest months (30/360).

5. Redemption

The Notes shall be repaid in full at their nominal principal amount on 19 May 2025 (the “**Redemption Date**”), to the extent the Issuer has not prepaid or redeemed the Notes in accordance with Condition 8 (*Optional Redemption (call option)*), 9 (*Clean-up Call Option*), 10 (*Put Option Events*), 11 (*Redemption at the option of the Issuer due to the Noteholder’s opposition of a Demerger*) or 13 (*Events of Default*) below.

6. Status and Security

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

7. Payments

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

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

In these terms and conditions, “**Business Day**” means a day on which banks in Helsinki are open for general business and on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System is open.

8. Optional Redemption (call option)

The Issuer may, at any time having given, not less than 30 nor more than 60 days’ notice (an “**Optional Redemption Notice**”) to the Noteholders in accordance with Condition 16 (*Notices*), (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all, but not part of the aggregate principal amount of the Notes issued on the relevant date (the “**Optional Redemption Date**”) specified for redemption in the relevant Optional Redemption Notice at a redemption amount equal to:

- (i) in the case of an Optional Redemption Date occurring before the date falling three (3) months prior to the Redemption Date, the Make-Whole Redemption Amount; or
- (ii) in the case of an Optional Redemption Date occurring on or after the date falling three (3) months prior to the Redemption Date, 100 per cent of their outstanding principal amount;

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

For the purpose of this Condition 8 (*Optional redemption (call option)*):

“**Make-Whole Redemption Amount**” shall mean the sum of (i) 100 per cent of the principal amount of the Notes redeemed and (ii) the remaining interest payments from and including the Optional Redemption Date to (but excluding) the date falling three (3) months prior to the Redemption Date.

9. Clean-up call option

If at any time the outstanding aggregate principal amount of the Notes is twenty-five (25) per cent or less of the initial aggregate principal amount of the Notes (as adjusted by the principal amount of any further issues of Notes under Condition 21 (*Further Issues*)), the Issuer may, at its option, at any time redeem all (but not only some) of the outstanding Notes at a price per Note equal to one hundred (100) per cent of the principal amount together with accrued but unpaid interest to, but excluding, the date fixed for redemption, subject to the Issuer having given the Noteholders not less than fifteen (15) nor more than forty-five (45) calendar days’ prior notice (which notice shall be irrevocable and shall specify the date fixed for redemption) in accordance with Condition 16 (*Notices*).

10. Put Option Events

10.1. Each of the following events which occurs after the Issue Date shall constitute a Put Option Event:

- (a) Change of Control:
 - (1) any person or group of persons acting in concert (other than the Republic of Finland or any agency or instrumentality of the Republic of Finland) gains control (a “**Change of Control**”) of the Issuer, and the Issuer has upon becoming aware of the Change of Control promptly notified the holders of Notes (the “**Noteholders**”) of the Change of Control in accordance with Condition 16 (*Notices*) (“**Change of Control Notice**”); and
 - (2) the Issuer does not notify the Noteholders in accordance with Condition 16 (*Notices*) on the last day of the period of 180 days commencing on the date of the Change of Control Notice (or in the case that such last day is not Business Day, on the immediately preceding day that is a

Business Day) that the Notes have a confirmed investment grade credit rating (*BBB-, or its equivalent, or better*) reflecting the financial situation of the Issuer after the Change of Control from one or more Rating Agencies as of such date.

(b) the Board of Directors of the Issuer has signed a plan for a Demerger (as defined below).

- 10.2 Upon occurrence of a Put Option Event specified in sub-condition 10.1(b) above the Issuer shall notify the Noteholders in accordance with Condition 16 (*Notices*) of the Put Option Event. Such notice must be published no later than on the date that the announcement of the Demerger is published in the form of a stock exchange release.
- 10.3 On the Prepayment Date (as defined below), the Issuer shall prepay at 101 per cent. of the nominal principal amount (without any premium or penalty) of, and the interest accrued on, the Notes held by the Noteholders who have required prepayment of Notes held by them by a written notice to be given to the Issuer no later than fifteen (15) Business Days before the Prepayment Date. Interest on the Notes accrues until the Prepayment Date (excluding the Prepayment Date).
- 10.4 Any Noteholder whether or not it elects to exercise the right to require prepayment in the case of a Demerger specified in sub-condition 10.1(b) above is deemed to have waived any and all statutory rights under Finnish law to oppose the Demerger in its capacity as a Noteholder.
- 10.5 Each Noteholder that elects to exercise the right to require prepayment in the case of a Demerger specified in sub-condition 10.1(b) above has to confirm in writing that it will not oppose the Demerger or, if it already has opposed the Demerger, is obliged to withdraw any notice of opposing the Demerger on the Prepayment Date at the latest, provided that the Issuer has paid the relevant redemption amount on the Prepayment Date. Further, without prejudice to the Noteholders' primary obligation to withdraw any notices opposing the Demerger, the Noteholders have by these terms and conditions irrevocably authorised the Issuer to represent them with respect to the Finnish Trade Register in order to withdraw the notices opposing the Demerger following the payment of the relevant prepayment amount.

“acting in concert” means, a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition by any of them, either directly or indirectly, of shares in the Issuer, to obtain or consolidate control of the Issuer.

“control” means a person or group of persons acting in concert holding (directly or indirectly) more than 50% of the voting rights (being votes which are capable of being cast generally at meetings of shareholders) of the Issuer.

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

“Group” has the meaning set out in Condition 13 (*Events of Default*).

“Prepayment Date” means the date falling forty-five (45) Business Days after:

- (a) the last day of the 180 day period referred to in sub-condition 10.1(a)(2) above; or
- (b) the publication of any notice referred to in sub-condition 10.2 above.

“Put Option Event” has the meaning specified in sub-condition 10.1 above.

“Rating Agency” means any internationally recognised rating agency established in the European Economic Area (“EEA”) and registered under Regulation (EU) No 1060/2009, as amended and notified to the Noteholders by the Issuer in accordance with Condition 16 (*Notices*).

11. Redemption at the option of the Issuer due to the Noteholder’s opposition of a Demerger

In the event that any Noteholder opposes a Demerger (which, for the avoidance of doubt, is not permitted by these terms and conditions), the Issuer may, by giving not less than ten (10) days’ notice to the Noteholders in accordance with Condition 16 (*Notices*) (which notice shall be irrevocable and specify the redemption date), redeem the Notes held by the Noteholders who have opposed or shall oppose the Demerger. In such case the redemption shall take place at the nominal principal amount of the redeemed Notes together with any accrued interest but without any premium or penalty. Each such Noteholder is obliged to withdraw any notice of opposing the Demerger on the redemption date specified in the Issuer’s notice at the latest, provided that the Issuer has paid the relevant redemption amount on such redemption date. Further, without prejudice to the Noteholders’ primary obligation to withdraw any notices opposing the Demerger, the Noteholders have by these terms and conditions

irrevocably authorised the Issuer to represent them with respect to the Finnish Trade Register in order to withdraw the notices opposing the Demerger following the payment of the relevant redemption amount.

12. Negative Pledge

So long as any Note remains outstanding, the Issuer shall not, and the Issuer shall procure that none of its Subsidiaries will, create any mortgage, charge, lien, pledge or other security interest to secure any other notes, bonds or other similar debt securities that are capable of being listed on a stock exchange or subject to trading in a regulated market or multilateral trading facility issued after the issuance of the Notes (or create any such security interest to secure any guarantee or indemnity over such notes or other securities), unless the granting of such security interest is required under Finnish law or other law governing such notes, bonds or other debt securities or unless prior to or simultaneously therewith the Issuer's obligations under the Notes either (a) are secured equally and rateably therewith or (b) have the benefit of such other security interest or other arrangement (whether or not it includes the granting of a security interest) as shall be approved by a resolution of the Noteholders (as referred to in Condition 15 (*Noteholders' Meeting and Procedure in Writing*)).

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

13. Events of Default

If an Event of Default (as defined below) occurs, any Noteholder may by a written notice to the Issuer declare the outstanding nominal principal amount of such Note together with the interest then accrued on such Note to be prematurely due and payable at the earliest on the tenth (10th) Business Day from the date such notice was received by the Issuer *provided* that an Event of Default is continuing on the date of receipt of the notice by the Issuer and on the specified early repayment date. Interest accrues until the early repayment date (excluding the early repayment date). The Issuer shall notify the Noteholders of any Event of Default (and the steps, if any, taken to remedy it) in accordance with Condition 16 (*Notices*) promptly upon becoming aware of its occurrence.

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

- (a) **Non-Payment:** Any amount of interest on or principal of the Notes has not been paid within five (5) Business Days from the relevant due date, unless the failure to pay is caused by a reason referred to in Condition 17 (*Force Majeure*).
- (b) **Cross Default:** Any outstanding Indebtedness (as defined below) (including any amounts payable under guarantees given by the Issuer) of the Issuer or any of its Material Subsidiaries (as defined below) in a minimum amount of twenty million euros (EUR 20,000,000) or its equivalent in any other currency is accelerated prematurely because of default, howsoever described, or if any such Indebtedness is not repaid on the due date thereof or within any applicable grace period after the due date, or if any security given by the Issuer for any such Indebtedness becomes enforceable by reason of an event of default. A Noteholder shall not be entitled to demand repayment under this sub-Condition (b) if the Issuer has *bona fide* disputed the existence of the occurrence of an Event of Default under this sub-Condition (b) in the relevant court or in arbitration as long as such dispute has not been finally and adversely adjudicated against the Issuer without any appeal period.

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

- (c) **Negative Pledge:** the Issuer does not comply with its obligations under Condition 12 (*Negative Pledge*).
- (d) **Cessation of Business:** The Issuer ceases to carry on its current business in its entirety.
- (e) **Winding-up:** An order is made or an effective resolution is passed for the winding-up (in Finnish *selvitystila*), liquidation or dissolution of the Issuer or any of its Material Subsidiaries except for (i) actions which are frivolous (in Finnish *perusteeton*) or vexatious (in Finnish *oikeuden väärinkäyttö*), or (ii) in the case of a Material Subsidiary, on a voluntary solvent basis.
- (f) **Insolvency:** (i) The Issuer or any of its Material Subsidiaries becomes insolvent or is unable to pay its Indebtedness having an aggregate value of not less than twenty million euros (EUR 20,000,000) or its equivalent in any other currency as it falls due; (ii) or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors other than the Noteholders in their

capacity as such with a view to rescheduling any of its Indebtedness or (iii) an application is filed for it being subject to bankruptcy or re-organisation proceedings (other than for the purposes of a demerger or other similar corporate reorganisation), or for the appointment of an administrator or liquidator of any of the Issuer's or its Material Subsidiaries' assets, save for any such applications that are contested in good faith and as long as such application has not been finally and adversely adjudicated against the Issuer or its Material Subsidiary without any appeal period.

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

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

- (a) whose sales or total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent not less than five (5) per cent. of the consolidated sales or the consolidated total assets of the Issuer's Group taken as a whole, all as calculated by reference to the then most recent audited financial statements of the Issuer's Group; or
- (b) to which is transferred the whole or substantially the whole of the sales or assets and undertakings of a Subsidiary which, immediately prior to such transfer, is a Material Subsidiary.

14. Taxation

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

15. Noteholders' Meeting and Procedure in Writing

- (a) The Issuer may convene a meeting of Noteholders (a **“Noteholders' Meeting”**) or request a procedure in writing among the Noteholders (a **“Procedure in Writing”**) to decide on amendments of these terms and conditions or other matters as specified below. EFi must be notified of the Noteholders' Meeting or a Procedure in Writing in accordance with the rules of EFi.
- (b) Notice of a Noteholders' Meeting and the initiation of a Procedure in Writing shall be published in accordance with Condition 16 (*Notices*) no later than ten (10) calendar days prior to the Noteholders' Meeting or the last day for replies in the Procedure in Writing. Furthermore, the notice or the initiation shall specify the time, place and agenda of the Noteholders' Meeting or the last day and address for replies in the Procedure in Writing (or if the voting is to be made electronically, instructions for such voting) as well as any action required on the part of a Noteholder to attend the Noteholders' Meeting or to participate in the Procedure in Writing. No matters other than those referred to in the notice of Noteholders' Meeting or initiation of the Procedure in Writing may be resolved upon at the Noteholders' Meeting or the Procedure in Writing.
- (c) Only those who, according to the register kept by EFi in respect of the Notes, were registered as Noteholders on the fifth (5th) Business Day prior to the Noteholders' Meeting or the last day for replies in the Procedure in Writing on the list of Noteholders to be provided by EFi in accordance with Condition 16 (*Notices*), or proxies authorised by such Noteholders, shall, if holding any of the principal amount of the Notes at the time of the Noteholders' Meeting or the last day for replies in the Procedure in Writing, be entitled to vote at the Noteholders' Meeting or Procedure in Writing and shall be recorded in the list of the Noteholders present in the Noteholders' Meeting or participating in the Procedure in Writing.
- (d) A Noteholders' Meeting shall be held in Helsinki, Finland, and its chairman shall be appointed by the Issuer. At the Issuer's discretion, a Noteholders' Meeting may also be held (or participation to a physical meeting enabled) by telecommunications or other electronical or technical means.
- (e) A Noteholders' Meeting or a Procedure in Writing shall constitute a quorum only if one (1) or more Noteholders holding in aggregate at least fifty (50) per cent. of the principal amount of the Notes outstanding attend the Noteholders' Meeting or provide/provides replies in the Procedure in Writing. Any holdings of the Notes by the Issuer and any companies belonging to its Group are not included in

the assessment whether or not a Noteholders' Meeting or a Procedure in Writing shall constitute a quorum.

- (f) If, within thirty (30) minutes after the time specified for the start of the Noteholders' Meeting, a quorum is not present, any consideration of the matters to be dealt with at the Noteholders' Meeting may, at the request of the Issuer, be adjourned for consideration at a Noteholders' Meeting to be convened on a date no earlier than ten (10) calendar days and no later than forty-five (45) calendar days after the original meeting at a place to be determined by the Issuer. Correspondingly, if by the last day to reply the Procedure in Writing constitutes no quorum, the time for replies may be extended as determined by the Issuer. The adjourned Noteholders' Meeting or the extended Procedure in Writing shall constitute a quorum if one (1) or more Noteholders holding in aggregate at least ten (10) per cent. of the principal amount of the Notes outstanding is present or provide/provides replies in the Procedure in Writing.
- (g) Notice of an adjourned Noteholders' Meeting or the extension of the time for replies in the Procedure in Writing, shall be given in the same manner as notice of the original Noteholders' Meeting or the Procedure in Writing. The notice shall also state the conditions for the constitution of a quorum.
- (h) Voting rights of the Noteholders shall be determined according to the principal amount of the Notes held. The Issuer and any companies belonging to its Group shall not hold voting rights at the Noteholders' Meeting or the Procedure in Writing.
- (i) Subject to Condition 15(l) below, resolutions shall be carried by a majority of more than fifty (50) per cent. of the votes cast.
- (j) When consent from the Noteholders representing the requisite majority, pursuant to Condition 15(i) or Condition 15(l), as applicable, has been received in the Procedure in Writing, the relevant decision shall be deemed to be adopted even if the time period for replies in the Procedure in Writing has not yet expired.
- (k) A representative of the Issuer and a person authorised to act for the Issuer may attend and speak at a Noteholders' Meeting.
- (l) A Noteholders' Meeting or a Procedure in Writing is entitled to make the following decisions that are binding on all the Noteholders:
 - (i) to amend these terms and conditions of the Notes; and
 - (ii) to grant a temporary waiver on these terms and conditions of the Notes.

However, consent of at least seventy-five (75) per cent. of the aggregate principal amount of the outstanding Notes is required to:

- (i) decrease the principal amount of or interest on the Notes;
- (ii) extend the maturity of the Notes;
- (iii) amend the requirements for the constitution of a quorum at a Noteholders' Meeting or Procedure in Writing; or
- (iv) amend the majority requirements of the Noteholders' Meeting or Procedure in Writing.

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

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

- (m) Resolutions passed at a Noteholders' Meeting or in the Procedure in Writing shall be binding on all Noteholders irrespective of whether they have been present at the Noteholders' Meeting or participated in the Procedure in Writing, and irrespective of how and if they have voted.
- (n) Resolutions passed at a Noteholders' Meeting or in the Procedure in Writing shall be notified to the Noteholders in accordance with Condition 16 (*Notices*). In addition, Noteholders are obliged to notify subsequent transferees of the Notes of the resolutions of the Noteholders' Meeting or the Procedure in Writing.

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

16. Notices

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

Notwithstanding any secrecy obligation, the Issuer and the Issuer Agent shall, subject to the rules of EFi and applicable laws, be entitled to obtain information of the Noteholders from EFi and EFi shall be entitled to provide such information to the Issuer. Furthermore, the Issuer shall, subject to the rules of EFi and applicable laws, be entitled to acquire from EFi a list of the Noteholders, provided that it is technically possible for EFi to maintain such a list. The Issuer shall be entitled, at the request of the Issuer Agent, to pass on such information to the Issuer Agent.

Address for notices to the Issuer is as follows:

Finnair Plc
Tietotie 9
Vantaa
FI-01053 FINNAIR

17. Force Majeure

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

- (a) action of any authorities, war or threat of war, rebellion or civil unrest;
- (b) disturbances in postal, telephone or electronic communications or the supply of electricity which are due to circumstances beyond the reasonable control of the Issuer, the Bookrunners, the Issuer Agent or the Paying Agent and that materially affect operations of any of them;
- (c) any interruption of or delay in any functions or measures of the Issuer, the Bookrunners, the Issuer Agent or the Paying Agent as a result of fire or other similar disaster;
- (d) any industrial action, such as strike, lockout, boycott or blockade affecting materially the activities of the Issuer, the Bookrunners, the Issuer Agent or the Paying Agent even if it only affects part of the employees of any of them and whether any of them is involved therein or not; or
- (e) any other similar force majeure or hindrance which makes it unreasonably difficult to carry on the activities of the Issuer, the Bookrunners, the Issuer Agent or the Paying Agent.

18. Prescription

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

19. Listing and Secondary Market

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

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

20. Purchases

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

The Issuer shall be entitled to cancel, dispose of or hold the Notes purchased in accordance with the first paragraph of this Condition 20.

21. Further Issues

The Issuer may from time to time, without the consent of and notice to the Noteholders, create and issue further notes having the same terms and conditions as the Notes in all respects (except for the first payment of interest on them, the issue price and/or the minimum subscription amount thereof) by increasing the issued and, if needed, also the maximum aggregate principal amount of the Notes or otherwise. For the avoidance of doubt, this Condition 21 shall not limit the Issuer's right to issue any other notes.

22. Information

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

23. Applicable Law and Jurisdiction

The Notes are governed by Finnish law.

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

ADDITIONAL INFORMATION ON THE ISSUE OF THE NOTES

Decisions and authorisations.....	Authorisation by the Board of Directors of the Issuer 26 April 2021.
Type of issue.....	The Notes were offered for subscription to professional investors, eligible counterparties and retail investors. The principal amount of the Notes (EUR 400,000,000) was issued on 19 May 2021.
Interest of the Bookrunners of the issue of the Notes.....	<p>Normal business interests in the financial markets.</p> <p>The Bookrunners and other entities within the same group and/or their respective affiliates have performed, and may in the future perform, advisory, consulting and/or banking services for Finnair in the ordinary course of their business for which they have received, or will receive, customary fees and expenses. In addition, certain Bookrunners also act as dealer managers in a tender offer relating to the Existing Notes. Furthermore, certain of the Bookrunners or their respective affiliates have acted and may in the future act as arrangers or lenders under certain facility agreements of Finnair for which they have received, or will receive, customary fees and expenses. The Bookrunners and their respective affiliates may hold long or short positions, and may trade or otherwise effect transactions, for their own account or the accounts of their customers, in debt or equity securities of the Issuer.</p>
Form of the Notes	Dematerialised securities issued in book-entry form in the book-entry system maintained by Euroclear Finland.
Listing	Application will be made to have the Notes listed on the main list of Nasdaq Helsinki.
Estimated time of Listing.....	By the end of May 2021.
Effective yield.....	As at the Issue Date at the issue price was 99.716 per cent, the effective yield of the Notes is 4.375 per cent per annum.
Expenses	The Issuer's estimated expenses relating to the issue of the Notes are approximately EUR 2.4 million.
Net proceeds	The aggregate net proceeds to the Issuer from the Offering, after deduction of the fees and expenses payable by the Issuer, will be approximately EUR 397.6 million.
ISIN Code of the Notes.....	FI4000507132.
Trading code of the Notes.....	FIASJ042525.
Tender offer	On 5 May 2021, the Issuer announced an invitation to holders of the Existing Notes to tender their Existing Notes for cash (the " Tender Offer "). The Tender Offer was made on the terms and subject to the conditions contained in the tender offer memorandum dated 5 May 2021 (the " Tender Offer Memorandum "). On 12 May 2021, the Issuer completed a purchase of a total nominal value of EUR 97,073,000 of the Existing Notes validly tendered in the Tender Offer and, on 17 May 2021, a total nominal value of EUR 4,000,000 of the Existing Notes validly tendered were added to the purchase due to a technical error in the tender submission made on behalf of the relevant noteholder. Therefore, the total amount of Existing Notes validly tendered is EUR 101,073,000. As at the date of this Listing Prospectus, the total outstanding nominal amount of the Existing Notes is EUR 98,927,000.
Reasons for the issue and use of proceeds.....	Net proceeds from the issue of the Notes will be used for the partial repurchase of the Existing Notes and the remaining proceeds for general corporate purposes.

Publication	The result of the Offering was announced on 10 May 2021 as a stock exchange release.
Address of Euroclear Finland	Urho Kekkosen katu 5 C, FI-00100 Helsinki, Finland.

INFORMATION ABOUT THE GROUP

Overview

Finnair is the flag carrier of, and the largest airline in, Finland. Finnair's route network connects Europe, Asia and North America through its hub at Helsinki Airport. Finnair specialises in the transportation of passenger and cargo traffic between Asia and Europe, and also offers package tours under its Aurinkomatkat-Suntours and Finnair Holidays brands. Finnair's mission is to enable its passengers to connect and experience the world effortlessly and in a more sustainable way. The Issuer's management believes that Helsinki's geographical location gives Finnair a competitive advantage, since the shortest great circle route between many European destinations and Asian megacities passes over Finland.

Finnair is part of the oneworld™ alliance, and it also has a deeper cooperation with some of its oneworld™ partners through its membership in the Siberian Joint Business (the “SJB”) on flights between Europe and Japan and in the Atlantic Joint Business (the “AJB”) on flights between Europe and North America. These joint businesses operate under immunised agreements regarding prices and capacity on specific routes. The membership in the oneworld™ alliance broadens Finnair's global network to more than one thousand destinations in more than 160 countries. Close cooperation with alliance partners – particularly in North American and Japanese traffic – is a priority for Finnair. In addition, Finnair is currently preparing to launch a joint business with Juneyao Airlines in the second quarter of 2021. The Issuer's management believes that the membership in the oneworld™ alliance and joint businesses strengthen Finnair's market position and reduce the risks related to growth. Alliance partnerships and joint businesses make a significant contribution to Finnair's revenue.

The COVID-19 pandemic has heavily affected the global aviation sector, as well as Finnair's operations. Strict travel restrictions in particular resulted in a sudden and material reduction in demand for passenger air travel, which forced airlines around the world to cut down their capacity. Finnair cut its passenger traffic capacity by over 70 per cent in 2020 as compared to 2019 (measured in ASK). The sudden loss of demand for air passenger travel had a significant, adverse effect on Finnair's financial and operating performance resulting in unprecedented reduction in passenger volumes, revenue and profitability. For the year ended 31 December 2020, the number of passengers decreased by 76.2 per cent and Finnair's revenue decreased to EUR 829.2 million, compared to EUR 3,097.7 million for the year ended 31 December 2019, and its comparable operating loss amounted to EUR 595.3 million for the year ended 31 December 2020, compared to its comparable operating result of EUR 162.8 million for the year ended 31 December 2019. The Issuer's management believes that the timing of the recovery in demand will primarily depend on the implementation of the vaccination programmes, lifting of travel restrictions and global acceptance of vaccine passports. See also “—Measures Due to the COVID-19 Pandemic” below.

Finnair's current strategy comprises sustainable, profitable growth with a focus on the Asian markets and international scheduled passenger traffic. However, the COVID-19 pandemic has presented a particular risk to the implementation of Finnair's strategic operating plans in the near or medium term, and as a result, Finnair has decided to re-evaluate its strategy in the autumn of 2021. Finnair's strategic focus will remain on Asia, while the focus areas related to growth, network and fleet investments and their schedules, as well as long-term financial targets, will be re-evaluated as a result of the effect on demand caused by the COVID-19 pandemic. Finnair targets Asian market level growth focusing primarily on the most profitable Asian mega cities and transfer traffic between Asia and Europe, however taking into account the effect of the COVID-19 pandemic. Finnair estimates that it will only be able to meaningfully increase its traffic to a greater extent starting from later in the summer of 2021 and that its 2019 traffic levels measured in ASKs are expected to be achieved in 2023. Finnair is determined to continue on its long-term strategic path despite temporary adjustments related to the COVID-19 pandemic. Finnair has five strategic focus areas, namely: network and fleet, operational excellence, modern premium airline, sustainability and culture and ways of working.

History and Development

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

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

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

The Issuer's shares were listed on Nasdaq Helsinki on 26 June 1989. In 1997, Finnair's official name became Finnair Plc and, in 1999, Finnair joined the oneworld™ alliance as the first new member since the alliance was formed.

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

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

In 2012, Finnair was the first carrier to open a non-stop route between Europe and Chongqing, China. In 2013, Finnair began direct flights to Hanoi, Vietnam and Xi'an, China and during that time, Finnair was the only European carrier offering direct connections between these two cities and Europe.

In 2015, Finnair celebrated the arrival of the first A350 XWB aircraft and became the first airline in Europe with which the new aircraft, later labelled the A350-900, entered revenue service. As at 31 March 2021, Finnair's A350-900 fleet totalled 16 aircraft.

During recent years, Finnair's route network has expanded by several destinations. In 2016, Finnair began direct flights to Guangzhou and Fukuoka. In 2017, Finnair launched new seasonal scheduled flights to Puerto Vallarta in Mexico, Havana in Cuba, Goa in India, Puerto Plata in the Dominican Republic, San Francisco in the USA and Reykjavik in Iceland. During the same year, Finnair increased its passenger numbers by over one million and flew almost 12 million passengers. In 2018, Finnair began flights to Nanjing in China, Stuttgart in Germany, Lisbon in Portugal, Lyon in France and Minsk in Belarus. During 2019, Finnair opened a number of new routes to various locations. Such routes included, among others, a new route for the winter 2019/2020 season to Sapporo, Japan, a new weekly flight to Punta Cana in the Dominican Republic and three weekly flights to the new Beijing Daxing International Airport. Finnair also opened new routes in Europe including Bordeaux in France, Bologna in Italy and Trondheim in Norway, among others. In addition, Finnair opened a new route to Los Angeles and added flights to San Francisco and Chicago, which have increased Finnair's capacity in its North American network.

Recent Events

On 27 April 2021, Finnair announced that it has increased its 2022 savings target to approximately EUR 170 million of permanent cost base reductions by 2022 compared to 2019 levels, superseding the previous target of EUR 140 million announced on 28 October 2020. Finnair had made good progress in the cost savings programme and had also identified new savings opportunities, and as a result, Finnair increased its savings target by EUR 30 million, increasing its previous expectations for a permanent reduction in its cost base to EUR 170 million.

On 5 May 2021, the Issuer announced the Tender Offer subject to the conditions contained in the Tender Offer Memorandum. On 12 May 2021, the Issuer completed a purchase of a total nominal value of EUR 97,073,000 of the Existing Notes validly tendered in the Tender Offer and, on 17 May 2021, a total nominal value of EUR 4,000,000 of the Existing Notes validly tendered were added to the purchase due to a technical error in the tender submission made on behalf of the relevant noteholder. Therefore, the total amount of Existing Notes validly tendered is EUR 101,073,000. As at the date of this Listing Prospectus, the total outstanding nominal amount of the Existing Notes is EUR 98,927,000.

Operating Environment

The COVID-19 Pandemic

The COVID-19 pandemic is the most significant factor affecting the current macroeconomic environment. The COVID-19 pandemic has represented an unprecedented negative shock to the economy, with the airline industry being particularly affected due to the dramatic global effect of the COVID-19 pandemic and the subsequent substantial fall in demand resulting both from travellers cancelling booked flights as well as restrictions on air travel imposed by local authorities and national governments. The COVID-19 pandemic has also had an adverse effect on the global air freight market, resulting in a decrease in Finnair's cargo revenue.

As at the date of this Listing Prospectus, the duration of the COVID-19 pandemic and future correlative combative measures such as cancellation of flights to other countries, are at present unknown, and the overall situation is extremely fluid, making it nearly impossible to predict the timing of future material changes in the situation as well as the long-term effects that the COVID-19 will have on air travel. For example, demand for air travel may permanently decrease due to the increasing adoption of virtual and teleconferencing tools to replace business travel and the perceived uncertainty relating to the effect of the current pandemic or other similar health threats in the future.

Based on the Issuer's management's estimate made in October 2020, the recovery of airline traffic to pre-crisis levels will likely take approximately two years, though the trajectory of this recovery will likely be steeper towards the end of such period. Airlines that are able to weather the crisis will have to adapt their cost structures to the new environment, and Finnair will also have to ensure its competitiveness by adjusting its costs, while also investing in elements central to the customer experience. Finnair aims to ensure that despite the effect caused by the COVID-19 pandemic, Finnair will be a competitive airline company in the post-COVID-19 competitive environment.

See also “*Risk Factors—Risks Relating to the Airline Industry—The COVID 19 pandemic has had a material adverse effect on Finnair’s business, financial condition, results of operations and future prospects, and is expected to continue to adversely affect the demand for airline services, including Finnair’s services*”.

Megatrends

The Issuer’s management believes that Finnair’s operations are, after the COVID-19 pandemic finally subsides and the related travel restrictions are lifted, particularly affected by four megatrends that are the shift in economic and political focus from the United States and Europe to developing countries, urbanisation, technological development and sustainability.

Shift in Economic and Political Focus from the United States and Europe to Developing Countries

The Issuer’s management believes that the gradual shift in the global economic and political focus from the United States and Europe to developing countries, and to Asia in particular, is expected to be the strongest of the four megatrends affecting the aviation industry. Asian corporations are becoming globalised and their significance to the world market is growing. In addition, as the middle class in many Asian countries is growing and Asian airlines expand their operations to intercontinental flights, Asian travel is expected to increase and competition to intensify. At the same time, airlines and governments may also have to negotiate for more traffic rights. As a result of the increasing significance of Asian markets, Asian customers are expected to determine the expected standard of quality for service and products and non-Asian airlines must increase their understanding of Asian culture and customers in order to stay competitive.

Urbanisation

As in many countries around the world, but particularly in China and other developing countries, migration flows from rural areas to cities are expected to continue and accelerate. In Asia in particular, the number of cities with more than five million inhabitants is expected to increase, as well as the number of connections between such cities. The Issuer’s management estimates that the ongoing urbanisation will result in new markets for airlines as traffic between these megacities grows. As a result, the competition will intensify as regional airlines begin to operate on these routes.

Technological Progress

The Issuer’s management believes that technological progress is expected to lead to changes in purchasing behaviour, the comparability of prices and services online and immediate feedback. Digitalisation is a natural part of a company’s operations creating service development opportunities. Consumers expect Wi-Fi network connections and other entertainment services during the flights. Airlines must anticipate and adapt to changes and provide opportunities for customers to buy, use services and send feedback online. However, different groups of customers should be considered in the digital development phases, and the availability of services for everyone must be ensured.

Increasing Significance of Sustainability

Consumers, political decision-makers and other stakeholders require businesses to operate more responsibly and transparently. Regulation and reporting obligations are expected to increase and businesses are required to be more diligent in monitoring the ethical dimensions of their supply chains. Consumers monitor the responsibility of a company’s operations and give feedback especially on social media. The Issuer’s management believes that the airline industry is expected to face stricter regulations on both emissions and noise. Increased regulation may result in added costs for airlines such as in the form of tax-like payments. Airlines must increasingly cooperate on issues related to safety, emissions, noise, accessibility and other passenger rights as well as equality.

Finnair’s objective is to create a sustainable, profitable business model in harmony with the needs of society and the environment. To align its operations with its sustainability objective, Finnair has designed one of the most ambitious sustainability strategies in the airline industry, exceeding the minimum standards set by international governing bodies and institutions. Finnair offers a more environmentally friendly air travel solution to its customers by way of its fuel-efficient wide-body fleet, biofuel initiatives, and unique geographic position enabling Finnair to provide passengers with the shortest route between Europe and Asia. Evidencing its efforts, Finnair currently holds a B rating in CDP (Carbon Disclosure Project), ranks in top decile in the transport and logistics industry and is recognised in the Prime class of the environmental social and corporate governance rating provided by ISS-ESG. Finnair is committed to its long-term goal of carbon neutrality by 2045 (and 50 per cent net carbon reduction in 2025 compared to the 2019 level), designing a long-term roadmap for carbon reduction. Finnair’s sustainability strategy also includes the reduction of single-use plastics by 50 per cent in 2022 compared to the 2019 level, and as Finnair was able to reach its goal of reducing 50 per cent of food waste in 2020 compared to the 2019 level, Finnair has set a new goal of reducing food waste by 30 per cent compared to the level achieved in 2019–2020. New aircraft investment targets were published in March 2020 and Finnair has later on communicated that its sustainability targets will remain unchanged despite the COVID-19 pandemic. Finnair will, however, reassess how its action plan to reach the targets should be amended due to COVID-19. In March 2021, Finnair announced that it has signed a letter of interest with Swedish sustainable aviation company Heart Aerospace AB indicating that it could acquire up to

20 of the new 19-seater Heart Aerospace ES-19 electric aircraft, for use on Finnair's short routes. In addition, Finnair entered into a partnership with Finland-based Neste Corporation, a sustainable aviation fuels producer, in order to both increase Finnair's use of sustainable aviation fuel and to boost the production of sustainable aviation fuel in Finland.

A Changing Operating Environment

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

It is also crucial to build resilience and flexibility for unexpected changes in the market environment. The airline industry is typically quickly affected by external disruptions, seasonal variation and economic trends as the globally spread COVID-19 demonstrated already during the first quarter of 2020.

Competitive and Growing Industry

The demand for air transportation is driven by macroeconomic factors, as there has historically been a strong correlation between air travel and the development of macroeconomic factors such as GDP. Prior to the COVID-19 pandemic, air travel was expected to continue to grow faster than the economy, 4.4 per cent per year globally for the next 20 years. A growing middle class, particularly in Asia, has supported the growth of air travel. In addition, China is expected to surpass the United States by passenger volume as the world's largest market during this period (*source: Airbus Global Market Forecast 2019-2038*). However, the COVID-19 pandemic has significantly reduced demand for air travel and it may take years until the worldwide demand for air travel returns to pre-crisis levels.

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

Prior to the COVID-19 pandemic, Norwegian Air Shuttle ASA ("**Norwegian**") was the main competitor within Finnair's domestic (Finnish) market. The competitive landscape following the financial difficulties experienced by Norwegian is more difficult to predict.

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

For information on the effects of the COVID-19 on the competitive environment, see "*The COVID-19 Pandemic*" above and "*Risk Factors—Risks Relating to the Airline Industry—Competition in the airline industry is intense and restructuring measures of competitors as well as new market entrants could disrupt or further intensify Finnair's competitive environment*".

Sensitivities

Due to the seasonal variation of the airline business, Finnair's revenue and operating profit are typically at their lowest in the first quarter and at their highest in the third quarter of the year. The growing proportional share of Asian traffic increases seasonal fluctuation due to destination-specific seasons in Asian leisure and business travel.

In addition to operational activities and market conditions, jet fuel price development has a key effect on Finnair's result, as jet fuel costs are Finnair's most significant variable expense item. Finnair's foreign exchange risk arises primarily from jet fuel and aircraft purchases, divestments of aircraft, aircraft lease payments, aircraft maintenance, overflight royalties and foreign currency revenue. Significant U.S. dollar-denominated expense items are fuel costs and aircraft lease payments. The largest investments, namely the acquisition of aircraft and their spare parts, are also mainly denominated in U.S. dollars. The most significant income currencies after the euro are the Japanese yen, the Chinese renminbi and the Swedish krona. In order to safeguard itself from currency and market rate fluctuations, Finnair hedges its currency, interest rate and jet fuel exposure using a variety of derivative instruments, such as forward contracts, swaps and options, in compliance with its hedging policy approved annually by the Issuer's Audit Committee. Under normal circumstances, jet fuel hedging has a time horizon of 24 months and up to 36 months with the CFO's approval. Finnair utilises a layered hedging strategy, where hedging levels decrease towards the end of time horizon. Under normal circumstances, the jet fuel hedging degrees for the first six months are between 60 per cent and 90 per cent. Due to the COVID-19 pandemic, Finnair has made a temporary amendment in its jet fuel hedging policy, setting out the hedging ratio between 0 per cent and 60 per cent for the entire hedging period. As at 31 March 2021, Finnair has hedged some of its jet fuel purchases for the next nine months. The hedging ratios vary significantly depending on the capacity and demand. As a result, the hedging ratios are variable and may be subject to material changes as the capacity and demand development forecasts are updated.

Measures Due to the COVID-19 Pandemic

The COVID-19 pandemic has had a severe effect on demand for air travel, and countries all over the world have implemented restrictions on travel, including air travel. At the date of this Listing Prospectus, due to the adverse effect of the COVID-19 pandemic on Finnair's results of operations and financial condition, Finnair has been required to adjust its traffic program and resourcing to the reduced demand. See also *"Risk Factors—Risks Relating to the Airline Industry—The COVID-19 pandemic has had a material adverse effect on Finnair's business, financial condition, results of operations and future prospects, and is expected to continue to adversely affect the demand for airline services, including Finnair's services"*.

In 2020, Finnair was forced to cancel tens of thousands of flights and was able to operate only to a limited number of destinations as a result of strict travel restrictions in many countries worldwide starting from the middle of the first quarter of 2020. Deferred revenue on ticket sales and advances received for tour operations decreased significantly in 2020 due to the travel restrictions, reduced demand and flights cancellations following the COVID-19 pandemic. As a result of the cancellations, Finnair's customers could seek a full ticket refund, obtain a voucher for future travel or postpone their travel by contacting Finnair's customer services. As the COVID-19 pandemic evolved, most customers requested a cash refund and Finnair refunded its customers a total of EUR 464 million relating to the flight cancellations. To support its customers, Finnair also suspended the expiry of Finnair Plus points for the remainder of 2020 and extended the frequent flyer status. The financial impact of these measures may not realise until the pace and volume of passenger demand recovery is known.

During the summer 2020, Finnair started increasing the number of passenger flights, however, as the COVID-19 pandemic continued to be challenging, Finnair operated a limited network of approximately 50 destinations and 75 daily flights throughout the rest of the year. At the date of this Listing Prospectus, Finnair continues to operate a limited network, as the COVID-19 pandemic is still present globally. The coverage of COVID-19 vaccinations is gradually increasing, however, the travel restrictions imposed by public authorities in many countries are yet to be lifted. Finnair estimates that it will only be able to meaningfully increase its traffic to a greater extent starting from later in the summer of 2021.

In addition to the cancellation of flights, Finnair has adjusted its resourcing and other costs in order to mitigate the effects of the COVID-19 pandemic. As Finnair is not able to operate a full traffic program at present due to the COVID-19 pandemic, there is less work available for its personnel. Consequently, Finnair has taken significant adjustment measures, including temporary and permanent layoffs affecting almost all of Finnair's personnel during the majority of 2020. Finnair has also carried out staff co-operation negotiations due to the effects of the COVID-19 pandemic. In addition to the personnel reductions, Finnair intends to continue to apply temporary layoffs for a large share of its personnel. The temporary layoffs can be either for fixed term or until further notice.

Furthermore, Finnair introduced other significant cost adjustment initiatives, although Finnair's operating expenses still decreased notably less than the decline in revenue, due to certain fixed cost items. Finnair made overarching adjustments to its operations and processes during 2020 and reduced costs by over EUR 1.5 billion compared to 2019. Of this, 30 per cent was fuel-related. Capacity cuts made due to the COVID-19 pandemic decreased Finnair's fuel costs, including hedging results and emissions trading costs, which was particularly visible between the second and fourth quarter. Passenger and handling costs (including tour operation expenses, for example related to hotels) were driven down by volume declines in both passenger and cargo traffic. In addition, sales, marketing and distribution costs decreased even more than revenue due to a decline in sales commissions and payment costs added to material marketing cost savings.

On 20 May 2020, Finnair announced its decision to adjust its volume-driven costs in line with the substantially decreased demand resulting from the COVID-19 pandemic, which in 2019 represented approximately 60 per cent of Finnair's total cost base. In addition, Finnair targets up to a EUR 170 million reduction to its permanent cost base by 2022 compared to

2019 levels. Finnair seeks savings in, for example, real estate costs, aircraft leasing costs, compensation structures, sales and distribution costs, IT costs as well as administration costs. Finnair will also continue the streamlining of its organisation and operations and the digitalisation and automation of its customer processes and will renegotiate certain of its supplier and partner agreements.

Finnair's current plan relies on the assumption made by it in October 2020 that air traffic will recover to the 2019 level in approximately two years, though this assumes that the trajectory of this recovery will likely be steeper towards the end of such period. Should the competitive environment turn out to be more challenging or the demand softer than currently estimated, Finnair may take further actions, if required.

Available credit lines included in Finnair's funding plan consist of a currently undrawn revolving credit facility totalling EUR 175 million. On 27 May 2020, Finnair signed a EUR 600 million pension premium loan agreement with Ilmarinen Mutual Pension Insurance Company, which has been fully drawn as at the date of this Listing Prospectus. The State of Finland has guaranteed 90 per cent of the pension premium loan's principal, and the Finnish Government approved the guarantee on 20 May 2020. Nordea Bank Abp has guaranteed 10 per cent of the pension premium loan's principal. With the loan backed by the state guarantee, Finnair aims to further solidify its cash position and business continuity even if the COVID-19 pandemic prevails for longer than currently anticipated. Finnair's plan also includes secured financing arrangements of selected unencumbered aircraft. In 2020, Finnair encumbered three A350 aircraft to support liquidity, with proceeds of more than EUR 300 million. As at 31 March 2021, Finnair had 38 unencumbered aircraft, which accounted for approximately 46.2 per cent of the balance sheet value of the entire fleet of EUR 2,124.0 million which includes right-of-use assets as well as prepayments of future aircraft deliveries. In addition, the State of Finland has granted Finnair the Hybrid Loan, of which EUR 350 million may be used by Finnair if its cash or equity position would drop below the limits defined in the Hybrid Loan's terms and conditions in accordance with the European Commission's state aid decision related thereto.

On 10 June 2020, the Board of Directors of the Issuer resolved to approve the fully underwritten Rights Offering of approximately EUR 500 million to strengthen Finnair's equity and liquidity position in the exceptional situation caused by the COVID-19 pandemic as well as to support the execution of Finnair's strategy. In the Rights Offering, the Issuer offered for subscription, based on pre-emptive rights for existing shareholders, 1,279,265,150 new shares. The State of Finland irrevocably committed to subscribe in full for the offered shares on the basis of subscription rights allocated to it. The Rights Offering was oversubscribed and completed on 8 July 2020, and the Issuer received net proceeds of approximately EUR 501 million taking into account transaction costs in connection with the Rights Offering. The Rights Offering increased Finnair's equity by approximately EUR 503 million as taxes were deducted from the transaction costs.

State Aid Relating to Finnair's Refinancing

State Aid Decision Relating to EUR 400 Million Hybrid Loan

On 12 March 2021, the European Commission approved the Hybrid Loan granted to Finnair by the State of Finland to support Finnair in accordance with Article 107 (2)(b) of the Treaty on the Functioning of the European Union ("TFEU"). According to the state aid decision made by the European Commission, approximately EUR 350 million of the credit limit can be used by Finnair if its cash or equity position would drop below the limits defined in the Hybrid Loan's terms and conditions. The remaining share of approximately EUR 50 million will be brought for approval by the European Commission at a later stage.

State Aid Decision Relating to Guarantee of Finnair's EUR 600 Million Pension Premium Loan and Rights Offering

Conditions Related to State Aid Decision

The European Commission has concluded that the State of Finland's guarantee of Finnair's pension premium loan up to EUR 540 million, which was approved by the European Commission on 18 May 2020, and the State of Finland's participation in the Rights Offering were so closely linked that they must be regarded as an overall transaction that constitutes state aid within the meaning of Article 107(1) of the TFEU. On 3 June 2020, the State of Finland made a state aid notification to the European Commission based on the TFEU Article 107(3)(b). The European Commission has on 9 June 2020 issued a decision that the participation of the State of Finland in the Rights Offering is compatible with the EU state aid rules under the TFEU Article 107(3)(b). Under the European Commission's decision, the Issuer has agreed to certain conditions following the Rights Offering.

The conditions set out in the European Commission's decision apply for three years from the Rights Offering, and are based on the fact that the State of Finland's relative shareholding in Finnair will not increase (save for slight variations due to the technical organisation inherent to the Rights Offering).

As the beneficiary of the state aid measure, Finnair has committed to, among others, the following conditions:

Acquisition Ban

The Issuer will be subject to an acquisition ban for a period of three years from the date of the Rights Offering preventing the Issuer from acquiring a stake of greater than 10 per cent in any competitors or other operators in the same line of business, including upstream or downstream operations. In exceptional circumstances, without prejudice to any applicable merger control rules, the European Commission may authorise an acquisition only if it is necessary to maintain the Issuer's viability.

Management Remuneration

For a period of three years from the date of the Rights Offering, the remuneration of each member of the Issuer's management must not go beyond the fixed part of his/her remuneration on 31 December 2019.

For persons who become members of the Issuer's management on or after the Rights Offering, the applicable limit of the remuneration for such new member shall be benchmarked to the remuneration of comparable managerial positions and areas of responsibility at Finnair applied on 31 December 2019.

Finnair will not pay bonuses and other variable or comparable remuneration elements during three financial years (2020, 2021 and 2022).

Publishing Information Regarding the Use of Aid Received

The Issuer shall, within 12 months from the date of the Rights Offering and thereafter periodically every 12 months, for a period of three years, publish information on the use of the aid received. In particular, this should include information on how the Issuer's use of the aid received supports its activities in line with EU objectives and national obligations linked to the green and digital transformation, including the EU objective of climate neutrality by 2050.

Organisational Structure

The Issuer is the parent company of the Finnair Group. The Issuer's subsidiaries provide support services to Finnair or operate in closely related areas. The corporate name of the Issuer is Finnair Plc and it is domiciled in Helsinki, Finland. The Issuer is a public limited liability company incorporated on 1 November 1923 in Finland and it is organised under the laws of Finland. The Issuer is registered with the Trade Register under the business identity code 0108023-3. The Issuer's LEI code is 213800SB6EOB8SSK9W63. The registered address of the Issuer is Tietotie 9, FI-01530, Vantaa, Finland, and its telephone number is +358 600 081 881.

In accordance with article 2 of the Issuer's Articles of Association, the Issuer's business is to operate an airline by transporting passengers, cargo and mail, and to buy, sell, import, export, transport, store, lease and repair aircraft and their parts and supplies, and to buy, sell, import, export, transport and store fuels and lubricants, and to provide hotel, forwarding, travel agency and other business operations relating to travelling and airline operations, as well as finance and insurance brokerage services and business operations related to the above. The Issuer may also engage in, or support, activities that are aimed at ensuring the acceptability, and thereby the long-term profitability, of its business by increasing the positive effects and reducing the negative effects of its business on the environment and society. The Issuer may conduct its business through subsidiaries, associated companies and joint ventures.

The following table sets forth the subsidiaries of the Issuer as at the date of this Listing Prospectus:

	Domicile	Group ownership (per cent)
Finnair Cargo Oy	Finland	100.0
Finnair Aircraft Finance Oy	Finland	100.0
Finnair Technical Services Oy	Finland	100.0
Finnair Engine Services Oy	Finland	100.0
Finnair Kitchen Oy	Finland	100.0
Kiinteistö Oy Lentokonehuolto	Finland	100.0
Northport Oy	Finland	100.0
Balticport OÜ	Estonia	100.0
Amadeus Finland Oy	Finland	95.0
Oy Aurinkomatkat - Suntours Ltd Ab	Finland	100.0
Aurinko OÜ	Estonia	100.0
Matkayhtymä Oy	Finland	100.0
FTS Financial Services Oy	Finland	100.0
Finnair Business Services OÜ	Estonia	100.0

Business Overview

Integrated Business Model

According to the Issuer's management, Finnair is a modern, premium airline with a unique geographical position in Helsinki, Finland. Due to its geographical position and memberships in selected strategic alliances and partnerships, Finnair is able to offer a broad choice of destinations as well as flexible routing and pricing options for its customers. Finnair's integrated business model of a modern premium airline allows for operational efficiency and product upselling, and Finnair's flexible business structure is integral to creating value to Finnair's customers and stakeholders. Finnair is the leading airline at Helsinki Airport, with a 67 per cent share of the total passengers transported within, to and from Finland in 2019 (*source: Finavia*).

Finnair has one business and reporting segment, the Airline Business. Finnair's key sources of revenue are passenger transportation, ancillary, cargo and travel services.

The following table sets forth Finnair's revenue by product for the periods indicated:

	For the three months ended 31 March		For the year ended 31 December	
	2021	2020	2020	2019
	(unaudited)		(audited)	
	(EUR in millions)			
Passenger revenue.....	43.2	423.3	528.1	2,479.8
Ancillary revenue.....	8.6	42.8	62.3	176.2
Cargo	60.9	36.7	177.7	212.1
Travel services	0.9	58.4	61.1	229.5
Total.....	113.6	561.2	829.2	3,097.7

Passenger Revenue

Passenger revenue, *i.e.* airline tickets sold to consumers, is the most important revenue source for Finnair. For the three months ended 31 March 2021, passenger revenue accounted for 38.0 per cent of Finnair's revenue and for the year ended 31 December 2020, passenger revenue accounted for 63.7 per cent of Finnair's revenue.

During the first quarter of 2021, Finnair carried approximately 259,200 passengers. For the three months ended 31 March 2021, European traffic accounted for 56.1 per cent, Asian traffic accounted for 15.5 per cent, domestic traffic accounted for 29.2 per cent and North Atlantic traffic accounted for 0.5 per cent of the passenger revenue.

For the year ended 31 December 2020, European traffic accounted for 46.3 per cent, Asian traffic accounted for 35.2 per cent, domestic traffic accounted for 13.1 per cent and North Atlantic traffic accounted for 5.0 per cent of the passenger revenue.

The following table sets forth Finnair's passenger revenue by traffic area for the periods indicated:

	For the three months ended 31 March		For the year ended 31 December	
	2021	2020	2020	2019
	(unaudited)			
	(per cent)			
Europe.....	56.1	40.9	46.3	40.2
Asia.....	15.5	40.4	35.2	43.7
Domestic.....	29.2	10.6	13.1	7.3
North Atlantic.....	0.5	6.3	5.0	7.2
Unallocated.....	(1.3)	1.7	0.4	1.5
Total.....	100.0	100.0	100.0	100.0

Ancillary Revenue

Ancillary revenue sales are the additional services that are sold to passengers in connection with airline ticket sales. Ancillary revenue consists of revenue from seat reservations and upgrades, extra baggage, travel retail, meals and beverages, lounge, Wi-Fi as well as entertainment and destination extras. Ancillary revenue accounted for 7.6 per cent of Finnair's revenue for the three months ended 31 March 2021, and 7.5 per cent for the year ended 31 December 2020.

Cargo

Finnair receives cargo revenue from the shipments that are transported in its aircraft cargo bays. Finnair Cargo is one of the largest air cargo carriers in the Nordics and the Baltic region based on volume as well as market share (*source: IATA CASS and World ACD*). It specialises in flying high-value items through the short Northern route between Europe and Asia via its Helsinki COOL hub. Cargo revenue accounted for 53.6 per cent of Finnair's revenue for the three months ended 31 March 2021, and 21.4 per cent for the year ended 31 December 2020.

Similar to Finnair's Asia strategy, Finnair Cargo is specialised in air cargo traffic between Europe and Asia, but Cargo revenue accumulates from all geographical areas. The COOL Nordic Cargo Hub enables state-of-the-art hub logistics and reduces Cargo unit costs. Finnair Cargo achieves a yield premium for services catering to specialised product segments. Such specialised services include, for example, services of Finnair Cargo Nordic Pharma Chain for pharmaceutical products and Finnair Cargo Seafood for seafood. Following the outbreak of the COVID-19 pandemic, Finnair has established cargo-only flights which also enable Finnair to keep utilising part of its aircraft fleet. Finnair has the ability to refit individual aircraft to carry cargo in the passenger cabin at short notice if needed. During the first quarter of 2021, 53.6 per cent of Finnair's revenue was generated by cargo as Finnair operated 547 cargo-only flights, mainly to Asia.

Travel Services

Travel services include revenue streams for Aurinkomatkat and Finnair Holidays products. They include package holidays to consumers which consist of flights, hotel reservations and car rentals. Revenue from travel services accounted for 0.8 per cent of Finnair's revenue for the three months ended 31 March 2021, and 7.4 per cent for the year ended 31 December 2020.

Traffic Performance

Finnair reports its traffic statistics monthly.

The following table set forth traffic statistics for the periods indicated and changes compared to the corresponding periods:

	For the three months ended 31 March 2021	Change compared to the three months ended 31 March 2020 (unaudited)	For the year ended 31 December 2020	Change compared to the year ended 31 December 2019 (per cent)
		(per cent)		
Passengers, in thousands	259.2	(90.2)	3,485.6	(76.2)
Available seat kilometres, in millions	1,201.5	(87.6)	12,937.5	(72.6)
Revenue passenger kilometres, in millions	306.5	(95.6)	8,150.0	(78.8)
Passenger load factor, per cent	25.5	(47.1)	63.0	(18.7)
Cargo tonnes	19,410.1	(35.5)	71,732.8	(58.6)
Available tonne kilometres, in millions	414.4	(70.9)	2,436.5	(61.6)
Revenue tonne kilometres, in millions	169.4	(79.3)	1,213.6	(73.3)

In April 2021, Finnair carried 80,900 passengers, which was 403.6 per cent more than in the corresponding period in 2020 but 6.3 per cent less than in March 2021. The overall capacity measured in ASK increased in April 2021 by 253.3 per cent compared to the corresponding period in 2020 and Finnair's traffic measured in revenue passenger kilometres increased by 291.1 per cent compared to the corresponding period in 2020. The passenger load factor increased in April 2021 by 2.6 percentage points to 26.4 per cent compared to the corresponding period in 2020. Total cargo tonnes increased by 309.1 per cent, available tonne kilometres increased by 162.1 per cent and revenue tonne kilometres increased by 342.9 per cent in April 2021 compared to the corresponding period in 2020.

See also "Financial Information and Future Outlook—Other Performance Indicators" below.

Fleet

Fleet Operated by Finnair

Finnair's fleet is managed by Finnair Aircraft Finance Oy, a wholly-owned subsidiary of the Issuer. As at 31 March 2021, Finnair operated 59 aircraft, of which were 24 wide-body and 35 narrow-body aircraft. Of the aircraft operated by Finnair, 30 were owned by Finnair Aircraft Oy and 29 were leased as at 31 March 2021. As at 31 March 2021, the average age of the fleet operated by Finnair was 10.8 years. According to the Issuer's management, Finnair's long-haul fleet is one of the most modern fleets in the industry. Finnair's wide-body fleet is the backbone of its Europe–Asia connection strategy, which is paired with the optimal scheduling of connecting short-haul flights operated by narrow-body aircraft.

The following table sets forth the fleet operated by Finnair as at 31 March 2021:

	As at 31 March 2021						
	Seats	Number of aircraft	Change from 31 December 2020	Own ⁽¹⁾	Leased	Average age	Ordered
Fleet operated by Finnair⁽²⁾							
<i>Narrow-body fleet</i>							
Airbus A319	144	6	–	5	1	19.4	–
Airbus A320	174	10	–	8	2	18.6	–
Airbus A321	209	19	–	4	15	9.8	–
<i>Wide-body fleet</i>							
Airbus A330	289/263	8	–	4	4	11.4	–
Airbus A350	297/336	16	–	9	7	3.7	3
Total		59	0	30	29	10.8	3

(1) Includes Japanese Operating Lease with Call Option (“JOLCO”) financed A350 aircraft.

(2) Finnair’s Air Operator Certificate (AOC).

Renewal of the Fleet

As a part of the renewal of its fleet in 2015, Finnair exercised options for an additional eight new A350-900 aircraft. According to the Issuer’s management, the renewed fleet offers a modern premium experience for customers, reduces Finnair’s carbon footprint, leads to cost savings and enables further growth for Finnair. As at 31 March 2021, 16 of these aircraft have been delivered and three A350 aircraft were scheduled for delivery from Airbus, which are currently scheduled for delivery in the second quarter of 2022, fourth quarter of 2024 and first quarter of 2025. Finnair strives to adjust the size of its fleet in line with demand forecasts through the staggered maturities of its lease agreements and changes in the number of owned aircraft and by renegotiating the delivery schedules of committed aircraft purchases.

Fleet Operated by Norra (Purchased Traffic)

Nordic Regional Airlines Oy (“**Norra**”) operates a fleet of 24 aircraft for Finnair on a purchased traffic basis. All aircraft operated by Norra are leased from Finnair Aircraft Finance Oy. Finnair owns 40 per cent of Norra and Danish Air Transport owns the remaining 60 per cent. Finnair’s influence on the company is based on shareholding and contractual arrangements. Norra’s route network is coordinated with Finnair’s European flights and long-haul flights.

The following table sets forth the fleet operated by Norra as at 31 March 2021:

	As at 31 March 2021						
	Seats	Number of aircraft	Change from 31 December 2020	Aircraft owned by Finnair	Leased (operating lease)	Average age	Ordered
Fleet operated by Norra ⁽¹⁾							
ATR 72	68-70	12	–	6	6	11.7	–
Embraer E190	100	12	–	9	3	12.8	–
Total		24	0	15	9	12.2	0

(1) Nordic Regional Airlines Oy’s Air Operator Certificate (AOC).

Helsinki Airport

Finnair’s network business model is based on a broad network that is built around the Helsinki Airport where passenger volumes have grown at a compound annual growth rate of 4.1 per cent from 9.4 million to 21.9 million between 1998 and 2019 (*source: Finavia*). The Issuer’s management believes that Helsinki Airport’s geographical position enables Finland to have better connections to other parts of the world than domestic demand alone could support. The Issuer’s management further believes that connections provided by the geographical position of Helsinki Airport provide various cost benefits, including high aircraft utilisation in long-haul traffic, less need for additional crew members and lower fuel consumption due to shorter flight times. Helsinki Airport handled 84 per cent of air traffic in Finland with Finnair as the leading airline, with a 67 per cent share of the total passengers transported within, to and from Finland in 2019 (*source: Finavia*). The Issuer’s management believes that this demonstrates that Finnair is one of the strongest European airlines among its peers in their respective hubs. Finnair’s position in, and strategy of using, Helsinki, Finland as a connecting hub enhances its competitive position by allowing Finnair to optimise flight connections and shorten passenger journey times. Finnair also has an extensive domestic network, providing critical connections from Finnish cities to the rest of the world. Moreover, Finnair’s travel service segment (Aurinkomatkat-Suntours, Finnair Holidays) and other partners further strengthen the Finnair’s leading position in the local market by increasing Finnair’s brand recognition in the market for incoming tourism.

At the date of this Listing Prospectus, Helsinki Airport is under construction to expand the terminals, and the construction work is expected to be finalised during 2023. The goal is to strengthen the competitive position of Helsinki Airport as a significant European airport. The development programme includes the expansion of Terminal 2, which will increase the

facilities available for check-in, security control and baggage drop services. Finnair's management believes that this will further support Finnair's long-term strategy of sustainable and profitable growth.

oneworld™ Alliance and Joint Businesses

Finnair is part of the oneworld™ alliance, an alliance of fourteen airlines. The membership in the oneworld™ alliance broadens Finnair's global network to more than one thousand destinations in more than 160 countries. In addition, oneworld™ customers can earn and redeem frequent flyer points on all oneworld™ airlines and benefit from access to over 650 premium airport lounges.

Finnair also has a deeper cooperation with some of its oneworld™ partners through its membership in the SJB on flights between Europe and Japan and in the AJB on flights between Europe and North America. The SJB includes four airlines: Finnair, British Airways, Iberia and Japan Airlines. For the 12 months ended 31 March 2020, SJB's market share of flights between Europe and Japan was 26 per cent. The AJB includes five airlines: Finnair, British Airways, Iberia, Aer Lingus and American Airlines. For the 12 months ended 31 March 2020, the AJB's market share of flights between Europe and North America was 27 per cent.

Finnair is currently preparing to launch a joint business with Juneyao Airlines in the second quarter of 2021. The aim is to establish a joint business on the Helsinki – Shanghai route enabling Finnair and Juneyao Air to offer their corporate and leisure customers a seamless travel experience through a wider choice of destination, schedule and fare options via their main hubs, Helsinki Airport (HEL) and Pudong International Airport (PVG).

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

Finnair's Customers and Finnair Plus Loyalty Program

The majority of Finnair's customers are airline passengers. Finnair collects customer satisfaction feedback continuously. Survey results and other customer feedback are reported to the unit concerned at least once per month. For the three months ended 31 March 2021, Finnair's overall customer satisfaction measured by Net Promoter Score was 54.

The Finnair customer loyalty program Finnair Plus was started in 1996. As at 31 March 2021, Finnair Plus had 3.4 million members. In the wider Finnair strategy context, customer loyalty is a primary driver for the achievement of retail excellence which is a key element of being a modern premium airline. The goal of the program is to increase customer loyalty towards the airline and turn a profit from the sale of loyalty points. Point sales have been increasing in importance, with a key role played by Finnair's co-branded credit card as well as direct point sales to members. The Finnair Plus program is also connected to other Frequent Flyer programs within oneworld™; Finnair Plus members can earn and redeem points on all oneworld™ member airlines.

Further, Finnair Plus members travel on average three more flights annually than non-members, and customers who are engaged with the program tend to consolidate their flights to Finnair more than non-members or members who are not engaged. Finnair Plus membership also increases the likelihood of customers booking flights directly on Finnair.com or via the Finnair app.

Employees

Due to the COVID-19 pandemic, Finnair had to take significant adjustment measures and almost all of Finnair's employees were affected by the temporary layoffs imposed during the majority of 2020. In addition, Finnair has also carried out staff co-operation negotiations due to the effects of the COVID-19 pandemic. Finnair had a total of 5,962 employees as at 31 March 2021, compared to 6,790 as at 31 March 2020. As at the date of this Listing Prospectus, Finnair intends to continue to apply temporary layoffs for a large share of its personnel.

A large majority of Finnair's employees work in Finland and are represented by labour unions with which there are several collective bargaining agreements. As at the date of this Listing Prospectus, Finnair or Service Sector Employers Palta had the following collective agreements negotiated with the unions representing Finnair's employees: Transport Workers' Union AKT, representing Finnair's cabin crew in Finland, until 31 January 2022, Transport Workers' Union AKT, representing travel agencies and applicable to Aurinkomatkat, until 30 April 2021, Finnish Aviation Union (IAU), representing ground customer service, ground handling, cargo, technical services and Finnair Kitchen employees, until 15 March 2022, Trade Union Pro, representing upper technical workers, until 31 January 2022, Trade Union Pro, representing clerical workers, until 31 January 2022, and FINTO, representing upper white-collar workers, until 28 February 2022. In addition, on 26 April 2021, Finnair announced that it has signed a new collective bargaining agreement with the Finnish Airline Pilots' Association SLL that in force until 30 September 2024.

Investments

Capital expenditure excluding advance payments totalled EUR 11.4 million for the three months ended 31 March 2021, and was primarily related to fleet investments. Investment commitments for property, plant and equipment as at 31 March 2021, totalled EUR 358.7 million and it includes firm aircraft orders, currently scheduled for the next four years. The total commitment can change between the order and the delivery of the aircraft mainly due to EUR/USD exchange rate fluctuations and the escalation clauses included in airline purchase agreements. The final amount of the commitment in relation to each aircraft is only known at the time of the delivery. However, the delivery schedules of committed aircraft purchases have been renegotiated, and three A350 aircraft are currently scheduled for delivery in the second quarter of 2022, fourth quarter of 2024 and first quarter of 2025. As part of the negotiations, Finnair may also utilise opportunities to dispose of certain aircraft if the terms prove to be beneficial to the Company. In addition to financing through operating cash flows, the ongoing fleet renewal programme is expected to require additional external financing.

Finnair has not made any material investments or any resolutions on new material investments between 31 March 2021 and the date of this Listing Prospectus.

Insurance

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

Information Technology

As part of Finnair's strategy with a key focus area in operational excellence, Finnair is seeking to further improve the safety, reliability and productivity of its operations through the utilisation of technology and automation, leveraging data as well as enabling cross-functional cooperation and compatibility. Finnair's most material IT systems are the computerised airline reservation system, the Finnair app, the flight operations system, the Finnair website, Finnair's telecommunication systems and other automated systems. The IT systems used by Finnair are procured and licensed from third parties. Significant outsourcing partners for Finnair are Amadeus IT Group, IBM, Lufthansa Systems and Telia. Amadeus IT Group provides airline reservation system and a global distribution system ("GDS") for Finnair. Amadeus is a leading provider of GDS airline reservation systems. IBM provides basic user support, data centre capacity services and application management services for Finnair. Lufthansa Systems is the provider of Finnair's flight operations system and Finnair uses Telia's telecommunication services. The Finnair app and Finnair's website are mainly developed and managed by the Company itself.

As most of Finnair's revenue is generated from passenger travel, a functioning online commerce system for ticket sales is essential for its business. Finnair has introduced and will continue to introduce new digital distribution technologies and channels in its distribution strategy, including the transition towards the differentiation of fare content and availability between the channels.

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

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

Legal and Regulatory Proceedings

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

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

Claims for care and compensation under the Flight Compensation Regulation account for a significant proportion of Finnair’s at each time ongoing disputes. Finnair has a large number of consumer disputes each year in consumer complaint tribunals and courts due to the legal uncertainty regarding the Flight Compensation Regulation. While passenger claims would not be considered material to Finnair if examined separately and individually, the large number of claims results in a significant aggregate cost component for the Company. In addition, Finnair’s potential liability is not only determined by claims in which Finnair itself is a direct party, but also in litigation involving other carriers, such as decisions issued by higher courts of EU member states and the European Court of Justice may create precedents, which can either widen or narrow the scope of liability for carriers under the Flight Compensation Regulation, and may even affect liabilities retrospectively.

On 18 May 2020, the European Commission approved the State of Finland’s guarantee of 90 per cent of Finnair’s available pension premium loan, up to EUR 540 million. With respect to the State of Finland’s participation in Finnair’s Rights Offering, the State of Finland made a state aid notification to the European Commission based on the TFEU Article 107(3)(b). The European Commission made a formal decision on the authorisation of such state aid and the applicable conditions on 9 June 2020. In addition, on 12 March 2021, the European Commission approved the Hybrid Loan granted to Finnair by the State of Finland to support Finnair in accordance with Article 107(2)(b) of the TFEU. It is possible to lodge an appeal against state aid decisions in the General Court of the EU within two months of their publication in the Official Journal of the EU. Competitors in the airline industry have as at the date of this Listing Prospectus lodged appeals against other approved state assistance measures, providing indications that any further measures as well as the decisions to approve them may also be challenged. Consequently, similar appeals or complaints might be filed against the decision by the European Commission with respect the Hybrid Loan granted to Finnair by the State of Finland or other transactions involving Finnair and the State of Finland.

Material Contracts

Other than the contracts described below, the Issuer has not entered into any material contracts (other than in its ordinary course of business), which could result in any Group company being under an obligation or entitlement that is material to the Issuer’s ability to fulfil its obligations to the Noteholders.

Financing Agreements

On 18 January 2019, the Issuer signed a EUR 175 million syndicated revolving credit facility for general corporate purposes, which is fully undrawn as at the date of this Listing Prospectus. The coordinating bookrunner and mandated lead arranger for the facility is Nordea Bank Abp. Danske Bank A/S, OP Corporate Bank plc, Skandinaviska Enskilda Banken AB (publ) and Swedbank AB (publ) act as bookrunners and mandated lead arrangers in the facility. The new credit facility carries a three-year tenor and has two one-year extension options, of which the Issuer has exercised the first in January 2020. The Issuer has originally in May 2020 agreed certain amendments to the revolving credit facility agreement, including the covenant level for adjusted gearing and in March 2021, the Issuer has negotiated certain additional amendments, including new financial covenants temporarily replacing the financial covenant based on adjusted gearing. As of 31 March 2021, the Issuer shall ensure that, at all times: (i) the Group’s consolidated cash and cash equivalents, short-term marketable money market instruments and certain other financial investments and government bonds exceed EUR 400 million; (ii) the Group’s consolidated shareholders’ equity (including debt instruments treated as shareholders’ equity under IFRS and capital loans provided in compliance with the Finnish Companies Act) exceeds EUR 400 million; and (iii) the equity of the Issuer within the meaning of the Finnish Companies Act, but excluding any hybrid instruments and any capital loans, exceeds EUR 150 million. The aforementioned temporary covenants are reviewed on a quarterly basis and shall cease to apply upon request by the Issuer and subsequent confirmation that the adjusted gearing ratio is compliant with the covenant levels as agreed in May 2020. The level for adjusted gearing shall not be equal to or greater than 225 per cent until 30 June 2021, 200 per cent from 1 July 2021 until 30 June 2022 and 175 per cent after 30 June 2022 depending on the timing of such request by the Issuer and thereafter. A rise in Finnair’s gearing level may increase the interest payable under the revolving credit facility. The negotiated amendment also includes a condition stating that the revolving credit facility will only be available to the Issuer once the European Commission’s approval for the remaining EUR 50 million of the Hybrid Loan is received.

On 27 May 2020, Finnair signed a EUR 600 million pension premium loan agreement with Ilmarinen Mutual Pension Insurance Company, which is fully drawn as at the date of this Listing Prospectus. The State of Finland has guaranteed

90 per cent of the pension premium loan's principal, and the Finnish Government approved the guarantee on 20 May 2020. Nordea Bank Abp has guaranteed 10 per cent of the pension premium loan's principal. The loan is repaid in two instalments: EUR 300 million is due in 30 months from the date of withdrawal and EUR 300 million is due in 36 months from the date of withdrawal. The loan carries a fixed annual interest.

On 17 March 2021, Finnair signed the EUR 400 million Hybrid Loan with the State of Finland. The Hybrid Loan was approved by the Plenary Session of the Government on 18 February 2021. On 12 March 2021, the European Commission approved the Hybrid Loan in accordance with Article 107 (2)(b) of the TFEU. According to the state aid decision made by the European Commission, approximately EUR 350 million of the credit limit can be used by Finnair if its cash or equity position would drop below the limits defined in the Hybrid Loan's terms and conditions. The remaining share of approximately EUR 50 million will be brought to approval by the European Commission at a later stage.

FINANCIAL INFORMATION AND FUTURE OUTLOOK

Historical Financial Information

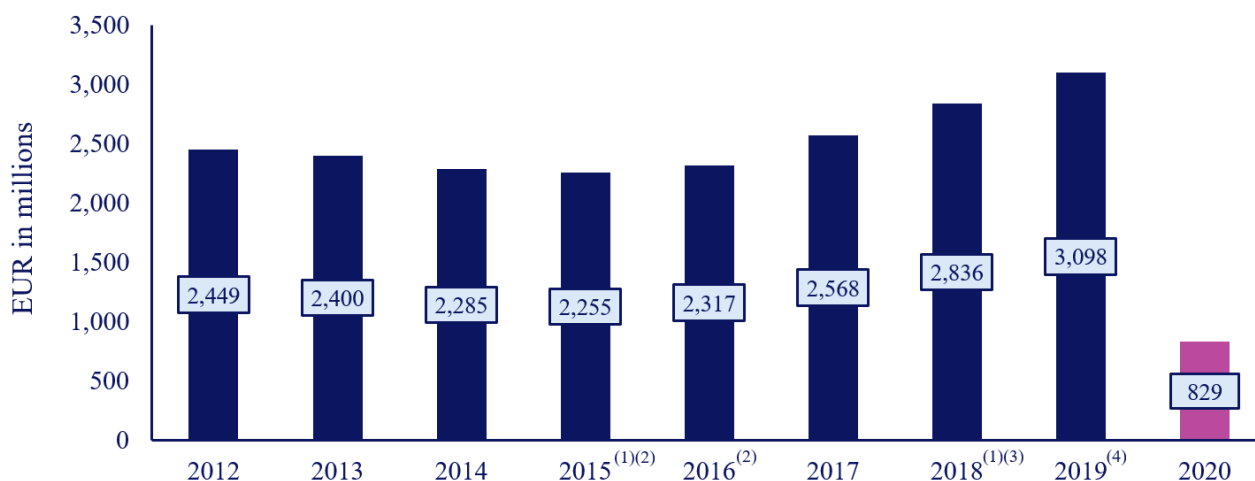
The financial information presented in this Listing Prospectus has been derived from Finnair's unaudited consolidated interim report as at and for the three months ended 31 March 2021, including the unaudited comparative consolidated financial information as at and for the three months ended 31 March 2020, prepared in accordance with "IAS 34 – Interim Financial Reporting", and Finnair's audited consolidated financial statements as at and for the year ended 31 December 2020, including the audited consolidated financial statements as at and for the year ended 31 December 2019, prepared in accordance with the IFRS.

The Issuer's interim report as at and for the three months ended 31 March 2021 and its audited consolidated financial statements as at and for the years ended 31 December 2020, and 2019 have been incorporated by reference into this Listing Prospectus. See "Documents Incorporated by Reference".

Financial information set forth in this Listing Prospectus has been rounded. Accordingly, in certain instances, the sum of the numbers in a column or row may not conform exactly to the total figure given for that column or row.

Certain Financial Information

The following chart sets forth the development of Finnair's revenue for the years indicated (the chart includes restated information, which is not directly comparable with information presented for the years after such restatements, as described in the footnotes to the chart):



Note: Audited, unless otherwise indicated.

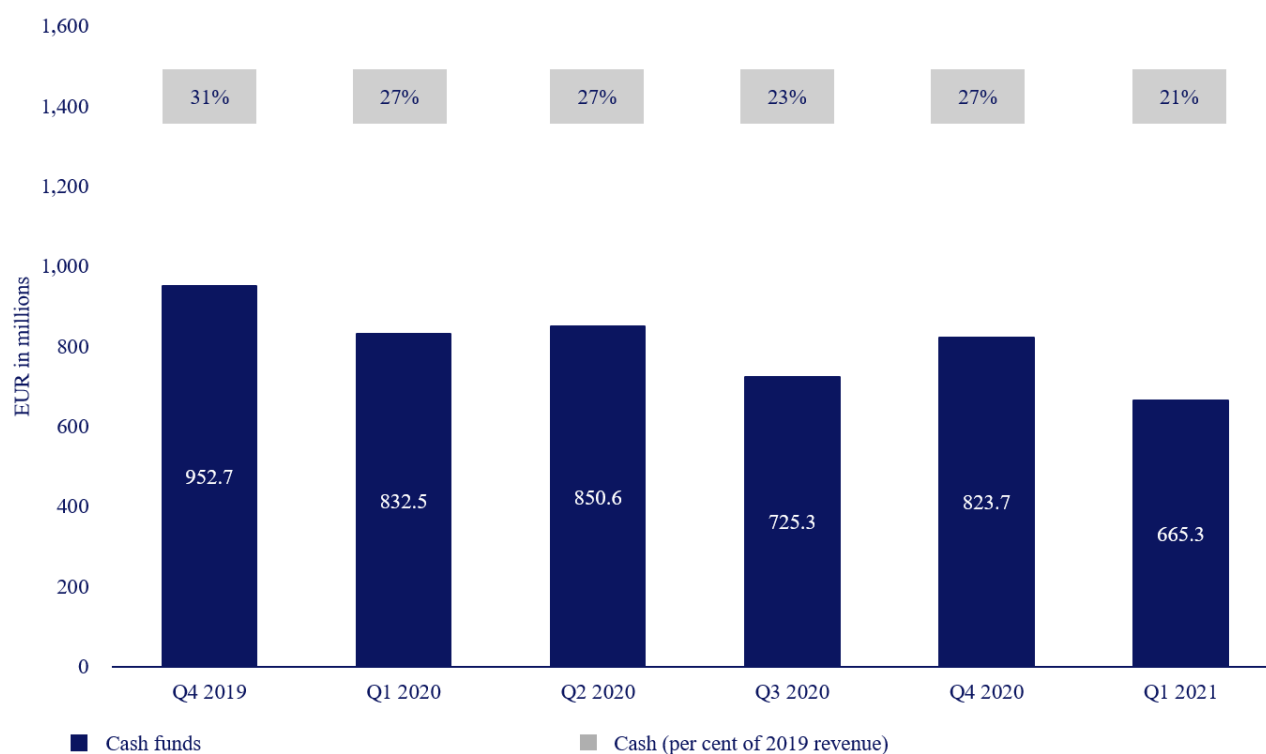
(1) Unaudited.

(2) Finnair changed the calculation method for revenue for the year ended 31 December 2016 and restated the comparative information for the year ended 31 December 2015. Reported revenue for the year ended 31 December 2015 was EUR 2,324 million and restated revenue EUR 2,255 million. Finnair has not restated the comparative information for the years ended 31 December 2014, 2013 and 2012 and these figures are not directly comparable with the information presented for the years ended 31 December 2020, 2019, 2018, 2017, 2016 and 2015.

(3) Finnair adopted "IFRS 15 – Revenue from Contracts with Customers" ("IFRS 15") as of 1 January 2018. The impact of the adoption of IFRS 15 on Finnair's revenue for the year ended 31 December 2018 was negative EUR 5 million. Finnair has not restated the comparative information for the years ended 31 December 2017, 2016, 2015, 2014, 2013 and 2012 and these figures are not directly comparable with the information presented for the years ended 31 December 2020, 2019 and 2018.

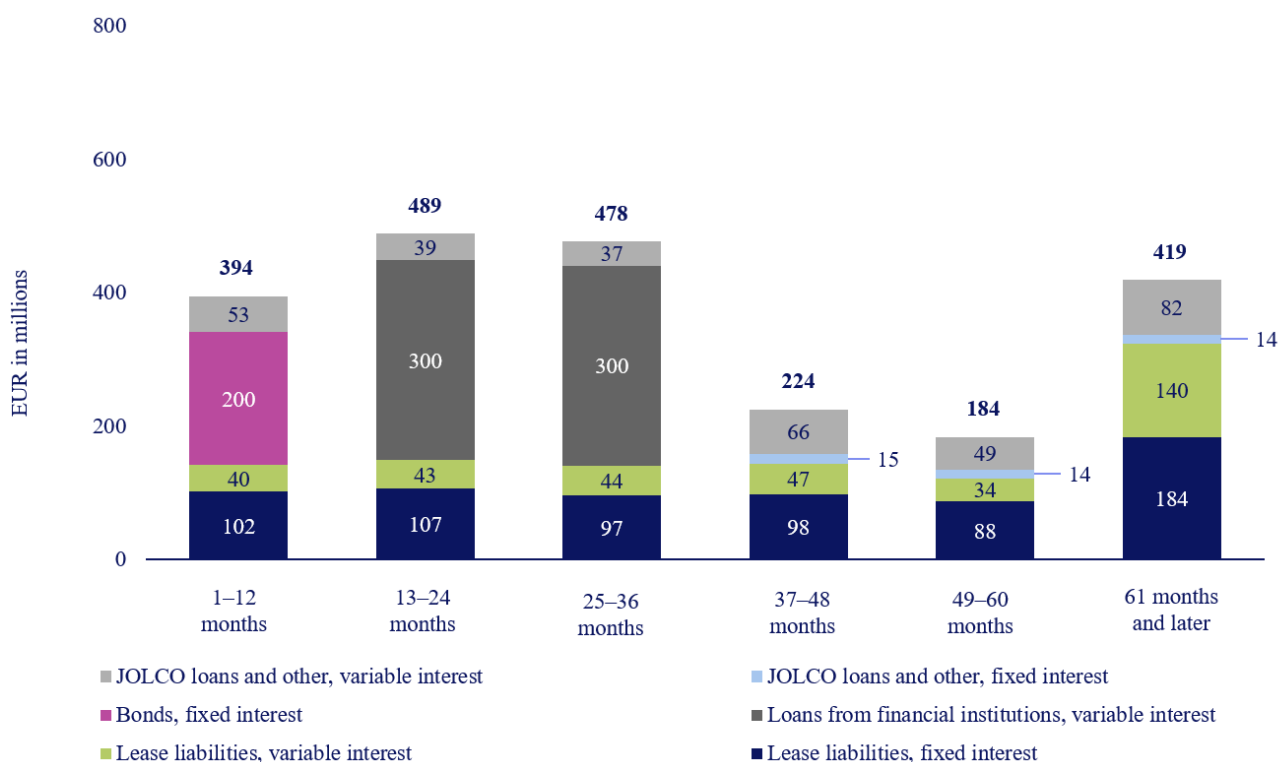
(4) Finnair made structural changes in its financial reporting chart of accounts as at and for the year ended 31 December 2019 and restated the comparative information for the year ended 31 December 2018. The impact of the restatement on Finnair's revenue for the year ended 31 December 2018 was EUR 15.1 million. In addition, Finnair revised its accounting policy and reclassified customer compensation for delays and cancellations from passenger and handling costs to revenue for the year ended 31 December 2019 and restated the comparative information for the year ended 31 December 2018. The impact of the restatement on Finnair's revenue for the year ended 31 December 2018 was negative EUR 14 million. Finnair has not restated the comparative information for the years ended 31 December 2017, 2016, 2015, 2014, 2013 and 2012 and these figures are not directly comparable with the information presented for the years ended 31 December 2020, 2019 and 2018.

The following chart sets forth certain information on Finnair's liquidity for the periods indicated:



Note: Unaudited.

The following chart sets forth the maturity profile of Finnair's interest-bearing liabilities as at 31 March 2021:



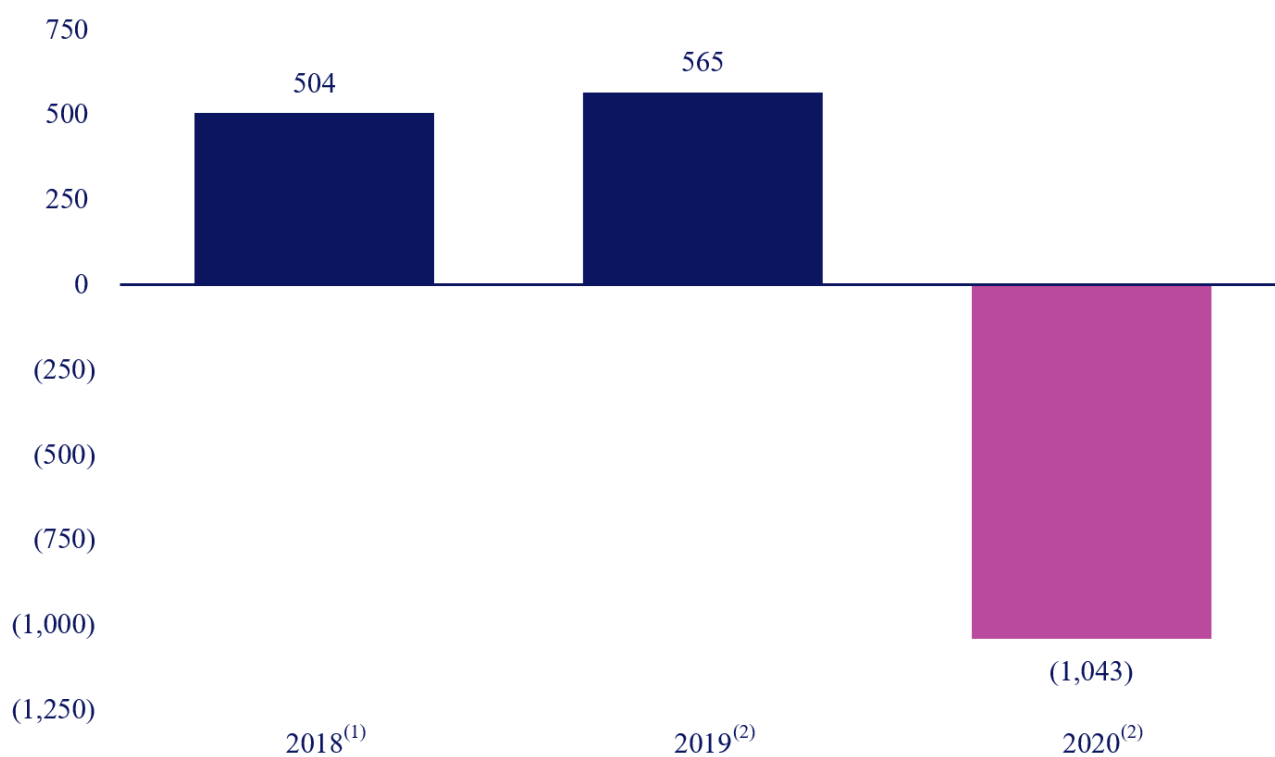
Note: Unaudited.

Further, Finnair's investment commitments for property, plant and equipment as at 31 March 2021 totalled EUR 359 million.

The following table sets forth the maturity profile of Finnair's other financial liabilities as at 31 March 2021:

	As at 31 March 2021						Total
	1-12 months	13-24 months	25-36 months	37-48 months	49-60 months	61 months and later	
	(unaudited)						
	(EUR in millions)						
Payments from interest rate and currency derivatives	737.2	–	–	–	–	–	737.2
Income from interest rate and currency derivatives	(734.8)	(3.5)	(1.1)	–	–	–	(739.5)
Commodity derivatives	12.1	–	–	–	–	–	12.1
Trade payables and other liabilities.	81.1	–	–	–	–	–	81.1
Interest payments	<u>65.3</u>	<u>58.6</u>	<u>49.6</u>	<u>35.2</u>	<u>24.6</u>	<u>70.7</u>	<u>304.1</u>
Total	<u>160.9</u>	<u>55.1</u>	<u>48.5</u>	<u>35.2</u>	<u>24.6</u>	<u>70.7</u>	<u>395.0</u>

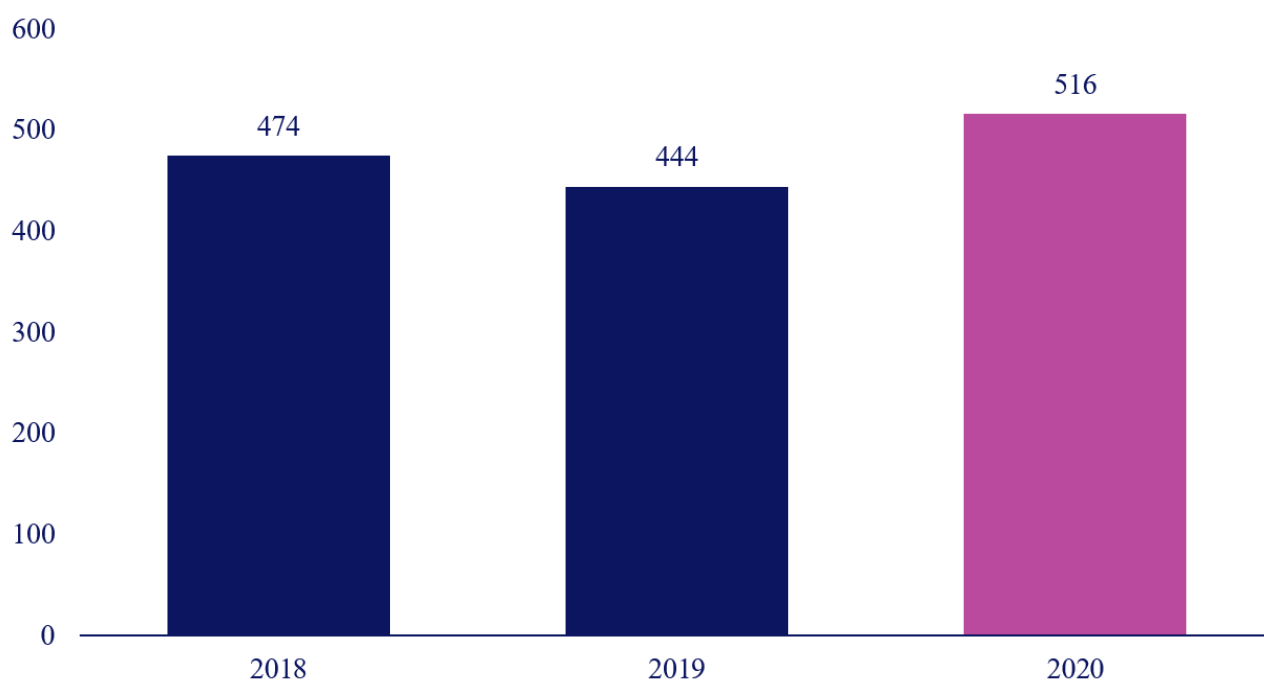
The following graph sets forth Finnair's net cash flow from operating activities for the years indicated:



(1) Unaudited.

(2) Audited.

The following graph sets forth Finnair's gross capital expenditure for the years indicated:



Note: Unaudited.

Material Adverse Changes in the Prospects of the Issuer

There has been no material adverse change in the prospects of the Issuer since December 31, 2020, which is the last day of the financial period in respect of which the most recent audited financial statements of the Issuer have been published.

Significant Changes in the Issuer's Financial Performance or Position

There has been no significant change in the Issuer's financial performance or position since 31 March 2021. Further, there has been no significant change in the Issuer's financial performance or position since 31 December 2020, which is the last day of the financial period in respect of which the most recent audited financial statements of the Issuer have been published.

Future Outlook

The following outlook is included in Finnair's interim report as at and for the three months ended 31 March 2021:

"Due to the continued strict travel restrictions, the comparable operating loss in Q2 2021 will be of a similar magnitude as in four previous quarters.

In Q2 2021, Finnair continues to operate a limited network. While gradual recovery of demand is expected in Q3 2021, the visibility is weak and there are several scenarios of the timing of the recovery and, thus, the company will not provide guidance on full year revenue.

Finnair will update its outlook and guidance in connection with the Q2 2021 interim report."

The above statements include forward-looking statements. These statements are not guarantees of future financial performance of Finnair. Finnair's actual results and financial position could differ materially from those expressed or implied by these forward-looking statements as a result of many factors. The Issuer cautions prospective investors not to place undue reliance on these forward-looking statements.

Finnair confirms that the above information on the profit forecast has been properly prepared on the basis stated that is both comparable with Finnair's historical financial information and consistent with Finnair's accounting principles. The profit forecast is the best considered view and understanding at the time based on the forecasts and estimates received. The key factors affecting revenue and operating loss, that the Issuer can affect, are operating cost adjustments and the ability to respond to changes in demand. Factors outside the control of Finnair that affect the above-mentioned forward-looking statements are mostly related to duration of the COVID-19 pandemic and the measures to fight the pandemic as well as the recovery of air traffic. Other general risk factors in the industry and business, such as the fluctuation in prices of jet fuel,

fluctuation in the demand, currency exchange fluctuations as well as regulatory and tax changes are also beyond the Issuer's control.

Alternative Performance Measures

This Listing Prospectus includes certain financial measures, which, in accordance with the “*Alternative Performance Measures*” guidance issued by the European Securities and Markets Authority, are not accounting measures defined or specified in IFRS and are, therefore, considered alternative performance measures (“**Alternative Performance Measures**”). These alternative performance measures are (i) comparable EBITDA, (ii) comparable EBITDA margin, (iii) comparable operating result, (iv) equity ratio, (v) gearing, (vi) gross capital expenditure and (vii) interest-bearing net debt / comparable EBITDA, last twelve months (“**LTM**”). For detailed calculation formulas, see pages 40–41 to the report of the Board of Directors for the year 2020 of Finnair as at and for the year ended 31 December 2020 and pages 18–19 to Finnair's interim report as at and for the three months ended 31 March 2021, incorporated by reference to this Listing Prospectus. For reconciliation of Alternative Performance Measures, see “—*Reconciliation of certain Alternative Performance Measures*” below.

Finnair provides certain Alternative Performance Measures, because it believes that Alternative Performance Measures followed by capital markets and Finnair's management provides a comparable view of its business and enables better comparability relative to its industry peers.

Alternative Performance Measures are not accounting measures defined or specified in IFRS. Finnair's Alternative Performance Measures should not be viewed in isolation from the equivalent IFRS measures and Alternative Performance Measures should be read in conjunction with the most directly comparable IFRS measures.

Companies do not calculate Alternative Performance Measures in a uniform way and, therefore, the Alternative Performance Measures presented in this Listing Prospectus may not be comparable with similarly named measures presented by other companies. Furthermore, these Alternative Performance Measures may not be indicative of Finnair's historical results of operations and are not meant to be predictive of potential future results. Accordingly, undue reliance should not be placed on the Alternative Performance Measures presented in this Listing Prospectus.

The following tables set forth certain Alternative Performance Measures for the periods indicated:

	As at and for the three months ended 31 March		As at and for the year ended 31 December		
	2021	2020	2020	2019	2018
	(unaudited)		(unaudited, unless otherwise indicated)		
	(per cent, unless otherwise indicated)		(restated)		
Comparable EBITDA, EUR in millions	(60.9)	(8.6)	(251.5) ⁽¹⁾	488.3 ⁽¹⁾	512.6
Comparable EBITDA of revenue.....	(53.6)	(1.5)	(30.3)	15.8	18.1
Equity ratio	22.7	19.6	24.6 ⁽¹⁾	24.9 ⁽¹⁾	23.3
Gearing	191.8	125.5	153.2 ⁽¹⁾	64.3 ⁽¹⁾	76.9
Interest-bearing net debt / comparable EBITDA, LTM (ratio)	(5.0)	2.2	(5.5)	1.3	1.4
Gross capital expenditure, EUR in millions.....	11.4	187.4	515.9	443.8	474.0

(1) Audited.

	For the three months ended 31 March		For the year ended 31 December	
	2021	2020	2020	2019
	(unaudited)		(audited)	
	(EUR in millions)			
Operating result	(149.1)	(95.6)	(464.5)	160.0
Comparable operating result	(143.2)	(91.1)	(595.3)	162.8

Reconciliation of Certain Alternative Performance Measures

The following tables set forth the reconciliation of Finnair's comparable EBITDA and comparable EBITDA of revenue for the periods indicated:

	For the three months ended 31 March		For the year ended 31 December
	2021	2020	2020
	(restated) ⁽¹⁾		
	(unaudited, unless otherwise indicated)		
	(EUR in millions, unless otherwise indicated)		
Operating result	(149.1)	(95.6)	(464.5) ⁽²⁾
Unrealized changes in foreign currencies of fleet overhaul provisions	6.3	3.7	(12.2) ⁽²⁾
Fair value changes of derivatives where hedge accounting is not applied	(0.1)	0.2	0.2 ⁽²⁾
Sales gains and losses on aircraft and other transactions	(0.6)	0.1	(0.8) ⁽²⁾
Changes in defined benefit pension plans	—	—	(132.8) ⁽²⁾
Restructuring costs	0.2	0.5	14.9 ⁽²⁾
Comparable operating result	(143.2)	(91.1)	(595.3) ⁽²⁾
Depreciation and impairment	82.3	82.5	343.8 ⁽²⁾
Comparable EBITDA	<u>(60.9)</u>	<u>(8.6)</u>	<u>(251.5)⁽¹⁾⁽²⁾</u>
Comparable EBITDA of revenue, per cent	(53.6)	(1.5)	(30.3)

(1) On 1 January 2021, Finnair changed the presentation of its consolidated income statement. Comparable EBITDA and comparable operating result, which previously were reported on the income statement, are presented only in the notes to the financial statements. For more information on the changed presentation, see note 2 and note 8 to Finnair's interim report as at and for the three months ended 31 March 2021, incorporated by reference into this Listing Prospectus.

(2) Audited.

	For the year ended 31 December		
	2020	2019	2018
	(restated)		
	(audited, unless otherwise indicated)		
	(EUR in millions, unless otherwise indicated)		
Revenue	829.2	3,097.7	2,836.1
Other operating income	48.4	56.4	73.7
Operating expenses:			
Staff and other crew related costs	(283.5)	(534.7)	(499.6)
Fuel costs	(232.7)	(687.3)	(581.0)
Capacity rents	(89.3)	(130.2)	(122.4)
Aircraft materials and overhaul	(104.7)	(201.2)	(162.9)
Traffic charges	(112.4)	(331.3)	(300.8)
Sales, marketing and distribution costs	(28.2)	(172.1)	(159.0)
Passenger and handling services	(168.6)	(476.7)	(440.3)
Property, IT and other expenses	<u>(109.7)</u>	<u>(132.4)</u>	<u>(131.3)</u>
Comparable EBITDA	<u>(251.5)</u>	<u>488.3</u>	<u>512.6</u>
Comparable EBITDA of revenue, per cent	(30.3) ⁽¹⁾	15.8 ⁽¹⁾	18.1

(1) Unaudited.

The following table sets forth the reconciliation of Finnair's equity ratio for the years indicated:

	For the year ended 31 December		
	2020	2019	2018
	(audited, unless otherwise indicated)		(restated) (unaudited)
	(EUR in millions, unless otherwise indicated)		
Equity total	896.6	966.4	918.5
Equity and liabilities total	3,646.5	3,877.9	3,943.6
Equity ratio, per cent.....	24.6	24.9	23.3

The following table sets forth the reconciliation of Finnair's gearing and interest-bearing net debt / comparable EBITDA, LTM (ratio) as at the dates indicated:

	As at 31 December		
	2020	2019	2018
	(audited, unless otherwise indicated)		(restated) (unaudited)
	(EUR in millions, unless otherwise indicated)		
Lease liabilities	1,016.2	1,054.0	1,159.3
Other interest-bearing liabilities.....	1,162.6	520.8	614.7
Cross currency interest rate swaps ⁽¹⁾	18.8	(1.1)	5.8
Adjusted interest-bearing liabilities	2,197.5 ⁽²⁾	1,573.7 ⁽²⁾	1,779.8
Other financial assets	(358.3)	(800.8)	(892.2)
Cash and cash equivalents	(465.3)	(151.9)	(180.9)
Cash funds	(823.7)	(952.7)	(1,073.1)
Interest-bearing net debt	1,373.8 ⁽²⁾	621.0 ⁽²⁾	706.7
Equity total	896.6	966.4	918.5
Gearing, per cent.....	153.2	64.3	76.9
Comparable EBITDA, LTM.....	(251.5)	488.3	512.6
Interest-bearing net debt / comparable EBITDA, LTM (ratio)	(5.5) ⁽²⁾	1.3 ⁽²⁾	1.4

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

The following table sets forth the reconciliation of Finnair's gross capital expenditure for the years indicated:

	For the year ended 31 December		
	2020	2019	2018
	(audited, unless otherwise indicated)		(restated) (unaudited)
	(EUR in millions)		
Additions in fixed assets	348.3 ⁽¹⁾	420.2 ⁽¹⁾	339.6
New contracts in right-of-use assets	173.3	29.2	122.7
Reassessments and modifications in right-of-use assets	(5.7)	(5.6)	11.8
Gross capital expenditure.....	515.9 ⁽¹⁾	443.8 ⁽¹⁾	474.0

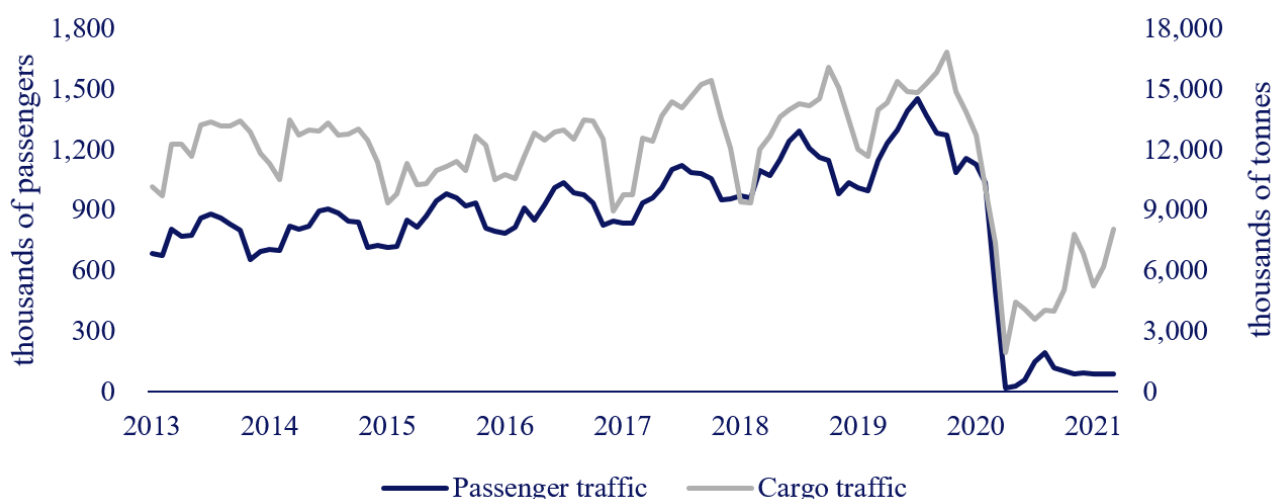
- (1) Unaudited.

The following table sets forth the reconciliation of Finnair's comparable operating result for the periods indicated:

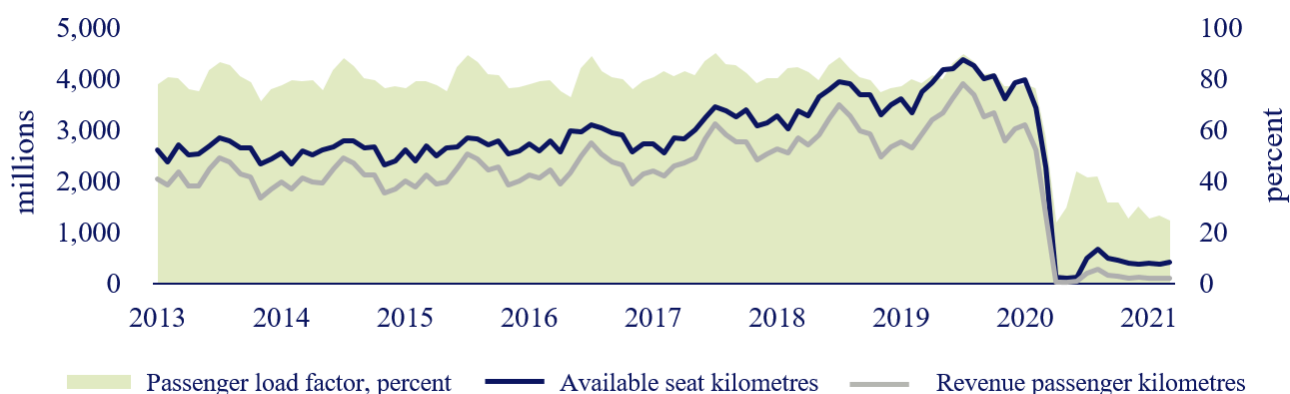
	For the three months ended 31 March		For the year ended 31 December	
	2021	2020	2020	2019
	(unaudited)		(audited)	
	(EUR in millions)			
Operating result	(149.1)	(95.6)	(464.5)	160.0
Unrealized changes in foreign currencies of fleet overhaul provisions	6.3	3.7	(12.2)	1.4
Fair value changes of derivatives where hedge accounting is not applied.....	(0.1)	0.2	0.2	(1.3)
Sales gains and losses on aircraft and other transactions	(0.6)	0.1	(0.8)	(0.2)
Changes in defined benefit pension plans	—	—	(132.8)	—
Restructuring costs.....	<u>0.2</u>	<u>0.5</u>	<u>14.9</u>	<u>3.0</u>
Comparable operating result	<u>(143.2)</u>	<u>(91.1)</u>	<u>(595.3)</u>	<u>162.8</u>

Other Performance Indicators

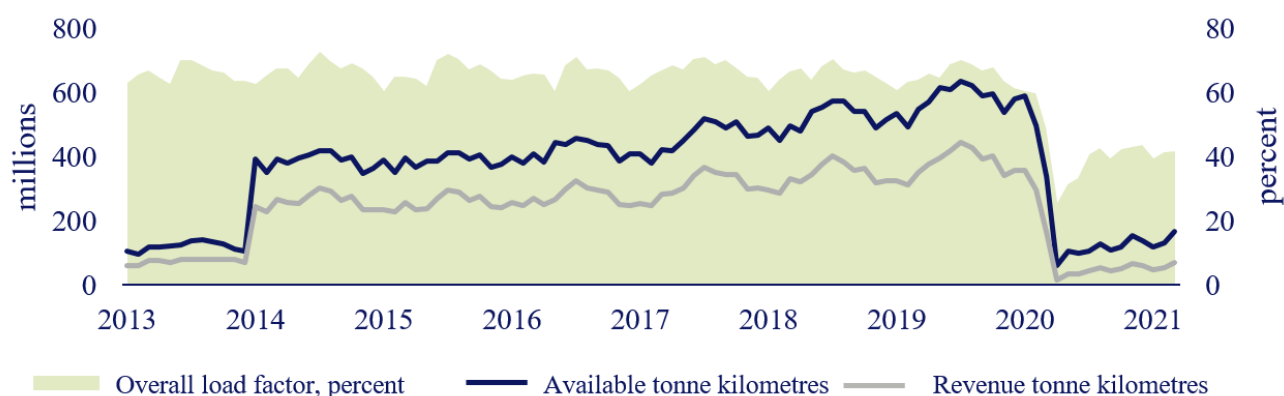
The following graph sets forth the monthly development of Finnair's passenger and cargo volumes between 1 January 2013 and 31 March 2021:



The following graph sets forth the monthly development of Finnair's passenger load factor, available seat kilometres and revenue passenger kilometres between 1 January 2013 and 31 March 2021:



The following graph sets forth the monthly development of Finnair's overall load factor, available tonne kilometres and revenue tonne kilometres between 1 January 2013 and 31 March 2021:



The following table sets forth the calculation formulas of certain other performance indicators included in this Listing Prospectus:

	Calculation
Available seat kilometres (ASK)	Total number of seats available, multiplied by the number of kilometres flown
Available tonne kilometres	Number of tonnes of capacity for carriage of passengers, cargo and mail, multiplied by kilometres flown
Passenger load factor (PLF)	Share of revenue passenger kilometres of available seat kilometres
Overall load factor	Share of revenue tonne kilometres of available tonne kilometres
Revenue passenger kilometres (RPK)	Number of revenue passengers carried, multiplied by kilometres flown
Revenue tonne kilometres (RTK) ...	Total revenue load consisting of passengers, cargo and mail, multiplied by kilometres flown

SUMMARY OF RECENT DISCLOSURES

The following summary sets forth information disclosed by the Issuer pursuant to the Market Abuse Regulation (EU) No 596/2014 (“MAR”) as well as certain other information disclosed by the Issuer pursuant to the rules of Nasdaq Helsinki, over the last 12 months preceding the date of this Listing Prospectus, which is to the Issuer’s knowledge still relevant as at the date of this Listing Prospectus. The summary does not discuss periodic financial reporting nor other disclosure obligations not pertaining to the MAR or the rules of Nasdaq Helsinki. Therefore, the summary is not exhaustive and does not discuss all stock exchange releases issued by the Issuer during the above-mentioned period of time.

The Effects of the COVID-19 Pandemic on Air Travel and Finnair’s Financial Condition

On 20 May 2020, Finnair announced that it will adjust its volume-driven costs in line with demand. This includes discussions related to further adjustment measures, in addition to the previously published temporary layoffs. In addition, Finnair announced that it targets up to an EUR 80 million reduction to its permanent cost base by 2022 compared to 2019. Finnair seeks savings in, for example, real estate costs, aircraft leasing costs, compensation structures, sales and distribution costs, IT costs as well as administration costs. Finnair will also continue streamlining its operations and digitalisation and automation of its customer processes and will renegotiate certain of its supplier and partner agreements. In case the competitive environment would turn out to be more challenging or the demand softer than currently estimated, Finnair would take further actions, if required.

On 20 May 2020, Finnair announced that the Finnish Government had approved that the State of Finland guarantees Finnair’s pension premium loan up to EUR 540 million. The arrangement is compliant with the EU state aid regulations and had been approved by the European Commission on 18 May 2020. Finnair announced that it plans to draw part of the pension premium loan during the second quarter of 2020.

On 29 April 2020, Finnair announced that it was planning an approximately EUR 500 million Rights Offering due to the effect of the COVID-19 pandemic. Finnair announced on 10 June 2020 a resolution by the Issuer’s Board of Directors on a fully underwritten Rights Offering of approximately EUR 500 million as well as the terms and conditions of the Rights Offering. Further, Finnair announced on 12 June 2020 that the FIN-FSA had approved the prospectus in relation to the Rights Offering. On 3 July 2020, Finnair announced the preliminary results of the successful Rights Offering, and on 7 July 2020, the final results of the Rights Offering. On 8 July 2020, Finnair announced that a total of 1,279,265,150 new shares subscribed in the Rights Offering had been registered in the Trade Register.

On 25 August 2020, Finnair announced that it had increased its 2022 savings target to approximately EUR 100 million of permanent cost base reductions by 2022 compared to 2019 levels, superseding the previous target announced on 20 May 2020. After a thorough review of the sources of these potential savings, and in recognition that certain elements of the COVID-19 impact, such as remote working and its effect on business travel, are likely to be long-term in nature, Finnair increased its savings target by EUR 20 million, increasing its initial expectations for a permanent reduction in its cost base of EUR 100 million.

Finnair continues to pursue savings in areas such as real estate, aircraft leasing, IT, sales and distribution and administration costs, as well as compensation structures. Finnair will further continue streamlining its operations and the digitalisation and automation of its customer processes. Finnair will also renegotiate its supplier and partner agreements. In addition, it was initially estimated that 1,000 jobs could be reduced due to the COVID-19 situation and that the indefinite, as well as temporary, layoffs will continue.

On 28 October 2020, Finnair announced that certain amendments to the terms of its pension fund, negotiated with different Finnair personnel groups, had been approved by such personnel groups, but were still pending the approvals of relevant authorities. On 8 December 2020, Finnair announced that the amendments to Finnair’s pension fund had been approved and were expected to have a positive one-off impact on Finnair’s operating result for the fourth quarter of 2020. Taking into account the negative impact of early retirement announcements of Finnair’s pilots on Finnair’s operating result, the total positive impact on Finnair’s operating result for the fourth quarter of 2020 was EUR 48 million.

On 6 November 2020, Finnair announced that it had concluded an agreement with Airbus that the deliveries of the remaining three committed Airbus A350–900 aircraft will be postponed, as anticipated in connection with the announcement of the results for the third quarter of 2020. The agreement is a part of Finnair’s comprehensive measures to ensure that Finnair can emerge from the COVID-19 pandemic as a strong airline. The aircraft were originally scheduled for delivery from the second quarter of 2021 to the second quarter of 2022, and, on average, the new delivery dates for the aircraft will be 24 months later than originally scheduled. As a result of the deferrals, Finnair’s cash flow from investing activities will be approximately EUR 200 million lower in 2021.

On 16 December 2020, Finnair announced that the State of Finland and Finnair were preparing a hybrid loan to support Finnair. On 17 March 2021, Finnair announced that Finnair and the State of Finland had entered into an agreement on the Hybrid Loan following the decision made by the Plenary Session of the Finnish Government on 18 February 2021. The Hybrid Loan has been approved by the European Commission on 12 March 2021, in accordance with the EU’s state aid

rules. According to the state aid decision made by the European Commission, approximately EUR 350 million of the Hybrid Loan can be used by Finnair if its cash or equity position would drop below the limits defined in the Hybrid Loan's terms and conditions. The remaining share of approximately EUR 50 million will be brought to approval by the European Commission at a later stage.

On 27 April 2021, Finnair announced that it has increased its 2022 savings target to approximately EUR 170 million of permanent cost base reductions by 2022 compared to 2019 levels, superseding the previous target of EUR 140 million announced on 28 October 2020. Finnair had made good progress in the cost savings programme and had also identified new savings opportunities, and as a result, Finnair increased its savings target by EUR 30 million, increasing its previous expectations for a permanent reduction in its cost base to EUR 170 million.

Other Information

On 18 August 2020, the Issuer announced an invitation to the holders of the Issuer's existing EUR 200 million 7.875 per cent capital securities issued on 13 October 2015, with ISIN FI4000176300 (the "**2015 Capital Securities**"), to tender their 2015 Capital Securities for purchase by the Issuer for cash. The Tender Offer was made on the terms and conditions set out in the tender offer memorandum dated 18 August 2020. The aggregate principal amount of the 2015 Capital Securities validly tendered by the holders for purchase pursuant to the tender offer was EUR 157,800,000. On 23 September 2020, the Issuer announced that it will redeem the outstanding EUR 42.2 million share of the 2015 Capital Securities on 26 October 2020, in accordance with the terms and conditions of the 2015 Capital Securities.

On 27 August 2020, Finnair announced the issuance of euro-denominated in aggregate EUR 200 million capital securities (the "**2020 Capital Securities**"). The 2020 Capital Securities bear interest at a fixed interest rate of 10.250 per cent per annum until the step-up date of 3 September 2023 ("**Step-up Date**") and, thereafter, the fixed interest rate will be 15.250 per cent per annum. The 2020 Capital Securities do not have a specified maturity date but Finnair is entitled to redeem the 2020 Capital Securities at par on any day during the three-month period prior to and including the Step-up Date, and subsequently, on each annual interest payment date thereafter. On 4 September 2020, Finnair announced that the FIN-FSA had approved the listing prospectus for the 2020 Capital Securities, that Finnair had submitted an application for the 2020 Capital Securities to be admitted to trading on the official list of Nasdaq Helsinki, and that Finnair expected trading with the 2020 Capital Securities to commence on or about 8 September 2020.

On October 9, 2020, Finnair announced that the Board of Directors had approved a new performance share plan covering the period from 1 July 2020 through 30 June 2023. The arrangement is directed to Finnair's Executive Board, including the Chief Executive Officer ("**CEO**"). Within the plan, the participants have the opportunity to earn Finnair shares and cash as a long-term incentive reward, if the performance targets set by the Board of Directors for the plan are achieved. The performance criteria are decided annually. In addition, there is a threshold performance criterion defined for the whole three-year performance period, which is net cash flow for operating activities. The performance criteria applied to the first 12-month period are comparable EBITDA, gearing, lost time injury frequency and fuel efficiency.

On 16 December 2020, Finnair announced the Board of Directors had decided to launch a new savings period under the Employee Share Savings Plan. The new 12-month savings period will commence on 1 July 2021. Eligible Finnair employees are offered the opportunity to invest part of their base salary in Finnair shares through the plan. Finnair awards each participant one matching share for each two purchased shares after a holding period of approximately two years. To increase the attractiveness of the plan, each employee participating in the plan for the first time in this savings period will additionally be awarded 110 bonus shares in October 2021, provided that employee participates at least in the first three months of the plan.

On 26 January 2021, Finnair announced that the Board of Directors had, as part of its existing long-term incentive scheme structure, approved a new individual performance share plan period covering the years 2021–2023. Within the plan, key personnel 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 performance criteria applied to the plan 2021–2023 are earnings per share, unit cost (CASK, using constant currencies and fuel price) and carbon dioxide emissions (fuel efficiency).

On 17 March 2021, Finnair announced the decisions of the Annual General Meeting. In addition to approving the Issuer's annual accounts, discharging the members of the Board of Directors and CEO of the Company from liability, approving the remuneration report for governing bodies and supporting the amended remuneration policy for governing bodies, the Annual General Meeting resolved: (i) that no dividend be paid based on the balance sheet adopted for the year 2020; (ii) that the following annual remuneration shall be paid to the members of the Board of Directors: Chairperson EUR 63,000; Vice Chairperson EUR 32,700; Chairpersons of the Audit Committee and the People and Remuneration Committee EUR 32,700, where these individuals are neither the Chairperson nor the Vice Chairperson of the Board of Directors; and other members EUR 30,300; (iii) that the Board of Directors be composed of eight (8) members. Tiina Alahuhta-Kasko, Colm Barrington, Montie Brewer, Jukka Erlund, Jouko Karvinen, Henrik Kjellberg and Maija Strandberg were re-elected to the Board of Directors, and Hannele Jakosuo-Jansson was elected as a new member to the Board of Directors. Mr. Jouko Karvinen was re-elected Chairperson of the Board; (iv) that KPMG Oy Ab, a firm of authorised public accountants, is

elected auditor of the Issuer for the term of office ending at the end of the next Annual General Meeting; (v) to authorise the Board of Directors to decide on the repurchase of the Issuer's own shares and/or on the acceptance as pledge of the Issuer's own shares; (vi) to authorise the Board of Directors to decide on the issuance of shares; and (vii) to authorise the Board of Directors to decide on donations up to an aggregate maximum of EUR 250,000 for charitable or corresponding purposes and that the Board of Directors be authorised to determine the recipients, purposes and other terms and conditions of the donations.

On 5 May 2021, the Issuer announced the Tender Offer subject to the conditions contained in the Tender Offer Memorandum. On 12 May 2021, the Issuer completed a purchase of a total nominal value of EUR 97,073,000 of the Existing Notes validly tendered in the Tender Offer and, on 17 May 2021, a total nominal value of EUR 4,000,000 of the Existing Notes validly tendered were added to the purchase due to a technical error in the tender submission made on behalf of the relevant noteholder. Therefore, the total amount of Existing Notes validly tendered is EUR 101,073,000. As at the date of this Listing Prospectus, the total outstanding nominal amount of the Existing Notes is EUR 98,927,000.

BOARD OF DIRECTORS, MANAGEMENT AND AUDITORS

General

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

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

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

Board of Directors

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

The following table sets forth the members of the Board of Directors as at the date of this Listing Prospectus:

	Position	Year born	Year first elected to the Board of Directors
Jouko Karvinen.....	Chairman	1957	2016
Colm Barrington.....	Vice Chairman	1946	2017
Tiina Alahuhta-Kasko.....	Member	1981	2019
Montie Brewer.....	Member	1957	2018
Jukka Erlund.....	Member	1974	2019
Hannele Jakosuo-Jansson.....	Member	1966	2021
Henrik Kjellberg.....	Member	1971	2018
Maija Strandberg.....	Member	1969	2020

Jouko Karvinen has been the Chairman of the Board of Directors of the Issuer since 2017 and a member of the Board of Directors of the Issuer since 2016. Mr. Karvinen is a member of the Foundation and Supervisory Boards of IMD Business School. Mr. Karvinen was the Vice Chairman of the Board of Directors of Valmet Corporation between 2016 and 2018, a member of the International Advisory Board of Komatsu Ltd between 2016 and 2019, the Vice Chairman of the Board of Directors of Nokia Corporation between 2013 and 2016, a member of the Board of Directors of Nokia Corporation between 2011 and 2016 and a member of the Board of Directors of SKF AB between 2010 and 2016. Mr. Karvinen was the CEO of Stora Enso Oyj between 2007 and 2014 and the Chief Executive Officer of Royal Philips N.V., Medical Systems Division, between 2002 and 2006. Mr. Karvinen has also previously held various executive positions at ABB Asea Brown Boveri Ltd. Mr. Karvinen holds a Master of Science degree in Technology.

Colm Barrington has been the Vice Chairman and a member of the Board of Directors of the Issuer since 2017. Mr. Barrington is the Chief Executive Officer of Fly Leasing Limited. Mr. Barrington is a Senior Independent Non-Executive Director of Hibernia REIT Plc. Mr. Barrington was the Chairman of the Board of Directors of Aer Lingus Group

plc between 2008 and 2015. Mr. Barrington was a Senior Independent Non-Executive Director of IFG Group Plc between 2014 and 2019 and an Independent Non-Executive Director between 2005 and 2019. Mr. Barrington holds a Master of Arts degree in Economics.

Tiina Alahuhta-Kasko has been a member of the Board of Directors of the Issuer since 2019. Ms. Alahuhta-Kasko is the President & Chief Executive Officer of Marimekko Corporation. Ms. Alahuhta-Kasko was the President of Marimekko Corporation between 2015 and 2016, Chief Operating Officer between 2014 and 2015, Chief Marketing Officer between 2012 and 2015 and the Head of PR/PR Manager between 2005 and 2012. Ms. Alahuhta-Kasko holds a Master of Science degree in Economics and a CEMS Master in International Management degree.

Montie Brewer has been a member of the Board of Directors of the Issuer since 2018. Mr. Brewer is a member of the Boards of Directors of ID90 Travel Inc. and Allegiant Travel Company. Mr. Brewer was a member of the Boards of Directors of Radixx International between 2015 and 2019, AirHelp Limited between 2015 and 2018, Swiss International Air Lines AG between 2012 and 2017, Aer Lingus Group Plc between 2010 and 2015, Air Canada between 2002 and 2010, and The International Air Transport Association (IATA) between 2006 and 2009, a member of the Executive Board of Star Alliance Services GmbH between 2005 and 2009 and a member of the Management Board of Star Alliance Services GmbH between 1998 and 2000. Mr. Brewer was the President & Chief Executive Officer of Air Canada between 2004 and 2009 and the Executive Vice President Commercial between 2002 and 2004. Mr. Brewer holds Bachelor of Arts degree in Business Administration.

Jukka Erlund has been a member of the Board of Directors of the Issuer since 2019. Mr. Erlund is the Executive Vice President and Chief Financial Officer of Kesko Corporation. Mr. Erlund is a member of the Board of Directors of Suomen Luotto-osuuskunta, the Chairman of the Tax and Economic Policy Committee of the Federation of Finnish Commerce, a member of the Economy and Tax Committee of the Confederation of Finnish Industries (EK) and a member of the Supervisory Board of Varma Mutual Pension Insurance Company. Mr. Erlund was the Vice President for Finance of Kesko Food Ltd between 2010 and 2011, the Vice President and Corporate Controller of Kesko Corporation between 2007 and 2010 and the Corporate Business Controller between 2004 and 2007. Mr. Erlund holds a Master of Science degree in Economics and an Executive Master of Business Administration degree.

Hannele Jakosuo-Jansson has been a member of the Board of Directors of the Issuer since 2021. Ms. Jakosuo-Jansson is the Senior Vice President, Human Resources HSSEQ and Procurement of Neste Corporation. Ms. Jakosuo-Jansson is the Vice Chairman of the Skilled Work Force Committee of the Confederation of Finnish Industries and the Chairman of the Skills and Competence Committee of the Chemical Industry Federation of Finland. Ms. Jakosuo-Jansson was a member of the Boards of Directors of Ahlstrom-Munksjö Oyj between 2017 and 2021, Neste Engineering Solutions Oy between 2015 and 2018, Munksjö between 2013 and 2017, Nynas AB between 2018 and 2019 and LUKE (Natural Resources Institute Finland) between 2018 and 2020. Ms. Jakosuo-Jansson was the Vice President, Human Resources at Neste Oil Corporation between 2004 and 2005 and a Laboratory and Research Manager at the Technology Center of Neste Oil Corporation between 1998 and 2004. Ms. Jakosuo-Jansson holds a Master of Science degree in Engineering.

Henrik Kjellberg has been a member of the Board of Directors of the Issuer since 2018. Mr. Kjellberg is the Chief Executive Officer of Awaze Limited. Mr. Kjellberg was a member of the Boards of Directors of eLong, Inc between 2006 and 2015 and VOYAGES-SNCF.COM between 2007 and 2013. Mr. Kjellberg has held various senior positions at the Expedia Group between 2001 and 2007, including President of the Hotwire Group between 2013 and 2017 and President of Expedia® Affiliate Network between 2008 and 2013. Mr. Kjellberg holds a Master of Science degree in Economics.

Maija Strandberg has been a member of the Board of Directors of the Issuer since 2020. Ms. Strandberg is a Senior Financial Counsellor at the Government Ownership Steering Department of the Finnish Prime Minister's Office. Ms. Strandberg is a member of the Board of Directors of Vapo Oy. Ms. Strandberg was a member of the Boards of Directors of Nordic Morning Group Plc between 2020 and 2021, Exel Composites Plc between 2019 and 2020, VR-Group Ltd between 2014 and 2020 and Dustin Group AB between 2013 and 2017. Ms. Strandberg was the Executive Vice President, CFO of Uponor Corporation between 2017 and 2019 and the Vice President, Finance of Valmet Corporation between 2013 and 2017. Ms. Strandberg holds a Master of Science degree in Economics.

Board Committees

General

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

Audit Committee

As at the date of this Listing Prospectus, the Audit Committee consists of Jukka Erlund (Chairman), Colm Barrington, Montie Brewer and Henrik Kjellberg. All of the members of the Audit Committee are independent of the Company and the Company's largest shareholders. The Audit Committee monitors and evaluates the Company's reporting process of financial statements and the efficiency of the internal control and risk management systems as well as the internal audit. The committee monitors the statutory audit and evaluates the independence of the auditor. In addition, the Audit Committee monitors the efficiency of the Company's compliance systems.

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

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

People and Remuneration Committee

As at the date of this Listing Prospectus, the People and Remuneration Committee consists of Hannele Jakosuo-Jansson (Chairman), Tiina Alahuhta-Kasko and Maija Strandberg. All of the members of the People and Remuneration Committee are independent of the Company and all of the members except Maija Strandberg are independent of its largest shareholders. The People and Remuneration Committee assists the Board of Directors in matters pertaining to the compensation and benefits of the CEO and other senior management, their performance evaluation, appointment and successor planning. The Committee assists the Board of Directors also in establishing and evaluating the Company's compensation structures and other personnel policies. By virtue of the Board of Directors' authorisation, the People and Remuneration Committee reviews and confirms the achievement of targets for short-term incentives and approves the payment of incentives to the CEO and other senior management.

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

CEO and the Executive Board

CEO

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

Executive Board

The Executive Board of the Company is led by the CEO. The Executive Board comprises the senior management responsible for Finnair's operations and commercial activities, customer experience, digital services, finance, people and culture, strategy, communications and corporate responsibility and legal affairs.

The following table sets forth the members of the Executive Board as at the date of this Listing Prospectus:

	Position	Year born	Year appointed to the Executive Board
Topi Manner	Chief Executive Officer	1974	2019
Nicklas Ilebrand	Senior Vice President, Strategy	1980	2019
Johanna Karppi	Senior Vice President, People & Culture	1968	2019
Ole Orvér	Chief Commercial Officer	1966	2019
Tomi Pienimäki	Chief Digital Officer	1973	2019
Sami Sarelius	Senior Vice President and General Counsel	1971	2010
Jaakko Schildt	Senior Vice President, Operations	1970	2016
Mika Stirkkinen	Chief Financial Officer	1968	2019
Päivyt Tallqvist	Senior Vice President, Communications	1970	2020

Topi Manner has been the CEO of the Issuer since 2019. Mr. Manner is the Vice Chairman of the Finland Chamber of Commerce and a member of the Board of Directors of Elisa Corporation. Mr. Manner was a member of Group Executive Management and Head of Personal Banking of Nordea Bank Abp between 2016 and 2018 and prior to that held various management positions at Nordea Bank Abp. Mr. Manner holds a Master of Science degree in Economics.

Nicklas Ilebrand has been the Senior Vice President, Strategy, of the Issuer since 2019. Mr. Ilebrand is the Chairman of the Board of Directors of Nordea Hypotek AB. Mr. Ilebrand was the Chairman of the Board of Directors of Nordea Kredit between 2016 and 2019. Mr. Ilebrand was the Head of Products and Business Development for Personal Banking of Nordea Bank Abp and held various other positions in strategy and business development at Nordea Bank Abp between 2011 and 2019. Mr. Ilebrand holds a Master of Science degree in Computer Science.

Johanna Karppi has been the Senior Vice President, People & Culture, of the Issuer since 2019. Ms. Karppi is a member of the Board of Directors of Finnpiilot Pilotage Ltd. Ms. Karppi was the Senior Vice President, Human Resources, of Suomen Terveystalo Oy between 2007 and 2019, Director, Corporate Human Resources of Rautaruukki Corporation between 2004 and 2007 and a Human Resources Manager at Orion Corporation between 2001 and 2004. Ms. Karppi holds a Master of Laws degree (trained on the bench).

Ole Orvér has been the Chief Commercial Officer of the Issuer since 2019. Mr. Orvér held various positions at Qatar Airways, LOT Polish Airlines, Air Berlin and SAS Group between 2002 and 2017. Mr. Orvér holds a degree in Market Economics.

Tomi Pienimäki has been the Chief Digital Officer of the Issuer since 2019. Mr. Pienimäki was the Chief Executive Officer of Vincit Plc between 2016 and 2018, the Chief Executive Officer of Jolla Ltd. between 2013 and 2015, the Chief Information Officer of Itella Oyj between 2005 and 2013 and the Chief Information Officer of Hackman Oyj between 2000 and 2005. Mr. Pienimäki holds a Doctor of Technology degree, a Master of Science degree in Engineering and a Master of Science degree in Economics.

Sami Sarelius has been General Counsel of the Issuer since 2007, Senior Vice President since 2012 and a member of the Executive Board since 2010. Mr. Sarelius has been employed by the Issuer since 1998. Mr. Sarelius holds a Master of Laws degree.

Jaakko Schildt has been the Senior Vice President, Operations of the Issuer since 2016. Mr. Schildt was an Accountable Manager at Thomas Cook Group Plc between 2015 and 2016 and the Head of the Group Maintenance Organisation between 2014 and 2015 and the Vice President, Technical Operations of the Issuer between 2012 and 2014. Mr. Schildt holds a Master of Business Administration degree and a Bachelor of Science degree in Engineering.

Mika Stirkkinen has been the Chief Financial Officer of the Issuer since 2019. Mr. Stirkkinen was the Vice President Revenue Management & Pricing of the Issuer between 2016 and 2019, the Vice President Group Treasurer between 2004 and 2016 and has held interim roles as the Chief Commercial Officer in 2019 and the Chief Financial Officer in 2015. Mr. Stirkkinen holds a Master of Science degree in Economics.

Päivyt Tallqvist has been the Senior Vice President, Communications, of the Issuer since 2020. Ms. Tallqvist was Director, Media Relations and Publications of the Issuer between 2011 and 2020. Ms. Tallqvist held various communications roles in Nokia Corporation between 2005 and 2011, most recently as Nokia's head of Press Services. Ms. Tallqvist holds a Master of Science degree in Economics.

Shareholders' Nomination Board

Finnair has a permanent Shareholders' Nomination Board. The Shareholders' Nomination Board shall consist of four members, three of which shall be appointed by the Company's three largest shareholders, who shall appoint one member each. The Chairman of the Company's Board of Directors serves as the fourth member. The members are nominated annually and their term of office ends when new members are nominated to replace them. The purpose and task of the Shareholders' Nomination Board is to prepare and present to the Annual General Meeting, and, if necessary, to an Extraordinary General Meeting, a proposal on the remuneration of the members of the Board of Directors, a proposal on the number of members of the Board of Directors and a proposal on the members of the Board of Directors. In addition, the task of the Shareholders' Nomination Board is to seek candidates as potential board members. At the date of this Listing Prospectus, the members of the Shareholders' Nomination Board are Minna Pajumaa, Timo Sallinen, Esko Torsti and Jouko Karvinen.

Conflicts of Interest

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

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

The members of the Board of Directors are independent of the Company. The members of the Board of Directors are independent of the Company's significant shareholders, apart from Maija Strandberg, as she is a civil servant of the government of Finland.

Auditors

On 17 March 2021, the Annual General Meeting re-elected Authorised Public Accountants KPMG Oy Ab as the auditor of the Company with Kirsi Jantunen, Authorised Public Accountant, as the auditor with principal responsibility, until the end of the next Annual General Meeting. The audited consolidated financial statements of the Issuer for the financial year ended 31 December 2020 incorporated by reference into this Listing Prospectus have been audited by Authorised Public Accountants KPMG Oy Ab, with Kirsi Jantunen, Authorised Public Accountant, as the auditor with principal responsibility. Kirsi Jantunen is registered in the Finnish Register of Auditors pursuant to Chapter 6, Section 9 of the Finnish Auditing Act maintained by the Finnish Patent and Registration Office. The audited consolidated financial statements of the Issuer for the financial year ended 31 December 2019 incorporated by reference into this Listing Prospectus have been audited by Authorised Public Accountants PricewaterhouseCoopers Oy, with Markku Katajisto, Authorised Public Accountant, as the auditor with principal responsibility. Markku Katajisto is registered in the Finnish Register of Auditors pursuant to Chapter 6, Section 9 of the Finnish Auditing Act maintained by the Finnish Patent and Registration Office.

SHARE CAPITAL AND OWNERSHIP STRUCTURE

As at the date of this Listing Prospectus, the Issuer's share capital is EUR 75,442,904.30 and the total number of shares issued is 1,407,401,265. As at the date of this Listing Prospectus, the Issuer holds 1,437,193 of its own shares for which no dividend is paid. The Issuer has one share class. Each share carries one vote at General Meetings of Shareholders.

The following table sets forth the ten largest shareholders of the Issuer that appear on the shareholder register maintained by Euroclear Finland as at 30 April 2021:

	As at 30 April 2021	
	Number of shares	Share-holding (per cent)
Prime Minister's Office	786,669,686	55.90
Varma Mutual Pension Insurance Company.....	50,081,263	3.56
Ilmarinen Mutual Pension Insurance Company	37,000,000	2.63
The State Pension Fund	14,978,215	1.06
Elo Mutual Pension Insurance Company	14,008,115	1.00
OP-Finland Fund	6,143,488	0.44
OP-Finland Small Firms Fund	4,067,609	0.29
Finnairin Henkilöstörahasto Hr.	3,935,960	0.28
OP Life Assurance Company Ltd.	1,748,716	0.12
Oy Jakir.....	1,620,000	0.12
Ten largest shareholders total	920,253,052	65.39
Nominee-registered shares.....	88,898,238	6.32
Other registered shareholders.....	398,249,975	28.30
Total.....	<u>1,407,401,265</u>	<u>100.00</u>

As at the date of this Listing Prospectus, the State of Finland (acting through the Prime Minister's Office) holds 55.9 per cent of the shares in the Issuer. Accordingly, the State of Finland has control over the Issuer as referred to in Chapter 2, Section 4 of the Finnish Securities Markets Act. The Issuer is not aware of any arrangements which may result in a change of control in the Issuer.

The State of Finland exercises its ownership according to the State Shareholdings and Ownership Steering Act (1368/2007, as amended, the "**Ownership Steering Act**"). According to the Ownership Steering Act, Finnair is a "state majority-owned company". This means, among other implications, that the consent of the Finnish Parliament would be required in order to relinquish the State of Finland's majority ownership in Finnair.

In the Government Resolution on State Ownership Policy, dated 8 April 2020 (the "**State Ownership Policy Resolution**"), certain state majority-owned companies, including Finnair, are considered to be companies in which the State of Finland has strategic interests relating to, for example, the security of supply, the maintenance and protection of the infrastructure and national defence. The State of Finland's defined strategic interest in Finnair is to further develop Finland's position as an international air traffic hub and thus the ownership of the State of Finland may not decrease below 50.1 per cent. In addition, in the European Commission's state aid decision on 9 June 2020 related to the Issuer's Rights Offering, the European Commission resolved that the State of Finland's relative shareholding in the Issuer shall not exceed 55.9 per cent during the period of the next three years.

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

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

TAXATION

The following summary is based on the tax laws of Finland as in effect on the date of this Listing Prospectus, and is subject to changes in Finnish law, including changes that could have a retroactive effect. The following summary does not take into account or discuss the tax laws of any country other than Finland and does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules. The tax legislation of a prospective investor's country of residence and of the Issuer's country of incorporation may have an impact on the income received from the Notes. Prospective investors of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes.

Finnish Resident Noteholders

Individual

If the recipient of interest paid on the Notes is an individual (natural person) residing in Finland or an undistributed estate of a deceased Finnish resident, such interest is, when paid by the Issuer or securities dealer (*i.e.*, a Finnish financial institution making the payment), subject to an advance withholding tax in accordance with the Finnish Withholding Tax Act (*Ennakkoperintälaki* 1118/1996, as amended) and final taxation as capital income in accordance with the Finnish Income Tax Act (*Tuloverolaki* 1535/1992, as amended). The current withholding tax and capital income tax rate is 30 per cent. Should the amount of capital income received by a resident natural person exceed EUR 30,000 in a calendar year, the capital income tax rate is 34 per cent on the amount that exceeds the EUR 30,000 threshold. However, advance tax withholdings will still be made at the rate of 30 per cent.

If Notes are disposed of during the loan period, any capital gain as well as accrued interest received (secondary market compensation) is taxed as capital income. The Issuer or a securities dealer (*i.e.*, a Finnish financial institution making the payment) must deduct an advance withholding tax from the secondary market compensation paid to an individual (natural person) residing in Finland or an undistributed estate of a deceased Finnish resident.

An individual (natural person) residing in Finland or an undistributed estate of a deceased Finnish resident may deduct eventual capital losses from its taxable capital gains in the year of disposal and in the five subsequent calendar years.

If Notes are acquired in the secondary market, any accrued interest paid (secondary market compensation) is deductible from the capital income or, to the extent exceeding capital income, from earned income subject to the limitations of the Finnish Income Tax Act.

Corporate Entity or Partnership

Interest paid to Finnish corporate entities (other than non-profit associations) and to Finnish partnerships is deemed to be taxable income of the recipient of interest. Any gain or loss realised following a disposal of the Notes will be taxable income or a tax deductible loss for the relevant Noteholder. The current tax rate for corporate entities is 20 per cent. Interest paid to such Noteholders is not subject to any withholding tax.

Non-Resident Noteholders (Individuals and Corporate Entities)

Interest paid to an individual or a corporate entity who is non-resident in Finland for tax purposes is exempt from Finnish withholding tax in accordance with the Finnish Income Tax Act (*Tuloverolaki* 1535/1992, as amended) when the interest is paid on, *e.g.*, a bond. However, if the non-resident Noteholder is engaged in trade or business through a permanent establishment or a fixed place of business in Finland, the Noteholder is liable to pay income tax on all income attributable to that permanent establishment.

Capital gain arising from the disposal of the Notes is not subject to taxation in Finland for the non-resident Noteholder.

DOCUMENTS INCORPORATED BY REFERENCE

The documents listed in paragraphs (i)–(iii) below have been incorporated by reference to this Listing Prospectus. The documents incorporated by reference are available at the Issuer’s website:

- (i) interim report as at and for the three months ended 31 March 2021:
investors.finnair.com/~media/Files/F/Finnair-IR/documents/en/reports-and-presentation/2021/q1-2021-report-en.pdf;
- (ii) audited consolidated financial statements and the auditor’s report as at and for the year ended 31 December 2020 and the report of the Board of Directors for the year 2020, as set out on pages 5 to 97 of Finnair’s Annual Report 2020:
investors.finnair.com/~media/Files/F/Finnair-IR/documents/en/reports-and-presentation/2021/annual-report-2020.pdf; and
- (iii) audited consolidated financial statements and the auditor’s report as at and for the year ended 31 December 2019 and the report of the Board of Directors for the year 2019, as set out on pages 6 to 98 of Finnair’s Annual Report 2019:
investors.finnair.com/~media/Files/F/Finnair-IR/documents/en/reports-and-presentation/2020/annual-report-2019.pdf.

DOCUMENTS ON DISPLAY AND AVAILABLE INFORMATION

In addition to the documents incorporated by reference, the Issuer’s Articles of Association are available on the Company’s website at *investors.finnair.com/en/governance/articles-of-association*.

The Issuer publishes annual reports, including audited consolidated financial statements, unaudited quarterly interim financial information and other information as required by the Finnish Securities Markets Act and the rules of Nasdaq Helsinki. All annual reports, interim reports and stock exchange releases are published in Finnish and English. Such information will be available on the Issuer’s website at *investors.finnair.com/en*.

ISSUER

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