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and Debtors-in-Possession

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	)	Chapter 11
AIR BALTIC CORPORATION AS, *et al.*,[1]	)	Case No. 26-12188 [(●)]
Debtors.	)	(Joint Administration Requested)

DECLARATION OF VITOLDS JAKOVĻEVS IN SUPPORT OF THE DEBTORS' CHAPTER 11 PETITIONS AND FIRST DAY PLEADINGS

I, Vitolds Jakovļevs, hereby declare under penalty of perjury:

1. I am the Chief Financial Officer of Air Baltic Corporation AS ("Air Baltic AS"), the ultimate parent of each of the debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the "Debtors" and together with their non-Debtor affiliates, "airBaltic" or the "Company"), and have served in this position since October 2011. I have also served as a member of Air Baltic AS's Executive Board since October 2011. I have more than twenty-five years of experience in aviation and finance. Prior to being appointed Chief Financial Officer of Air Baltic AS, I had a more than ten-year career in corporate finance, investment

[1] The Debtors in these Chapter 11 Cases are: Air Baltic Corporation AS, Air Baltic Training, SIA, and Baltijas Kravu Centrs SIA. The Debtors' service address is Tehnikas Street 3, Lidosta "Riga", Mārupe Parish, Mārupe District, LV-1053, Latvia.

banking and asset management sectors in Latvia. I hold a bachelor's degree in economics from Latvijas Universitate and an MBA from the University of Georgia, USA.

2. On the date hereof (the "Petition Date"), each of the Debtors commenced a voluntary case (collectively, the "Chapter 11 Cases") under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (as amended, the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of New York (the "Court"). The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

3. As Air Baltic AS's Chief Financial Officer, I am generally familiar with its day-to-day operations, businesses, and financial affairs, and the circumstances leading up to these Chapter 11 Cases. I submit this declaration (including any exhibits attached hereto, this "Declaration"),[2] pursuant to rule 1007-2 of the Local Bankruptcy Rules for the Southern District of New York (the "Local Rules"), to assist the Court and other parties in interest in understanding the events and circumstances that led to the commencement of these Chapter 11 Cases, and in support of the voluntary petitions for relief (the "Petitions") and the motions and other applications that the Debtors have filed with this Court, including the "first day pleadings" (the "First Day Pleadings"). I am authorized to submit this Declaration on behalf of the Debtors.

4. Except as otherwise indicated herein, the facts set forth in this Declaration are based upon my personal knowledge, my review of relevant documents, information provided to me by my employees and advisors working under my supervision, or my opinion based upon my

[2] Unless otherwise indicated, the financial information contained herein, and in the schedules attached hereto, is unaudited and provided on a consolidated basis for the Company.

experience, knowledge, and information concerning the Debtors' operations and the airline industry. If called to testify, I would testify competently to the facts set forth in this Declaration.

Preliminary Statement

5. The Company is the flagship airline of Latvia and the leading airline in the Baltic states. Established in 1995 as a Latvian joint stock company, the Company has grown over more than three decades from a small regional airline with two aircraft and four destinations to a fleet of fifty-four Airbus A220-300 aircraft and approximately 3,000 employees of more than thirty nationalities. The Company serves more than seventy destinations across forty countries, across Europe and beyond. Operating as a "hybrid carrier," the Company leverages the upsides of both traditional network and low-cost carrier structures by offering traditional airline services such as business class and full-course meals while minimizing business costs to offer low ticket prices through measures such as a single aircraft-family fleet, ticketless services, and direct online sales. In 2025, airBaltic became the first European airline to introduce free high-speed SpaceX Starlink internet onboard its flights.

6. The Company's businesses stand apart from their competitors due to their Riga, Latvia hub and streamlined fleet. The Company operates the only sizeable hub in the Baltics, with Riga as its main base and transfer hub, and holds an approximately 40% combined seat share across the Riga, Tallinn (Estonia), and Vilnius (Lithuania) airports. Since 2020, the airline has operated a modern single-type fleet consisting of Airbus A220-300 aircraft, the largest A220 operator in Europe, which lowers maintenance, training, and inventory costs and is well suited to the thin, seasonal markets that characterize the region. These strengths are supported by favorable regional trends, with Baltic GDP growing faster than the EU average.

7. The Company has received numerous international awards recognizing its safety, service quality, innovation, and sustainability. In 2026, the Company was named among the

world's twenty-five safest airlines by *Airline Ratings* for the second consecutive year. The same year, *APEX* awarded airBaltic the *Five Star Major Airline Award* for its high-quality travel experience and *Best Wi-Fi in Europe Award*. In 2025, *Airline Ratings* recognized airBaltic as a global leader in sustainability and one of the most preferred airlines in Europe and the UK. airBaltic has also been named *Best Airline* in its region by *Skytrax* for three consecutive years.

8. Despite these competitive advantages, a confluence of macro- and micro- economic factors has compounded over the past six years, ultimately contributing to the Company's strained liquidity position. Beginning in 2020, the COVID-19 pandemic devastated global air travel and forced the Company to operate at a fraction of pre-pandemic capacity, resulting in approximately €185 million ($214.6 million) in net losses in the first half of 2020 alone. To mitigate the damage inflicted by the pandemic, the government of Latvia provided the Company with €250 million ($290 million) in emergency equity support in 2020, and an additional €90 million ($104.4 million) across 2021 and 2022, increasing the State's ownership to approximately 97.97%.

9. Just as the Company was recovering from the pandemic, in early 2022 Russia invaded Ukraine, forcing the Company to permanently suspend all routes to Russia, Belarus, and Ukraine—markets that had historically been significant sources of revenue and transfer traffic through the Riga hub. Simultaneously, since 2023, a powdered metal issue resulted in an unprecedented shortage of Pratt & Whitney PW1500G spare engines, forcing airBaltic to ground a significant part of its fleet through 2025. PW1500G engines are the only engine model that will power the Airbus A220 aircraft comprising the Company's entire fleet. This engine shortage has therefore prevented airBaltic from deploying their fleet at full capacity and limited its profit generation ability during the historically profitable summer season.

10. Then, in early 2026, the outbreak of the Iran-U.S. conflict caused jet fuel prices to surge dramatically, which devastated the Company's already strained balance sheet. airBaltic entered 2026 assuming a jet fuel price of approximately $685 per ton. Immediately following the outbreak of the conflict, however, prices peaked at almost three times that amount at approximately $2,000 per ton. airBaltic, which was 90% unhedged for fuel, bore almost the full front of this spike in prices. For every $100 increase in jet fuel per ton, airBaltic costs increased by approximately $16.5 million. Moreover, the Company was forced to temporarily cease services to Tel Aviv and Dubai. To this day, services to Dubai have not resumed.

11. Unable to continue operating without an immediate liquidity infusion, the Company sold its remaining fuel hedges in March 2026 to generate approximately €5.7 million ($6.6 million) of emergency liquidity, in order to avoid defaulting on the Minimum Liquidity Requirement covenant under its 2029 Bonds. In April 2026, the government of Latvia, Air Baltic AS's principal shareholder, provided a short-term loan of €30 million ($34.8 million) to bridge the impact of increased fuel prices which matured on August 31, 2026.

12. Recognizing the immediate need to address its capital structure in the spring of 2026, the Company promptly engaged restructuring professionals. Together with its advisors, the Company developed a new proposed business plan designed to place the Company on solid financial footing (the "Business Plan") in light of a rapidly changing macroeconomic climate. The Business Plan aims to increase the Company's liquidity by restructuring its obligations and reducing its debt burden, through: (i) returning approximately twenty surplus aircraft, (ii) obtaining reduced lease rates, (iii) refocusing the network on the core hub, (iv) obtaining concessions from key contract counterparties, and (v) implementing a profit improvement program targeting approximately €45 million ($52.2 million) of annual cost savings.

13. Implementation of the Business Plan will require a reset of the Company's routes and existing fleet portfolio, requiring consent from a host of stakeholders, including its bondholders, lessors, and other contractual counterparties. Given the complexity of such an undertaking, however, it was not feasible to obtain the necessary consents until late 2026 at the earliest. In light of the Company's precarious liquidity situation, another liquidity infusion in addition to the state bridge loan was necessary to achieve such runway, so the Company urgently commenced discussions seeking sufficient interim financing to ensure adequate liquidity through the completion of the restructuring process.

14. Accordingly, the Company, together with its advisors, launched a solicitation process for interim financing and engaged in good-faith negotiations with potential lenders, including an ad hoc group (the "Ad Hoc Group") of holders of the Company's 2029 Bonds (as defined below) and a variety of institutions experienced in providing distressed financing. The Company received term sheets from four potential interim finance providers, including the Ad Hoc Group. Discussions with potential third-party providers stalled, however, as a substantial amount of Company's assets were already secured in favor of the existing 2029 Bonds (as defined below) and such third-party providers were only willing to provide financing on a super-senior basis, which required consent from the bondholders. The path to achieving sufficient bondholder consent without the support of the Ad Hoc Group was extremely challenging. Accordingly, the Company identified the Ad Hoc Group as the most viable source of interim funding moving forward.

15. After weeks of protracted negotiations, however, it became apparent that the Ad Hoc Group proposal would not provide sufficient liquidity runway to achieve the Company's operational objectives. Accordingly, airBaltic and its advisors began exploring alternatives, including considering a chapter 11 process and outreach to potential lenders for DIP financing.

After conducting a competitive marketing process with multiple active bidders, including the Ad Hoc Group's interim financing proposal, airBaltic ultimately selected the DIP facility (the "DIP Facility") provided by Barclays, Hayfin Capital Management, Morgan Stanley, Oaktree Capital, and Strategic Value Partners, LLC ("SVP"), (collectively, the "DIP Lenders").

16. The proposed DIP Facility will provide €350 million ($406 million) of committed new money postpetition financing, including €175 million ($203 million) upon entry of the Interim Order. Such financing will ensure the Debtors' ongoing ability to pay their employees, who are critical to the business as well as certain other key vendors and contract counterparties necessary for operations and, thereby, maintain their ability to continue flights and expeditiously exit the protection of the Court when circumstances permit.

17. As more fully described in the DIP Motion, the proceeds of the DIP Facility will also be used to exercise the purchase option under the Finance Leases and to repay the existing debt for the Financed Equipment, allowing the Debtors to transfer title to the Finance Lease collateral to the estates and providing value for key stakeholders. I believe that using the DIP proceeds to fund the purchase option is critical to the efficient and value-maximizing administration of the Debtors' estates and a sound exercise of the Debtors' business judgment.

18. Through the proposed debtor-in-possession loan facility (the "DIP Facility"), the Company is optimistic that these Chapter 11 Cases will provide an organized and efficient forum in which to reach agreements with key stakeholders, restructure the Company's debt obligations, reconfigure the fleet through the implementation of the Business Plan, and emerge in the market as a strong competitor for the long term.

19. This Declaration is organized into five sections. **Section I** describes the corporate history and nature of the Debtors' businesses. **Section II** describes the Debtors' current capital

structure. **Section III** describes the circumstances that compelled the commencement of these Chapter 11 Cases, the Debtors' need for chapter 11 relief, and the Debtors' go-forward restructuring plan. **Section IV** contains a summary of the First Day Pleadings. **Section V** provides an overview of the information provided by the Debtors in compliance with Local Rule 1007-2. **Exhibit A** attaches a structure chart for the Debtors.

I. <u>The Debtors' Corporate History and Business Operations</u>

A. Corporate History

20. Air Baltic AS was established on February 8, 1995, when the Government of Latvia, recently having restored independence after the collapse of the Soviet Union in 1991, created a national airline through a private joint venture agreement with Scandinavian Airlines ("<u>SAS</u>"). The Government of Latvia initially owned 51.03% of Air Baltic AS, and SAS held the balance. In the three decades since their founding, the Debtors have expanded from a small regional airline with four destinations served by two aircraft, to a fleet of fifty-four aircraft serving seventy destinations in forty countries across Europe, the Middle East, North Africa, and the Caucasus.

21. In the early 2000s, the Debtors experienced growth following Latvia's entry into the European Union. As with the entire aviation industry, however, the global financial crisis of 2008 severely impacted the Debtors, and in January 2009, SAS sold its entire 47.20% stake in Air Baltic to another private entity. The Debtors continued to face financial difficulties until 2011 when the government of Latvia provided €120 million ($139.2 million) of support to the Debtors, increasing state ownership of the Debtors to 99.9%. The Debtors then implemented a "Re-shape Programme" that reduced staff and capacity, cancelled loss-making routes, and reduced the number of the aircraft types operated. As a result of the Re-shape Programme, the Debtors successfully returned to profitability in 2013, earlier than expected.

22. The Debtors' subsequent strategic plans have focused on growth, modernization, and expansion in the Baltics. The Debtors developed a "Horizon 2021" strategy in 2015 with the aim of expanding its fleet and increasing its presence in the surrounding Baltic states. In November 2016, the Debtors became the world's launch customer for the Bombardier CS300, now known as the Airbus A220-300. Recognizing the Debtors' potential for growth, a private investor acquired approximately 20% of Air Baltic AS in 2016, reducing Latvia's stake to approximately 80.5%.

23. The Debtors continued to expand their operations and earn recognition in the industry, including, among other things, being named as the most punctual airline in Europe and the second most punctual airline in the world in 2018 and 2019. Like many other airlines, however, the Debtors' growth was stalled by the COVID-19 pandemic. As a result, Latvia provided several cash injections to sustain the Debtors' operations, increasing state ownership to 97.97% by 2022. In 2025, Deutsche Lufthansa AG ("Lufthansa") completed a strategic 10% share investment in the Debtors alongside a co-investment by the Government of Latvia, resulting in an aggregate equity injection of €28 million ($32.5 million).

24. Today, the Debtors are the leading air carrier in the Baltic region of Europe, transporting more than 5.2 million passengers in 2025. The Debtors position themselves as a "hybrid low-cost carrier airline" with relatively low costs and full-service offerings. In addition to the Debtors' primary service—passenger transportation—the Debtors also provide cargo aviation and charter transportation, and aircraft, crew, maintenance, and insurance ("ACMI") services. The Debtors have received numerous accolades for their commitment to safety and passenger experience, including recognition as one of the world's top twenty-five safest airlines in both 2025 and 2026, as well as the *APEX Five Star Major Airline* award and *Best Wi-Fi in Europe* award in 2026.

B. The Debtors' Employees

25. As of the Petition Date, the Company has approximately 3,000 employees, most of whom (approximately 93%) are located in Latvia. As of the Petition Date, 198 employees are located in Estonia and Lithuania, representing approximately 7% of the total number of employees.

26. Approximately 10% of the Debtors' employees belong to four trade unions: the Latvian Civil Aviation Pilots Union, Latvian Aviation Trade Union Federation, Latvian Aviation Workers' Union, and the Latvian Aviation Union. The Debtors are party to two collective bargaining agreements with the unions. Under the collective bargaining agreements, the Debtors are obligated to provide certain employee benefits, compensation, and working conditions. Since the commencement of the Debtors' operations, there has not been a work stoppage initiated by their employees.

27. The Debtors provide extensive professional development opportunities for their employees, including through their Pilot Academy, Technical Academy, and Leadership Academy programs. The airBaltic Pilot Academy is the only European flight training program with a work-study model that allows students to earn a salary during their training. Since its inaugural class in 2018, 164 Pilot Academy graduates have gone on to serve as airBaltic pilots and half of airBaltic first officers graduated from the Pilot Academy. Similarly, the Debtors' Technical Academy provides on-the-job training for enrolled employees as they work toward certification as aviation mechanics. In 2025, the first cohort of fifty-seven managers graduated from the airBaltic Leadership Academy, strengthening internal leadership capacity and efficacy.

C. Debtors' Route Network

28. The Debtors offer flights to seventy destinations in forty countries throughout Europe, North Africa, the Middle East, and the Caucuses. The Debtors operate out of their principal hub in Riga, Latvia while also offering point-to-point routes from their other bases in

(i) Tallinn, Estonia, (ii) Vilnius, Lithuania, and (iii) Gran Canaria, Spain. The destination and frequency of routes vary based on seasonal demand.

29. The Debtors' 2025 network included 140 routes: seventy-seven routes from Riga, twenty-eight routes from Tallinn, twenty-one routes from Vilnius, ten routes from Gran Canaria, and four routes from other points, including Palanga-Amsterdam and Tampere-Malaga routes. In 2025, the Debtors launched new routes including Riga to Faro, Vilnius to Prague, and new Tallinn services to Barcelona, Reykjavik (Keflavik), Tirana, and Palma de Mallorca.

30. The Debtors are the only airline in the Baltics with substantial transfer traffic through their Riga hub. The Debtors' regional transfer-hub model enables higher frequencies on trunk routes and a broad destination portfolio from Riga. The Debtors' network planning prioritizes passenger demand, competitive landscape, operational costs, and economic indicators. The Debtors evaluate route adjustments, new route introductions, and service discontinuations through data-driven analysis intended to ensure strategic and commercial viability.

31. The Debtors also benefit from their extensive network of airline partnerships that expand customer connectivity throughout Europe and beyond. Among the Debtors' twenty-six codeshare and thirty-two interline relationships, some of their key partners include Air France/KLM, Delta Airlines, British Airways, SAS, Lufthansa Group, Qatar Airways, Air Canada, United Airlines, and Etihad Airways.

D. Passenger Operations

32. Revenue from passenger operations represented approximately 76.9% of the Debtors' total operating revenue in 2025. Passenger revenue primarily comprises ticket sales, including revenue from redemption of miles under the Debtors' airBaltic Club loyalty program. Ancillary revenue contributing to passenger revenue includes additional charges that are billed to passengers, such as revenues from on-board sales, ticket change fees, excess baggage charges, and various other services. Through their extensive route network, the Debtors served approximately 5.21 million passengers in 2025, an increase of 1% over 2024. In 2025, passenger operations generated approximately €593 million ($687.9 million) in total revenue, consisting of €549 million ($636.8 million) of ticket revenue and €44 million ($51 million) of ancillary revenue.

33. airBaltic Club, the Debtors' loyalty program with more than 1.74 million members, provides revenue for the Debtors through the redemption and expiration of frequent flyer miles. Members may redeem airBaltic Club points to purchase airBaltic airline tickets, upgrade to business class, or obtain checked baggage e-vouchers, gift cards, and airBaltic souvenirs. airBaltic Club members are responsible for approximately 32% of total passenger revenue.

34. Members of the airBaltic Club can accumulate points by: (i) purchasing airBaltic tickets; (ii) signing up for and using an airBaltic-branded credit card; (iii) adding extra services to a flight, including seat reservations, checked baggage, business class upgrades, fast track passes at airport security, and priority check-in and baggage drop services; (iv) purchasing tickets from

partner airlines; and (v) making certain purchases from airBaltic's other partners, including hotel bookings, car rentals, and travel insurance. Members may redeem airBaltic Club points to purchase airBaltic airline tickets, upgrade to business class, or obtain checked baggage e-vouchers, gift cards, and airBaltic souvenirs.

E. ACMI Operations

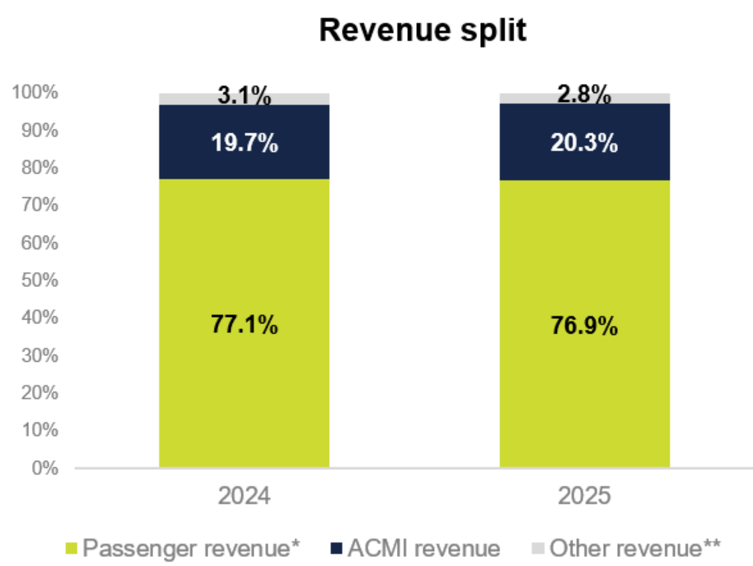
35. In addition to passenger revenue, the Debtors generate substantial revenue from ACMI-out leasing services, under which the Debtors lease their aircraft together with crew, maintenance support, and insurance to other airlines. ACMI-out revenue has grown from approximately €77 million ($89.3 million) in 2022 (representing 15% of total operating revenue) to approximately €157 million ($182.1 million) in 2025 (representing 20.3% of total operating revenue), reflecting strong demand for the Debtors' modern A220-300 fleet from European airline partners. Throughout 2025, the Debtors deployed on average 14.1 aircraft under ACMI arrangements, operating their modern Airbus A220-300 aircraft for airline partners within major European airline groups.

F. Cargo and Charter Operations

36. The remaining approximately 3% of the Debtors' revenue is generated through charter services, cargo and mail transportation, and other commercial activities. The Debtors generate revenue through cargo and mail transportation services, with the majority of cargo revenue created through underbelly cargo and mail transportation on scheduled flights and cargo handling services at Riga International Airport. Baltijas Kravu Centrs SIA ("BKC"), the Debtors' cargo-handling entity, has operated at Riga International Airport since 2001 and is the largest cargo handling company at the airport in terms of cargo turnover and handled flights. At the beginning of 2025, operations at the new cargo handling terminal at Riga International Airport commenced

and the BKC handled approximately 10,379 tons of cargo and mail that same year. In 2025, the Debtors generated approximately €6.2 million ($7.2 million) in cargo revenue.

37. Additionally, the Debtors are party to several contracts to charter certain of their aircraft. The Debtors provide charter services primarily to tour operators, as well as aviation brokers, the military, corporate clients, and athletic teams. As of the Petition Date, the Debtors have sold approximately €11.9 million ($13.8 million) worth of reservations pursuant to their charter program for flights that will be operated postpetition.



* Passenger revenue includes ticket, ancillary and other traffic revenue
** Other revenue includes charter, cargo and other revenue

G. Fleet Plan

38. The Debtors operate a single-type fleet of Airbus A220-300 aircraft that provides significant operational flexibility. Since 2012, the Debtors have entered into a series of purchase arrangements with Bombardier Inc. and Airbus Canada for Airbus A220-300 aircraft, and have historically used competitive, oversubscribed sale-and-leaseback tender processes to finance many of their aircraft acquisitions. As of the Petition Date, the Debtors operate fifty-four aircraft. None

of the Debtors' aircraft are owned outright; the entire operating fleet is leased from third-party lessors with the exception of eight aircraft which are financed under finance leases.

39. By operating only Airbus A220-300 aircraft, the Debtors are able to maximize scheduling, maintenance, and operating efficiencies. This single-type fleet also improves network flexibility and supports reliability, maintenance, training, crew-management, and network-planning efficiencies. The Debtors have focused their planned future fleet on prioritizing these efficiencies and the Debtors' future orders are for only Airbus A220-300 aircraft.

40. The Debtors' aircraft and engine fleet has mainly been acquired through agreements with Airbus Canada Limited Partnership ("Airbus") and RTX Corporation, Pratt & Whitney Division ("Pratt & Whitney"), the sole manufacturers of the aircraft and engines, respectively, that power the Debtors' fleet. The Debtors' agreements with Airbus govern the purchase of A220-300 aircraft, with forty firm orders currently outstanding. The contracted future purchase commitment for these aircraft orders totals approximately €3 billion ($3.5 billion) based on the list price of the aircraft. At this time, the Debtors have agreed with Airbus to defer additional deliveries beyond 2026 to align fleet growth with available funding. Further, under the PW1500G Engine Purchase, and Support, and Fleet Management Program Agreement with Pratt & Whitney, the Debtors have a contracted future commitment of approximately €92 million ($106.7 million) for the purchase of additional engines.

II. Corporate and Capital Structure

A. Corporate Structure

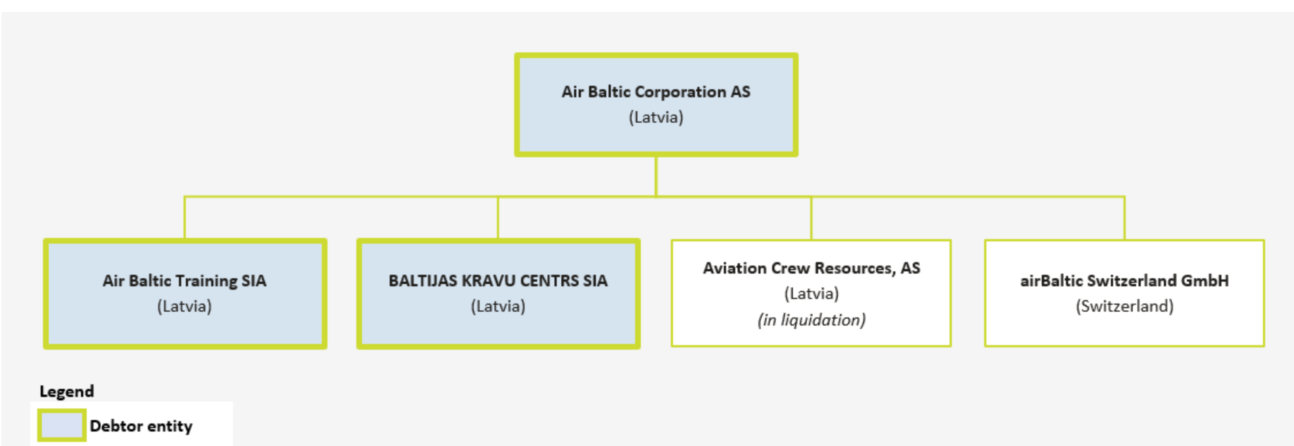
41. Air Baltic AS is a Latvian joint stock company and is the direct parent of the other Debtors and the non-Debtor affiliates. Three of Air Baltic AS's four subsidiaries are also incorporated in Latvia: (i) Debtor Air Baltic Training SIA ("Air Baltic Training"); (ii) Debtor Baltijas Kravu Centrs SIA ("BKC"); and (iii) non-Debtor AS Aviation Crew Resources ("Aviation

Crew Resources”). The fourth subsidiary, airBaltic Switzerland GmbH LLC (“airBaltic Switzerland”), is incorporated in Switzerland.

42. Air Baltic’s shares are administered through Nasdaq CSD. Air Baltic AS’s two largest shareholders are the Latvijas Republikas Satiksmes Ministrija (the “Latvian Ministry of Transport”) and Lufthansa, holding approximately 88% and 10% of Air Baltic AS’s shares, respectively. Air Baltic AS has issued two mandatorily convertible shares administered through Nasdaq CSD, with each of the Latvian Ministry of Transport and Lufthansa holding one unit.

43. Air Baltic AS’s wholly owned subsidiaries support the administrative and operational needs of the Debtors’ business. Air Baltic Training operates a training school with a pilot academy, maintenance, flight, and cabin crew training. BKC handles aviation and ground cargo at Riga International Airport. AS Aviation Crew Resources, which began liquidation prior to filing these Chapter 11 Cases, outsourced aviation crew. Finally, airBaltic Switzerland was formed in 2026 to accommodate the Debtors’ Swiss and other ACMI operations, and upon receipt of certain operating licenses, expects to employ managers, administrators, and approximately sixty to eighty pilots.

44. An organizational chart of the Company is annexed hereto as **Exhibit A**, and a simplified version of such chart is set forth below.



45. As of the Petition Date, (i) Air Baltic AS's Supervisory Board consists of Andrejs Martinovs (Chairman), Jurģis Sedlenieks, Ruta Amtmane, Dr. Alexander Feuersänger, and Lars Thuesen, and (ii) Air Baltic AS's Executive Board consists of Erno Hildén and Vitolds Jakovļevs. In accordance with Air Baltic AS's shareholders' agreement, the Supervisory Board members are appointed by the Debtors' shareholders. At this time, three Supervisory Board members are selected by the Latvian Ministry of Transport as the majority shareholder. The Latvian Ministry of Transport shall only appoint one Supervisory Board member in the event its holdings fall below 25% of outstanding shares. The remaining two Supervisory Board members are appointed by Lufthansa and a minority shareholder holding less than two percent of outstanding shares, who may each appoint one member. The Supervisory Board is responsible for appointing the members of the Executive Board.

B. Capital Structure

46. As of the Petition Date, the Debtors had (i) outstanding funded debt obligations in the aggregate principal amount of approximately €503.3 million ($583.9 million), and (ii) outstanding operating lease obligations in the aggregate principal amount of approximately €855.6 million ($992.5 million) (not including the Finance Leases (as defined below). The following chart summarizes certain of the Debtors' key funded debt:

Prepetition Funded Debt	Approx. Outstanding Amount (EUR)	Approx. Outstanding Amount (USD)
2029 Senior Secured Bonds	€398.2 million	$462 million
BluOr Bank Secured Facility	€7.9 million	$9.2 million
Finance Leases	€78.6 million	$91.2 million
Total Secured Debt	***€484.7 million***	***$562.3 million***
Government Loan	€18.6 million	$21.6 million
Total Funded Debt	***€503.3 million***	***$583.9 million***

i. Secured Debt

(a) 2029 Senior Secured Bonds

47. On May 14, 2024, the Debtors issued €340 million ($394.4 million) in aggregate principal amount of 14.500% senior secured bonds maturing August 14, 2029 (the "2029 Bonds"). In October 2024, the Debtors issued an additional €40 million ($46.4 million) in aggregate principal amount of additional 2029 Bonds under a tap issuance, bringing the total outstanding to €380 million ($440.8 million) in aggregate principal amount. The 2029 Bonds are secured by a first ranking Latvian law governed commercial pledge over a substantial number of the Debtors' assets, subject to certain exceptions.

48. On August 17, 2026, the bondholders (the "Bondholders") approved resolutions converting the August 14, 2026 and November 14, 2026 cash coupon payments to payment-in-kind and waiving certain minimum liquidity covenants. As of the Petition Date, approximately €393.8 million ($456.8 million) in aggregate principal amount of the 2029 Bonds is outstanding, plus approximately €4.4 million ($5.1 million) in accrued and unpaid interest.

(b) BluOr Bank Secured Facility

49. In August 2025, BluOr Bank issued a €10 million ($11.6 million), five-year secured facility to refinance the construction of the Debtors' cargo hangar facility at Riga International Airport. The loan bears interest at a variable rate of six-month EURIBOR plus a fixed margin of 5.5%, is repayable over five years through monthly installments, and matures in July 2030. The loan is secured by the land use rights for the hangar's construction and the hangar itself. As of the Petition Date, approximately €7.9 million ($9.2 million) is currently outstanding under this facility.

(c) Finance Leases

50. As of the Petition Date, the Debtors' fleet includes eight aircraft and seven spare engines, and a flight simulator under finance lease agreements (collectively, the "Finance Leases"),

pursuant to which the Debtors are required to make monthly, quarterly, or semi-annual lease payments and meet certain other obligations, which may include the maintenance, servicing, insurance expenses, and comply with the specified return conditions of the aircraft leased under operating leases. Under the Finance Leases, the Debtors have the right to acquire title to the aircraft at the end of the lease term upon payment of a nominal purchase price.

51. Seven of the Debtors' finance-leased aircraft consist of Airbus A220-300 aircraft owned by Lidmasinas Leasing Limited, leased to Axiom Baltic Services Ltd. and subleased to the Debtors (collectively, the "Axiom Aircraft"). The remaining finance-leased aircraft (the "JALL Aircraft") and the seven spare engines (the "JALL Engines" and together with the Axiom Aircraft and the JALL Aircraft, the "Financed Equipment") are owned by Jet Aircraft Leasing Limited and leased directly to the Debtors. All of the Financed Equipment is subject to first priority mortgages in favor of Export Development Canada. The contractual terms of these borrowings vary, but the term length of the loans ranges from seven to twelve years. In addition to the finance-leased aircraft and engines, the Debtors maintain one Airbus 220 full-flight simulator for use in their pilot training program. As of the Petition Date, the principal amount outstanding under the Finance Leases is approximately €78.3 million ($90.8 million).

ii. Unsecured Debt

(a) Government Loan

52. In April 2026, the Latvian Parliament approved a short-term €30 million ($34.8 million) subordinated emergency loan to the Company, with a maturity of August 31, 2026. The loan was granted without collateral at market-based interest rates. As of July 2026, the Debtors had repaid approximately €12.9 million ($15 million) of the government loan, including partial repayment of principal as well as interest payments, leaving approximately €18.6 million ($21.6 million) outstanding as of the Petition Date, including accrued interest.

(b) Operating Leases

53. As of the Petition Date, the Debtors operate forty-six aircraft and seven engines under operating lease agreements, pursuant to which the Debtors are required to make monthly lease payments and certain other obligations, which may include the maintenance, servicing, and insurance expenses. Under the aircraft operating leases, which have initial terms of approximately twelve years, ownership remains with the lessor and the Debtors return the aircraft at the end of the lease term without taking legal ownership. The Debtors estimate that, as of the Petition Date, approximately €855.6 million ($992.5 million) of total recognized long-term liabilities under the operating leases remain outstanding.

III. <u>Events Leading to Commencement of Chapter 11 Cases</u>

54. While the Company has undeniable competitive strengths compared to its peers in the airline industry, it has faced significant challenges over the last several years due to macroeconomic events and its own legacy liabilities. As a result, it is facing a substantial near-term liquidity need that ongoing operations alone are insufficient to satisfy. The Company views its operating outlook under the Business Plan as viable, but it is unable to make the appropriate operational adjustments without the relief afforded by chapter 11. The Debtors have commenced these Chapter 11 Cases to obtain access to debtor-in-possession financing, return surplus aircraft and reprofile their remaining lease obligations, and address these outstanding obligations in an orderly fashion, while ensuring continued service to customers and preserving the Debtors' core route network and employee base. These measures will support value for all of the Debtors' stakeholders without interruption.

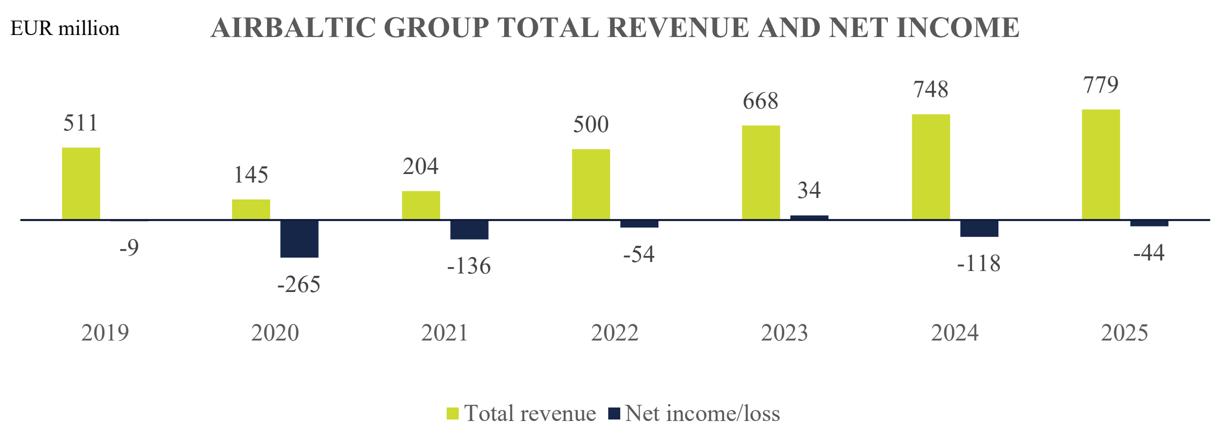
55. Significant legacy factors that have led to the current financial environment are detailed immediately below.

A. Pre-Pandemic Capital Raise

56. Prior to the COVID-19 pandemic and other geopolitical disruptions, which effects on the Debtors are described below, the Debtors pursued a long-term growth strategy. In 2019, the Debtors issued an inaugural €200 million ($232 million) bond raise with maturity in 2024. The bonds were issued to support the Company's growth plan based on a single-type fleet of A220-300s. In 2024, the Company issued the 2029 Bonds to, in part, refinance the 2024 bonds which combined with the other factors described below led to the Company's high levels of leverage today.

B. COVID-19 Pandemic and Geopolitical Disruption

57. The global COVID-19 pandemic, beginning in 2020, had severe effects on the Debtors' business. In just the first half of 2020, revenue fell 62% year-over-year to €82.5 million ($95.7 million), the Debtors reported a net loss of €184.8 million ($214.4 million), and passengers fell 64% to 0.8 million. From 2020 to 2022, the Company incurred approximately €455 million ($527.8 million) in losses largely due to the impacts of the pandemic. Although the Debtors' traffic and pricing have since recovered (passengers carried on the Debtors' own network grew to 1.04 million in the first quarter of 2026 from 0.93 million in the first quarter of 2024 and yield in the first quarter of 2026 surpassed its first quarter 2024 level for the first time), the Company needed substantial state aid and new funded debt to survive the pandemic.



58. While the Debtors were able to obtain partial financing during this period from the government of Latvia, their operations were again disrupted in 2022 when Russia invaded Ukraine. The Debtors suspended all routes to Russia, Belarus, and Ukraine. These routes had historically been significant sources of revenue and transfer traffic through the Riga hub. The Debtors saw an estimated €40 million ($46.4 million) reduction in 2022 passenger revenue from suspending Russia and Ukraine flights which had been among the Company's most profitable routes. Routes that formerly overflew Russian, Belarusian, or Ukrainian airspace also required longer routings, increasing fuel and other operating costs. The closure of the Eastern markets has also negatively impacted the economic growth in the Baltic states, and indirectly, the demand for air travel.

59. While the pandemic and the loss of the Russian, Belarusian, and Ukrainian markets left the Debtors carrying elevated legacy obligations, it was the sharp and unanticipated increase in jet fuel prices in 2026, following the beginning of the Iran-U.S. conflict, that precipitated the liquidity crisis giving rise to these Chapter 11 Cases. Fuel is among the Debtors' largest operating costs, historically representing approximately 20-27% of total operating expenses, and jet fuel prices rose approximately 109% at their peak from their January 2026 levels. For every $100 increase in jet fuel per ton, based on the expected jet fuel consumption levels of 165 thousand tons for April-December of 2026, the Debtors' costs increased by approximately $16.5 million. The

actual average jet fuel price during the first eight months of 2026 was $1,168 per ton, a $454 increase over the same period in 2025. In March 2026, the Debtors sold all of their remaining fuel hedges to generate approximately €5.7 million ($6.6 million) of emergency liquidity, leaving the Debtors fully unhedged and exposed to spot market prices for the 100% of fuel needed for April through December of 2026. Due to competitive market conditions and the fact that many of the Debtors' competitors had hedged a significant part of their fuel exposure, the Debtors were unable to pass these increased costs through to customers in any meaningful respect, and the surge in prices continued to erode operating margins at a time when the Debtors were already facing significant liquidity constraints.

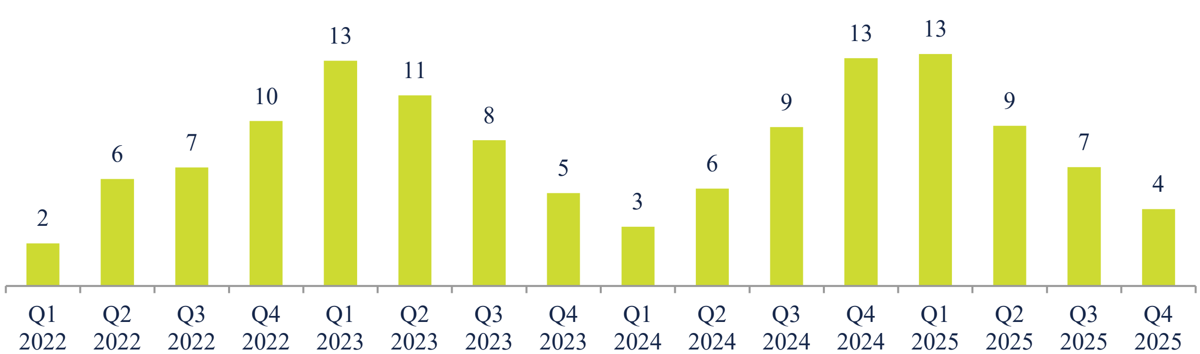
60. The market reaction was severe. The Debtors' 2029 Bonds were quoted in the mid-93s in late January 2026, but by August 2026 were quoted in the 20s, effectively foreclosing any realistic prospect of refinancing or extending the Debtors' funded debt out of court. The spike in jet fuel prices was closely correlated with the steep decline of the 2029 Bonds trading prices over the course of 2026, as reflected in the chart below.

C. Engine Shortages and Burdensome Contractual Obligations

61. *Engine Shortages*. Beginning in 2022, the Debtors experienced unprecedented disruptions in availability of their fleet due to a shortage of spare capacity of the Pratt & Whitney PW1500G engines. In July 2023, Pratt & Whitney announced that these engines suffer from a rare condition in the powdered metal used to manufacture certain engine parts. Because the PW1500G is the only engine certified for the A220-300, the Debtors have no ability to substitute an alternative engine, and these shortages have prevented the Debtors from flying their fleet at full capacity. During the 2024 and 2025 summer seasons, the Debtors had an average of 8.0 and 7.7 aircraft on the ground, respectively, due to the shortage of spare engines.

62. The ongoing engine shortages have limited aircraft deployment—as demonstrated by the "aircraft on ground" ("AOG") chart below—and have thus led to the cancellation of a significant number of flights and required sourcing in costly ACMI services from other operators. These cancellations, additional wet leases, and related network adjustments, including suspensions of selected services and reductions in flight frequencies, have limited new route development at the Riga hub and negatively affected operating profit margins. As the Debtors have been forced to prioritize schedule stability and reliability on strategic core services, they have missed key opportunities to expand their operations and revenue.

AVERAGE AOG AIRCRAFT



63. *Outstanding Order Book*. As of the Petition Date, the Debtors have outstanding firm orders with Airbus for forty additional A220-300 aircraft, with an aggregate list price in excess of €3 billion ($3.5 billion), and remain obligated for approximately €92 million ($106.7 million) worth of engines yet to be delivered under their agreement with Pratt & Whitney. These orders were placed in support of a growth plan that the Debtors can no longer fund, and the Debtors' revised Business Plan contemplates the cancellation or indefinite deferral of these deliveries. As of the Petition Date, the Debtors have already engaged with Airbus to defer additional deliveries after 2026.

D. Capital-Raising and Operation-Expansion Efforts

64. In the years preceding these Chapter 11 Cases, the Debtors pursued several capital-raising initiatives seeking to mitigate the effects of these challenges and support their long-term growth trajectory. As described more thoroughly below, the Debtors engaged many of their key stakeholders in their efforts to increase their liquidity and operational footprint.

65. *Shareholder Support*. The Debtors have also relied on capital support from their majority shareholder, the government of Latvia. Following the onset of the COVID-19 pandemic, the government of Latvia provided a €250 million ($290 million) cash injection in July 2020 under European Commission-approved state aid rules, followed by a further €90 million ($104.4 million) recapitalization approved in 2021 and 2022, which increased the government of Latvia's shareholding to 97.97%. As a condition of this state aid, the government of Latvia committed to an exit strategy centered on an eventual airBaltic IPO, through which the government would decrease its enlarged stake without reducing its shareholding below its pre-COVID-19 level of approximately 80.05%.

66. *2024 Secured Bonds*. To address their 2024 debt maturities described above, the Debtors initially issued the 2029 Bonds. Proceeds were used to repay the Debtors' €200 million

($232 million) 2019 Eurobond and a €36.1 million ($41.9 million) loan from the government of Latvia, as well as to support ongoing operations and capital expenditures.

67. *Lufthansa Strategic Investment*. In 2024 and 2025, the Debtors entered into a significant new strategic partnership with Lufthansa Group. Lufthansa agreed to acquire a convertible instrument representing approximately 10% of the Debtors' equity for €14 million ($16.2 million), to be converted into ordinary shares based on the eventual IPO valuation, with potential dilution to a floor of 5%, and to receive a seat on the Debtors' Supervisory Board. The transaction built on the Debtors' existing strategic relationship with Lufthansa, and the parties had hoped that a strategic equity relationship could help the Debtors secure funding for their growth plans while strengthening their balance sheet ahead of a public offering.

68. Following the Lufthansa Strategic Investment, the Debtors continued to work towards a comprehensive solution to their capital needs. The Debtors' key goals included (i) outreach to lessors regarding fleet financing and security deposit terms; (ii) raising new equity capital, principally through a planned IPO; (iii) addressing maintenance capital expenditures, including resolving Pratt & Whitney engine availability issues affecting their fleet; (iv) managing their funded debt and leverage profile; and (v) working with the government of Latvia as majority shareholder and lender. Management and advisors aimed to keep key stakeholders engaged while options for securing additional capital were explored.

69. Initially, the Debtors hoped to address their capital needs primarily through a public listing intended to significantly improve the Debtors' capital structure and support gradually deleveraging their balance sheet. The contemplated offering—structured as an Initial Public Offering of ordinary shares to be listed on Nasdaq Riga (Baltic Main List) and the Frankfurt Stock Exchange (Prime Standard)—targeted an estimated €250 million ($290 million) primary capital

raise, later referenced at up to approximately €264-300 million ($306-348 million). The Debtors, however, were forced to shift this IPO timeline repeatedly as European airline share prices declined and Debtors' financial performance in the challenging market environment made it difficult to support the valuations needed for the new equity raise. Thus, the Debtors shifted away from relying solely on the IPO as their funding solution and instead pursued interim, non-IPO sources of capital to bridge to an eventual offering.

E. Prepetition Negotiations with Creditors and Exploration of Strategic Alternatives

70. In the spring of 2026, as the Debtors' financial position continued to deteriorate, the Debtors sought additional financial assistance from their majority stakeholder—the government of Latvia. The state of Latvia extended a short-term €30 million ($34.8 million) loan on commercial terms, following an *ex ante* assessment of the Debtors' financial situation and of the pricing and tenor of the facility. The Debtors leveraged the additional liquidity and time they were afforded by the government loan, and retained Seabury Securities LLC and Milbank LLP to assist in evaluating strategic alternatives to restructure their businesses for long-term profitability.[3]

71. Working alongside those advisors, the Debtors formulated their new Business Plan intended to stabilize their financial position amid a volatile macroeconomic environment. Under the revised Business Plan, the Debtors targeted a fleet reduction to thirty-six aircraft by the end of 2026 and approximately forty aircraft by 2031, approximately €45 million ($52.2 million) in annual operating cost savings due to various cost optimization initiatives as well as a profitability-focused network strategy centered on Riga. Executing the Business Plan, however, required both a significant liquidity infusion and a recapitalization of the Debtors' balance sheet.

[3] Around the same time, the Debtors funded a retainer with Milbank that is held at JP Morgan Chase in New York, NY.

72. The Debtors sought support from their principal stakeholders—including lessors, bondholders, and key counterparties—for the Business Plan. Given the complexity of those discussions, however, the Debtors recognized that procuring the requisite consents would not be practicable before late 2026 at the earliest. The Debtors therefore immediately initiated discussions to secure interim financing sufficient to bridge the period through completion of the restructuring.

73. In the summer of 2026, the Debtors launched a solicitation process for interim financing and engaged in good-faith discussions with prospective lenders, the Ad Hoc Group, and several institutions experienced in distressed financing. The Debtors received term sheets from four prospective providers, including the Ad Hoc Group. Negotiations with the potential third-party providers stalled, however, because a significant portion of the Debtors' assets are already encumbered in favor of holders of the 2029 Bonds and no party was willing to lend on less than a super-senior basis. Accordingly, any potential financing required consent from the Bondholders. The path to achieving sufficient Bondholder consent without the support of the Ad Hoc Group was extremely challenging.

74. As such, the Debtors identified the Ad Hoc Group as the most viable option for a source of funding. The Debtors initially proposed a comprehensive restructuring framework comprising €225 million ($261 million) in new interim financing secured on a first-out basis by the existing bond collateral package, €225 million ($261 million) in new long-term debt, and €100 million ($116 million) in fresh equity. The proposal contemplated a partial equitization of the 2029 Bonds, with bondholders receiving aggregate take-back debt consideration of up to €125 million ($145 million), as well as equitization of additional financial, lease, and other balance sheet obligations.

75. To preserve liquidity and establish a framework permitting the proposed financing and recapitalization to proceed, the Debtors solicited consents from holders of the 2029 Bonds to (i) convert the cash interest payments due August 14 and November 14, 2026 to payment-in-kind and (ii) suspend the €25 million ($29 million) minimum liquidity covenant under the notes. The noteholders accepted each of these amendments at an August 17, 2026 meeting. The Debtors, the bond trustee, and the security trustee thereafter executed a second supplemental trust deed implementing the amendments.

76. Negotiations surrounding the Ad Hoc Group proposal were protracted, however, and as jet fuel prices increased again in late summer following the renewed conflict in Iran it became evident that the Ad Hoc Group proposal likely would not provide sufficient liquidity to support the comprehensive liability process required by the Debtors. The Debtors therefore solicited bids from financing sources for approximately €350 million ($406 million) in DIP financing to determine whether any actionable alternative was available. Beginning in late August 2026, the Debtors received multiple proposals for DIP financing and engaged in approximately two weeks of furious negotiations with potential lenders. Despite the presence of multiple bidders, absent a binding commitment and faced with an imminent liquidity cliff, on September 4, 2026, airBaltic called a bondholder meeting and solicited consents on the Ad Hoc Group proposal to maintain the viability of what, at the time, was the only committed proposal in hand that could prevent a liquidation of the Company.

77. Nevertheless, following several more days of hard-fought negotiations, on September 12, 2026 the Debtors signed a commitment letter with the DIP Lenders for the DIP Facility. The DIP Facility consists of €350 million ($406 million) in the form of a superpriority, senior-secured term loan facility, of which €175 million ($203 million) shall be made available

upon the entry of the interim DIP order, and the remaining €175 million ($203 million) in two separate tranches upon entry of the final order and subject to the conditions set forth in the DIP documents.

F. The Debtors' Go-Forward Restructuring

78. As set forth more fully in the Debtors' DIP Motion[4] and the declaration in support thereof, the DIP Facility provides essential new money financing, ensuring that the Debtors will be able to continue the day-to-day operations of their business and ultimately bring these Chapter 11 Cases to a value-maximizing conclusion. The Debtors intend to use these Chapter 11 Cases to execute a holistic restructuring that realigns their profitable operational performance with their capital structure, which bears a number of legacy obligations. Key goals include, among others, reaching consensual agreements with lessors and OEMs to reprofile burdensome contractual arrangements and obtaining commitments for exit debt and equity financing to position airBaltic for long-term success following emergence from chapter 11. The Debtors will work with all of their many stakeholders—lessors, creditors, governmental and regulatory bodies, among+ others—to achieve these aims.

79. Crucial to these restructuring efforts will be continuing to provide uninterrupted service to the Debtors' customers, as continued excellence in business operations and service has been, and remains, the Debtors' ultimate goal. Accordingly, the Debtors are requesting first day relief (discussed in detail in Section IV, below) to enable this continuity of service. If granted, this relief will minimize disruptions and ensure the Debtors' operations continue smoothly while these Chapter 11 Cases are in progress.

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[4] The "DIP Motion" refers to *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to Obtain Postpetition Financing, (II) Granting Liens and Providing Claims with Superpriority Administrative Expense Status, (III) Granting Adequate Protection to the Prepetition Secured Parties, (IV) Modifying the Automatic Stay, and (V) Granting Related Relief*, filed contemporaneously herewith.

IV. First Day Pleadings

80. Concurrently with the filing of the Petitions, the Debtors have filed several First Day Pleadings seeking relief that is necessary to enable the Debtors to smoothly transition into these Chapter 11 Cases and minimize certain of the potential adverse effects of the commencement of the Chapter 11 Cases. I have reviewed each of the First Day Pleadings or had their contents explained to me, and I believe the Debtors would suffer immediate and irreparable harm absent the ability to continue their business operations as contemplated by the relief requested in the First Day Pleadings. In my opinion, the grant of the relief sought in the First Day Pleadings will be critical to the Debtors' efforts to preserve and maximize the value of their assets and business for the benefit of all stakeholders. The First Day Pleadings include the following:

a. *Debtors' Motion for Entry of an Order (I) Enforcing the Protections of 11 U.S.C. §§ 362, 365, 525, and 541(c); (II) Approving the Form and Manner of Notice; and (III) Granting Related Relief* (the "Automatic Stay Motion");

b. *Debtors' Motion for Entry of an Order Implementing Certain Notice and Case Management Procedures* (the "Case Management Motion");

c. *Debtors' Motion for Entry of an Order (I) Authorizing the Debtors to (A) File a Consolidated List of Creditors and (B) File a Consolidated List of the Debtors' 30 Largest Unsecured Claims; (II) Authorizing the Debtors to Redact Personal Identifying Information; and (III) Approving Procedures for Service of Notice of Commencement*. (the "Creditor Matrix Motion");

d. *Debtors' Motion for Entry of an Order (I) Directing Joint Administration of Chapter 11 Cases and (II) Granting Related Relief* (the "Joint Administration Motion");

e. *Debtors' Motion for Entry of an Order Extending Time to File Schedules of Assets and Liabilities, Schedules of Current Income and Expenditures, Schedules of Executory Contracts and Unexpired Leases, Statements of Financial Affairs, and Rule 2015.3 Financial Reports* (the "Schedules and Statements Extension Motion");

f. *Debtors' Application for Entry of an Order (I) Authorizing Retention and Appointment of Epiq Corporate Restructuring, LLC as Claims and Noticing Agent for the Debtors Nunc Pro Tunc to the Petition Date and (II) Granting Related Relief* (the "Epiq Retention Application");

g. *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to Continue to (A) Use Existing Cash Management Systems, Bank Accounts, and Business Forms, (B) Engage in Intercompany Transactions, and (C) Pay Service Charges; (II) Granting Administrative Expense Status to Intercompany Claims; (III) Waiving Compliance with Requirements of 11 U.S.C. § 345; and (IV) Granting Related Relief* (the "Cash Management Motion");

h. *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing Them to (A) Assume Certain Critical Airline Agreements, (B) Honor Prepetition Obligations Related Thereto, and (C) Enter into New Critical Airline Agreements; (II) Modifying the Automatic Stay; and (III) Granting Related Relief* (the "Critical Airline Agreements Motion");

i. *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to Maintain Their Existing Customer Programs and Honor Prepetition Customer Obligations Related Thereto; (II) Modifying the Automatic Stay; and (III) Granting Related Relief* (the "Customer Programs Motion");

j. *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to Pay Prepetition Claims of Non-U.S. Vendors, Lien Claimants, and 503(b)(9) Claims, (II) Authorizing the Debtors to Continue Performing Under Related Agreements, (III) Authorizing Non-U.S. Vendors and Lien Claimants to Exercise Their Setoff and Recoupment Rights, and (IV) Granting Related Relief* (the "Foreign Vendors and Lien Claimants Motion");

k. *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Continue Insurance Policies; (B) Renew, Supplement, Modify, or Purchase Insurance Coverage; (C) Satisfy Obligations Related Thereto; and (D) Enter into New Premium Financing Agreements; and (II) Granting Related Relief* (the "Insurance Motion");

l. *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to Pay Certain Taxes and Fees and (II) Granting Related Relief* (the "Taxes Motion"); and

m. *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing Them to (A) Maintain Employee Programs in the Ordinary Course and (B) Pay Prepetition Employee Obligations Related Thereto and (II) Granting Related Relief* (the "Wages Motion").

81. Below is a brief discussion of the Debtors' operational First Day Pleadings (purely procedural motions are not addressed) and an explanation of why, in my belief, such motions are critical to the successful prosecution of these Chapter 11 Cases. More detailed descriptions of the

facts regarding the Debtors' operations, and the bases for the relief requested in the operational motions, can be found in each relevant First Day Pleading.[5]

A. Cash Management Motion

82. The Debtors seek entry of interim and final orders, (i) authorizing them to continue to (a) use the Cash Management System, Bank Accounts, and Business Forms, (b) engage in ordinary course Intercompany Transactions, and (c) pay Service Charges; (ii) granting administrative expense status to Intercompany Claims; (iii) waiving or extending the time to comply with the investment and deposit restrictions imposed by the Bankruptcy Code; and (iv) granting related relief.

83. To facilitate the efficient operation of their business, the Debtors and their non-debtor affiliates use an integrated, centralized cash management system (the "Cash Management System") to collect, transfer, and disburse funds generated by their ordinary course operations. As a part of the Debtors' Cash Management System, the Debtors maintain bank accounts and manage daily cash flows, among other activities. The Cash Management System generally operates similarly to the centralized cash management systems used by other companies in the airline industry to manage the cash of several operating units in a cost-effective, efficient manner. The Cash Management System is essential to the efficient execution and achievement of the Debtors business objectives, and to maximizing the value of their estates.

84. The Cash Management System comprises thirty bank accounts (the "Bank Accounts") maintained at a number of banks (the "Banks") in Europe and Asia, with the majority

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[5] Capitalized terms not defined in the following summaries have the meanings ascribed to such terms in the relevant First Day Pleadings.

of these Bank Accounts in Latvia. The Debtors use multiple Bank Accounts to organize cash flows across their corporate enterprise and to centralize general administrative and operating expenses. The Debtors maintain Bank Accounts with a number of banking institutions, including (i) five Bank Accounts at Swedbank AS, (ii) five Bank Accounts at Luminor Bank AS, (iii) six Bank Accounts at AS Citadele Banka and its Lithuanian branch, (iv) four Bank Accounts at AS SEB Banka, (v) three Bank Accounts at ABB Bank, (vi) two Bank Accounts at Commerzbank AG, (vii) one Bank Account at BluOr Bank AS, (viii) one Bank Account at Rietumu Banka, (ix) one Bank Account at the State Treasury of Latvia, (x) one Bank Account at Ukrsibbank, and (xi) one Bank Account at U.S. Bank.

85. I understand that only one of the Debtors' Bank Accounts is maintained at an authorized depository under the *Operating Guidelines and Reporting Requirements for Debtors in Possession and Trustees*. The Non-Authorized Depositories are essential to the Debtors' operations and are generally internationally recognized, highly rated (according to Moody's and S&P), and financially stable entities that are well capitalized. Moreover, each of the Non-Authorized Depositories is backed by government deposit guarantees in their home jurisdictions.

86. In addition to the stability of the Non-Authorized Depositories at which the Debtors hold their cash, there are compelling legal and operational reasons for the Debtors to maintain Bank Accounts at Non-Authorized Depositories. As an airline that operates exclusively outside the United States, the Debtors must maintain Bank Accounts in these Non-Authorized Depositories throughout the world to pay employees, taxes, and vendors and to receive payments from sales of tickets and other services in numerous jurisdictions. Additionally, having several Bank Accounts at different Non-Authorized Depositories allows the Debtors to compare and pursue the best rates and fees, especially foreign exchange rates which have significant importance given the scope of

the Debtors' international operations. Without the use of such Bank Accounts, the Debtors simply could not continue their international operations.

87. The Debtors also request that the Court grant administrative expense status to the Intercompany Claims. In the ordinary course of business, the Debtors engage in certain Intercompany Transactions, which result in Intercompany Claims. The Intercompany Transactions are essential to the Debtors' core business operations and occur when the Debtors engage in routine and necessary operating activities, such as training pilots, paying rent and utilities, and satisfying VAT obligations and other.

88. I believe that maintaining the existing Cash Management System is in the best interests of the Debtors' estates and all parties in interest. The Cash Management System provides significant benefits to the Debtors, including the ability to (i) control corporate funds, (ii) ensure the maximum availability of funds when and where necessary, and (iii) reduce costs and administrative expenses by facilitating the movement of funds and the development of more timely and accurate account information. If the Debtors are required to alter the way in which they collect and disburse cash throughout the Cash Management System, I believe their operations will experience significant disruptions, which ultimately would severely frustrate the Debtors' ability to effectuate their restructuring strategy and maximize the value of their estates.

B. Critical Airline Agreements Motion

89. By the Critical Airline Agreements Motion, the Debtors seek entry of interim and final orders (i) authorizing, but not directing, the Debtors to (a) assume certain Critical Airline Agreements (as defined herein), (b) satisfy certain prepetition obligations related thereto, and (c) enter into new Critical Airline Agreements; (ii) modifying the automatic stay to effectuate the foregoing; and (iii) granting related relief.

90. The Debtors are party to various agreements with or administered by the International Air Transport Association ("IATA") and approximately thirty-two bilateral interline and electronic ticketing agreements with other airlines (collectively, the "Interline Agreements"), as well as codeshare agreements with twenty-six other airlines (the "Codeshare Agreements") and frequent flyer program agreements with several airlines. The Debtors' codeshare network affords customers access to more than 300 destinations and approximately 6% of the Debtors' total revenue is attributable to the Codeshare Agreements.

91. The Debtors settle their mutual payment obligations with other airlines through the IATA Clearinghouse (the "Clearinghouse") pursuant to the Airline Clearinghouse Agreements. For 2025, the Debtors made cumulative net settlement payments of approximately €31.5 million ($36.5 million) through the Clearinghouse. The Debtors are also party to various other airline and industry agreements, including reprotection agreements, lounge access agreements, aircraft, crew, maintenance, and insurance agreements, and industry-standard fare publication, booking, and settlement agreements (collectively with the Interline Agreements, Codeshare Agreements, and Frequent Flyer Program Agreements, the "Critical Airline Agreements").

92. I believe that the Debtors' continued ability to enforce and perform under the Critical Airline Agreements is essential to their operations. Even a brief interruption in the Debtors' ability to integrate their ticketing, passenger, cargo, and other services with those of other airlines could deprive the Debtors of critical passenger services, strain their airline partnerships, and impair their ability to provide necessary services to their customers. Based on the foregoing, I believe that granting the relief requested in the Critical Airline Agreements Motion is appropriate and in the best interests of the Debtors, their estates, and all parties in interest.

C. Customer Programs Motion

93. By the Customer Programs Motion, the Debtors seek entry of interim and final orders (i) authorizing, but not directing, the Debtors to maintain and administer their existing Customer Programs and honor the prepetition Customer Obligations (each as defined herein) each in the ordinary course of business; (ii) modifying the automatic stay to the extent necessary to effectuate ordinary course setoffs with certain counterparties; and (iii) granting related relief.

94. The Customer Programs include the airBaltic Club frequent flyer program (with its members accounting for approximately 34% of passenger revenues), Tickets and Refunds (historically refunded at approximately 14% of sales), Gift Cards (with approximately €1.7 million ($1.9 million) outstanding), Promotions and Voucher Programs, and a Corporate Incentive Program (with 983 corporate clients generating approximately €27 million ($31.3 million) in revenue against approximately €1.5 million ($1.7 million) in costs in 2025). The Debtors also maintain relationships with Travel Agencies that generated approximately 26% of passenger sales in 2025 and rely on Credit Card Arrangements essential to their sales operations.

95. Absent relief from the automatic stay, clearinghouses, Travel Agencies, and Cargo Sales Agencies may decline to process setoffs that were unprocessed as of the Petition Date, and may establish self-help reserves or withhold postpetition remittances. Permitting limited setoffs under ordinary prepetition procedures will expedite the Debtors' receipt of proceeds from ticket and cargo sales. The Debtors also provide charter services primarily to tour operators and corporate clients (with approximately €11.9 million ($13.8 million) in postpetition reservations) and cargo services via their passenger aircraft (generating approximately €3 million ($3.5 million) in 2025 after deducting direct operating costs).

96. I believe that maintaining the existing Customer Programs is in the best interests of the Debtors' estates and all parties in interest. The Customer Programs provide significant benefits

to the Debtors, including customer loyalty, competitive positioning, and revenue generation through multiple sales channels. If the Debtors are required to discontinue or modify these programs, I believe their operations and customer relationships would experience significant disruptions, which ultimately would severely frustrate the Debtors' ability to effectuate their restructuring strategy and maximize the value of their estates.

D. Foreign Vendors and Lien Claimants Motion

97. By the Foreign Vendors and Lien Claimants Motion, the Debtors seek entry of interim and final orders (i) authorizing the Debtors to pay the prepetition obligations owed to (a) Non-U.S. Vendors, (b) the Lien Claimants in satisfaction of claims secured by perfected or potential mechanics', materialmen's, or similar liens or interests, whether possessory or otherwise, and (c) 503(b)(9) Claimants; (ii) authorizing the Debtors to continue performing under agreements related to the foregoing; (iii) authorizing certain Non-U.S. Vendors and Lien Claimants to, subject to the prior written permission of the Debtors, exercise their setoff and recoupment rights to apply any prepetition credits or prepayments toward the Debtors' outstanding obligations; and (iv) granting related relief.

98. As of the Petition Date, the Debtors estimate that the amount of outstanding obligations owed to (i) Non-U.S. Vendors is approximately €45 million ($52 million), of which approximately €25 million ($29.2 million) will come due within the Interim Period; (ii) Outside Maintenance & Service Providers is approximately €87 million ($101.7 million), of which approximately €13.5 million ($15.7 million) will come due within the Interim Period; (iii) Shippers is approximately €325,000 ($378,000), of which approximately €135,000 ($157,000) will come due within the Interim Period; (iv) Contractors is approximately €250,000 ($291,000), of which approximately €140,00 ($163,000) will come due within the Interim Period; and (v) 503(b)

Claimants is approximately €40 million ($46.6 million), of which approximately €23 million ($27 million) will come due within the Interim Period.

99. I believe that the Debtors' ability to pay prepetition obligations owed to the Non-U.S. Vendors and the Lien Claimants is crucial to the preservation and protection of the Debtors' estates and ultimately to their successful reorganization. The satisfaction of these obligations will contribute significantly to the Debtors' immediate and ongoing business viability and future revenue-generating capability by enabling the Debtors to continue to provide a high level of service and preserving the confidence and goodwill of their customers and suppliers. Without that support, the interests of all of the Debtors' stakeholders will suffer immeasurably.

100. Many of the Non-U.S. Vendors and Lien Claimants may have little or no connection to the United States and may be ignorant of the automatic stay or consider themselves beyond the jurisdiction of this Court, creating a substantial risk that such parties deny services to the Debtors (or with respect to the Lien Claimants, seize the Debtors' assets). The critical nature of the goods and services provided by these parties, the limitations of the enforceability of the automatic stay with respect to such parties, and the risk of such parties exercising remedial rights or asserting liens require the need for the relief requested. Without the uninterrupted continuance of the Debtors' operations, the Debtors' flight schedules will be disrupted, jeopardizing the Debtors' overall ability to operate their business.

101. It is vital that the Debtors be permitted to pay claims held by the Lien Claimants to ensure that the Debtors' fleet is maintained and serviced in a timely fashion and to further ensure that there is no disruption in the Debtors' ability to provide their customers with safe, dependable air travel. For example, RTX Corporation, Pratt & Whitney Division ("Pratt & Whitney") is the single largest unsecured creditor and provides the only engines certified for the Debtors' fleet of

Airbus A220-300 aircraft. Pratt & Whitney could exercise possessory rights over the Debtors' engines, which would severely impair the Debtors' ability to operate their fleet. Planned maintenance for aircraft is scheduled months ahead of time, so it is operationally imperative that this planned maintenance schedule is not disrupted. Any disruption could also impair the Debtors' ability to comply with the EASA and CAA's regulations. This could also impair the Debtors' ability to comply with ANAC regulations and any other applicable foreign maintenance regulations. Accordingly, I believe that payment of the Non-U.S. Vendors and the Lien Claimants, as proposed, will assure the orderly operation of the Debtors' business and avoid costly disruptions and the significant loss of value and irreparable harm arising therefrom.

102. Moreover, payment of the 503(b) Claims is critical to the Debtors' operational well-being, as well as the preservation of their value as a going concern. Absent authorization to pay certain 503(b) Claims at the outset of these Chapter 11 Cases—which may merely accelerate the timing of payment and not the ultimate treatment of such claims—the Debtors could risk the loss of valuable trade terms, business relationships, and Goods that the Debtors count on to provide safe and reliable transportation to their global customer base. Therefore, I believe that it is in the best interests of the Debtors' estates if they are authorized, but not directed, to pay prepetition amounts owed to the 503(b) Claimants.

E. Insurance Motion

103. By the Insurance Motion, the Debtors seek entry of interim and final orders (i) authorizing, but not directing, the Debtors to (a) continue their Insurance Policies (as defined herein); (b) renew, supplement, modify, or purchase insurance coverage; (c) pay various premiums, fees, and other obligations related thereto; and (d) enter into new premium financing agreements; and (ii) granting related relief.

104. As of the Petition Date, the Debtors maintained approximately 18 insurance policies (the "Insurance Policies" and all premiums and other obligations related thereto, including all deductibles, taxes, and fees, collectively, the "Insurance Obligations") administered by multiple insurance carriers (collectively, the "Insurance Carriers"), providing coverage for, among other things, property damage, director and officer liability (including discovery period/tail coverage), aviation hull, loss of flight crew licenses, aircraft engines and spare parts, business travel, employee health and accident, and passive war zones. Premiums (plus applicable taxes and surcharges) come due on an annual, semi-annual, or quarterly basis. I believe that continuing the Insurance Policies and entering into new insurance policies and premium financing agreements in the ordinary course is critical to preserving the value of the Debtors' estates, particularly because the Insurance Policies are required by governmental regulations, laws, and/or contracts governing the Debtors' commercial activities, and a lapse in coverage could cause serious disruption or outright cessation of the Debtors' operations.

105. In administering their Insurance Policies, the Debtors utilize the services of five insurance brokers (the "Insurance Brokers"): (a) Albatros Versicherungsdienste GmbH; (b) Apdrošināšanas Finansu Brokers SIA; (c) GrECo Latvia, SIA; (d) Marsh, SIA; and (e) Marsh Ireland Brokers Limited (UK Branch). I believe that the Insurance Brokers' services are vital to the Debtors' ability to maintain the Insurance Policies on advantageous terms and at competitive rates and to ensure adequate protection of the Debtors' property postpetition. Because brokerage compensation is included in the premium price for each Insurance Policy, the Debtors request authority to continue paying all premiums inclusive of brokerage compensation in the ordinary course of business and to satisfy any separate brokerage fees that may become payable, in each case without further Court approval.

106. I believe that paying the Insurance Obligations is critical to the Debtors' successful reorganization. Insurance is essential for the Debtors' day-to-day operations; without sufficient coverage, the Debtors run the risk of, among other harms, incurring financial responsibility and legal liability beyond their ability to pay. Based on the foregoing, I believe that granting the relief requested in the Insurance Motion is appropriate and in the best interest of the Debtors, their estates, and all parties in interest.

F. Taxes Motion

107. By the Taxes Motion, the Debtors seek entry of interim and final orders (i) authorizing, but not directing, the Debtors to continue paying all Taxes and Fees (as defined herein) in the ordinary course, including those that accrued but were unpaid as of the Petition Date; and (ii) granting related relief.

108. In the ordinary course of business, the Debtors collect, incur, and pay various taxes, fees, and assessments (collectively, the "Taxes and Fees") to various foreign, federal, and local governmental units (collectively, the "Taxing Authorities"). As an international carrier, the Debtors pay Taxes and Fees in Latvia, Finland, Germany, Sweden, the United Kingdom, and many other European jurisdictions, including, Income Taxes, VAT, Property Taxes, Payroll Taxes, Airline Taxes and Fees, and Other Taxes and Fees, in each case on a bi-weekly, monthly, quarterly, annual, or other periodic basis as required by applicable law.

109. I believe that failure to pay the Taxes and Fees could materially disrupt the Debtors' business operations in several ways. First, nonpayment may strip the Debtors of their ability to operate. Under EU Regulation 1008/2008, outstanding obligations could trigger a financial fitness review by the Civil Aviation Agency of Latvia, potentially resulting in suspension or revocation of the Debtors' Air Operator Certificate. Airport operators may also deny landing rights, detain or ground the Debtors' aircraft, slot coordinators may withdraw allocated slots, and the Debtors

could be suspended from the IATA Billing and Settlement Plan—terminating revenue collection through IATA-affiliated travel agents. Moreover, failure to timely satisfy the Debtors' approximately $49.2 million EU Emissions Trading System ("EU ETS") surrender obligation could result in both monetary penalties and the revocation by EU member states of the Debtors' operating licenses. A more detailed description of the facts regarding the Tax and Fees and the EU ETS obligations, and the bases for the relief requested, can be found in the Taxes Motion.

110. Second, the State Revenue Service may, without a court order, register priority tax liens over the Debtors' assets, freeze and sweep bank accounts, refer collection to a bailiff, offset state amounts owed to the Debtors (including VAT refunds) against outstanding debts, and file a creditor's insolvency application. Such actions would divert the Debtors from reorganization and may trigger events of default under their financing agreements, leases, and bond documentation. Third, nonpayment could expose directors and officers to uncapped, joint and several personal liability under Section 60 of the Latvian Law on Taxes and Fees—liability that survives the company's insolvency. Fourth, unpaid Taxes and Fees may generate late payment interest fees.

111. Accordingly, I believe that the relief requested in the Taxes Motion is necessary, appropriate, and in the best interest of the Debtors' estates and stakeholders.

G. Wages Motion

112. By the Wages Motion, the Debtors seek entry of interim and final orders (i) authorizing the Debtors to (a) maintain, continue to honor, and pay amounts with respect to their Employee Programs (as defined herein) in the ordinary course of business and (b) pay prepetition Employee Obligations (as defined herein) related thereto; and (ii) granting related relief.

113. The Debtors employ in the aggregate approximately 3,000 employees (the "Employees"), all of whom receive compensation and other employment-related benefits, and that

the Debtors seek to continue programs relating to, among other items, Compensation, Payroll Processing Fees, Incentive Plans, Paid Leave Obligations, Workers' Compensation Obligations, Employee Benefit Obligations, Reimbursable Business Expenses, Employee Deductions, Payroll Tax Obligations, Union Dues Deductions, and Severance Obligations (collectively, the "Employee Programs") and to pay the obligations related thereto (the "Employee Obligations"). The Debtors also rely on the services of approximately 35 outsourced companies (the "Outsourced Companies") and independent contractors (the "Independent Contractors").

114. Paying amounts on account of the Employee Obligations will benefit the Debtors' estates and their creditors by allowing the Debtors' business operations to continue without interruption. Indeed, I believe that without the relief requested herein, Employees may seek alternative employment opportunities, perhaps with the Debtors' competitors. Such a development would deplete the Debtors' workforce, thereby hindering their ability to operate their business and likely diminishing stakeholder confidence in the Debtors' ability to successfully reorganize. I believe that the loss of valuable Employees and the resulting need to recruit new personnel (and the costs attendant thereto) would be distracting (and value destructive) at this crucial time when the Debtors need to focus on stabilizing their business operations.

115. I believe the relief requested by the Wages Motion represents a sound exercise of the Debtors' business judgment and is necessary to avoid immediate and irreparable harm to the Debtors' estates. Employees expect and require their wages to arrive on a timely basis. The majority of Employees rely exclusively on their compensation and benefits to satisfy their daily living expenses. Failure to satisfy such obligations will cause Employees undue hardship and jeopardize Employee morale and loyalty at a time when Employee support is critical to the

Debtors' business and when the Debtors need Employees to perform their jobs at peak efficiency. In addition, I am advised that if the Debtors fail to honor their prepetition obligations to Employees, the Debtors may face wrongful termination lawsuits from Employees and potentially have insolvency proceedings filed against them in local jurisdictions, and that certain of the Debtors' senior managers may face personal liability in connection with such litigation.

116. The Debtors therefore request authority, but not direction, to continue honoring the Employee Obligations in the ordinary course of business and at their sole discretion. I believe that the relief requested in this motion is (i) critical to the Debtors' ability to operate effectively and to preserve the value of their estates throughout the Chapter 11 Cases and (ii) in the best interests of the Debtors, their estates, and their creditors.

V. Information Required by Local Rule 1007-2

117. In accordance with Local Rule 1007-2, the schedules attached hereto provide certain information related to the Debtors.

118. Pursuant to Local Rule 1007-2(a)(3), **Schedule 1** hereto lists the names, members, and counsel of any committee formed prior to the filing of the Debtors' voluntary petitions.

119. Pursuant to Local Rule 1007-2(a)(4), **Schedule 2** hereto lists the holders of the Debtors' 30 largest unsecured claims on a consolidated basis, excluding claims of insiders.

120. Pursuant to Local Rule 1007-2(a)(5), **Schedule 3** hereto lists the holders of the five largest secured claims against the Debtors on a consolidated basis.

121. Pursuant to Local Rule 1007-2(a)(6), **Schedule 4** hereto provides estimates of the Debtors' total assets and liabilities on a consolidated basis.

122. Pursuant to Local Rule 1007-2(a)(7), **Schedule 5** hereto provides publicly held classes of shares of stock, debentures, or other securities of the Debtors.

123. Pursuant to Local Rule 1007-2(a)(8), **Schedule 6** hereto lists the Debtors' property, as of the Petition Date, that is in the possession or custody of any custodian, public officer, mortgagee, pledge, assignee of rents, secured creditor, or agent for any such entity.

124. Pursuant to Local Rule 1007-2(a)(9), **Schedule 7** hereto provides a list of the premises owned or leased from which the Debtors operate their businesses.

125. Pursuant to Local Rule 1007-2(a)(10), **Schedule 8** hereto provides the location of the Debtors' substantial assets, books and records, and the nature, location, and value of any assets held by the Debtors outside the territorial limits of the United States.

126. Pursuant to Local Rule 1007-2(a)(11), **Schedule 9** hereto provides a list of material actions and proceedings pending or threatened against the Debtors or their properties where a judgment against the Debtors or a seizure of their property may be imminent as of the Petition Date.

127. Pursuant to Local Rule 1007-2(a)(12), **Schedule 10** hereto provides a list of the Debtors' existing senior management.

128. Pursuant to Local Rule 1007-2(b)(1)-(2)(A) and (C), **Schedule 11** hereto provides, for the 30-day period following the Petition Date, the estimated amount of weekly payroll to the Debtors' employees (exclusive of officers, directors, and stockholders), the estimated amount paid and proposed to be paid to officers, stockholders, and directors, and the estimated amount paid or proposed to be paid to financial and business consultants retained by Debtors.

129. Pursuant to Local Rule 1007-2(b)(3), **Schedule 12** hereto provides an estimate of, for the 30-day period following the Petition Date, cash receipts and disbursements, net gain or loss, and obligations and receivables expected to accrue but remain unpaid, other than professional fees.

Conclusion

130. The foregoing account describes the Debtors' business and capital structure, the factors that precipitated the commencement of these Chapter 11 Cases, and the critical need for the Debtors to restructure their financial affairs and operations. The provisions of the Bankruptcy Code will assist the Debtors in achieving their financial reorganization, help stabilize their operations, strengthen their balance sheet, and position them as a healthy economic enterprise able to effectively compete in the airline industry for the benefit of their economic stakeholders and employees.

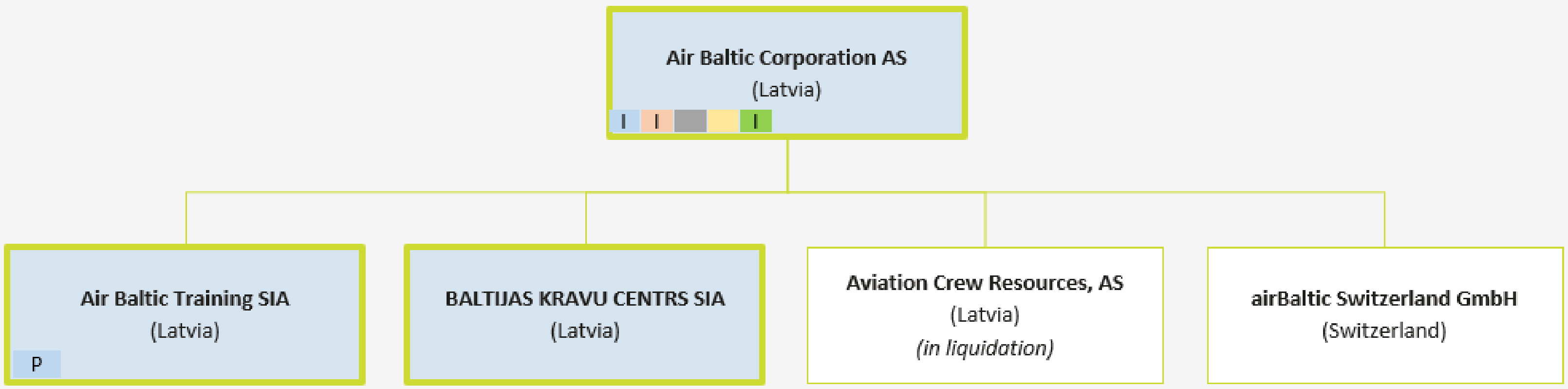
Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

Dated: September 14, 2026

/s/ Vitolds Jakovļevs

Exhibit A

airBaltic Organizational and Debt Structure Chart



Legend

Senior Secured Notes Due 2029	
Issuer:	Air Baltic Corporation AS
Pledgor:	Air Baltic Training SIA
Holder(s):	Various
Trustee:	U.S. Bank Trustees Limited
Outstanding Amount:	€394M / $457M
Maturity:	August 14, 2029
Collateral:	PP&E, buildings, inventory, intangible assets, aircraft & components, receivables & deposits, surplus from certain financed assets

Short-Term Government Loan	
Borrower:	Air Baltic Corporation AS
Lender:	Republic of Latvia
Outstanding Amount:	€18.6M / $21.6M Unsecured
Maturity:	August 31, 2026

BluOr Bank Secured Facility	
Borrower:	Air Baltic Corporation AS
Lender:	BluOr Bank
Outstanding Amount:	€7.9M / $9.2M
Maturity:	July 1, 2030
Collateral:	Baltic Cargo hangar (Riga Airport)

Airbus & PW Agreements	
Purchaser:	Air Baltic Corporation AS
Aggregate Liabilities:	€57M / $66.1M
Outstanding Amount Airbus:	€1.5M / $1.7M
Outstanding Amount PW:	€55.5M / $64.4M

Aircraft & Engine Leases	
Lessee:	Air Baltic Corporation AS
Lessors:	Various
Lease Liabilities:	€948M / $1,099.7M

	Debtor (shaded)
	Non-Debtor Affiliate
P	Pledgor
I	Issuer/Borrower

Note: USD amounts calculated at EUR/USD = 1.16

<u>Schedule 1</u>

Committees Organized Prepetition

Pursuant to Local Rule 1007-2(a)(3), to the best of the Debtors' knowledge and belief, there were, prior to the Petition Date, no official committees formed to participate in the Debtors' ongoing restructuring efforts.

Schedule 2

Consolidated List of 20 Largest Unsecured Creditors (Excluding Insiders)

Pursuant to Local Rule 1007-2(a)(4), the following is a list of creditors holding, as of the Petition Date, the 20 largest unsecured claims against the Debtors, on a consolidated basis, excluding claims of insiders as defined in section 101 of the Bankruptcy Code.

Order	Name of Creditor and Mailing Address	Name, Phone Number, and/or Email Address of Creditor Contact	Nature of the Claim	Indicate if Claim is Contingent, Unliquidated, Disputed, or Partially Secured	Amount of Claim ($USD)
1	PRATT & WHITNEY 400 MAIN STREET EAST HARTFORD, CT 06118 USA	CONTACT: KARA MUEHLFELD PHONE: (860) 565-4321 Kara.Muehlfeld@rtx.com	MAINTENANCE & SERVICEPROVIDER A/C		$66,517,890.34
2	LATVIAN ENVIRONMENT, GEOLOGY AND METEOROLOGY CENTRE (LEGMC) LATGALES IELA 165 RĪGA LV-1019 LATVIA	PHONE: +371 67 03 26 00 lvgmc@lvgmc.lv	ETS SCHEME PAYMENTS	C	$42,431,900.00
3	REPUBLIC OF LATVIA SMILŠU IELA 1 RIGA LV-1919 LATVIA	CONTACT: SATIKSMES MINISTRIJA PHONE: +371 67094222 pasts@kase.gov.lv; satiksmes.ministrija@sam.gov.lv	GOVERNMENT LOAN		$20,066,586.00

Order	Name of Creditor and Mailing Address	Name, Phone Number, and/or Email Address of Creditor Contact	Nature of the Claim	Indicate if Claim is Contingent, Unliquidated, Disputed, or Partially Secured	Amount of Claim ($USD)
4	STATE REVENUE SERVICE OF THE REPUBLIC OF LATVIA TALEJAS IELA 1 RĪGA LV-1978 LATVIA	PHONE: +371 67120000 vid@vid.gov.lv	EMPLOYMENT RELATED TAX PAYABLE		$15,428,310.00
5	STARPTAUTISKA LIDOSTA "RĪGA" VAS LIDOSTA "RĪGA" 10/1 MARUPES NOV. LV-1053 LATVIA	CONTACT: SABINE OZOLINA PHONE: +371 29311817 Sabine.Ozolina@riga-airport.com; office@riga-airport.com	AIRPORT		$9,070,533.39
6	EUROCONTROL RUE DE LA FUSEE 96 BRUSSELS 1130 BELGIUM	PHONE: +32 2 729 90 01 R3.crco@eurocontrol.int	GOVERNMENT		$5,588,579.46
7	SHELL ENERGY EUROPE B.V. CAREL VAN BYLANDTLAAN 30 THE HAGUE 2596 HR NETHERLANDS	CONTACT: P BAUER PHONE: +31 70 377 9111 TRSEELPowerSettlements@shell.com; P.Bauer@shell.com	ALLOWANCES EUETS		$5,439,000.00
8	MACQUARIE AIRCRAFT LEASING	CONTACT: JOHN HARTERY PHONE: +086 0227137	AIRCRAFT LEASE		$4,671,052.07

Order	Name of Creditor and Mailing Address	Name, Phone Number, and/or Email Address of Creditor Contact	Nature of the Claim	Indicate if Claim is Contingent, Unliquidated, Disputed, or Partially Secured	Amount of Claim ($USD)
	SERVICES (IRELAND) LIMITED 1ST FLOOR CONNAUGHT HOUSE 1 BURLINGTON ROAD DUBLIN Dublin 4 IRELAND	John.Hartery@macquarie.aero			
9	WILMINGTON TRUST SP SERVICES (DUBLIN) LIMITED FOURTH FLOOR 3 GEORGES DOCK IFSC DUBLIN Dublin 1 IRELAND	CONTACT: ALINA GAZDIEVA PHONE: +353 1 612 5555 alina.gazdieva@castlelakeservices.com; AviationLeaseManagement@castlelake.com	AIRCRAFT LEASE		$3,359,440.33
10	AIRBUS FLIGHT HOUR SERVICES LIMITED 5TH FLOOR 6 GEORGES DOCK IFSC DUBLIN Dublin 1 IRELAND	PHONE: +353 1 791 9750 dl-fhs-inv@airbus.com	MAINTENANCE SERVICES & PARTS A/C		$3,282,196.93
11	ROHR INC. 850 LAGOON DRIVE CHULA VISTA, CA	PHONE: (619) 691-2105 ar.collections@collins.com	MAINTENANCE SERVICES & PARTS A/C		$2,945,657.55

Order	Name of Creditor and Mailing Address	Name, Phone Number, and/or Email Address of Creditor Contact	Nature of the Claim	Indicate if Claim is Contingent, Unliquidated, Disputed, or Partially Secured	Amount of Claim ($USD)
	91910 USA				
12	JACKSON SQUARE AVIATION IRELAND LIMITED 3 BALLSBRIDGE PARK DUBLIN Dublin 4 IRELAND	CONTACT: JINDRICH PROKUPEK PHONE: +353 1 551 8883 invoice@jsa.com; jprokupek@jsa.com	AIRCRAFT LEASE		$2,632,914.10
13	APF 5 PROJECT NO.2 LIMITED BLOCK 1 BLANCHARDSTOWN CORPORATE PARK BALLYCOOLIN DUBLIN Dublin 15 IRELAND	CONTACT: NATALIE SIMPSON PHONE: +353 1 6790800 natalie.simpson@crowleysdfk.ie	AIRCRAFT LEASE		$2,518,717.31
14	SCHIPHOL NEDERLAND B.V. EVERT VAN DE BEEKSTRAAT 202 SCHIPHOL 1118 CP NETHERLANDS	PHONE: +31 20 7940800 accountsreceivable@ar.schip hol.nl	AIRPORT		$2,349,985.91
15	RIXJET SIA MAZA GRAMZDAS IELA 9 LIDOSTA "RĪGA" MARUPES PAG.	CONTACT: IEVA SIMSONE PHONE: +371 26119555 ieva.simsone@rixjetriga.lv; dispecers@rixjetriga.lv	FUEL SUPPLIERS AND RELATED SERVICES		$1,668,613.88

Order	Name of Creditor and Mailing Address	Name, Phone Number, and/or Email Address of Creditor Contact	Nature of the Claim	Indicate if Claim is Contingent, Unliquidated, Disputed, or Partially Secured	Amount of Claim ($USD)
	MARUPES NOV. LV-1053 LATVIA				
16	ARTEMIS FUNDING LIMITED 118 LOWER BAGGOT STREET DUBLIN Dublin 2 IRELAND	CONTACT: CATHAL KYLE PHONE: +44 1133 604 500 invoicing@Azorra.com; ckyle@Azorra.com	AIRCRAFT LEASE		$1,663,742.71
17	LIETUVOS ORO UOSTAS RODŪNIOS KELIAS 10A VILNIUS LT-02189 LITHUANIA	PHONE: +370 5 273 9326 accounting@ltou.lt	AIRPORT		$1,595,827.83
18	TALLINNA LENNUJAAM AS TARTU MNT 101 TALLINN 10112 ESTONIA	CONTACT: MARJU ELSTER PHONE: +372 605 8888 raamatupidamine@tll.aero; marju.elster@tll.aero	AIRPORT		$1,465,987.88
19	AXIOM BALTIC SERVICES LTD 27 HOSPITAL ROAD GEORGE TOWN, GRAND CAYMAN KY1-9008 CAYMAN ISLANDS	CONTACT: HANNE MOLLER hm@axiomgroup.com	AIRCRAFT LEASE		$1,375,989.28
20	HAUPTZOLLAMT FRANKFURT HAHNSTRAßE 68-70	PHONE: +49 69 257829-0 sg-f.hza-ffm@zoll.de-mail.de	GOVERNMENT		$1,279,608.53

Order	Name of Creditor and Mailing Address	Name, Phone Number, and/or Email Address of Creditor Contact	Nature of the Claim	Indicate if Claim is Contingent, Unliquidated, Disputed, or Partially Secured	Amount of Claim ($USD)
	FRANKFURT AM MAIN 60528 GERMANY				

Schedule 3

Consolidated List of the Five (5) Largest Secured Creditors

Pursuant to Local Rule 1007-2(a)(5), to the best of the Debtors' knowledge and belief, the following chart lists the creditors holding, as of the Petition Date, the five largest secured, non-contingent claims against the Debtors, on a consolidated basis.

	Name of Creditor and Mailing Address	Name and Email Address of Creditor Contact	Nature of the Claim (*e.g.*, bank debt, trade debt, real property lease obligations, litigation)	Amount of Claim ($USD)	Description of Collateral
1	U.S. BANK TRUSTEES LIMITED 125 Old Broad Street, Fifth Floor, London, EC2N 1AR, United Kingdom	CDRM Team cdrm@usbank.com	Bond debt	462,000,000	EUR 380,000,000 14.50% Bonds due 2029 (ISIN: XS2800678224 / XS2819725966)
2	BluOr Bank AS Smilšu iela 6, Riga, LV-1050, Latvia.	INGA PREIMANE krediti@bluorbank.lv	Real property mortgage	9,200,000	Non-residential building (engineering structure) – structure with cadastral designation 80760020086006

Schedule 4

Summary of Assets and Liabilities of the Debtors as of June 30, 2026

Pursuant to Local Bankruptcy Rule 1007-2(a)(6), the following are estimates of the Debtors' total assets and liabilities on a consolidated basis. The following financial data is the latest available information and reflects the Debtors' financial condition, as consolidated among affiliated Debtors and non-Debtors as of the Petition Date.

The information contained herein shall not constitute an admission of liability by, nor is it binding on, the Debtors. The Debtors reserve all rights to assert that any debt or claim included herein is a disputed claim or debt, and to challenge the priority, nature, amount, or status of any such claim or debt.

On a consolidated basis, the total value of the Debtors' assets is approximately $1.8 billion and the total amount of the Debtors' liabilities is approximately $2 billion.

Schedule 5

Debtors' Publicly Held Securities

Pursuant to Local Rule 1007-2(a)(7), the Debtors have the following publicly held classes of shares of stock, debentures, or other securities.

On May 14, 2024, Air Baltic Corporation AS issued €340,000,000 ($394,400,000) of 14.500% secured bonds (ISIN: XS2800678224) and €40,000,000 ($46,400,000) of 14.50% bonds (ISIN: XS2819725966) due 2029 (the "2029 Bonds"). The 2029 Bonds are admitted to the Euronext Dublin Official List and trading on Euronext Dublin's regulated market.

<u>Schedule 6</u>

Debtors' Property Not in the Debtors' Possession[6]

Pursuant to Local Bankruptcy Rule 1007-2(a)(8), the following lists the Debtors' property, as of the Petition Date, that is in the possession or custody of any custodian, public officer, mortgagee, pledge, assignee of rents, secured creditor, or agent for any such entity.

Certain other property of the Debtors is likely to be in the possession of various other persons, including maintenance providers, shippers, common carriers, materialmen, custodians, public officers, mortgagees, pledges, assignees of rents, joint venturers, secured creditors, or agents. Through these arrangements, the Debtors' ownership interest is not affected. In light of the movement of this property, providing a comprehensive list of the persons or entities in possession of the property, their addresses and telephone numbers, and the location of any court proceeding affecting such property would be impractical.

[6] The Debtors reserve the right to supplement this exhibit if additional property is identified.

Schedule 7

Premises from Which the Debtors Operate Their Business

Pursuant to Local Bankruptcy Rule 1007-2(a)(9), the following lists the premises location of real property owned or leased from which the Debtors have operated their business. Certain of the leased premises may have been vacated and/or surrendered as of the Petition Date. The Debtors operate their business primarily at Tehnikas Street 3, Lidosta "Riga", Mārupe Parish, Mārupe District, LV-1053, Latvia, and to the extent there are additional real properties that the Debtors own or lease, such information will be provided during these Chapter 11 Cases.

Schedule 8

Location of the Debtors’ Substantial Assets, Books and Records, and Nature and Location of Debtors’ Assets Outside the United States

Pursuant to Local Bankruptcy Rule 1007-2(a)(10), the following provides the location of the Debtors’ substantial assets, books and records, and the nature, location, and value of any assets held by the Debtors outside the territorial limits of the United States as of the Petition Date.

Location of Debtors’ Substantial Assets

The vast majority of the Debtors’ assets are located outside of the United States. Within the United States, the Debtors have assets consisting of retainers held in New York.

Books and Records

The Debtors’ books and records are primarily located at the Debtors’ offices at Tehnikas Street 3, Lidosta “Riga”, Mārupe Parish, Mārupe District, LV-1053

Debtors’ Assets Outside the United States

The Debtors, together with their non-Debtor affiliates, have significant assets worldwide of approximately $1.8 billion, chiefly in the form of aircraft and equipment, including assets held outside the United States through their direct and indirect subsidiaries, with significant assets in Europe.

Schedule 9[7]

Nature and Status of Actions or Proceedings Against the Debtors Where a Judgment or Seizure of Their Property May be Imminent

Pursuant to Local Rule 1007-2(a)(11), the Debtors do not believe that there are actions or proceedings, pending or threatened, in which a judgment against the Debtors or a seizure of their property is imminent. Any creditor that asserts a claim against any Debtor in respect of a pending action will be included in the Debtors' list of creditors.

[7] The Debtors reserve the right to supplement this exhibit if additional property is identified.

Schedule 10

Debtors' Senior Management

Pursuant to Local Bankruptcy Rule 1007-2(a)(12), the following provides the names of the individuals who constitute the Debtors' existing senior management, their tenure with the Debtors, and a brief summary of their responsibilities and relevant experience as of the Petition Date.

Name	Position	Responsibilities and Experience
Andrejs Martinovs	Chairman of the Supervisory Board	Mr. Martinovs is an experienced financial and investment management professional with almost 30 years of experience in the local capital market in asset management, pension fund, and private equity investments. He is currently the chairman of the board at the investment management joint-stock company IPAS INVL Asset Management, a member of the investment committee at the ALTUM private equity fund, and a board member of INVL Open Pension Fund. Previously, he has held leading positions in several financial sector companies. He holds a master's degree in economics, banking, and finance from the University of Latvia.
Jurģis Sedlenieks	Deputy Chairman of the Supervisory Board	Mr. Sedlenieks is experienced in business management and the aviation industry. Between 2022 and 2024, he has held the position of Chief Commercial Officer at the Estonian company Nordic Aviation Group. Since 2018, he has been a co-owner and board member of OTTO Hotel & Sun, and since 2009, a co-owner and board member of Baltic Ad Hoc. Previously, he has held executive positions in several companies, including serving as Vice President at the aviation company Smartlynx Airlines from 2008 to 2016. He holds a Specialized master's degree in electronic commerce and information systems from ESCP-EAP Paris, obtained in 2007, and a bachelor's degree in economics and business management from the Stockholm School of Economics in Riga, obtained in 2004.
Ruta Amtmane	Supervisory Board member	Ms. Amtmane has more than 20 years of management experience in legal, compliance, and corporate governance roles within the banking

Name	Position	Responsibilities and Experience
		and financial services sector. She currently serves as Deputy Chairwoman of the Supervisory Board of AS APF Holdings. Previously, she was a Management Board member of AS Industra Bank, AS Reverta (formerly AS Parex Bank), SIA DNB Līzings, and has held senior positions at AS DNB Banka. Amtmane holds a master's degree in law from the University of Latvia.
Dr. Alexander Feuersänger	Supervisory Board member	Dr. Alexander Feuersänger brings over 20 years of management experience in the aviation industry, with a focus on fleet management, aircraft maintenance, and product development. He currently serves as Senior Vice President Fleet Management at Lufthansa Group and holds board positions at Ameco Beijing and German Operating Aircraft Leasing. Prior to this, Dr. Feuersänger held senior roles at Lufthansa Technik. He earned his Ph.D. in Aeronautics from ISAE-SUPAERO in Toulouse. He studied Aerospace Engineering at Imperial College London and RWTH Aachen University, where he earned his Diplom-Ingenieur degree (equivalent to a Master's). He has also completed executive education programs at Columbia Business School and IMD Business School.
Lars Thuesen	Lars Thuesen	Mr. Thuesen was appointed to the airBaltic Supervisory Board in April 2017. He has an extensive career in the finance and aviation sectors with considerable experience in aircraft leasing. Thuesen is the indirect 100% shareholder of SIA AIRCRAFT LEASING 1, which owns 2.03% of airBaltic shares.
Erno Hildén	President and Chief Executive Officer and Executive Board Chairman	Mr. Hildén brings more than 25 years of international experience in aviation and finance. Until June 2025 he served as Executive Vice President and Group Chief Financial Officer (CFO) of SAS Scandinavian Airlines, where he has been a key member of the leadership team during the company's transformation and capital raise. Before joining SAS, he held senior roles at Saudi Arabian Airlines Group and at Finnair Plc, where he served as Group CFO, Chief Operating

Name	Position	Responsibilities and Experience
		Officer (COO), and a member of the Executive Board.
Vitolds Jakovļevs	Chief Financial Officer and Executive Board member	Mr. Jakovļevs joined airBaltic in 2011 and was part of the turnaround team that brought the company from heavy losses to profitability. Prior to joining airBaltic, he had an over 10-year-long career in corporate finance advisory, investment banking and asset management sectors in Latvia.
Robbert Anton Strating	SVP Flight Operations	The Flight Operations department is the largest at airBaltic, covering all aspects of flight crew management and operational readiness. It includes the Crew Planning Division, Crew Training Division, Flight Deck Operations Division, Cabin Operations Division, and Flight Operations Support and Development Division. Together, the department ensures that every flight is staffed, trained, scheduled and supported in line with the highest safety and regulatory standards.
Andris Vaivads	SVP Technical Operations	The Technical Department is the second largest at airBaltic and includes eight divisions: Engineering Division, Line Maintenance Division, Base Maintenance Division, Workshops and Structure Repairs Unit, Production and Resource Planning Unit, Logistics Division, Property Maintenance Division, and Digital Integration Division. Together, these divisions handle everything from real-time aircraft maintenance and long-term fleet planning to spare parts logistics, hangar operations and digital tool integration.
Alise Bethere	SVP Corporate Communications	The Corporate Communications Unit at airBaltic plays a key role in shaping how the company is seen and heard both internally and externally. The team leads external communications on local and international levels, ensures timely and consistent internal communication and manages all social media content. It also provides real-time customer support on social platforms, monitors public sentiment through media and social listening and handles crisis communication in coordination with the Emergency Response Organization (ERO).

Name	Position	Responsibilities and Experience
Jekaterina Leidmane	VP Human Resources	The Human Resources Department supports the people who make airBaltic fly. It handles recruitment, onboarding, training, internal processes, wellbeing, analytics, payroll and health and safety. Whether it is a pilot joining the team, a specialist looking to develop their skills or someone needing help with payroll or systems - HR is there to make the employee experience smooth, supportive and meaningful.
Dainis Bērziņš	Chief Information Officer	The IT Department provides the infrastructure for automating systems and processes across the company. Its work ranges from assisting employees when their computer isn't working to gathering and analyzing data. The team also builds and maintains complex systems that transform digital experience for customers and employees, both in the air and on the ground.
Mantas Vrubliauskas	VP Network Management	The Network Planning Division is responsible for designing, developing and optimizing airBaltic's entire route network. This includes deciding which destinations to serve, how often to fly and when to launch or adjust routes, based on detailed analysis of market demand, competition, seasonal trends and aircraft availability.
Laura Vecvanaga-Puķīte	SVP Ground Operations and Customer Care	The Ground Operations and Customer Care Department combines the operational side of airport activities with the customer experience before and after the flight.
Edgars Pundurs	VP Legal Affairs	The Legal Affairs Unit safeguards airBaltic's operations through expert legal guidance, corporate governance oversight and strategic compliance management. It supports all company functions with legal advice, manages contract lifecycles, oversees litigation and insurance, and ensures adherence to regulatory and data protection standards.
Ilze Mālkalne	SVP Finance and Control	The Finance Control and Accounting Division manages budgeting, forecasting, cash flow and financial reporting while ensuring compliance with regulations. It monitors revenue and costs, supports risk management and works closely with other departments to evaluate the financial impact

Name	Position	Responsibilities and Experience
		of decisions. The team is also involved in fleet planning, sustainability initiatives and managing government-related financial matters. Employees are encouraged to engage Finance early in projects, follow financial procedures and remain mindful of cost implications.
Līga Gundega	VP Revenue Management	Revenue Management, Sales and E-Commerce together own the airline's revenue. Revenue Management sets how many seats are sold at which price, adjusting continuously as demand builds toward departure. Sales brings in volume through corporate clients, travel agencies, and distribution partners. E-Commerce runs the website and app — the airline's most valuable sales channel — optimising the booking flow and selling ancillaries like seats and bags. The three work as one: pricing decisions shape what Sales and E-Commerce can offer, and their performance feeds back into how capacity is priced.
Elīna Prāve	VP Marketing	Marketing manages the brand, campaigns, and channels that drive awareness and bookings, from route launch promotions and seasonal offers to digital advertising, search, and performance marketing aimed at pushing traffic toward direct sales. Loyalty is also part of the Marketing and runs the frequent flyer programme. The two sides share a common goal: increasing customer lifetime value by turning one-off travellers into repeat, higher-yield passengers who book direct. The team also owns much of the customer data and segmentation used to personalise offers and communications across the journey.

Schedule 11

Estimated Payroll for the 30-day Period Following the Petition Date

Pursuant to Local Bankruptcy Rules 1007-2(b)(1)-(2)(A) and (C), the following provides, for the 30-day period following the Petition Date, the estimated amount of weekly payroll to the Debtors' employees (exclusive of officers, directors, and stockholders), the estimated amount paid and proposed to be paid to officers, stockholders, and directors, and the estimate amount paid or proposed to be paid to financial and business consultants retained by Debtors.

Payments to Employees	€9,350,000 ($10,872,093)
Payments to Officers, Directors, and Equityholders (Non-Employees)	€26,000 ($30,160)
Payments to Financial and Business Consultants	$0

Schedule 12

Cash Receipts and Disbursements, Net Cash Gain or Loss, Unpaid Obligations and Receivables

Pursuant to Local Bankruptcy Rule 1007-2(b)(3), the following schedule provides an estimate of, for the 30-day period following the Petition Date, cash receipts and disbursements, net gain or loss, and obligations and receivables expected to accrue but remain unpaid, other than professional fees.[8]

Cash Receipts	$258,000,000
Cash Disbursements	$242,000,000
Net Cash (Gain or Loss)	$16,000,000
Unpaid Obligations	$10,000,000
Uncollected Receivables	$8,000,000

[8] Amounts are inclusive of all estimated receipts and disbursements, including proceeds of the Debtors' proposed DIP Facility and payoff of the Finance Leases.