



ANNUAL REPORT 2025

LENNULIIKLUSTEENINDUSE AS

ANNUAL REPORT 2025

GENERAL INFORMATION AND CONTACTS

Business name: Lennuliiklusteeninduse AS

Commercial registry code: 10341618

Principal activity: Provision of air navigation services

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Reporting period: 1 January 2025 – 31 December 2025

Auditor: KPMG Baltics OÜ

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1. LETTER FROM THE CHIEF EXECUTIVE OFFICER

Dear reader,

2025 was among the top years for Lennuliiklusteeninduse AS – it was a year when we did the right things at the right time. A modest but stable growth in air traffic and larger-than-expected aircraft led to a strong financial result that firmly restored our previous position and provided a solid foundation for the next steps.

Success did not come by itself, it was built with the help of the people at Lennuliiklusteeninduse AS: air traffic controllers, engineers, flight information service officers, support teams and partners both in Estonia and abroad. Sharing common attitudes towards responsibility, commitment and professionalism has enabled us to ensure a high level of safety in 2025 and achieve the result of zero serious safety occurrences in Estonian airspace.

Key developments of the year included the launch of a new phase of the FINEST programme, the upgrading of the surveillance chain through the TUULIK project and preparations for the introduction of TopSky One, a new air traffic management system. At the same time, we continued our digitalisation journey with SWIM services, the Digital Tower concept and U-space preparations. These investments will make us even more flexible and technologically competitive in the future.

Our strength lies in our people. In 2025, team unity and job satisfaction grew, the values of 'Dare to care', 'Depends on me', 'Further together' and 'Safety always' were embedded in our everyday work. These values are the foundation of our culture.

We do not expect 2026 to be an easy year but we will certainly make it meaningful. We will move forward with FINEST, develop technologies and renew processes, invest wisely and prepare to provide services on an increasingly international level. We will continue to fly high, but always safely.

Thank you all for your dedication, professionalism and care. Together, we make up a team that customers can always rely on. Let us take our determination and collective spirit into the upcoming year as well.

Together for a safer sky!

Ivar Värk

CEO and Chairman of the Management Board

2. THE COMPANY

Lennuliiklusteeninduse AS (EANS (Estonian Air Navigation Services) or the Company), domiciled in Rae rural municipality, Harju county, Estonia, is a provider of next generation air navigation services.

The Company's core activity is to provide safe, digital, environmentally friendly and internationally competitive air navigation services for manned and unmanned flights, including air traffic management, and to support national defence needs in ensuring the sovereignty of Estonian airspace.

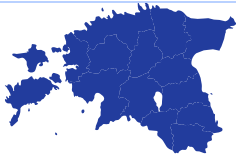
The management board organises the Company's business activities with a focus on the main expectations of three key stakeholder groups:

- **Customers:** *safe, high-quality, seamless and flexible air navigation services including air traffic management at fair prices*
- **Owner:** *long-term sustainability and profitability of the Company, ensuring the required return on equity*
- **Employees:** *exciting and meaningful work, personal development and fair remuneration*

The owner of the shares in EANS is the Republic of Estonia and the Company operates in an area administered by the Ministry of Climate. At the end of the financial year, the Company had 210 employees.



The year 2025 in figures



Size of Tallinn FIR

77,080 km²



Total number of flights handled

181,522

+3% vs. 2024



Incl. total number of overflights

135,705

+4% vs. 2024



Total number of departing/arriving flights

38,429

+1% vs. 2024



Total number of domestic flights

7,388

-13% vs. 2024

Key financial indicators 2025



Revenue

€62.1m

+100% vs. 2024



Revenue and other operating income

€62.4m

+100% vs. 2024



Total assets

€70.2m

+62% vs. 2024



Volume of investments

€11.2m



Profit

€32.5m



Number of employees

210

2.1. EANS's strategic framework

1. Mission and vision



Mission: Your safe and smart guide in Estonian and European skies



Vision: We manage air traffic globally regardless of location

2. Strategic goals



Safety

Maintain safety and prevent occurrences



Service quality

Meet capacity requirements and customer needs



Efficiency

Reduce unit costs and improve processes



Sustainability

Consider climate and social impacts of our actions and improve well-being at work

3. Values



Dare to care

We care for ourselves and others



Depends on me

We do meaningful work and we are solution-oriented



Further together

We collaborate to achieve common goals



Safety always

We work responsibly and consistently

4. Significant partnerships and collaborations



FINEST

Provision of cross-border services with Fintraffic ANS



Digital future

Unmanned traffic management and Digital Tower hub



International network

Aviation organisations and companies



Domestic collaboration

Aviation network and civil-military cooperation

2.2. Strategy 2025–2029

YOUR SAFE AND SMART GUIDE IN ESTONIAN AND EUROPEAN SKIES

The strategy 2025–2029 focuses on the role of EANS as a safe and smart guide in Estonian and European skies. The strategy is based on the regulatory and economic environment, international cooperation and expectations of the owner and customers.

The strategy is divided into four performance areas: safety, service quality, efficiency and sustainability.

Our strategic goals for safety:

- *Maintain the achieved level of EU safety standards*
- *Keep the ratio of safety occurrences caused by us below the agreed level*
- *Keep the ratio of air traffic management occurrences caused by us below the agreed level*
- *Keep the number of aerodrome flight information service occurrences below the agreed level*
- *Zero information security incidents affecting the services*
- *Zero work-related accidents*

Our strategic goals for service quality:

- *Deliver services that meet the EU capacity requirements*
- *Continue alignment with the CP1 requirements*
- *Start providing services regardless of location*
- *Ensure flexibility in airspace use*
- *Deliver services that meet the EU environmental requirements*
- *Ensure the availability of staff who meet the competence requirements for services*
- *Ensure service continuity*
- *Ensure the availability of basic services to customers*
- *Guarantee the agreed level of basic services*
- *Continue to deploy the Digital Tower technology at regional airports*

Our strategic goals for efficiency:

- *Keep the unit prices of services competitive in comparable groups*
- *Raise the maturity level of processes*
- *Simplify the management of technical systems*
- *Improve the rate of performance of the Company's goals*
- *Continue with regular staff development*
- *Set up and implement an action plan for the uptake of AI*

Our strategic goals for sustainability:

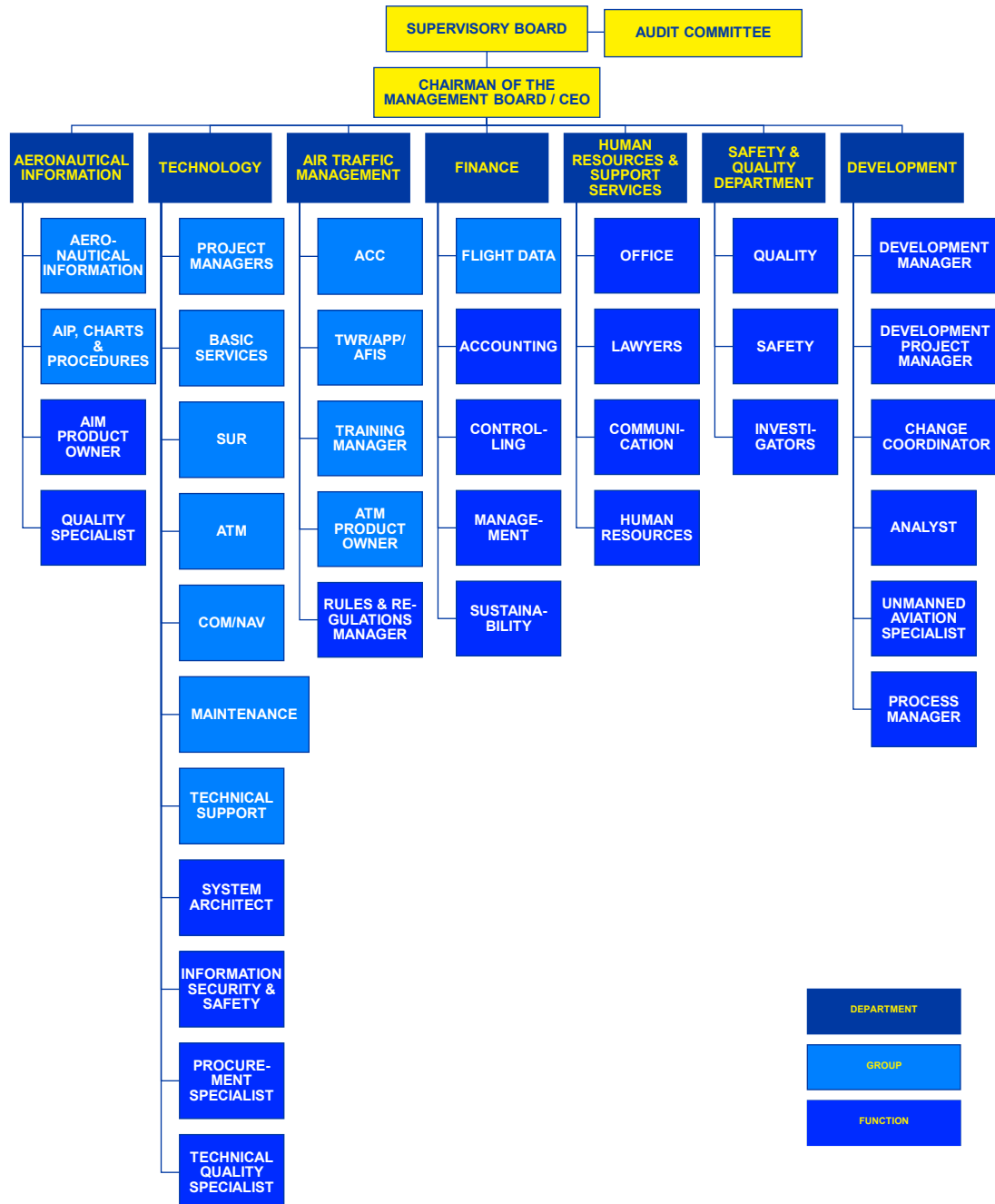
- *Reduce our climate impact*
- *Stay informed of climate change and take it into account in risk management*
- *Increase our employee engagement and satisfaction*
- *Increase management quality*
- *Maintain the level of well-being at work*
- *Consider social impacts of our actions*
- *Attract new talent*
- *Set an example with good management practices*
- *Develop corporate culture*
- *Develop the field of air traffic management through international and domestic corporation*

2.3. Corporate governance

Organisational structure

The governing bodies of EANS are the general meeting, the supervisory board and the management board. Day-to-day activities are managed by the Company's management team.

Governance structure of EANS



General meeting

The general meeting is the highest governing body of EANS through which the state exercises its shareholder rights. The general meeting establishes the owner's expectations for EANS determining the strategic goals and financial targets. The owner's expectations are updated at least every three years.

The general meeting is held at least annually. The owner is represented at the general meeting by the Minister of Infrastructure. The annual general meeting held in 2025 approved the annual report for 2024, approved KPMG Baltics OÜ as the auditor of EANS for the financial years 2025–2026, approved the profit for 2024 and decided on the allocation of profit.

Supervisory board

The supervisory board plans the activities of EANS, organises its management and supervises the activities of the management board. The supervisory board approves the strategic goals and business plan of EANS, including the financial plan and annual budget, and monitors the activities of the management board in their implementation. In addition, the supervisory board gives instructions to the management board to ensure the functioning of the Company's internal control system and grants its approval for carrying out the transactions that are beyond the scope of everyday operations. Based on the articles of association, the supervisory board of EANS has three to six members.

Members are appointed on the basis of the proposals of the nomination committee tasked with the appointment of members on the supervisory boards of companies in which the state has an ownership interest. The members of the supervisory board are appointed by the Minister of Infrastructure as the owner's representative. The term of office of a member of the supervisory board is three years. The supervisory board continued to comprise three members in 2025.

Composition of the supervisory board

Chairman



Kuldar Väärsti

Members



Taivo Linnamägi



Sven Kirsipuu

In 2025, the supervisory board held six meetings.

The remuneration of the members of the supervisory board is regulated by the State Assets Act. The monthly remuneration of a member of the supervisory board of EANS is €500 and that of the chairman of the supervisory board is €1,000. Remuneration is paid to the members of the supervisory board once a month. A member of the supervisory board does not receive any remuneration for the month he did not participate in adopting the resolutions of the supervisory board. The payroll expenses of the members of the supervisory board totalled €26,188 in 2025 (2024: €25,750).

The audit committee is a body set up by the supervisory board of EANS. The remuneration paid to a member of the supervisory board for participating in the work of the audit committee is 25% of the remuneration of a supervisory board member. The remuneration paid to the chairman of the committee may amount up to 37.5% of the remuneration of a supervisory board member. EANS does not pay any severance benefits or other additional remuneration to the members of the supervisory board, other than the remuneration for participating in a body set up by the supervisory board.

The members of the supervisory board have not notified the Company of any conflicts of interest until the date the annual report for 2025 was authorised for issue.

Audit committee

The audit committee advises the supervisory board in supervisory matters, including the organisation of accounting, external audit, the internal audit system, financial risk management and the monitoring of legal and regulatory compliance, as well as budgeting and the approval of the annual report.

Chairman



Sven Kirsipuu

Members



Taivo Linnamägi



Andres Uusma

The audit committee held five meetings in 2025. The committee reviewed and approved the annual report for 2024. At the meetings, the audit committee discussed the Company's interim reports, the findings and recommendations made during internal and external audits, updated the rules of procedure of the audit committee and submitted the results to the Company's supervisory board.

Management board

The day-to-day management of EANS is the responsibility of the management board, which is appointed by the supervisory board.

The management board continued to comprise three members in 2025.

Chairman



Ivar Värk

Support Services, Development,
Technology, Aeronautical
Information and Safety

Members



Mihkel Haug

Air Traffic Management



Meelis Kruusmann

Finance

In 2025, the management board held 25 meetings.

The remuneration paid to the members of the management board of EANS totalled €415,974 in 2025. The potential annual bonus for the results for 2025 will be decided by the supervisory board after assessing the achievement of the goals set for 2025.

The maximum amounts of the additional remuneration and severance pay payable to a member of the management board are specified in the State Assets Act. In accordance with the contracts entered into with the members of the management board, the amount of the additional remuneration payable to a member of the management board may not exceed the four months' average monthly remuneration paid to the member of the management board in the previous financial year and severance pay equal to the member's three months' remuneration is paid to a member of the management board in the event of their removal from office. The determination of additional remuneration must be justified, taking into account the value added to EANS and its market position. Severance benefits can only be paid if a member of the management board is removed from office at the initiative of the supervisory board before the expiry of the member's term of office.

Management team

The management team of EANS has eight members and consists of the heads of strategic areas and the members of the management board.

Composition:

- **Ivar Värk**, *Chairman of the Management Board*
- **Mihkel Haug**, *Member of the Management Board, Air Traffic Management*
- **Meelis Kruusmann**, *Member of the Management Board, Finance, Administration and Sustainability*
- **Kristjan Telve**, *Safety and Quality*
- **Chris-Helin Loik**, *Human Resources and Support Services*
- **Kalmer Sütt**, *Aeronautical Information*
- **Teve Rahula**, *Development*
- **Imbi Kivi-Sild**, *Technology*

2.4. EU-wide targets for the provision of air navigation services

Regulation (EC) No 549/2004 of the European Parliament and of the Council of 10 March 2004 provides the framework for the creation of the single European sky. Taking into account Commission Implementing Regulation (EU) 2019/317 of 11 February 2019 laying down a performance and charging scheme in the single European sky, the European Commission fixes prices for air navigation services and sets performance targets for service providers in four main areas:

- *Targets on the effectiveness of safety management must meet the set criteria*
- *Air traffic delays must remain within the set limits*
- *Flight routes must be as short as possible and as unrestricted as possible*
- *The costs related to en route air navigation charges must be below the determined maximum level*

Fulfilment of key performance indicators by EANS in 2025

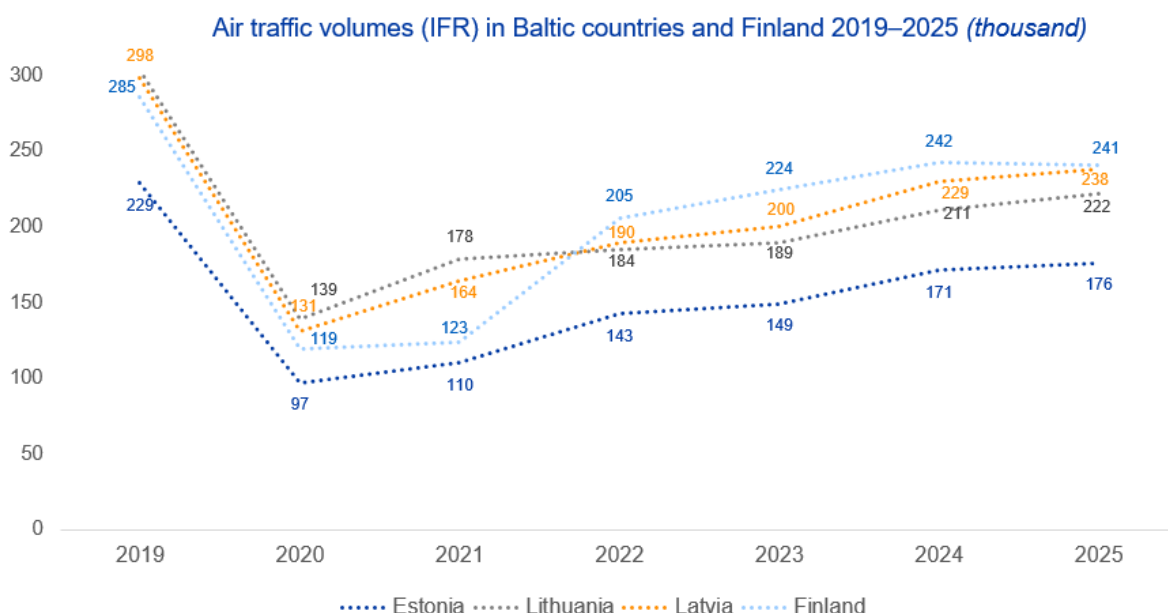
Performance area	Metric	Target 2025	Achieved 2025	
Safety	Targets on the effectiveness of safety management, expressed as a level of implementation, ranging from EASA level A to D	Safety policy and objectives	≥ C	D
		Safety risk management	≥ D	D
		Safety assurance	≥ C	C
		Safety promotion	≥ C	C
		Safety culture	≥ C	C
Capacity	The average minutes of en route ATFM delay per flight attributable to air navigation services	≤ 0.06	0.01	
Environment	Average horizontal en route flight efficiency of the actual trajectory as a percentage	≤ 6.54	5.8	
Cost-efficiency	The year-on-year change of the average determined cost for en route air navigation services	≤ 5.1	11.8	

3. MARKET OVERVIEW AND AIR TRAFFIC VOLUMES

Market overview: Europe and neighbouring countries

In 2025, approximately 11.1 million flights were operated in the Eurocontrol Network Manager Area, 4% more than in 2024. By slightly exceeding the total traffic volume of 2019, this marked a return to the pre-pandemic level. Air traffic volumes were the highest during the summer months, when the network's highest-ever daily traffic record was set. At the same time, air traffic flow management (ATFM) delays decreased by 17% on average compared to the previous year, reaching an average of 2.4 minutes per flight, mainly due to better coordination between stakeholders and better weather conditions. Despite this, the network's capacity was still under pressure due to the shortage of human resources and the airspace restrictions caused by the war in Ukraine.

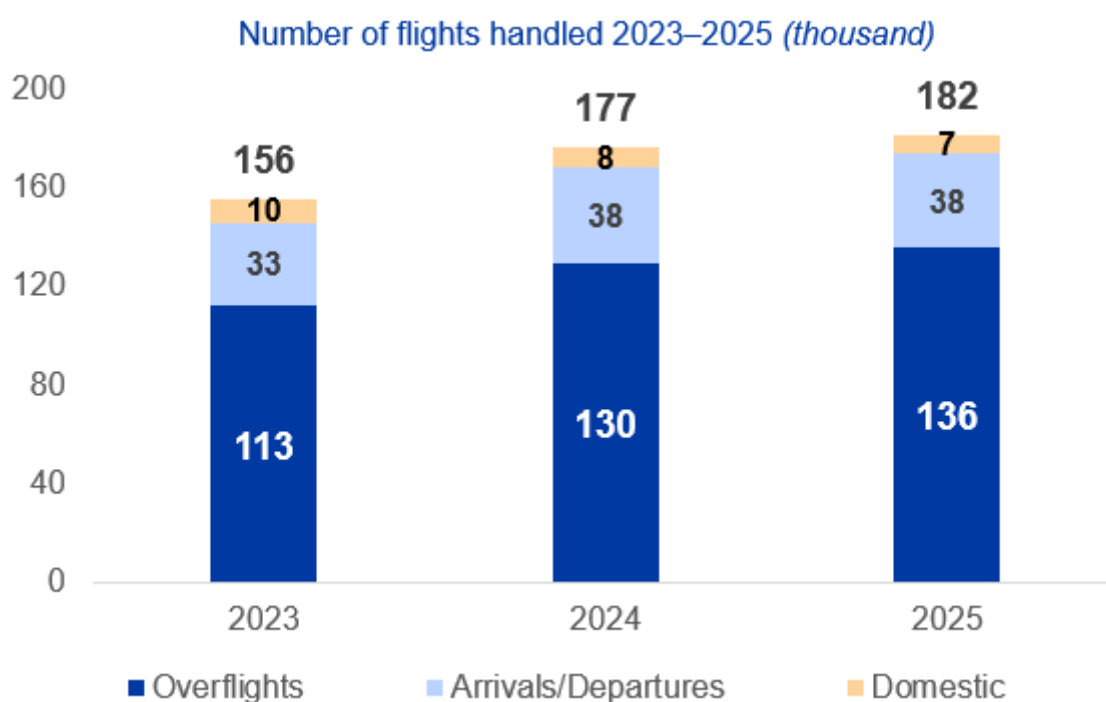
In our region (Northern Europe and the Baltics), air traffic has not recovered as quickly as in Southern Europe. Whilst the Mediterranean countries and Central Europe have seen strong tourist flows and growth in air traffic, our region continues to be affected by geopolitical tensions and closed airspaces, which have kept the growth in flight numbers more modest. In 2025, we operated 3% more flights in Estonia than in the previous year, which is a moderate increase. At the same time, we operated 23% fewer flights compared to the pre-pandemic year of 2019. Overflights accounted for the majority, or 75% of the total. Finnair is still the biggest overflight operator, but its volume fell by 17% compared to the previous year. At the same time, Chinese operators have shown significant growth – the number of their flights increased by 48% over the year. This shows that the role of Chinese airlines in cargo and passenger transport to Europe is growing rapidly. Cargo flights also made a significant contribution to the growth in overflights, with an increase of 33%.



In 2025, the IFR air traffic volume in Estonia was 176 thousand flights (an increase of 5 thousand flights or +3% compared to 2024). In the Baltic states and Finland, the largest increase in absolute numbers was in Lithuania, where the total volume of air traffic was 222 thousand flights (an increase of 11 thousand flights or +5% compared to 2024). In Latvia, the volume of air traffic in 2025 was 238 thousand flights (an increase of 9 thousand flights or +4% compared to 2024). The volume of air traffic in Finland was the only one to show a negative trend, as the volume in 2025 was 241 thousand flights (a decrease of 1 thousand flights or -1% compared to 2024).

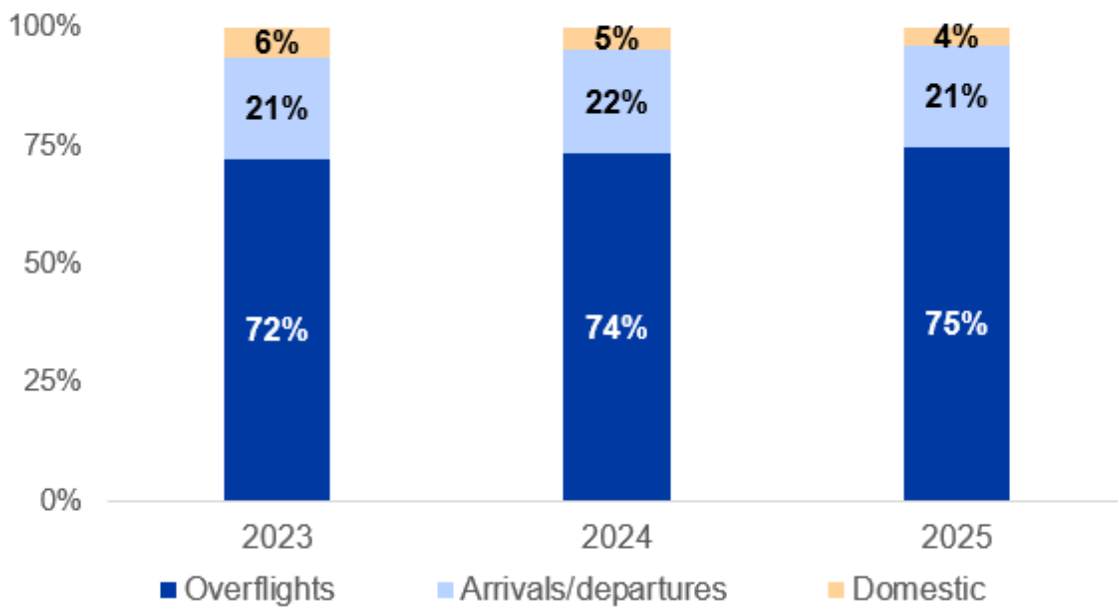
Air traffic volumes in Estonia

The number of flights handled in the Estonian airspace increased by 3% in 2025 (2024: +13%). Considering the volume of both IFR and VFR flights, a total of 182 thousand flights were handled (2024: 177 thousand). Compared to the previous year, the volumes of overflights (+4% compared to 2024) and arrivals/departures (+1% compared to 2024) increased, but the number of domestic flights handled decreased (-13% compared to 2024).

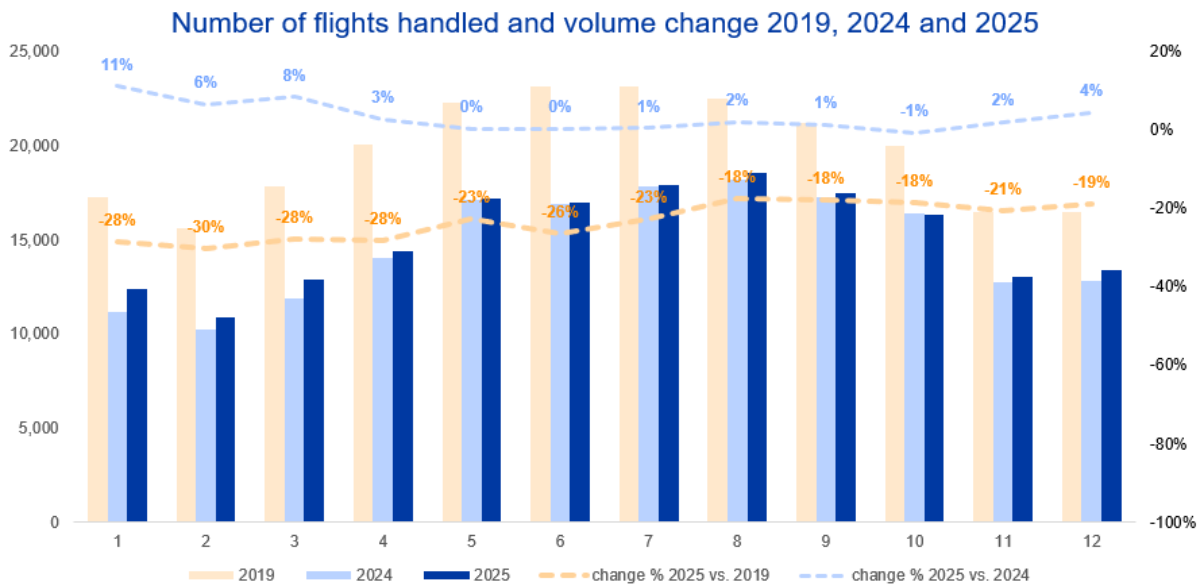


Of the number of flights handled, 75% were overflights through Estonia, the share of arrivals/departures was 21% and the share of local traffic was 4%.

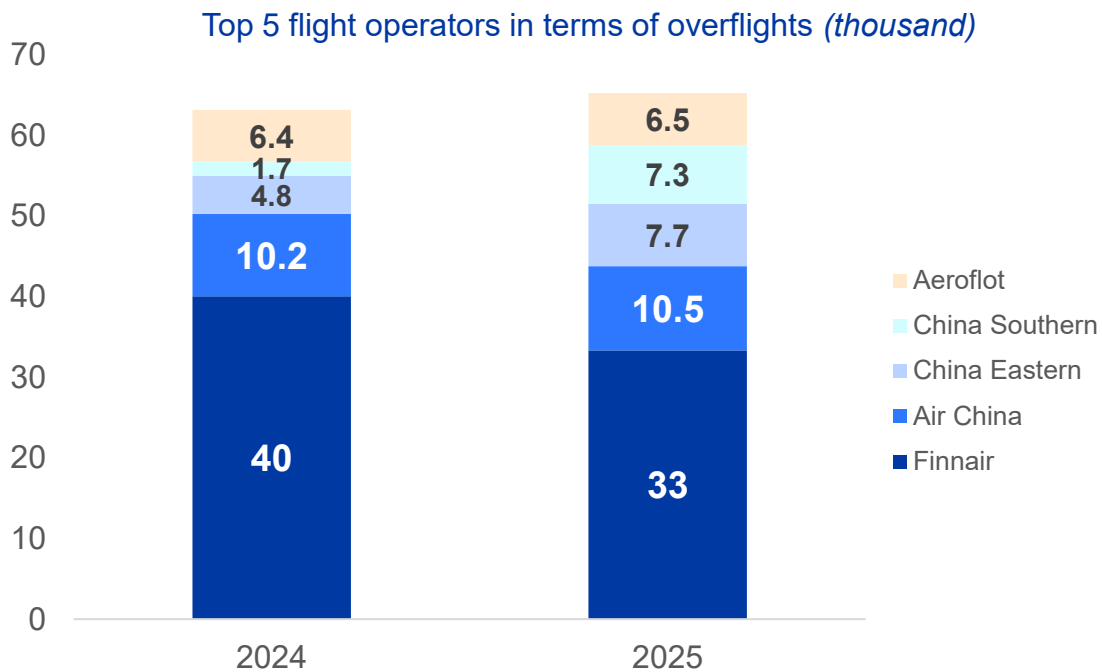
Distribution of flights handled 2023–2025 (%)



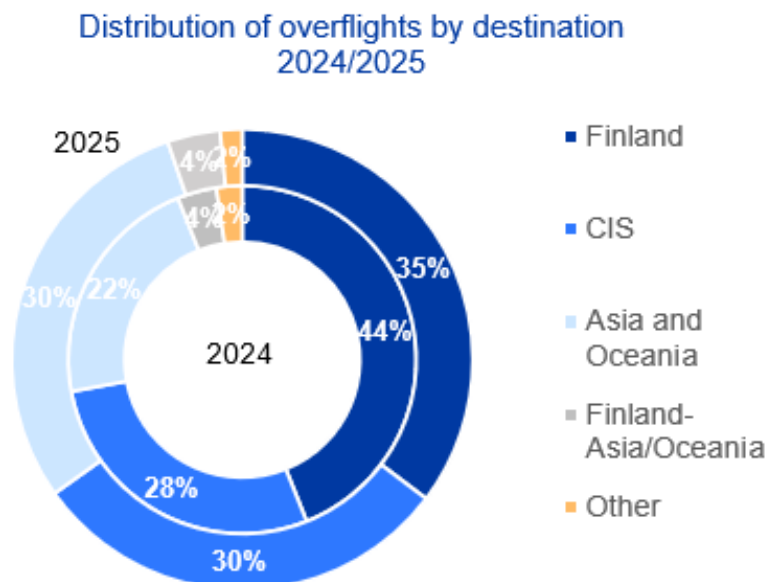
In 2025, air traffic volumes were lower than in the same period a year earlier only in October. The percentage growth was larger in the first months of the year and the growth rate of flights was rising also in the last quarter of the year. August was the busiest month with an average of 598 flights served per day, with 631 flights handled on the busiest day.



The volume of overflights increased by 4% compared to 2024. In 2025, Finnair continued to be the Company's largest customer in terms of overflights handled (25% of the total number of overflights), followed by Air China (8%), China Eastern (6%), China Southern (5%) and Aeroflot (5%).



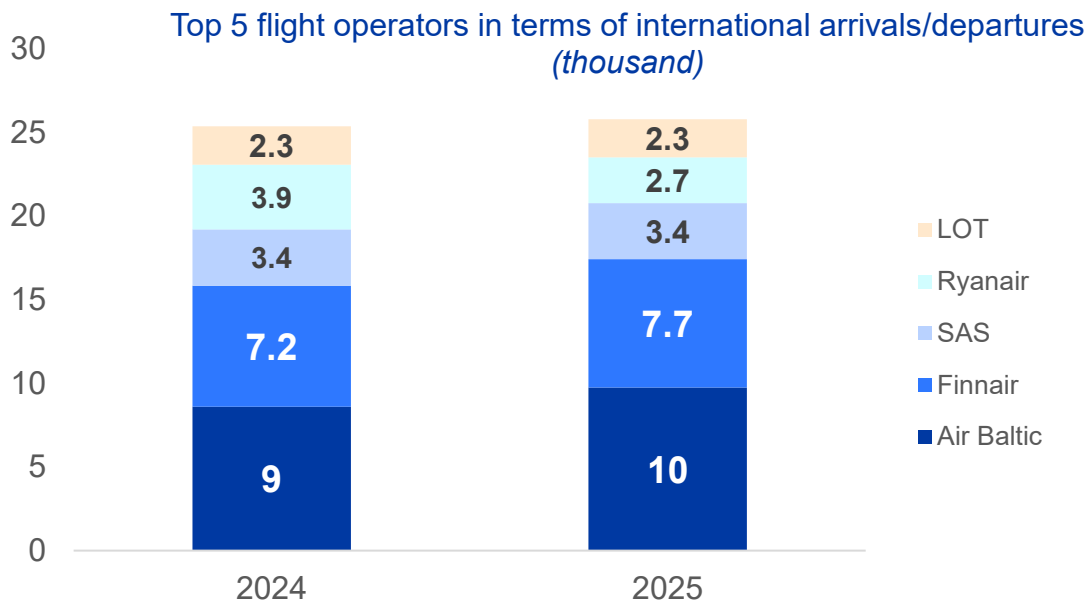
35% of the overflight traffic was headed to Finland, 30% to the CIS countries, 30% to Asia/Oceania and 6% to other destinations.



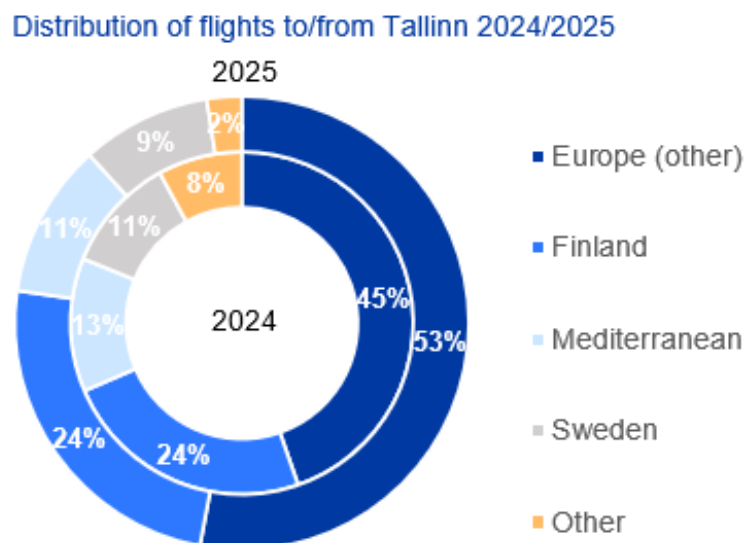
In 2025, the number of arrivals/departures increased by 1% year on year. The main obstacle to the faster increase in the number of arriving and departing flights was the decrease in the number of the flights of European airlines Ryanair and Lufthansa.

Two-thirds of the international flights to and from Estonian airports were operated by five airlines. The

Company's largest customer at Tallinn Airport is still Air Baltic, followed by Finnair, Scandinavian Airlines, Ryanair and LOT. The flights of these airlines accounted for 25%, 20%, 9%, 7% and 6%, respectively, of the total number of flights operated at Estonian airports.



Of the flights to and from Tallinn, 53% were to destinations in Europe, 24% to Finland, 11% to the Mediterranean countries, 9% to Sweden and the remaining 2% to other directions.



4. FINANCIAL PERFORMANCE

Key financial indicators 2024–2025, €

	2025	2024
Revenue	62,095,536	30,981,344
Change in revenue	100.4%	72.9%
EBITDA	38,933,882	10,598,816
Operating profit	34,002,749	7,120,445
Profit before tax	33,793,989	6,392,447
Net profit	32,513,758	6,392,447
Change in net profit	409%	309%
Revenue per employee	318,439	173,080
EBITDA margin	63%	34%
EBT margin	54%	21%
Net margin	52%	21%
Equity ratio	64%	39%
Return on equity (ROE)	105%	46%
Return on assets (ROA)	57%	17%
Current ratio	3.8	1.6
Debt-to-assets ratio	0.4	0.6
Average number of employees	195	179

EBITDA = earnings before finance income and costs, income tax on dividends, and depreciation and amortisation

EBITDA margin = EBITDA / revenue × 100%

EBT margin = earnings before tax / revenue × 100%

Net margin = net profit or loss / revenue × 100%

Revenue per employee = revenue / average number of employees

Equity ratio = equity / total assets × 100%

Return on equity (ROE) = net profit or loss / average equity × 100%

Return on assets (ROA) = net profit or loss / total average assets × 100%

Current ratio = current assets / current liabilities

Debt-to-assets ratio = total debt / total assets

Average number of employees = average number of part-time and full-time employees per year

Performance Scheme and unit rates

Changes in unit rates for EANS navigation services

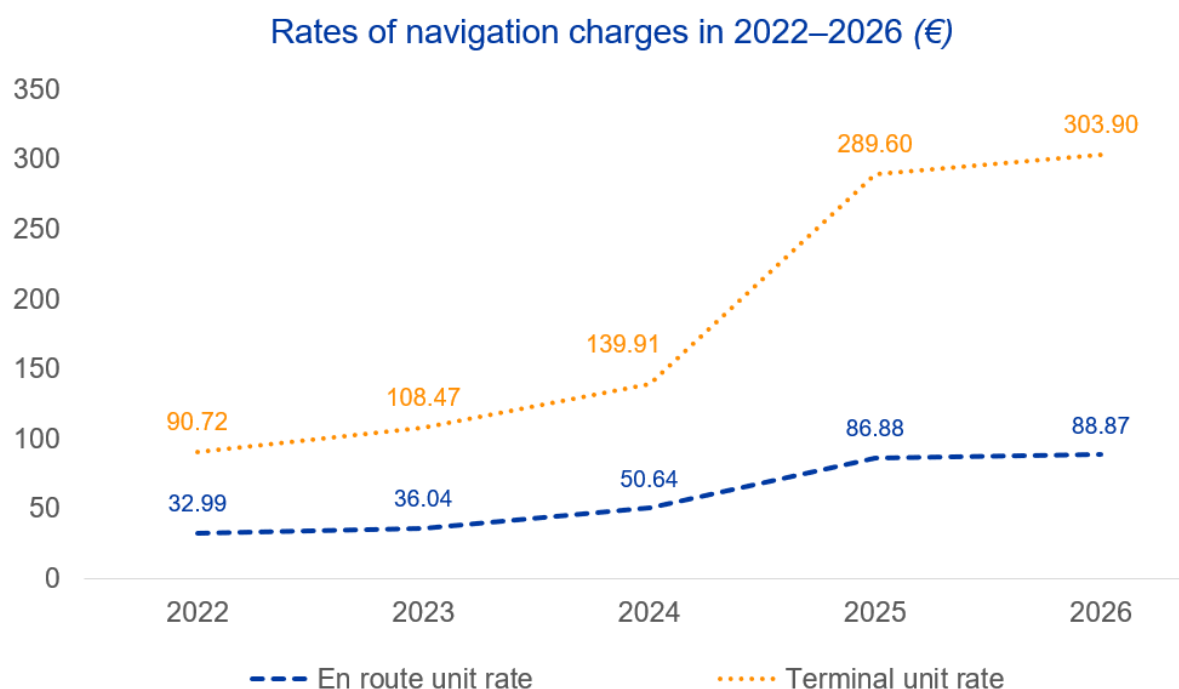
The unit rates for air navigation service charges are calculated in accordance with Commission Implementing Regulation (EU) 2019/317 of 11 February 2019, which provides a common charging scheme for air navigation services. The rates are annually adjusted and coordinated with the representatives of the airspace users (IATA etc.) in the Enlarged Committee for Route Charges.

In accordance with this Regulation, the unit rates for the services are significantly higher in 2025 and 2026 compared to those applied in the third Performance Scheme Reference Period in 2020–2024. The increase in the prices of the services is due to a lower number of actual service units in the previous periods compared to the estimated traffic volume taken into account in preparing the Performance Scheme and setting the prices, and the subsequent price adjustment related to the traffic volume, implemented in accordance with the so-called n+2 rule established by the Regulation. As a result of the variation in traffic carried over from 2023 and the effects of the adjustments related to the implementation of the traffic risk and cost risk sharing mechanisms, the unit rates for services increased significantly in the specified years.

In 2025, the unit rate for en route navigation charges was €86.88 (2024: €50.64). From 1 January 2026, the unit rate for en route navigation charges is €88.87.

In 2025, the unit rate for terminal navigation charges was €289.6 (2024: €139.91). From 1 January 2026, the unit rate for terminal navigation charges is €303.9.

Navigation charges in 2022–2026

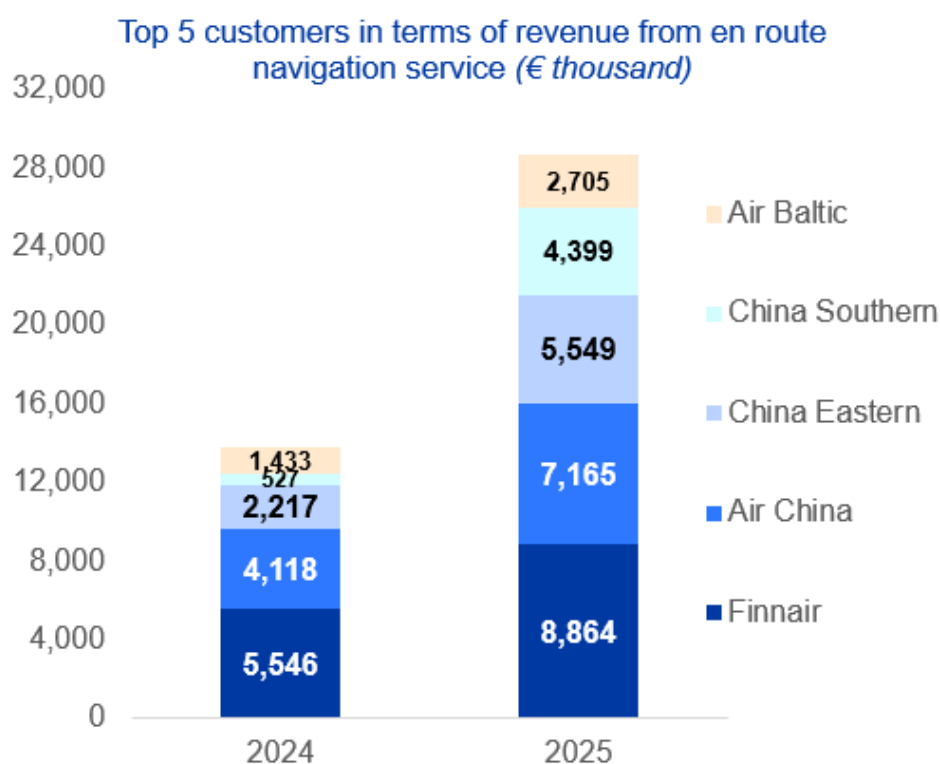


Revenue and costs

The Company's operating income consists of revenue (i.e. income from the provision of air navigation services) and other operating income. The Company's income from the principal activity, i.e. from en route and terminal navigation charges, also covers the expenses incurred by the state for the provision of air navigation services.

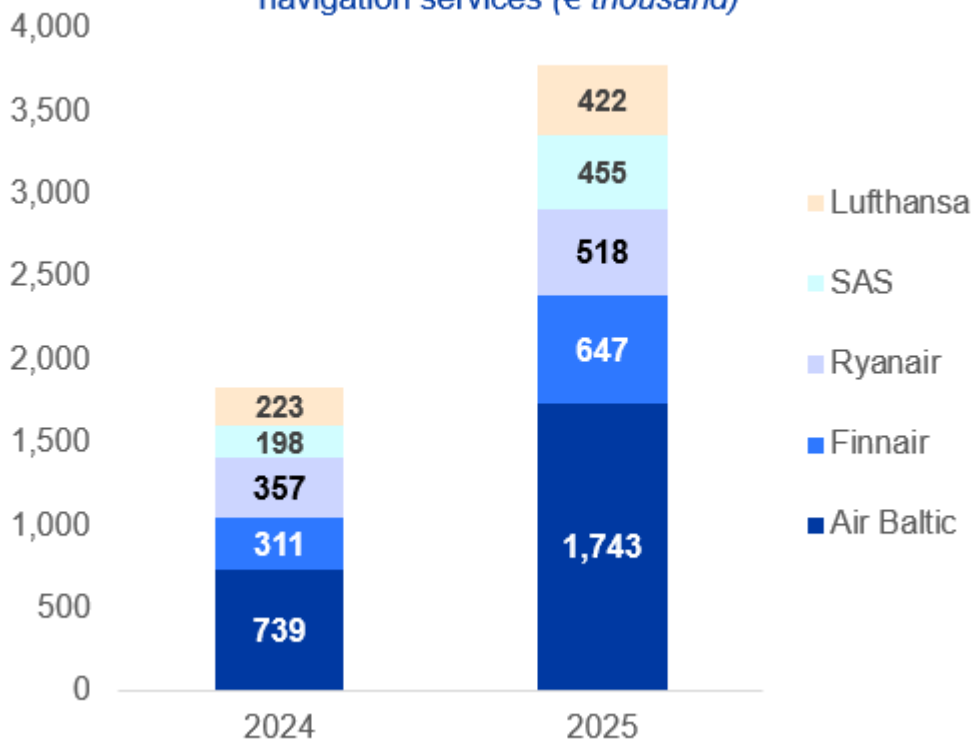
In 2025, the Company's operating income (revenue and other operating income) totalled €62.4 million (2024: €31.2 million). Revenue amounted to €62.1 million (2024: €30.9 million), an increase of 100% year on year. Revenue grew due to an increase in the volume of overflight traffic and a rise in the unit rates for service charges compared to the previous year.

En route navigation services accounted for the largest share, i.e. 90% of revenue in 2025. Revenue from en route navigation services grew by 100% year on year. Finnair was the customer contributing the highest revenue from en route navigation services (+60% from 2024).



In 2025, revenue from terminal navigation services increased by 105% compared with a year earlier. Air Baltic was the customer contributing the highest revenue from terminal navigation services (+136% from 2024).

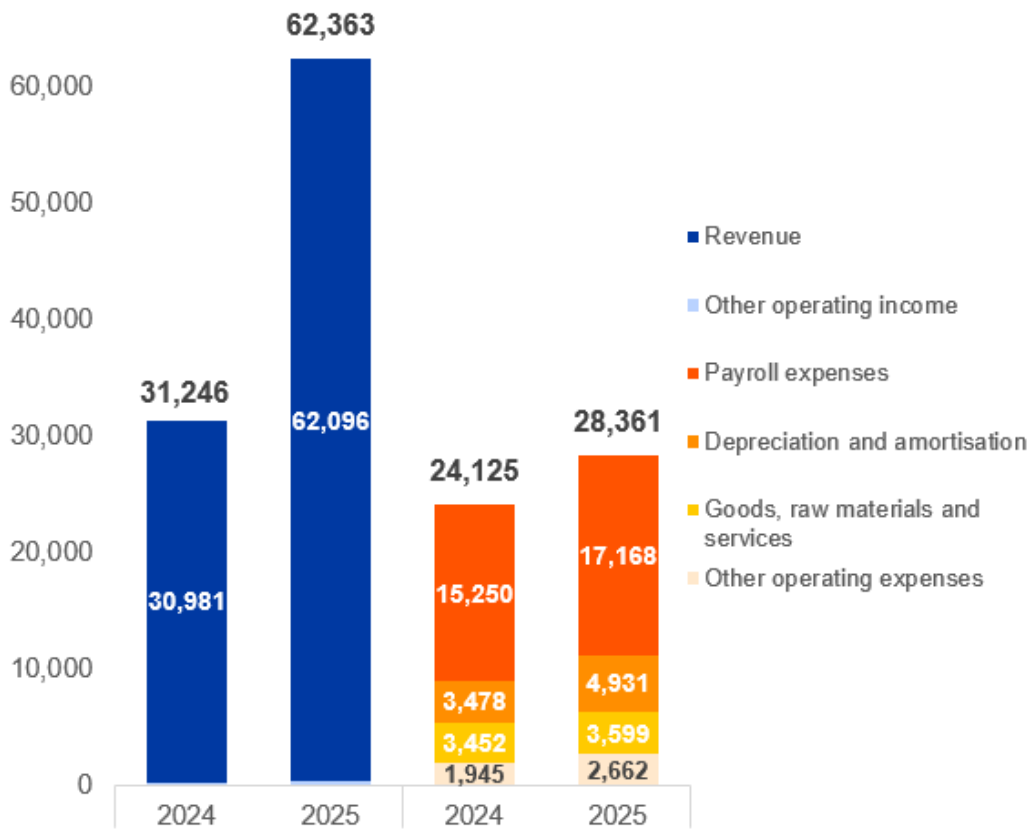
Top 5 customers in terms of revenue from terminal navigation services (€ thousand)



The majority of the Company's operating expenses are fixed expenses. In 2025, operating expenses increased by 18% to €28.4 million (2024: €24.1 million). Payroll expenses amounted to €17.2 million (2024: €15.3 million), an increase of 13% compared to 2024. Depreciation and amortisation expenses increased by €1,453 thousand (+42%), other expenses (other operating expenses and impairment loss on receivables) by €718 thousand (+37%) and goods, raw materials and services by €147 thousand (+4%) over the year.

In 2025, finance income and costs totalled €209 thousand (2024: €728 thousand).

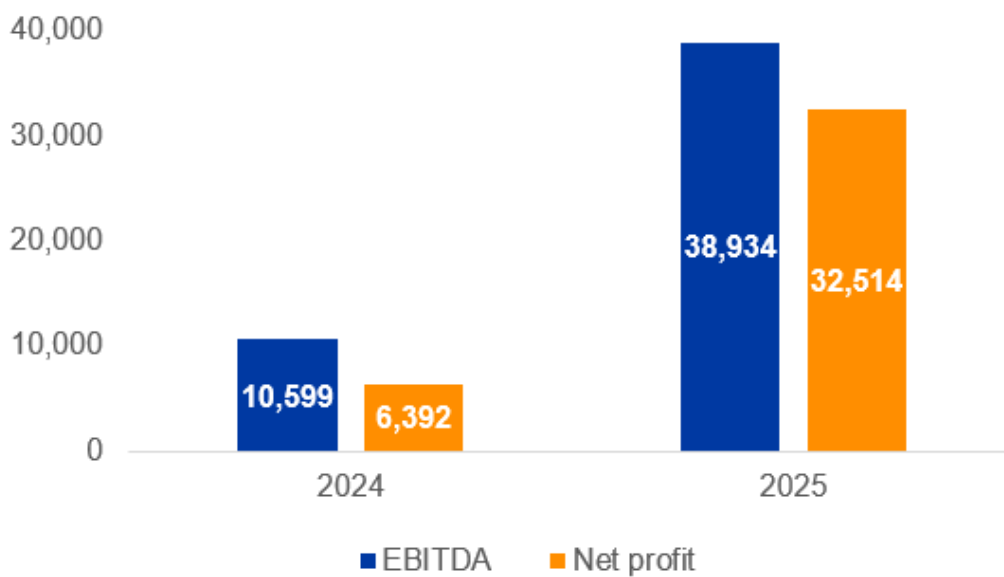
Operating income and expenses (€ thousand)



Profitability

The Company's EBITDA for 2025 was €38.9 million, an improvement of €28.3 million compared to the previous year. Net profit for 2025 was €32.5 million compared with a gain of €6.4 million for 2024.

EBITDA and net profit (€ thousand)



Investments

In 2025, investments in property, plant and equipment and intangible assets totalled €11.1 million (2024: €1.1 million).

At the end of the year, total assets amounted to €70.2 million, an increase of €26.9 million compared to the beginning of the year (+62%). Equity amounted to €44.9 million.

Economic value added

To better assess the performance of EANS, management measures the economic value added. While traditionally assessments are made on the basis of the income statement, the calculation of the economic value added also takes into account the cost of equity. The economic value added reflects the profit earned for the owner in excess of the required return on equity:

Economic value added = net profit – equity × cost of equity

Taking into account the risk level of the Company, the indicators treated as the required return on equity of other service providers in the world and the position of the Company's owner, the required return on equity in the fourth Performance Scheme Reference Period is 7.3% (in the previous Performance Scheme Reference Period, i.e. 2019–2024: 7.3%).

Economic value added by the principal services was as follows:

2025 (€)

	En route navigation service	Terminal navigation service	Other services	Total
Total income	56,156,872	5,912,490	591,972	62,661,333
Operating expenses	23,452,210	4,895,534	12,809	28,360,552
Capital-related costs	2,131,554	523,708	2,194	2,657,456
Economic value added at Company level	30,573,108	493,248	576,970	31,643,325
State expenses	7,495,359	429,772	0	7,925,131
Economic value added at state level	23,077,749	63,476	576,970	23,718,195

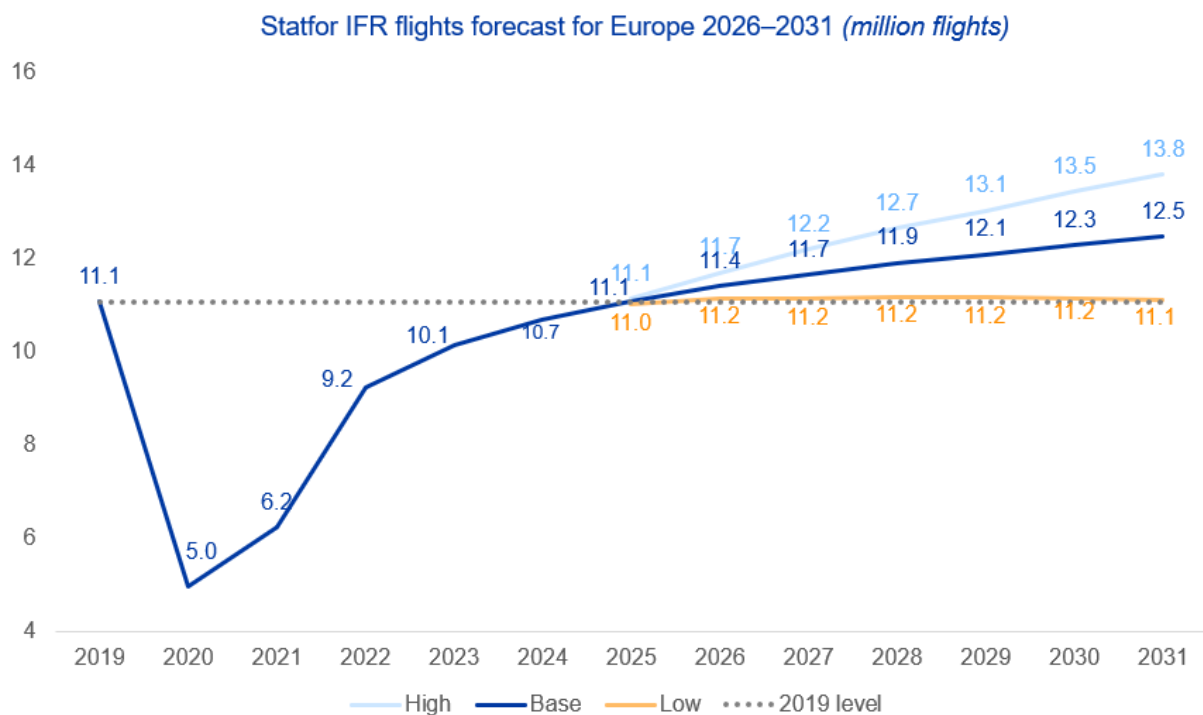
2024 (€)

	En route navigation service	Terminal navigation service	Other services	Total
Total income	28,074,614	2,883,308	384,253	31,342,175
Operating expenses	20,593,451	3,523,240	8,557	24,125,248
Capital-related costs	1,538,221	275,495	3,396	1,817,112
Economic value added at Company level	5,942,943	-915,428	372,300	5,399,815
State expenses	7,636,584	400,155	0	8,036,739
Economic value added at state level	-1,693,641	-1,315,583	372,300	-2,636,924

Outlook for 2026

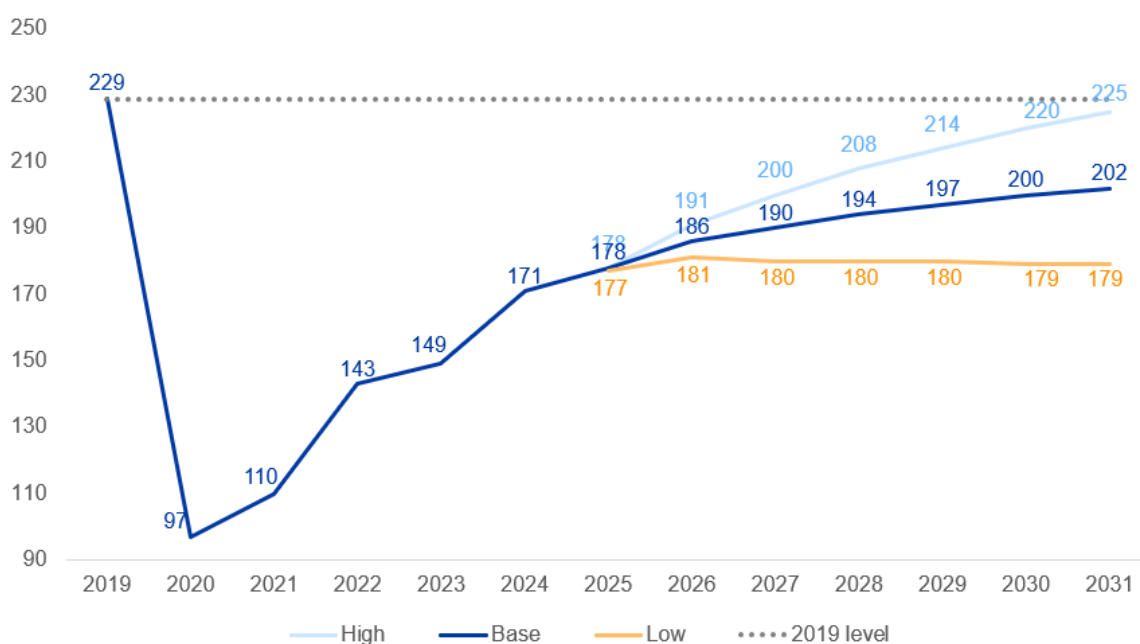
In 2025, the Eurocontrol Network Manager Area handled around 11.1 million flights, marking a 4% increase over 2024. Thus, air traffic volume reached the pre-pandemic levels for the first time and slightly exceeded the total for 2019.

In October 2025, Eurocontrol updated its flight forecasts for the period 2026–2031. According to the base scenario, European air traffic is projected to keep growing moderately in 2026–2031, by an average of 2.2% per year.



Eurocontrol has forecast that the number of Estonian IFR flights reaches 186 thousand in 2026, slightly higher than Statfor's spring forecast (185 thousand IFR flights). Although flight volumes in Estonia are growing faster than in Europe on average (an average annual growth of 2.9% is projected for Estonia in 2025–2031), Estonian air traffic is not expected to reach the pre-pandemic level of 2019 during the forecast period. In our region, Russia's war of aggression against Ukraine and the resulting mutually imposed sanctions continue to have long-term significant impacts on air traffic.

Statfor IFR flights forecast for Estonia 2026–2031 (thousand flights)



Despite the unstable security environment in the region, the outlook for air traffic in 2026 is moderately positive. Although a number of European airlines reduced their flight volumes in 2025 and there were no appreciable developments in domestic traffic, the overall air traffic is supported by overflights, which account for around three quarters of total traffic.

Air traffic to Asia and the growth of cargo flights are particularly significant, confirming the strategic role of Estonian airspace as an air corridor between Europe and Asia. The increase in the number of passengers at Tallinn Airport indicates a better load factor of aircraft and the introduction of larger aircraft. Tallinn Airport is making considerable efforts to open new routes and we hope that the number of international scheduled flights to and from Tallinn will also recover in the near future.

The importance of Estonian airspace as a corridor for international cargo flights and long-distance routes continues to strengthen. Looking ahead to 2026, we are preparing for the delivery of services in an increasingly international and volatile operating environment and expect a strong financial year.

5. SERVICES AND BUSINESS LINES

5.1. Flight safety and quality

Ensuring flight safety and constantly improving the safety level are a priority for EANS. The Company makes daily efforts to ensure safety and security and to comply with all established international requirements. As an organisation, we promote ongoing development of a safety culture.

The Company pays a lot of attention to the identification of new hazards and also makes efforts to monitor and manage existing hazards and risks. The development and implementation of preventive measures for risk reduction and systematic monitoring help EANS provide safe services. The purpose is to identify potential bottlenecks in procedures, methodologies, technical systems and elsewhere in a timely manner as these could become decisive in actual hazardous situations.

The new Performance Scheme Reference Period (RP4) for air navigation service providers in the European Union started in 2025. As a result, the safety management performance targets previously set by the European Commission for air navigation service providers also changed significantly. The table below shows the different categories that are measured in EANS. The targets set by the European Union are marked in yellow, while the level achieved by EANS is marked with an X.

Minimum level of EoSM achieved per component	Informal agreements	Defined	Managed	Resilient / adaptable
	A	B	C	D
Component 1: Safety culture			X	
Component 2: Safety policy and objectives				X
Component 3: Safety risk management				X
Component 4: Safety assurance			X	
Component 5: Safety promotion			X	
Component 6: Interdependencies			X	

It is certainly important for us to maintain the level achieved and strive for even better results.

To comply with European Commission Implementing Regulation (EU) 2017/373, the Company has set specific internal targets for safety occurrences, which we monitor on a quarterly basis. These cover activities related to air traffic control (e.g. adequate separation) as well as general aspects of air traffic management (e.g. the reliability of communication, surveillance or navigation systems and equipment or quality of the flight information service). Last year we met all targets that had been set.

EANS continues to have a good reporting culture – our people know when and why they need to report safety occurrences, thereby contributing to improving the safety management system. A strong safety culture is a sound foundation for eliminating even the smallest errors and ensures the safest possible service delivery.

In 2025, a total of 737 occurrence reports were submitted, somewhat fewer than a year earlier. As air traffic did not increase significantly, the ratio between the number of reports and the traffic volumes can be considered satisfactory. Similar to the previous year, GPS interference was the area with the most frequent reports in 2025. There were 357 GPS interference reports in 2025. Each of them contained several different reports related to GPS interference.

In 2024, the number of occurrences investigated in depth was 190, somewhat fewer than in the previous period. The number of safety occurrences directly or indirectly caused by EANS in 2025 remained at the same level as in the previous year and there were no serious aviation safety occurrences in 2025. The root causes of all investigated occurrences were identified and passed on to departments for analysis and actions to prevent similar occurrences in the future. Safety recommendations made during the investigation of the occurrences were also communicated to the departments to be analysed and, where possible, implemented with a view to raising the level of safety within the organisation and for the services provided.

In 2025, 182 safety recommendations, or safety improvement proposals, were made following safety occurrence investigations. In addition, 96 root causes were highlighted and referred to departments for resolution. The Safety and Quality Department regularly monitors whether the root causes have been resolved and meets with departments to discuss whether and how these solutions help prevent similar occurrences in the future.

A total of six safety assessments were carried out during the financial year. Their purpose is to identify hazards at an early stage of a project or its modification and to make sure that risks have been mitigated to a level where, if they were to occur, they would not jeopardise the safety of the Company's operations or successful progress of projects. Safety assessments are carried out for all changes in the functional systems of the Company, as well as for changes for which the Transport Administration requests a safety assessment, in order to ensure that the changes are implemented with the highest level of safety, or even enhancing such level.

Supervision of the management system

The management system of EANS is based on the quality management principles of ISO 9001. This ensures a stable and high-quality service to our customers. The Company's management system complies with the requirements of Commission Implementing Regulation (EU) 2017/373, as verified by a certificate for the provision of air navigation services issued by the Transport Administration, and with the international quality management system standard ISO 9001:2015, as verified by a certificate for the provision of air navigation, air traffic, communication, navigation, surveillance and aeronautical information services. Both certificates are subject to external audits to assess compliance with the above regulation and standard. EANS was also certified according to the ISO 27001 standard in 2025.

The management system of EANS integrates all its management systems on the basis of uniform rules: quality, safety, security, customer relations, work environment, the environment, communication, data protection and information security management. The system helps ensure customer focus, coherence and observability, and instructional materials have been compiled to achieve this.

To develop the management system and enhance its impact, we promote a good work culture where employees are aware of legal and administrative requirements. We set goals and allocate the necessary resources. The management team reviews the management system annually to be informed of the implemented activities, the achievement of goals set and the future plans.

The Company has an internal audit system to assess compliance in all its processes. In addition to internal and external audits of the management system, additional external audits are carried out in various areas in accordance with the external audit plan approved by the audit committee.

5.2. Activities and development trends at the Air Traffic Control Department

For the Air Traffic Control Department, 2025 was characterised by a focus on systemic development: improving the organisation of work and management practices, further developing cross-border solutions, analysing the digital service and strengthening cooperation with customers and partners. These activities create a solid foundation for the coming years, when the focus will be on the preparation of the new air traffic control system, sustainable workforce planning and further improving the reliability of the service.

Development of work organisation and teamwork

During the financial year, Team Resource Management (TRM) training was conducted for air traffic controllers in order to strengthen teamwork, communication and decision-making processes in complex and demanding work situations. An important added value of the training was that, in addition to the safety topics, structured feedback was collected on the day-to-day organisation of work, shifts, working conditions and organisational support of air traffic controllers.

The input received will be used in the development of the action plan of the Air Traffic Control Department, which will focus on increasing the clarity of work organisation, balancing the workload better and harmonising management practices. It is a longer-term development process, designed to support both safety and the sustainability of the staff.

Cross-border cooperation and development of the FINEST project

The FINEST project was a key strategic action line also in 2025. The Air Traffic Control Department was actively involved in the development of cross-border work organisation solutions, including the further development of the concept of Western Functional Airspace Blocks (FAB) for military use. The introduction and specification of Western FABs allows for more flexible management of traffic and workloads and a more efficient response to changes in traffic volumes.

Development of infrastructure and procedures

Several developments related to infrastructure and procedures were carried out during the financial year, which have a direct impact on air traffic flow and safety. Changes to service of the K apron were prepared and implemented at the Tallinn Airport, which required the Air Traffic Control Department to develop, approve and implement new procedures.

In addition, significant attention was paid to the issues related to the Eastern Estonian flight restriction areas. The changed security situation and the risks associated with drone threats called for more flexible and rapidly applicable airspace restrictions and closer cooperation with defence and civil partners. The role of the Air Traffic Control Department was to ensure that these restrictions could be implemented in a way that minimised the impact on civil air traffic while maintaining safety and the capacity to respond.

Digital air traffic control and Digital Tower analysis

An analysis of the service provision of the Digital Tower solutions was carried out in 2025. The experience gained so far in the use of the Digital Tower made it possible to assess the reliability, staff workload and quality of service in different operational scenarios. The results of the analysis will be used to plan future investments as well as to evaluate new service models.

The further development of the Digital Tower and SHADOW solutions is directly linked to the Company's strategic objective to increase service flexibility and reduce dependency on single physical locations.

Customer relations and service quality

During the financial year, a survey of air traffic control customers was carried out to collect structured feedback on service quality, cooperation and predictability. The results of the survey confirmed the professional level of the service.

The results of the customer survey will be used as an input to improve work processes as well as to develop forms of cooperation with airlines and other partners.

5.3. Aeronautical Information Department

To ensure seamless management of air traffic in Estonian airspace, the Company provides the aeronautical information service (AIS). The purpose of the aeronautical information service is to collect, process and transmit the aeronautical information and data required for safe flying. This means that the Company's task is to manage the information needed to fly in Estonian airspace (Tallinn FIR) and make it available to airspace users in a suitable format.

The amount of information relevant to flying has grown significantly year by year. This, along with technological developments and the resulting self-evident possibilities for information processing, has guided the development of this area. The aim is to get to a situation where pilots no longer have to read the information that is important to them on paper and in coded form, but a machine does it for them. This, however, means that the information must be in a digitalised form and in an agreed format in order to achieve automated information flows and thereby reduce the possibility of errors, increase situational awareness and improve airspace capacity.

In order to harmonise and speed up the level of digitalisation, the European Commission has issued a regulation requiring air traffic control services across Europe to develop capability for System Wide Information Management (SWIM) by the end of 2025 and to start providing digital information exchange services (SWIM services).

We have kept this in mind in all development projects in the area of aeronautical information management (AIM).

In 2025, we continued to upgrade the CADAS aeronautical information system. The aeronautical information database, the NOTAM message processing information system and the flight plan messages processing information system have all been upgraded. The aim was to make the systems more user-friendly and to align them for the provision of SWIM services. The Site Acceptance Test (SAT) of the last delivery was completed in late 2025. Now, only defective works have to be dealt with.

Due to a slight delay in delivery, the start of the provision of SWIM services has been postponed until April 2026.

5.4. Technology Department

Air traffic management today relies on sophisticated technical systems to ensure safety and efficiency. These systems involve the use of radars, air traffic control centres, navigation equipment and communication devices and must meet very strict requirements to ensure the safe and smooth movement of aircraft in the airspace.

The Technology Department ensures that the Company has the compliant systems and equipment in place, that they are reliable and fault-tolerant, and that they provide our employees with accurate data. The Technology Department is also constantly working to modernise technical solutions and introduce new systems, so that the Company can constantly offer a high-quality service with due regard for safety.

In 2025, we witnessed several important developments in the central air traffic control system and in the navigation and surveillance equipment systems.

Early in the year, we upgraded the backup air traffic control system, which for the first time ever is a replica of the main system. The new system offers a number of technical and organisational advantages compared to the previous system and allows all air traffic controllers to continue to work without the need for additional competency requirement. The back-up system is also important for the implementation of FINEST, as we will connect the Finnish and Estonian systems and in the case of problems, we can continue working without interruption.

We implemented the activities arising from the 2024 agreement with the Ministry of Defence. The amount of the support granted to EANS from the EU Recovery and Resilience Facility was €5.1 million and we used it to modify the air surveillance chain. We upgraded the Tallinn radar within the scope of the TUULIK surveillance chain upgrade project. During the work to upgrade the Tallinn radar, we replaced the radar that had been in use for nearly 30 years with a new generation technology that increases the accuracy and reliability of air traffic control and supports situational awareness throughout Estonian airspace. In addition to smooth air traffic management, the new cutting-edge technology will also support national energy security by being less sensitive to the effects of wind farms. This makes it possible to build higher offshore wind farms in the Gulf of Riga and on Estonian islands in the future without disturbing air traffic. Radar upgrades included the replacement of the radar, the installation of a new communication line between the radar building and the air traffic control centre, and the modernisation of the radar station building and technical systems. In addition to the infrastructure works and the completion of the radar, the surveillance chain modification project TUULIK included interfacing the radar data of the Estonian Air Force, upgrading and extending the WAM system, including the implementation of ADS-B.

In 2025, we made preparations for the implementation of the new air traffic control system TopSky One. During the preparations, the SkyBridge alliance was set up in cooperation with Fintraffic ANS and ANS CZ. The new air traffic control system is not just a technical innovation for EANS, but an indispensable prerequisite for meeting the requirements of the European Union, the successful continuation of the FINEST project and the achievement of the Company's strategic objectives.

Thales's TopSky-ATC One is a solution that allows EANS to continue to provide safe, efficient and future-proof air traffic control services.

In 2025, we made preparations to expand the DME-DME network with two new devices. DMEs are an alternative to the GNSS-based system, which includes GPS. While pilots mainly use information based on GNSS signals for navigation, DMEs are the devices that help determine the position of aircraft in the case of the recent increase in GPS signal interference. Unlike GNSS, the ground-based network is less sensitive to interference. Ground-based DMEs will be installed after the award of the public contract.

We also started preparations for the takeover of the ILS system of the Tallinn aerodrome from Tallinn Airport. The preliminary work for the procurement was done in 2025, the procurement will be carried out in 2026 and the ILS system will be installed in 2026–2027.

We started providing a service-based technology service. In order to do this, we mapped processes, described requirements and procured a new asset and knowledge management system. The plan is to implement the system in the first half of 2026. The system brings together all assets and activities related to assets, including technical incidents, as well as the documentation needed to provide the service.

One of the key priorities in 2025 was the modernisation of information security management. This included updating agreements and responsibilities to ensure the organisation is more resilient to information security risks and compliance with external requirements. As a result of the upgrade, the Company's ability to prevent and manage risks that could affect business operations will improve. The success of the activities was measured by conducting a preliminary audit and an ISO 27001 certification audit.

5.5. Development Department

To ensure the provision of air traffic services and the functioning of the air traffic control system, the Company improves its strategic planning, systems, sustainability and competitiveness.

In 2025, we continued to implement a number of projects that had been initiated earlier.

FINEST

FINEST is a cross-border air traffic management system created by EANS and Finland's air navigation service provider Fintraffic Air Navigation Services Oy (Fintraffic ANS) with the aim of integrating the Estonian and Finnish airspaces.

FINEST aims to create a safer, more sustainable and efficient common airspace and services that meet the needs of the governments and customers in both Estonia and Finland and make air traffic more environmentally friendly.

In 2025, discussions on the actions and implementation resumed in all programme workflows. A new, broad-based Concept of Operations document was composed with Fintraffic ANS to reinforce the common vision. The work included reviewing the previous approach to the programme and agreeing on new objectives, solutions and a step-by-step approach to airspace integration. Following the agreement on new objectives and solutions, a project plan was prepared and approved for the implementation of phase 1 of FINEST.

Common change management principles were adopted between the two companies, ensuring cooperation and synergy between them as the programme advances.

New technical systems continued to be implemented to prepare to provide a cross-border service and to launch FINEST. EANS and Fintraffic ANS migrated to a new common version of the air traffic control software. Additionally, the companies started to analyse and describe the requirements of the future air traffic control system. Fintraffic ANS continued to test and implement a voice communications system enabling the provision of a common cross-border service. The parameters of the surveillance equipment were modified in accordance with the FINEST objectives and then kept uniform throughout the year.

Airspace management changes were implemented so that the previously achieved readiness level of FINEST was maintained. When making the changes, the companies made sure that all the changes would support the provision of the cross-border service. Work on harmonising several operational procedures continued.

During the year, the Finnish Ministry of Defence reviewed its data protection requirements and the national ministries held meetings to move towards a state level agreement.

Digital or Remote Tower

In 2016, in cooperation with Tallinn Airport, we launched the Remote Tower project, aiming to digitalise the services at four regional airports in Estonia (Tartu, Kuressaare, Pärnu, Kärdla). To achieve this goal, we have worked with Adacel Technologies Limited to develop solutions for deploying the Digital Tower technology at local airports. The Remote Tower technology allows us to provide air traffic services at several airports simultaneously from a single hub, ensuring a safe and high-quality service, regardless of weather conditions. The Remote Tower technology also enables air traffic services to be provided in a more flexible and cost-effective way.

In 2025, an analysis was made to identify the most optimal solution for providing the service using the multi-tower concept as the technical solution.

Unmanned traffic management

One of the key strategic objectives of EANS is the development of the unmanned aviation sector and the development and implementation of the services for common airspace for manned and unmanned aerial vehicles, through unmanned traffic management (UTM) software.

The creation of procedures for flight information service officers to allow special category and national flights at regional airports was launched in 2025 and they will be implemented in 2026. A separate customer service helpline was opened to provide faster advice to pilots of unmanned aircraft as a result of the increasing number of fliers.

Together with the Transport Administration, Eurocontrol and the Estonian Aviation Academy, we continued the risk assessment of Tallinn CTR for the creation of U-space. The project will assess the risks related to ground infrastructure, people and conventional air traffic to identify the most suitable location for U-space and to ensure safe manned and unmanned air traffic. The activities continue in 2026.

Processes

In 2025, the focus was on the systematic development of process management and increasing the maturity level of processes. In order to achieve the objectives, the entire organisation's process portfolio was mapped, including the content, links and structure of processes, and a primary central repository was created for the coherent and transparent management of processes. As a result of the internal assessment, the maturity level of the processes increased from level 1 (basic) to level 2 (managed), which provides a clear basis for further standardisation, increasing measurability and continuous improvement. The development of process management will continue in 2026, with a focus on further description of the processes, clearer definition of responsibilities and linking processes to management, planning and metrics frameworks to achieve a higher level of maturity.

Strategy 2025–2029

In addition to implementing the strategy, the focus in 2025 was on adapting it consciously according to changing expectations and management needs. The strategic framework is built on the principle that the strategy is adaptable over time: the main directions are in place, but the strategy is reviewed each year, and the objectives, metrics and focus are specified where necessary.

In connection with the renewal of the owner's expectations in May 2025, new objectives were added to the strategy, including the introduction of artificial intelligence and the systematic development of service quality. At the same time, the Company remained focused on its smooth operation and the implementation of a metrics-based management model.

Important steps to increase the clarity and applicability of strategic management were taken during the year. The system of performance indicators was updated in 2025: umbrella KPIs for performance areas were created, the structure of the indicators was simplified and sub-indicators were added. A comprehensive architecture of indicators was developed, the owners and managers of the indicators were defined and a passport of indicators was created. In 2026, the development of the system of indicators and the PowerBI-based dashboard concept will continue to make the achievement of strategic objectives and performance indicators more transparent and operationally traceable at management level.

The implementation of the strategy is linked to an annual action plan, which is updated quarterly and is now linked to a risk assessment and investment plan. This integrated planning logic creates the basis for consistent implementation of the strategy and making timely management decisions in the coming years.

6. SUSTAINABILITY AT EANS

EANS is an integral part of society and it is important for us to contribute to sustainability in a focused and well-planned way. We have set sustainability as one of our strategic performance areas for the new strategy period of 2025–2029.

Strategic sustainability goals for the new period:



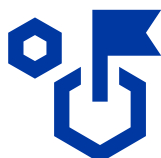
Environment

- *Reduce our climate impact*
- *Stay informed of climate change and take it into account in risk management*



Employees and social contribution

- *Increase our employee engagement and satisfaction*
- *Increase management quality*
- *Maintain the level of well-being at work*
- *Consider social impacts of our actions*
- *Attract new talent*



Responsible management

- *Set an example with good management practices*
- *Develop corporate culture*

It is important for EANS to proactively address sustainability topics in order to reduce negative impacts of the Company's operations and to maintain and, where possible, increase positive impacts. In 2025, we focused on raising employee awareness and held a Year of Sustainability. Throughout the year, we offered a variety of events and workshops with the aim of fostering a broader and more comprehensive understanding of sustainability. The activities of the year were organised by topic in accordance with the Environmental, Social and Governance (ESG) framework.

In 2025, we conducted a double materiality assessment based on the topics outlined in the European Sustainability Reporting Standards (ESRS) and in accordance with EFRAG guidance on conducting such assessments. The purpose of the assessment was to determine the impact of EANS's operations across different sustainability topics (impact materiality) and to identify external opportunities and risks that could affect the Company (financial materiality). At the beginning of the process, we mapped the Company's value chain (Figure 1), taking into account the specific nature of our sector.

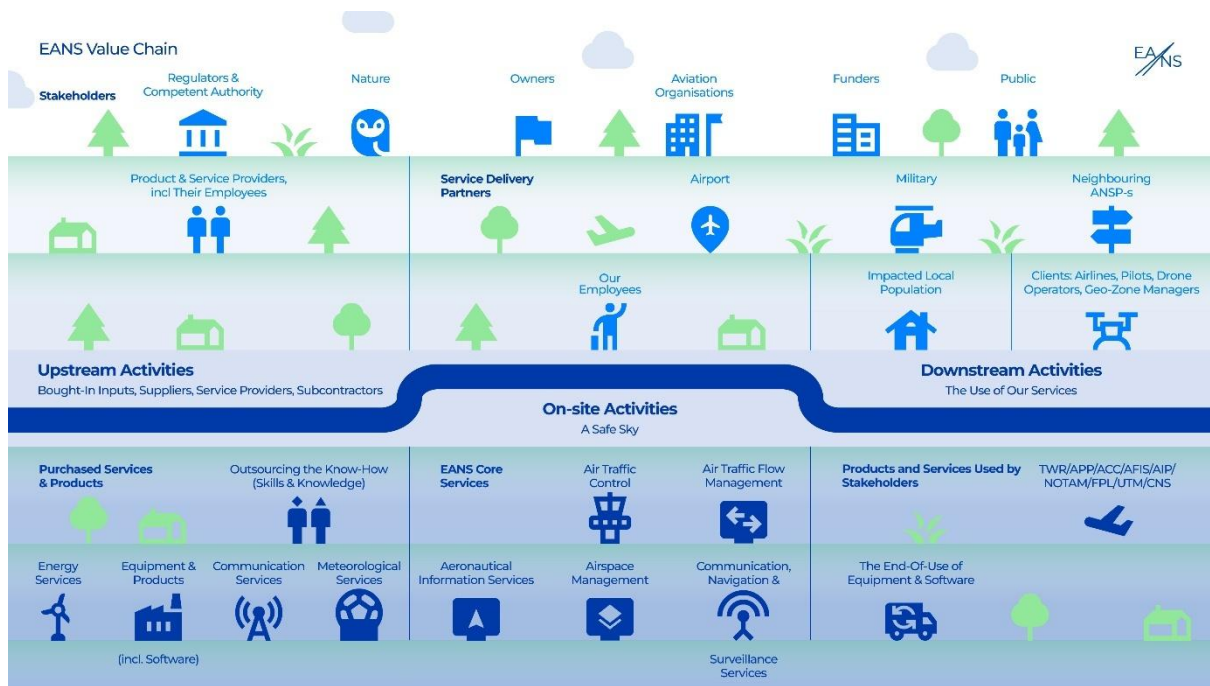


Figure 1. EANS value chain

During the assessment process, we involved key stakeholders both directly and indirectly. The ESG working group and department heads were directly involved in the process, providing input to several assessment workshops. With regard to external parties, we used both direct and indirect involvement. Among other things, we conducted a survey of selected partners to find out which sustainability topics EANS should focus on most according to them. 60% of the partners responded to the survey, which shows their strong interest in the topics addressed. We also communicated with the Company's owner and customers to identify their expectations and feedback.

Based on the feedback received, we refined and updated our initial assessments. The final results were validated in collaboration with department heads, evaluating how these topics were currently managed and identifying areas where additional efforts may be needed. The purpose of the assessment was to ensure that the results reliably reflected both the specific nature of the Company's operations and all sustainability topics considered material. Thorough documentation of the entire process and its results was of key importance.

This resulted in the identification of key sustainability topics at EANS.

ESG impacts, risks and opportunities

Environmental	Social	Affected communities	Governance
<p>Climate change mitigation</p> <p>Positive impact:</p> <ul style="list-style-type: none"> + Airspace restrictions help ensure the safety of consumers and end-users <p>Negative impact:</p> <ul style="list-style-type: none"> - Airspace restrictions for security purposes <p>Air pollution</p> <p>Positive impact:</p> <ul style="list-style-type: none"> + EANS helps prevent congestion and holding patterns, reducing fuel consumption and air pollution + Continuous descent and climb operations (CDO/CCO) reduce emissions and noise <p>Negative impact:</p> <ul style="list-style-type: none"> - Holding patterns before landing generate additional pollution <p>Risks:</p> <p>No material risks or opportunities were identified</p>	<p>Working conditions of own workforce</p> <p>Positive impacts:</p> <ul style="list-style-type: none"> + Competitive remuneration and job security + Systematic professional development (training and support for acquiring qualifications) + Investing in well-being at work (work environment, occupational safety and health) + Flexible working time arrangements, including shift work <p>Negative impact:</p> <ul style="list-style-type: none"> - Mental and physical stress (high mental workload, high-responsibility and round-the-clock work, work reorganisation through new tools, heavy workload) <p>Risks:</p> <ul style="list-style-type: none"> - A shortage of employees with the required skills in the labour market <p>Workers in the value chain</p> <p>Negative impact:</p> <ul style="list-style-type: none"> - Procurement of electronics produced in third countries 	<p>Positive impacts:</p> <ul style="list-style-type: none"> + Aviation safety and societal service (flight safety and security) + Accessibility of information (e.g. AIS and the EANS website) + Facilitating flights for rescue and defence operations <p>Negative impact:</p> <ul style="list-style-type: none"> - Impact of service disruptions on passengers (e.g. strikes, IT issues, including cybersecurity and data management, labour shortages) <p>Consumers and end-users</p> <p>Positive impacts:</p> <ul style="list-style-type: none"> + Aviation safety and societal service (flight safety and security) + Development and employment opportunities (investment in new talent) <p>Opportunity:</p> <ul style="list-style-type: none"> + Educational and community projects, research and development projects 	<p>Business conduct</p> <p>Positive impacts:</p> <ul style="list-style-type: none"> + Risk management + Compliance with regulations and requirements + Development of international and domestic cooperation (including stakeholder engagement) + Ethics and anti-corruption measures (including protection of whistleblowers) <p>Risks:</p> <ul style="list-style-type: none"> - Cybersecurity and data management vulnerabilities (including the use of third-party data managers) - Changing legislation - Geopolitical situation

Most of the topics identified in the double materiality assessment are already systematically managed through the Company's strategy and action plans, particularly in the social and governance areas. However, the assessment process highlighted the environmental dimension, revealing, for example, potential negative impacts associated with holding patterns, which had not been adequately addressed previously. Given the nature of our business, relatively few risks or opportunities exceeded the materiality threshold. Although most of the identified topics already align with our strategic goals and daily operations, it remains important to ensure continued attention to these areas.

Greenhouse gas (GHG) emissions

In 2025, we measured our climate impacts across scopes 1, 2 and 3. While we have been measuring scopes 1 and 2 since 2024, data collection for scope 3 commenced in 2025. Thus, we have laid the foundation for the initial dataset. Going forward, we will be able to collect data with increasing precision year by year and add categories as required.

GHG emissions by scope:

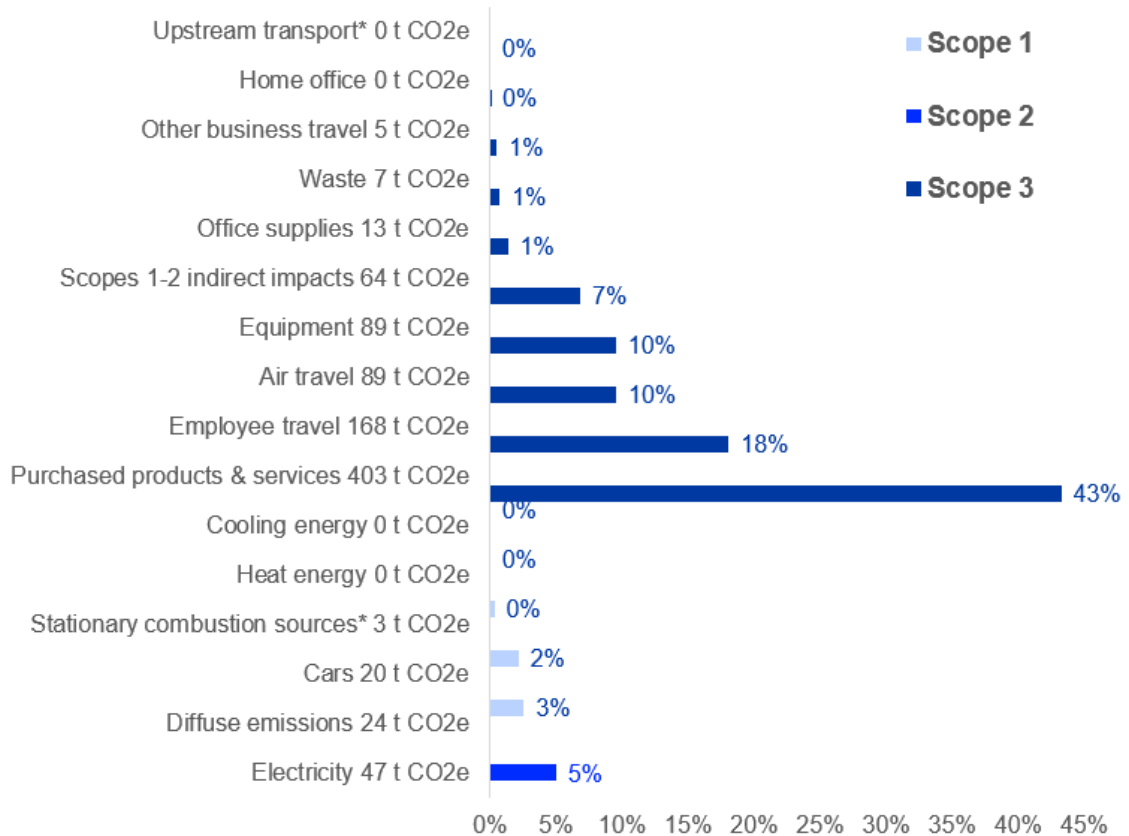
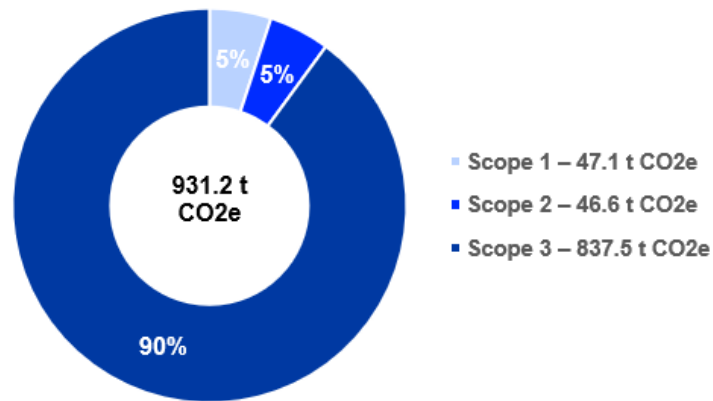
- *Scope 1 – EANS's direct emission sources, including the Company's cars, backup generators and diffuse emission leaks.*
- *Scope 2 – EANS's indirect emission sources related to purchased electricity.*
- *Scope 3 – EANS's other indirect emission sources, such as employee business travel, commuting and purchased goods and services.*

EANS's own direct and indirect GHG emissions (scopes 1 and 2) amounted to 93.68 t CO_{2e} in 2025, which is 13.38 t CO_{2e} higher than in 2024. The largest emission source in scopes 1–2 was electricity, accounting for 5% of the total emissions in these scopes. In 2025, 96% of the electricity used by EANS was generated from renewable energy sources, covering both the Company's own buildings and leased premises. The share of electricity generated from renewable sources remained at the same level as in 2024. The calculations take into account both purchased electricity and energy generated by the Company's solar panels.

In 2025, the Company's solar panels generated a total of 99.58 MWh of electricity, accounting for approximately 6.85% of the air traffic control centre building's total annual electricity consumption. Output was highest from April to August, when most of the year's renewable electricity was generated. All electricity purchased by EANS is sourced from renewable energy sources; however, the share that falls short of 100% is attributable to leased premises housing various equipment. Total electricity consumption in 2025 was broadly in line with that of 2024. The Company's total GHG emissions amounted to 931.15 t CO_{2e}.

Purchased goods and services were the largest source of emissions. Despite the increase in volumes, it is important to note that the rise in emissions was not driven by the expansion of operations, but rather by the inclusion of scope 3 data.

EANS's climate impact



Horizontal and vertical flight efficiency

Efficient air traffic control significantly supports environmentally sustainable operations. The direct environmental impact of air traffic control services has not been included in scope 3 GHG calculations, as separate metrics, methodologies and targets have been established at the European level for this area. Air traffic control procedures and airspace design have a direct impact on aircraft fuel consumption and, consequently, on horizontal and vertical flight efficiency indicators.

In 2025, the utilisation rate of continuous descent operations (CDO) in Tallinn was 65%, which is 5% lower than in 2024. The implementation of CDO procedures helps reduce aircraft fuel consumption and emissions; therefore, this metric is monitored on an ongoing basis. For horizontal flight efficiency, EANS monitors the KEA metric (key performance environment indicator based on actual trajectory over the past 12 months) established by the European Commission. The KEA value for en route flights in Estonian airspace was 5.75%, which is below the EU target of 6.54%, and we expect this downward trend to continue (the lower the percentage, the better). The geopolitical situation continues to have a significant adverse impact on horizontal flight efficiency. In 2025, we focused on metrics covering overall horizontal flight efficiency and established an internal process to improve data analysis and monitoring. Analysis and monitoring in this area will continue in 2026.

6.1. Our employees and social contribution

Staff

The number of EANS's employees has been stable in recent years. At 31 December 2025, the Company had 200 positions. Employee turnover indicators showed a slight downward trend: the total workforce turnover rate was 3% and the voluntary turnover rate was 2%.

The Company will continue to offer its employees meaningful work, high-quality leadership and a healthy work environment that supports development.

In 2025, a key priority was the implementation of the updated values developed in the previous year ('Dare to care', 'Depends on me', 'Further together', 'Safety always'), with a focus on making these values visible and promoting a clear understanding of them. These values were incorporated into both the internal and external website, the Company's interior design and its promotional items. We conducted workshops focusing on the values, which were attended by all EANS staff. In these workshops, each employee had the opportunity to share their perspective on the Company's values in the context of their own and their colleagues' roles. A shared understanding of the principles of conduct that underpin these values is a crucial step towards establishing a cohesive organisational culture.



2025: 210 employees

10.6 years

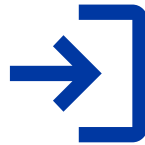
Average length of employment



125 men



85 women



25 new colleagues joined



6 employees left

Satisfaction and engagement

To engage staff and obtain continuous feedback, we piloted a new employee satisfaction measurement tool, Moticheck, in 2025. This enabled managers and the organisation to monitor employee satisfaction on a daily basis. The average participation rate was 55% and the average satisfaction rate was 77%. A high level of engagement in posting comments indicates that employees are committed and willing to share feedback to contribute to the development of the Company and its culture.

One of the key indicators of employee engagement is the Employer Net Promoter Score, which we measured on two occasions in 2025. The results showed a significant improvement compared with the previous year and remained stable throughout the year. The number of promoters continues to follow an upward trend.

These surveys provided a clear indication of the areas and issues requiring attention both Company-wide and within individual structural units, and offered immediate feedback on measures enhancing employee satisfaction.

Well-being at work

The Company's office and the overall work environment continue to meet high standards. EANS is committed to doing everything possible to maintain the health of its employees and encourages everyone to take a proactive approach to their health. Employees can make use of the wellness services offered through the Stebby platform, exercise in the Company's gym and participate in sports events together. In 2025, the emphasis was on sustaining mental well-being, in continued collaboration with Meliva. A massage chair was purchased primarily for employees engaged in operational activities, providing them with an opportunity to relax during breaks.

We underwent an inspection by the Labour Inspectorate, during which no deficiencies were identified. The inspection provided an opportunity to review the main risks present in the work environment and to assess the compliance of existing measures with the applicable requirements. Although no significant occupational hazards were identified, updated action plans were prepared to mitigate potential risks. We note with satisfaction that there have been no workplace accidents for several years.

Our Company is a member of a network of companies that support employee health and we have been awarded the gold labels of a family-friendly employer and of a company that supports mental health.

Training and development activities

The Company's training expenses increased by 6% compared with 2024 and represented 2.4% of total payroll expenses (2024: 2.6%). Departments providing operational services accounted for two-thirds of training and development expenses, with the remainder allocated to Company-wide and support departments' training and development activities.

The number of training hours in the Company increased by 45% (2024: 10,522 hours, 2025: 15,505 hours). The average number of training hours per employee also increased – to 77 hours per employee (2024: 53 hours per employee). We outsourced 73% of our training and development activities (external training delivered in-house and off-site and training visits). At the same time, the number of internal training sessions also increased. Compared with the previous year, the volume of internal training increased 4.5-fold. The share of e-learning remained at the same level as in the previous year, at 6%.

In 2025, development activities in the Company focused on sustainability topics. We organised nine different types of training and development activities. Employee awareness of sustainability matters increased from 53.9% to 79.7%. In addition to development activities, emphasis was placed on communication and the visibility of the topics – we published 11 thematic articles on the intranet, 21 posts on Teams and five items of social media content. The focus remained on the importance of lifelong learning and mental health. Development activities culminated in the Adult Learners' Week.

We finalised the principles of people management, taking a significant step towards improving management quality, including its measurement, and the development of a coherent management culture.

Social contribution and cooperation

EANS maintains good relations with state institutions and relevant regulatory authorities in Estonia and the European Union. We work with them to ensure that aviation is sustainable, cost-efficient and continues to be safe. We also collaborate with leading aviation experts to develop an innovative, environmentally sustainable and shared airspace that meets future requirements.

In 2025, the Company encouraged teams to give back to society by engaging in volunteer work and supporting those in need. For example, our teams assisted with gardening and construction work at the Tipu Nature School, sorting books at the Repository Library, collective restoration work in the Pääsküla bog and assembling aid packages at a charitable organisation.

Cooperation partners of EANS include:

- *International Civil Aviation Organization (ICAO)*
- *Civil Air Navigation Services Organization (CANSO)*
- *Northern European ANSP Cooperation Group (Borealis Alliance)*
- *Working Group on the North European Functional Airspace Block (NEFAB)*
- *European Organization for the Safety of Air Navigation (Eurocontrol)*
- *Single European Sky Air Traffic Management Research programme*
- *Estonian Aviation Cluster*

- *Estonian Taxpayers Association*
- *Estonian Chamber of Commerce and Industry*
- *Estonian Human Resource Management Association PARE*
- *Green Tiger*

It is important to keep attracting new talent. In 2025, 11 trainees participated in the EANS traineeship programme, three of whom continued working for the organisation – two in the Aeronautical Information Department and one in the Development Department. Hiring trainees helps ensure a steady pipeline of new talent for the Company and contributes to the future of the aviation sector more broadly.

6.2. Responsible management

Corporate governance report

The sole owner of EANS is the Republic of Estonia and the Company is administered by the Ministry of Climate. The owner is represented by the Minister of Infrastructure.

EANS is managed in accordance with the Commercial Code, the State Assets Act and the Corporate Governance Recommendations (CGR) promoted by the Estonian Financial Supervision and Resolution Authority, taking into account the specifications under the State Assets Act. Since the sole shareholder of EANS is the Republic of Estonia, the shareholder's interests are protected by the principles set out in the State Assets Act. Therefore, EANS does not comply with certain guidelines included in the CGR, particularly those relating to the general meeting and the supervisory board. Management decisions are based on the expectations of the state as the owner, the Company's vision, strategy and values, and the principles of sustainable and responsible operation.

In addition to efficient operation, the owner expects EANS to be a role model for Estonian companies in terms of good corporate governance, social responsibility and a strong business culture.

The supervisory board, the management board and the management of EANS work to integrate these expectations into the Company's day-to-day operations, thereby ensuring its continuous development.

EANS' s strategic goals are set for five-year strategy periods and their implementation is assessed each year on the basis of key performance indicators. The role of managers is to apply good management practices to engage employees in the implementation of the strategic goals. Financial performance is reported regularly through quarterly financial statements, which are published on the Company's website.

The management board of EANS prepares the Company's financial statements in accordance with internationally recognised financial reporting standards (IFRS). The financial statements are reviewed by an auditor and the supervisory board of EANS.

Disclosure of information

EANS does not fully apply section 5 of the CGR.

This is due to the Company's shareholder structure, as EANS has a single shareholder. Accordingly, disclosing information on the website is not an efficient or reasonable means of notifying the shareholder. Similarly, it is not considered reasonable to share all information in English.

Despite not fully applying the requirements of section 5 of the CGR, EANS submits the necessary reports directly to the shareholder and publishes on its website information that is, or may be, of interest to the general public. EANS also adheres to the principle of due care and consideration set out in point 5.6 of the CGR when exchanging information with the media and other stakeholders.

In all cases, EANS publishes on its website the information that the Company is required to disclose under legislation, including the State Assets Act.

Financial reporting and auditing

Point 6.2.3 of the CGR provides that, when organising auditor rotation, companies must comply with the guidelines of the Estonian Financial Supervision and Resolution Authority of 24 September 2003 concerning the rotation of auditors for certain entities under state supervision. However, EANS does not follow this recommendation, and the auditor is appointed for a period of three calendar years based on the results of a selection competition. The competition is conducted in accordance with the provisions of the Public Procurement Act and the procurement procedure established by EANS.

Business ethics and information security

The operation of EANS is founded on trust and ethical business practices. The agreed standards of conduct with colleagues, customers, partners and the general public are set out in the Company's Code of Ethics.

The principle of equal treatment guides the Company's actions, and discrimination, intimidation and harassment of any kind are prohibited. Employees have the opportunity to confidentially report potential violations or unethical conduct. Any such violations that come to light in the course of work-related activities can be reported by email to eetika@eans.ee.

When making decisions, care is taken to ensure they do not harm the Company's operations or reputation. We prevent conflicts of interest. In 2025, we updated our Code of Ethics, and all employees were required to complete two e-learning courses: the protection of personal data and the prevention of corruption and conflicts of interest in the public sector.

EANS's information security management system complies with the requirements of the ISO/IEC 27001 standard and is certified. This confirms that information security is managed systematically and in accordance with internationally recognised best practices.

In 2025, we achieved the set target – there were no information security incidents affecting our core service.

7. FINANCIAL STATEMENTS

7.1. Statement of financial position

(€)

ASSETS	Note	31 Dec 2025	31 Dec 2024
Cash and cash equivalents	2; 4	14,560,383	13,162,335
Other current investments	3; 4	15,000,000	0
Trade receivables	4; 5	9,707,687	5,435,451
Other receivables and prepayments	6	336,298	340,224
Total current assets		39,604,368	18,938,010
Property, plant and equipment	7	16,557,541	13,824,881
Intangible assets	7	14,077,780	10,567,871
Total non-current assets		30,635,321	24,392,752
TOTAL ASSETS		70,239,689	43,330,762
LIABILITIES AND EQUITY			
Current borrowings	4; 8	706,123	8,455,943
Payables to employees	9	117,825	110,591
Current provisions	9	1,572,150	1,324,620
Other current liabilities	4; 10	6,881,212	1,620,562
Current government grants	17	1,051,544	0
Total current liabilities		10,328,854	11,511,716
Non-current borrowings	4; 8	10,536,673	11,242,796
Non-current government grants	17	4,455,510	3,632,356
Total non-current liabilities		14,992,183	14,875,152
TOTAL LIABILITIES		25,321,037	26,386,868
EQUITY			
	11		
Share capital		10,112,940	10,112,940
Legal reserve		319,622	0
Share premium		438,507	438,507
Retained earnings (prior periods)		1,533,825	0
Profit for the year		32,513,758	6,392,447
TOTAL EQUITY		44,918,652	16,943,894
TOTAL LIABILITIES AND EQUITY		70,239,689	43,330,762

The notes on pages 52–86 are an integral part of these financial statements.

7.2. Statement of comprehensive income

(€)

	Note	2025	2024
Revenue	12	62,095,536	30,981,344
Other operating income		267,765	264,348
Total operating income		62,363,301	31,245,692
Goods, raw materials and services	14	-3,598,883	-3,452,054
Impairment loss on receivables	5	-1,027,432	-445,651
Other operating expenses	15	-1,634,955	-1,498,898
Payroll expenses	13	-17,168,149	-15,250,273
Depreciation, amortisation and impairment of non-current assets	7; 19	-4,931,133	-3,478,371
Total operating expenses		-28,360,552	-24,125,247
Operating profit		34,002,749	7,120,445
Finance income		298,032	96,484
Finance costs	8	-506,792	-824,482
Profit from operating activities		33,793,989	6,392,447
Income tax on dividends	16	-1,280,231	0
Net profit		32,513,758	6,392,447
Comprehensive income		32,513,758	6,392,447

The notes on pages 52–86 are an integral part of these financial statements.

7.3. Statement of cash flows

(€)

Cash flows from operating activities	Note	2025	2024
Profit for the year		32,513,758	6,392,447
Adjustments for:			
Finance income and costs		208,760	727,998
Impairment loss on receivables	5	1,012,024	425,797
Depreciation, amortisation and impairment of non-current assets	7; 19	4,931,133	3,478,371
Amortisation of government grants related to assets	17	-64,266	0
Government grants related to income	17	0	-56,664
Income tax on dividends	16	1,280,231	0
Total adjustments		7,367,882	4,575,502
Change in operating receivables and prepayments	5; 6	-5,280,333	-2,758,436
Change in operating payables and advances received	9; 10	446,227	697,539
Proceeds from government grants related to income	17	4,314	-53,586
Net cash from operating activities		35,051,848	8,853,466
Cash flows from investing activities			
Paid for property, plant and equipment and intangible assets	7	-6,101,072	-2,357,389
Proceeds from sale of non-current assets		0	1,556
Interest received		298,032	96,484
Other current investments	3	-15,000,000	0
Proceeds from government grants related to assets	17	1,934,650	3,600,000
Net cash (used in) from investing activities		-18,868,390	1,340,651
Cash flows from financing activities			
Dividends paid	16	-4,539,000	0
Income tax paid on dividends	16	-1,280,231	0
Loans received	8	0	3,000,000
Repayments of loans received	8	-8,455,943	-684,905
Interest paid	8	-510,236	-830,244
Net cash (used in) from financing activities		-14,785,410	1,484,851
Net cash flow		1,398,048	11,678,968
Cash and cash equivalents at beginning of period	2	13,162,335	1,483,367
Cash and cash equivalents at end of period	2	14,560,383	13,162,335
<i>Net change in cash and cash equivalents</i>		<i>1,398,048</i>	<i>11,678,968</i>

The notes on pages 52–86 are an integral part of these financial statements.

7.4. Statement of changes in equity

(€)

	Share capital	Legal reserve	Share premium	Retained earnings	Total
At 31 December 2023	10,112,940	0	438,507	0	10,551,447
Comprehensive income for 2024	0	0	0	6,392,447	6,392,447
At 31 December 2024	10,112,940	0	438,507	6,392,447	16,943,894
Transfer to legal reserve		319,622	0	-319,622	0
Dividend distribution	0	0	0	-4,539,000	-4,539,000
Comprehensive income for 2025	0	0	0	32,513,758	32,513,758
At 31 December 2025	10,112,940	319,622	438,507	34,047,583	44,918,652

Further information about share capital and other equity items is disclosed in Note 11.

The notes on pages 52–86 are an integral part of these financial statements.

8. NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. ACCOUNTING POLICIES AND MEASUREMENT BASES

General information

Lennuliiklusteeninduse AS (the Company) is a company registered and operating in Estonia, which mainly provides air navigation services. The Company's sole shareholder is the Republic of Estonia. The Company has no subsidiaries or associates. The address of the Company is Kanali põik 3, Rae küla, Rae vald, Harjumaa.

The financial statements are presented in euros (€) and cover the period from 1 January to 31 December 2025. The management board authorised the Company's financial statements for issue on 27 March 2026.

According to the Commercial Code of the Republic of Estonia, the general meeting has the authority to approve the annual report (incl. the financial statements) prepared by the management board. The shareholder has the right not to approve the annual report prepared and presented by the management board and to request the preparation of a new annual report.

Basis for preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations of the IFRS Interpretations Committee (IFRIC) as adopted by European Union (EU IFRS). The financial statements have been prepared on the historical cost basis.

Functional and presentation currency

The Company's functional and presentation currency is the euro.

Changes in the presentation of information

The principles of presentation of information applied in the preparation of this report are the same as in the Company's report for the year ended at 31 December 2024 except for the cases specified below.

Adoption of new standards, amendments and interpretations

New IFRS Accounting Standards effective for annual reporting periods beginning on or after 1 January 2025 did not have a material impact on the Company's financial statements.

Standards, interpretations and amendments to published standards not yet effective

The following new standards and amendments are effective for annual reporting periods beginning after 31 December 2025 and earlier application is permitted. The Company has not adopted any of the new standards or amendments early.

IFRS 18 *Presentation and Disclosure in Financial Statements* (Not yet endorsed by the European Union. Effective for annual reporting periods beginning on or after 1 January 2027. Earlier application is permitted).

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*.

The main changes in the requirements are summarised below:

A more structured statement of profit or loss

IFRS 18 introduces newly defined 'operating profit' and 'profit or loss before financing and income tax' subtotals and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities: operating, investing and financing.

Under IFRS 18, companies are no longer permitted to disclose operating expenses only in the notes. A company presents operating expenses in a way that provides the 'most useful structured summary' of its expenses by either:

- *nature;*
- *function; or*
- *using a mixed presentation.*

If any operating expenses are presented by function, then new disclosures apply.

MPMs – Disclosed and subject to audit

IFRS 18 also requires some 'non-GAAP' measures to be reported in the financial statements. It introduces a narrow definition for Management-defined Performance Measures ("MPMs"), requiring them to be:

- *a subtotal of income and expenses;*
- *used in public communications outside the financial statements; and*
- *reflective of management's view of financial performance.*

For each MPM presented, companies need to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.

Greater disaggregation of information

The new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.

Companies are discouraged from labelling items as 'other' and are required to disclose more information if they continue to do so.

Other changes applicable to the primary financial statements

IFRS 18 sets operating profit as a starting point for the indirect method of presenting cash flows from operating activities and eliminates the option to classify interest and dividend cash flows as operating activities in the statement of cash flows (this differs for companies with specified main business activities). It also requires goodwill to be presented as a separate line item in the balance sheet.

Transition

In its annual financial statements prepared for the period in which the new standard is first applied, a company has to disclose, for the comparative period immediately preceding that period, a reconciliation for each line item in the statement of profit or loss between:

- *the restated amounts presented applying IFRS 18; and*
- *the amounts previously presented applying IAS 1.*

The Company plans to apply the new standard from 1 January 2027. The Company is in the process assessing the potential impact on its financial statements resulting from the application of IFRS 18.

Other standards, interpretations and amendments to published standards not yet effective

The following new standards, interpretations and amendments were not yet effective for the annual period ended on 31 December 2025. The Company has not early adopted any of these new or amended standards and does not expect that they will have a significant impact on its financial statements when they become effective.

- *Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)*
- *Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)*
- *Annual Improvements to IFRS Accounting Standards – Volume 11*

Foreign currency transactions

All foreign currency transactions are recognised in euros using the foreign exchange rates of the European Central Bank (ECB) at the date of the transaction. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated using the foreign exchange rates of the ECB prevailing at the reporting date. Foreign exchange gains and losses arising from translation are recognised in the statement of comprehensive income.

Current and non-current assets and liabilities

Assets and liabilities are classified as current when they are due to be settled within 12 months after the end of the reporting period. Assets and liabilities with longer settlement periods are classified as non-current.

Financial assets

Classification

The Company's financial assets have been classified to the category of financial assets measured at amortised cost. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised at the trade date, which is the date on which the Company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to the cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

Financial assets are initially recognised at fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. The transaction costs of financial assets carried at FVPL are recognised in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset.

All of the Company's debt instruments have been classified to the category of measured at amortised cost.

Amortised cost: assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest on the principal amount outstanding are measured at amortised cost. Interest income on these financial assets is recognised as finance income using the effective interest method. Gains and losses arising on derecognition are recognised directly in profit or loss and presented in other operating income and expenses, respectively. Foreign exchange gains and losses and credit losses are presented within separate line items in profit or loss.

All financial assets of the Company have been classified to the following classes:

- *trade receivables;*
- *other current investments;*
- *cash and cash equivalents.*

Equity instruments

The Company has no investments in equity instruments.

Impairment

The Company assesses the expected credit losses (ECL) of its debt instruments carried at amortised cost on a forward-looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The measurement of ECL reflects: (i) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

For trade receivables and contract assets without a significant financing component, the Company applies a simplified approach permitted by IFRS 9 and measures the allowance for impairment losses as expected lifetime credit losses from initial recognition of the receivables. The Company reviewed the impairment loss methodology for all asset groups. There were no material changes in the loss allowance as at 1 January due to changes in the impairment loss methodology. Therefore, no adjustments were made to retained earnings and equity.

Although the ECL model of IFRS 9 covers also cash and cash equivalents, the identified impairment as at 1 January 2024 and 31 December 2025 was immaterial.

Cash and cash equivalents

Cash and cash equivalents in the statements of financial position and cash flows comprise cash on hand, cash in current accounts and term deposits with a short maturity (up to three months). In the statement of cash flows, cash flows from operating activities are reported using the indirect method and cash flows from investing and financing activities are reported using the direct method.

Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are tangible assets with a useful life of over one year that are used in the Company's economic activities. Items of property, plant and equipment are measured at cost less any accumulated depreciation and any impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of a self-constructed asset includes the cost of materials and direct labour and any other costs directly attributable to preparing the asset for its intended use. Borrowing costs directly attributable to the acquisition, construction or production of an item of property, plant and equipment are capitalised as part of the cost of that item.

If an item of property, plant and equipment has components with different useful lives, the components are accounted for separately and assigned depreciation rates that correspond to their useful lives.

Subsequent costs

Parts of some items of property, plant and equipment may require replacement or renovation at regular intervals. Related costs are recognised in the carrying amount of the item, if it is probable that future economic benefits associated with the part will flow to the Company and the cost of the part can be measured reliably. The carrying amount of the replaced part is derecognised. In accordance with the recognition criteria presented in the previous paragraph, the costs of day-to-day servicing of an item of property, plant and equipment are not recognised in the carrying amount of an item. Such costs are recognised as an expense in the period in which they are incurred.

Depreciation

Depreciation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful life of an item of property, plant and equipment and its distinguishable components. Land and assets under construction are not depreciated. The annual depreciation rates applied by the Company are as follows:

- | | |
|--|--------|
| • <i>Land</i> | 0% |
| • <i>Buildings, structures and technological systems</i> | 2–13% |
| • <i>Machinery and equipment</i> | 2–50% |
| • <i>Other equipment, fixtures and fittings</i> | 10–20% |

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases when the asset's residual value exceeds its carrying amount or the asset is permanently withdrawn from use or classified as held for sale.

The useful lives, residual values and depreciation methods of items of property, plant and equipment are reviewed annually. The effect of changes in estimates is recognised in the reporting and subsequent periods.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses arising from derecognition of an item of property, plant and equipment are recognised in the statement of comprehensive income within 'Depreciation and amortisation' in the period in which the item is derecognised.

Intangible assets

An intangible asset is initially recognised at cost, which comprises the purchase price and any costs directly attributable to the acquisition of the asset. Intangible assets are measured at cost less any accumulated amortisation and any impairment losses. Intangible assets (excluding goodwill) are amortised over their estimated useful lives using the straight-line method. Intangible assets are assessed for impairment, whenever there is any indication that their value may be impaired, in the same way as items of property, plant and equipment.

Amortisation

Amortisation is calculated on a straight-line basis over the estimated useful lives assigned to intangible assets at the rate of 6–50% per year.

Impairment of non-financial assets

Non-financial assets

The Company assesses at each reporting date whether there is any indication that a non-financial asset may be impaired. If any such indication exists, an impairment test is performed.

The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs to sell. The recoverable amount of an asset is estimated by discounting its expected future cash flows to their present value using a discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

The recoverable amount of an asset is increased if there is indication of an increase in the asset's value and if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If the results of an impairment test indicate that the recoverable amount exceeds the carrying amount, the impairment loss is reversed and the carrying amount is increased. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised.

Financial liabilities

Financial liabilities (trade payables, borrowings, accrued expenses and other liabilities) are initially recognised at their cost, which is the fair value of the consideration received. Following initial recognition, financial liabilities are measured at their amortised cost using the effective interest method. Transaction costs are taken into account in the calculation of the effective interest rate and charged to expenses over the term of the financial liability. Any expenses related to a financial liability (incl. interest expenses) are charged to the expenses of the period on an accrual basis.

Financial liabilities that are due to be settled within 12 months after the reporting date or where the Company does not have an unconditional right to defer settlement for longer than 12 months after the reporting date are classified as current liabilities. Liabilities to be settled within 12 months after the reporting date which are refinanced on a long-term basis after the reporting date but before the financial statements are authorised for issue are classified as current liabilities. Liabilities which become payable on demand due to breach of contractual terms before or at the reporting date are also classified as current.

The Company did not capitalise any borrowing costs during the reporting period, because according to the Company's estimates the effect of the capitalisation of borrowing costs is immaterial.

A financial liability is derecognised when it is settled, cancelled or expires.

Provisions and contingent liabilities

Legal or constructive obligations arising from a past obligating event that require the giving up of assets, whose realisation is probable (it is more probable than not that an outflow of economic benefits will be required to settle the obligation) and whose cost can be measured reliably but the timing or amount is uncertain, are recognised as provisions. Provisions are recognised in the statement of financial position based on management's estimates regarding the amount and timing of the expected outflows. A provision is recognised in the statement of financial position in the amount which is management's best estimate of the amount required to settle the obligation at the reporting date or to transfer it to a third party at that time. Expenses on the recognition of provisions and changes in the carrying amounts of provisions are charged to expenses of the reporting period. Provisions are not recognised for future operating losses.

If it is probable that a provision will be used later than 12 months after the end of the reporting period the provision is measured at its discounted value (present value of expected outflows), unless the effect of discounting is immaterial.

Promises, guarantees and other commitments whose realisation is unlikely or which cannot be measured reliably but which may transform into liabilities in certain circumstances are disclosed in the notes to the financial statements as contingent liabilities.

Leases

Lessees must:

- a) *recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and*
- b) *recognise depreciation on leased assets and interest expense on lease liabilities in profit or loss.*

Leases are recognised as right-of-use assets and lease liabilities at the date when the underlying asset is made available for use.

A lease liability is measured at the present value of the lease payments. A right-of-use asset is measured at an amount equal to the lease liability unless an adjustment to the right-of-use asset is required. Each lease payment is divided into the reduction of the lease liability and finance cost. Finance costs are recognised in profit or loss and allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. The leased asset is depreciated on a straight-line basis over the shorter of its useful life and the lease term.

Lease liabilities include the following lease payments at present value:

- *fixed payments less any lease incentives;*
- *variable lease payments that depend on an index or interest rate (e.g. inflation, Euribor);*
- *amounts expected to be payable by the lessee under a residual value guarantee;*
- *the exercise price of a purchase option if the lessee is reasonably certain to exercise that option.*

Lease payments are discounted using the interest rate implicit in the lease if the rate can be readily determined or using the Company's incremental borrowing rate. The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow the funds necessary to obtain an asset of a similar value in a similar economic environment and under similar conditions.

A short-term lease is a lease with a term of 12 months or less. Assets of low value include IT equipment and smaller items of office furniture and furnishings. When determining the lease term, management considers all relevant facts and circumstances that create an economic incentive to exercise a renewal option or not to do so. Periods covered by extension options (or periods after termination options) are added to the lease term if the lessee is reasonably certain to exercise the extension option (or not to exercise the termination option). The Company's management evaluates the events and changes in circumstances that are under its control and affect the likelihood of exercising the options.

According to leases signed, the leased assets will have no carrying amount on the expiry of the lease.

The Company uses the following practical expedients allowed by the standard:

- *operating lease agreements with a lease term of 12 months or less are recognised as short-term leases;*
- *leases of assets of low value are excluded;*
- *initial direct costs from the measurement of leased assets are excluded at initial application of the standard.*

The Company leases means of transport and makes lease payments for data link services. On the adoption of IFRS 16, the Company assessed its lease liabilities that were classified as operating leases according to IAS 17 *Leases*. The leases in force at 31 December 2025 included an option to terminate the lease within 12 months or the leased assets were of low value. Therefore, based on the accounting policies applied, no right-of-use assets were recognised in respect of operating leases in 2025.

Revenue from contracts with customers

Revenue is income arising in the course of the Company's ordinary operating activities. Revenue is recognised in the amount of the transaction price. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of goods or services to the customer.

The Company provides navigation services under contracts. Revenue from providing services is recognised in the period in which the services are rendered.

Financing component

The Company does not have any contracts where the period between transferring the promised goods or services to a customer and receiving payment from the customer exceeds one year. Consequently, the Company does not adjust the transaction price for the time value of money.

Interest income

Interest income is recognised on an accrual basis using the effective interest rate within finance income in the statement of comprehensive income.

Payroll expenses

Payroll expenses are recognised in the statement of comprehensive income when the Company incurs a liability to its employees. Payroll expenses include wages and salaries together with social security tax and unemployment insurance premiums as well as fringe benefits together with the related income tax and social security tax.

Vacation pay expenses and liabilities are recognised on an accrual basis. The vacation pay obligation incurred is recognised within payroll expenses in the statement of comprehensive income and as a current liability in the statement of financial position.

Taxation

In accordance with the Estonian Income Tax Act, the undistributed earnings (profits) of companies registered in Estonia are not subject to tax. Income tax is levied on profit distributions, including dividends.

In 2024, the income tax rate was 20% (the amount of tax payable was calculated as 20/80 of the net distribution) and regular dividend distributions were taxable at a lower, 14% rate (the amount of tax payable was calculated as 14/86 of the net dividend). From 1 January 2025, the income tax rate for dividends increased to 22% (the amount of tax payable is now calculated as 22/78 of the net dividend). The lower, 14% tax rate was abolished and all dividends are taxed at the same rate.

Additional income tax of 7% must still be withheld on dividends paid to individuals that were previously taxed at 14%. Income tax payable on dividends is recognised as an income tax expense in the period in which the dividends are declared. The maximum income tax liability that could arise on the distribution of dividends is disclosed in Note 16.

Government grants

Government grants related to assets are recognised using the gross method. The assets acquired with a government grant are recognised in the financial statements at cost. The amount of a government grant received is recognised in the statement of financial position as a non-current liability (deferred grant income). The asset acquired is depreciated to expenses and the deferred income is amortised to income over the useful life of the asset.

Income from a grant related to income is recognised in the statement of comprehensive income on a systematic basis over the periods in which the costs which the grant is intended to compensate are recognised as expenses. Income is recognised using the gross method, i.e. the grant received and the expenses to be compensated for are presented separately in the statement of comprehensive income. Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to the grant and the grant will be received.

A government grant is recognised as current if the recognition of grant income is expected to occur within 12 months after the reporting date. Other grants are recognised as non-current.

Cash flows

The statement of cash flows is prepared using the indirect method. In the statement of cash flows, cash and cash equivalents comprise the assets recognised as cash and cash equivalents in the statement of financial position.

Events after the reporting period

Material circumstances affecting the valuation of assets and liabilities that became evident between the end of the reporting period (31 December 2025) and the date the financial statements were authorised for issue, but which are related to transactions of the reporting period or earlier periods, have been recognised in the financial statements. Events after the reporting period that do not affect profit or loss for the reporting period or assets and liabilities as at 31 December 2025, but which will have a material effect on the results of the next financial year, have been disclosed in the notes to the financial statements.

NOTE 2. CASH AND CASH EQUIVALENTS

(€)

	Note	31 Dec 2025	31 Dec 2024
Current accounts		1,040,769	14,129
Overnight deposit		13,519,614	13,148,206
Total	4; 8	14,560,383	13,162,335

During the financial year, the Company placed available cash in an overnight deposit at interest rates of 0.3–2.0% of the average balance of a euro deposit.

NOTE 3. OTHER CURRENT INVESTMENTS

(€)

Credit institution	Deposit amount	Interest rate	Period	Maturity date
At 31 December 2025				
Swedbank AS	5,000,000	2.00%	4 months	29 April 2026
Swedbank AS	5,000,000	2.00%	6 months	14 May 2026
Swedbank AS	5,000,000	2.00%	5 months	19 May 2026
Total	15,000,000			

There were no other current investments at 31 December 2024.

NOTE 4. FINANCIAL INSTRUMENTS

(€)

Financial assets	Note	31 Dec 2025	31 Dec 2024
Cash and cash equivalents	2	14,560,383	13,162,335
Other current investments	3	15,000,000	0
Trade receivables	5	9,707,687	5,435,451
Total financial assets		39,268,070	18,597,786

Financial liabilities

Borrowings	8	11,242,796	19,698,739
Other current liabilities	10	6,286,560	1,107,246
Total financial liabilities		17,529,356	20,805,985

For disclosure purposes, fair value is calculated based on the future contractual cash flows discounted at the current market interest rates that are available to the Company for similar financial instruments. According to the assessment of the Company's management, the carrying amounts of financial assets and financial liabilities measured at amortised cost at 31 December 2025 and 31 December 2024 are not significantly different from their fair values as the items will be settled within 12 months after the end of the reporting period. Likewise, the fair values of non-current borrowings do not significantly differ from their carrying amounts as their interest rates correspond to current market interest rates.

The Company does not have financial assets or financial liabilities measured at fair value.

NOTE 5. TRADE RECEIVABLES

(€)

	Note	31 Dec 2025	31 Dec 2024
Trade receivables		11,436,817	6,152,557
<i>incl. receivables from related parties</i>		99,598	48,264
Loss allowance for doubtful receivables		-1,729,130	-717,106
Trade receivables	4	9,707,687	5,435,451

In the financial year, the Company recognised a loss allowance for doubtful receivables of €1,027,432 (2024: €445,651). The amount of receivables written off as uncollectible during the year was €15,408 (2024: €19,855) (for further information about credit risk, see Note 20). The Company collected receivables of €298 (2024: €100) recognised as uncollectible in previous periods.

NOTE 6. OTHER RECEIVABLES AND PREPAYMENTS

(€)

	31 Dec 2025	31 Dec 2024
Prepaid taxes	10,339	98,369
Other receivables and prepayments	325,959	241,855
Total	336,298	340,224

NOTE 7. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Property, plant and equipment (€)

	Land, buildings, structures and technological systems	Machinery and equipment	Other items	Assets under construction	Total
Carrying amount at 31 December 2023	7,440,984	5,002,151	245,917	1,952,399	14,641,451
Addition				438,934	438,934
Disposal	0	-1,556	0	0	-1,556
Reclassification	319,829	1,684,699	131,188	-2,135,716	0
Reclassification from intangible assets	0	314,088	0	0	314,088
Reclassification to intangible assets under construction	0	0	0	-70,039	-70,039
Depreciation	-298,042	-1,129,673	-70,282	0	-1,497,997
Carrying amount at 31 December 2024	7,462,771	5,869,709	306,823	185,578	13,824,881
Addition				5,012,498	5,012,498
Disposal	0		0	0	0
Reclassification	798,760	4,311,391	14,040	-5,124,191	0
Reclassification from intangible assets under construction	0	8,164	0	0	8,164
Reclassification to expenses	0	0	0		0
Depreciation	-320,609	-1,243,350	-76,032	0	-1,639,991
Impairment loss	-139,898	-481,908	-26,205		-648,011
Carrying amount at 31 December 2025	7,801,024	8,464,006	218,626	73,885	16,557,541
At 31 December 2023					
Cost	11,636,813	16,238,265	527,008	1,952,399	30,354,485
Accumulated depreciation	-4,195,829	-11,236,114	-281,091	0	-15,713,034
At 31 December 2024					
Cost	11,956,640	17,348,440	658,196	185,578	30,148,854
Accumulated depreciation	-4,493,869	-11,478,731	-351,373	0	-16,323,973
At 31 December 2025					
Cost	13,255,400	19,538,660	672,236	73,885	33,540,181
Accumulated depreciation, incl. impairment losses	-5,454,376	-11,074,654	-453,610	0	-16,982,640

Intangible assets (€)

	Software	Assets under construction	Total
Carrying amount at 31 December 2023	5,145,366	7,061,214	12,206,580
Addition	0	701,922	701,922
Reclassification	4,487,840	-4,487,840	0
Reclassification from property, plant and equipment			
Reclassification to property, plant and equipment	0	-314,088	-314,088
Disposal	0	-46,169	-46,169
Amortisation	-1,980,374	0	-1,980,374
Carrying amount at 31 December 2024	7,652,832	2,915,039	10,567,871
Addition	0	6,161,204	6,161,204
Reclassification	3,407,799	-3,407,799	0
Reclassification to property, plant and equipment	0	-8,164	-8,164
Amortisation	-2,250,435	0	-2,250,435
Impairment loss	-392,696	0	-392,696
Carrying amount at 31 December 2025	8,417,500	5,660,280	14,077,780
At 31 December 2023			
Cost	30,056,789	7,061,214	37,118,003
Accumulated amortisation	-24,911,423	0	-24,911,423
At 31 December 2024			
Cost	33,308,186	2,915,039	36,223,225
Accumulated amortisation	-25,655,354	0	-25,655,354
At 31 December 2025			
Cost	36,356,935	5,660,280	42,017,215
Accumulated amortisation, incl. impairment losses	-27,939,435	0	-27,939,435

The assets were tested for impairment in 2025 (see Note 19). A significant part of the amounts recognised as assets under construction at the end of the reporting period consisted of a new air traffic control system, TopSky-ATC One (€4,346,248), expected to be put into operation in 2030, and an aeronautical information web service solution (€1,056,102) expected to be launched in 2026.

NOTE 8. BORROWINGS

(€)

Creditor	Total borrowings	Non-current portion	Current portion	Interest rate	Maturity date
At 31 December 2024					
Swedbank AS	1,938,282	1,242,796	695,486	1.50%	4 September 2027
Swedbank AS	10,000,000	10,000,000	0	4.10%	21 April 2028
Solidarity Fund	1,760,457	0	1,760,457	0.00%	1 December 2025
Nordic Investment Bank	6,000,000	0	6,000,000	3.68%	31 December 2025
Total	19,698,739	11,242,796	8,455,943		
At 31 December 2025					
Swedbank AS	1,242,796	536,673	706,123	1.50%	4 September 2027
Swedbank AS	10,000,000	10,000,000	0	3.24%	21 April 2028
Total	11,242,796	10,536,673	706,123		

The Company has two loans. The loan agreements are unsecured. The interest rate of the first loan from Swedbank consists of the base rate of a seven-year euro interest rate swap plus a margin, i.e. 1.50%. The interest rate of the second loan is six-month Euribor plus a margin, i.e. 3.24%. The loans have been recognised based on management's estimate that the nominal interest rate does not significantly differ from the effective interest rate.

Loan interest of €506,792 for 2025 (2024: €824,482) was recognised as a finance cost in the statement of comprehensive income.

Net debt (€)

	31 Dec 2025	31 Dec 2024
Cash and cash equivalents (Note 2)	14,560,383	13,162,335
Current borrowings	-706,123	-8,455,943
Non-current borrowings	-10,536,673	-11,242,796
Net debt	3,317,587	-6,536,404
Cash and cash equivalents (Note 2)	14,560,383	13,162,335
Borrowings with fixed interest rates	-11,242,796	-19,698,739
Net debt	3,317,587	-6,536,404

	Cash and cash equivalents	Borrowings to be settled within 1 year	Borrowings to be settled later than 1 year	Total
Net debt at 31 December 2023	1,483,367	-684,905	-16,698,739	-15,900,277
Changes	11,678,968	0	0	11,678,968
Loans repaid (+)/ received (-)	0	684,905	-3,000,000	-2,315,095
Reclassification from non-current to current	0	-8,455,943	8,455,943	0
Net debt at 31 December 2024	13,162,335	-8,455,943	-11,242,796	-6,536,404
Changes	1,398,048	0	0	1,398,048
Loans repaid (+)/ received (-)	0	8,455,943		8,455,943
Reclassification from non-current to current	0	-706,123	706,123	0
Net debt at 31 December 2025	14,560,383	-706,123	-10,536,673	3,317,587

NOTE 9. PAYABLES TO EMPLOYEES

(€)

Type of payable		Opening balance	Change	Closing balance
Vacation pay and termination benefits payable	2025	110,591	7,234	117,825
	2024	126,917	-16,326	110,591
Current provision for performance bonuses	2025	1,324,620	247,530	1,572,150
	2024	836,250	488,370	1,324,620
Total at 31 December 2025		1,435,211	254,764	1,689,975
Total at 31 December 2024		963,167	472,044	1,435,211

Vacation pay liabilities comprise the vacation pay payable for vacation days earned but not used together with associated payroll taxes payable by the employer.

Vacation pay is paid when the employees go on holiday.

The provision for performance bonuses is recognised as a current liability.

NOTE 10. OTHER CURRENT LIABILITIES

(€)

	Note	31 Dec 2025	31 Dec 2024
Trade payables	4	6,274,487	1,091,333
Tax liabilities		594,652	513,316
<i>Social security tax</i>		336,766	305,830
<i>Personal income tax</i>		196,748	167,133
<i>Unemployment insurance premiums</i>		22,408	20,194
<i>Mandatory funded pension contributions</i>		29,474	15,485
<i>Income tax paid in special cases</i>		9,256	4,674
Accrued interest	4	11,348	14,792
Other current liabilities	4	725	1,121
Total		6,881,212	1,620,562

NOTE 11. EQUITY

Share capital

The number of shares at 31 December 2025 was 1,011,294 (31 December 2024: 1,011,294). The average number of shares during the financial year was 1,011,294 (2024: 1,011,294). All shares are owned by the Republic of Estonia. The nominal value of a share is €10 and share capital consists of ordinary shares.

The Company's minimum share capital is €5,112,940 and maximum share capital is €20,451,760. Each ordinary share grants the owner the right to receive dividends as distributed from time to time and one vote at the general meeting.

Legal reserve

The legal reserve was increased in 2025 and amounted to €319,622 at 31 December 2025 (31 December 2024: €0). According to the articles of association and legal requirements, the legal reserve (a mandatory capital reserve) has to amount to at least one tenth of share capital. Until the required level has been reached, one twentieth of net profit for the year has to be transferred to the legal reserve each year.

Share premium

At 31 December 2025, share premium amounted to €438,507 (31 December 2024: €438,507).

Retained earnings (prior periods)

In the reporting period, dividends of €4,539,000 were declared and distributed from net profit for 2024.

The balance of retained earnings (prior periods) at 31 December 2025 was €1,533,825 (31 December 2024: €0).

NOTE 12. REVENUE FROM PRINCIPAL ACTIVITY

Revenue from the provision of services recognised at a point in time (€)

Type of service	2025	2024
Air navigation service (EMTAK 52239), incl.	62,069,362	30,957,922
En route navigation service	56,156,872	28,074,614
Terminal navigation service	5,912,490	2,883,308
Consulting service (EMTAK 52239)	26,174	23,422
Total	62,095,536	30,981,344

Navigation services by customer (€)

Customer	En route navigation service		Customer	Terminal navigation service	
	2025	2024		2025	2024
Finnair	8,864,338	5,546,271	Air Baltic	1,742,566	739,417
Air China	7,164,640	4,117,876	Finnair	647,060	311,394
China Eastern	5,549,227	2,216,666	Ryanair	518,231	356,790
China Southern	4,398,531	527,069	SAS	454,823	197,926
Air Baltic	2,704,846	1,433,263	Lufthansa	421,835	223,470
Air China Cargo	1,848,161	754,220	LOT	363,213	160,881
Aeroflot	1,673,922	941,581	Turkish Airlines	185,698	111,885
China Cargo Airlines	1,460,657	633,869	Nyxair	160,984	75,047
Turkish Airlines THY	1,458,140	833,001	European Air Transport Leipzig	94,445	48,198
Hainan Airlines	1,351,185	613,992	ASL Airlines	93,726	47,469
Other customers	19,683,225	10,456,806	Other customers	1,229,909	610,831
Total	56,156,872	28,074,614	Total	5,912,490	2,883,308

NOTE 13. PAYROLL EXPENSES

(€)

	2025	2024
Payroll expenses	-12,529,721	-11,165,157
Social security tax and unemployment insurance premiums	-4,215,865	-3,756,023
Fringe benefits, incl. taxes	-422,563	-329,093
Total	-17,168,149	-15,250,273

The average number of employees in 2025 was 195 (2024: 179), of which the average number of staff working under employment contracts was 192 (2024: 176) and the average number of the members of a legal person's governing body was 3 (2024: 3).

NOTE 14. GOODS, RAW MATERIALS AND SERVICES

(€)

	2025	2024
Equipment maintenance costs	-1,775,993	-1,617,094
Equipment operation costs	-477,769	-446,893
Meteorological information	-467,243	-461,596
Goods, materials, energy	-288,858	-296,519
Insurance expenses*	-246,488	-290,359
Service charges**	-221,386	-190,353
Communications expenses	-61,907	-66,479
Necessary items	-40,492	-43,065
Security costs	-18,747	-39,696
TOTAL	-3,598,883	-3,452,054

* 91.58% (2024: 92.73%) of the insurance expenses are insurance premiums paid for a liability insurance contract with a cover of €650 million (2024: €650 million).

** Service charges include the fees for a financial audit of €16,900 and other audits related to the Company's business of €18,365 (2024: €15,900 and €10,000, respectively).

NOTE 15. OTHER OPERATING EXPENSES

(€)

	2025	2024
Lease expenses	-455,565	-437,287
Business travel expenses	-303,398	-225,721
Training expenses	-300,319	-302,794
Miscellaneous operating expenses	-265,263	-243,364
Maintenance of buildings, premises, facilities	-222,293	-219,782
Work environment expenses	-65,616	-50,839
Transport expenses	-22,501	-19,111
TOTAL	-1,634,955	-1,498,898

NOTE 16. INCOME TAX

(€)

	2025	2024
Dividends paid in the reporting period	-4,539,000	0
Income tax rate for the net dividend	22/78	22/78
Income tax expense on dividends	-1,280,231	0

At 31 December 2025, the Company's retained earnings amounted to €34,047,583 (31 December 2024: €6,392,447).

The maximum income tax liability that could arise if all of the retained earnings as at the reporting date were distributed as dividends is €7,490,468 and the amount that could be distributed as the net dividend is €26,557,115.

The maximum income tax liability has been calculated on the assumption that the net dividend and the income tax expense recognised in the statement of comprehensive income for 2026 may not exceed the distributable profit (retained earnings) as at 31 December 2025.

The Company's management board has made the proposal that the profit for 2025 be transferred to retained earnings and that retained earnings be used to make a dividend distribution of €21,761,000, which would give rise to an income tax liability of €6,137,718. The decision on the allocation and distribution of profit will be made by the general meeting, which is why the amount has not been recognised as a liability in the financial statements.

NOTE 17. GOVERNMENT GRANTS

(€)

	2025	2024
Government grant liabilities at beginning of period	3,632,356	142,606
Deferred grant income (grants received in advance)	1,938,964	3,600,000
Reclassification from deferred grant income to assets	-4,469,233	0
Returned grants related to income	0	-53,586
Recognised as income from grants related to income	0	-56,664
Recognised as income from grants related to assets	-64,266	0
Grants related to assets (at cost)	4,469,233	0
Government grant liabilities at end of period	5,507,054	3,632,356
incl. current portion	1,051,544	0
whereof up to 6 months	859,490	0
6–12 months	192,054	
incl. non-current portion	4,455,510	3,632,356
whereof 1–2 years	818,757	3,632,356
2–5 years	1,125,771	0
over 5 years	2,510,982	0

The Company received €1,500,000 (2024: €3,600,000) from the Recovery and Resilience Facility and €434,650 from the CINEA facility as government grants related to assets. In addition, €4,314 was received from the Concerto project as a grant related to income. The amounts received during the period were recognised within 'Deferred grant income).

Of the grants received from the Recovery and Resilience Facility, €4,469,233 was used to acquire assets, which were recognised at cost, and €64,266 was recognised as income. A grant is amortised to income over the estimated useful life of the asset it is intended to compensate. The expenses are deemed eligible if the actions are completed by 31 March 2026 at the latest. Any unused portion of the grant will be returned on 30 April 2026 at the latest.

NOTE 18. TRANSACTIONS WITH RELATED PARTIES

All of the Company's shares (100%) are owned by the Republic of Estonia. For the purposes of these financial statements, related parties include the members of the management and supervisory boards and other companies under the significant influence of these persons. Related parties also include entities under the control or significant influence of the state. The Company discloses transactions with aviation companies under the control or significant influence of the state.

(€)

Related party	Year	Receivables	Liabilities	Operating income	Operating expenses
Aviation companies under the control or significant influence of the state	2025	81,504	12,343	632,928	-124,903
	2024	24,053	13,620	408,952	-134,469

All transactions with related parties have been conducted on market terms and no receivables from related parties were written down in the reporting or the comparative period.

The remuneration (service fees and salaries) of the members of the management board for 2025 amounted to €339,534 and management board members' additional remuneration for 2025 amounted to €76,440 (2024: €307,674 and €64,250, respectively). The remuneration provided to the members of the supervisory board and audit committee for their participation in the work of the supervisory board and the audit committee totalled €26,188 in 2025 (2024: €25,750).

According to the contracts signed with the members of the management board, the Company has the obligation to pay severance benefits, which may extend to three months' remuneration, depending on the reasons for the termination of the contract. As the settlement of the obligation is unlikely, the Company has not recognised a relevant provision.

NOTE 19. USE OF JUDGEMENTS AND ESTIMATES

The preparation of financial statements in accordance with IFRS requires management to use judgements and estimates, which affect the recognised amounts of assets and liabilities. Although the estimates are made based on management's best knowledge, they may differ from subsequent actual results. Changes in management's estimates are recognised in the statement of comprehensive income in the period in which the change occurs. The following judgements and estimates have the most significant impact on the financial information presented in these financial statements.

Determination of the useful lives of items of property, plant and equipment and intangible assets

The useful lives of property, plant and equipment and intangible assets are determined based on management's estimates of the periods over which the assets are expected to be used. Experience has shown that the actual useful life of an asset is sometimes longer than the estimated one. At 31 December 2025, the total cost of property, plant and equipment and intangible assets that were still in use but had a zero carrying amount was €28,655,898 (31 December 2023: €27,140,288). These assets were acquired years ago and their original estimated useful lives were determined based on the best knowledge available at the time, taking into account the rapid development of technology and the resulting need to constantly renew the assets used for delivering services. However, the actual useful lives the assets have been affected by past events that significantly impacted the aviation sector (e.g. the Covid-19 pandemic, sanctions due to the war in Ukraine, etc.) and limited the Company's ability to make new investments at the time of, and following, those events. Consequently, the Company has had to use some of its assets for a longer period than initially intended. For example, the Company has had to use the air traffic management software of the tower system for a longer period than originally expected. This software accounts for a significant portion of the assets in use with a zero carrying amount. When these events occurred, the assets were almost fully depreciated and the Company did not consider it necessary to extend their useful lives. Management estimates that the useful lives currently assigned to new items of property, plant and equipment and intangible assets are, in material respects, correct and reflect the actual useful lives (periods of use) of the assets.

If the assigned useful lives of all assets changed by one year, the effect on total comprehensive income would be €226,511.

Changes in management's estimates of the useful lives of assets are recognised in the financial statements prospectively. During the period, estimates did not change and there was no additional depreciation or amortisation expense or impact on comprehensive income for the period.

Estimation of the recoverable amounts of property, plant and equipment and intangible assets

Management assessed whether there were any indications of impairment of items of property, plant and equipment, intangible assets, or assets under construction. During the reporting period, indications of impairment were identified in respect of the cash-generating unit providing services in Tartu and Kuressaare. Consequently, the unit was tested for impairment based on its value in use, using a discount rate of 7.6%. As a result of the test, the value of the assets of the Remote Tower was written down to zero, i.e. by €1,040,707 (see Note 7). The impairment loss was recognised in the statement of comprehensive income within 'Depreciation, amortisation and impairment of non-current assets'. No impairment of other cash-generating units was identified.

NOTE 20. FINANCIAL RISK MANAGEMENT

The Company has developed and adopted procedures for financial risk management, which regulate the management of the following financial risks inherent in the Company's economic activities: liquidity risk, credit risk, currency risk and interest rate risk. There were no material changes in financial risk management compared to the previous reporting period. In managing capital, the Company takes into account the regulations of the government of Estonia, which annually specify the rate or amount of dividends payable to the owner.

The most important goals in managing the financial risks of the Company in the order of importance are as follows:

- *liquidity;*
- *capital retention;*
- *earning income.*

Derivative instruments can only be used to hedge risks, but the Company did not use derivatives in the reporting or the comparative period.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its obligations associated with financial liabilities due to insufficient cash flow. The Company must keep available at all times an amount at least equal to the current month's regular expenditures (excluding one-off, significantly larger than normal expenditures) that can be accessed within three working days. When investing in short-term deposits, the company must also ensure it has the liquidity to settle one-off, significantly larger than normal expenditures in a timely manner. Liquidity risk is mitigated by using various financing sources, such as bank loans and overdraft facilities, as well as by monitoring receivables on an ongoing basis.

The due dates of existing financial liabilities by year are as follows:

At 31 Dec 2025 (€)	Up to 6 months	6–12 months	1–2 years	2–5 years	Later than 5 years	Undiscounted cash flows	Carrying amount
Borrowings (Notes 4; 8)	523,845	524,745	868,568	10,109,800	0	12,026,958	11,242,796
Trade and other payables (Notes 4; 10)	6,286,560	0	0	0	0	6,286,560	6,286,560
Total	6,810,405	524,745	868,568	10,109,800	0	18,313,518	17,529,356

At 31 Dec 2024 (€)	Up to 6 months	6–12 months	1–2 years	2–5 years	Later than 5 years	Undiscounted cash flows	Carrying amount
Borrowings (Notes 4; 8)	4,558,574	4,559,714	1,135,986	11,094,975	0	21,349,249	19,698,739
Trade and other payables (Notes 4; 10)	1,107,246	0	0	0	0	1,107,246	1,107,246
Total	5,665,820	4,559,714	1,135,986	11,094,975	0	22,456,495	20,805,985

The Company applies a conservative approach to liquidity risk management, keeping available sufficient monetary funds to be able to fulfil its obligations associated with financial liabilities at any time. Continuous cash flow planning and control are key elements of the Company's daily liquidity risk management. The existing cash buffer and provision of services to countries excluded from sanctions enable the Company to meet its financial obligations at any time.

Additional information about the due dates of liabilities is disclosed in Notes 8–10.

Credit risk

Credit risk is the risk that the failure of a business partner to discharge an obligation will cause a financial loss for the Company.

In managing credit risk, the Company relies on ratings from credit rating agencies Moody's and Standard & Poor's. In making investments in debt instruments, the Company follows the criteria established for selecting the issuer. The Company's cash may be deposited with credit institutions licensed by Eesti Pank (the central bank of Estonia) and having a credit rating of at least Baa3 (Moody's) or equivalent.

Given that the Company's revenue consists of revenues from navigation services provided to airlines and that the navigation service is essential to the business of airlines (it is impossible to operate aircraft without using the service), credit risk will only be significant in the event of the bankruptcy of an airline.

In the reporting and the comparative period, the Company's credit losses increased compared to previous periods. The loss allowance recognised for doubtful trade receivables in 2025 amounted to €1,027,432 (2024: €445,651).

The increase in doubtful receivables in 2025 is largely due to the increase in receivables from Russian airlines for services provided in connection with Estonian-controlled air traffic over international waters. Persistent Russian debtors include companies subject to international sanctions that prevent them from making payments to Europe, but also companies that take advantage of the situation and do not pay for the en route navigation services provided to them.

Eurocontrol's determination of provisions (loss allowances) for doubtful receivables from active users is based on the calculation of insolvency percentages based on the ageing structure of receivables, which are directly derived from the historical credit losses recorded in the settlement system. This is done by taking the credit sales and receipts for the last five years and calculating the average insolvency percentage based on the ageing structure of past due receivables. The probable loss for each period after the due date is then calculated and applied to the outstanding balance of each invoice for that period. As a result of the calculation, the following rates were applied to the valuation of a loss allowance for receivables:

Ageing structure of receivables (in percentages)

	% of loss allowance	
	2025	2024
Not past due	0.24%	0.39%
1–30 days past due	10.53%	13.70%
31–60 days past due	23.92%	30.02%
61–90 days past due	34.99%	42.18%
91–120 days past due	70.08%	73.68%
>120 days past due	100.00%	100.00%

By the date the financial statements are authorised for issue, 85% of receivables recognised in the statement of financial position as at the year-end have been collected.

Ageing structure of trade receivables (€)

	31 Dec 2025		31 Dec 2024	
	€	%	€	%
Not past due	9,435,342	82.6%	4,824,437	78.4%
1–30 days past due	447,277	3.9%	294,327	4.8%
31–60 days past due	153,540	1.3%	283,846	4.6%
61–90 days past due	138,573	1.2%	208,174	3.4%
91–120 days past due	127,656	1.1%	84,608	1.4%
>120 days past due	1,134,429	9.9%	457,165	7.4%
Total trade receivables* (Notes 4; 5)	11,436,817	100.0%	6,152,557	100.0%

Loss allowance for trade receivables by ageing structure of the receivables (€)

	31 Dec 2025		31 Dec 2024	
Not past due	9,684	0.6%	8,813	1.2%
1–30 days past due	32,732	1.9%	30,097	4.2%
31–60 days past due	43,691	2.5%	72,754	10.1%
61–90 days past due	51,192	3.0%	87,508	12.2%
91–120 days past due	90,169	5.2%	64,182	9.0%
>120 days past due	1,501,662	86.8%	453,752	63.3%
Total trade receivables* (Notes 4; 5)	1,729,130	100.0%	717,106	100.0%

Trade receivables by region (€)

	31 Dec 2025		31 Dec 2024	
China	4,663,319	40.8%	2,294,392	37.3%
Russia	2,584,491	22.6%	1,549,427	25.2%
Finland	1,402,241	12.3%	885,032	14.4%
Latvia	802,914	7.0%	298,067	4.8%
Turkey	443,596	3.9%	191,966	3.1%
Sweden	251,997	2.2%	109,794	1.8%
Germany	230,924	2.0%	145,864	2.4%
Ireland	175,242	1.5%	167,877	2.7%
Other	882,093	7.7%	510,138	8.3%
Total trade receivables* (Notes 4; 5)	11,436,817	100.0%	6,152,557	100.0%

* The trade receivables include doubtful receivables.

The total amount of receivables and deposits exposed to credit risk is €39,604,368 (2024: €18,938,010, see Notes 2–6).

Although the ECL model of IFRS 9 covers also cash and cash equivalents, the impairment identified as at 31 December 2024 and 31 December 2025 was immaterial.

Breakdown of bank accounts based on the banks' credit ratings (€)

	31 Dec 2025	31 Dec 2024
At banks with Moody's credit rating of Aa3	14,560,383	13,162,335
Total credit risk exposure arising from bank accounts (Note 2)	14,560,383	13,162,335

Market risk

Market risk comprises currency risk and interest rate risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's main settlement currency is the euro. Therefore, the Company does not consider currency risk to be significant. Currency risks arising from assets and liabilities need to be hedged when the open net position in the same currency exceeds €100,000. The Company had no material currency risk exposures at the end of the reporting and the comparative period. In order to avoid currency risk, invoices are issued in euros.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market interest rates. Cash flow interest rate risk arises from the Company's floating-rate borrowings and is the risk that finance costs will grow when interest rates increase. The Company's non-current liabilities have fixed interest rates. The interest rate risk of current financial assets is mitigated by the Company's intention to hold the acquired financial assets until maturity. Interest rate risk can be taken when investments are made in current instruments in compliance with established volume restrictions.

Capital management

The Company regards total equity as capital. The primary goal of capital management is to secure the sustainability of the Company's operations. The goal set by the owner is to keep the ratio of equity to total assets in the range 40–45%. Decisions on the raising of debt capital are made on the basis of cash flow forecasts. All of the Company's shares are owned by the state. Dividend distributions are decided by the owner based on the Company's financial results, development plans and general macroeconomic developments in Estonia and the target markets. Capital management is evaluated by comparing actual return on equity with the targeted return on equity. The Company closed the financial year with a profit and achieved its targeted return on equity.

Fair value

For disclosure purposes, fair value is calculated by discounting future contractual cash flows at current market interest rates that would be available to the Company for similar financial instruments. According to the Company's management board, the carrying amounts of financial assets and financial liabilities measured at amortised cost at 31 December 2025 and 31 December 2024 (see also Note 4) do not differ significantly from their fair values, as their settlement dates are within 12 months after the end of the reporting period. The fair values of non-current loans and borrowings do not differ significantly from their carrying amounts either, because their interest rates correspond to current market interest rates.

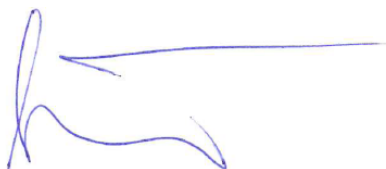
9. PROFIT ALLOCATION PROPOSAL

The net profit of Lennuliiklusteeninduse AS for the financial year 2025 is €32,513,758.

The management board makes the following profit allocation proposal to the general meeting of Lennuliiklusteeninduse AS:

- to transfer the profit for 2025 of €32,513,758 to retained earnings;
- to transfer €691,672 of the retained earnings to the legal reserve;
- to use the retained earnings to make a dividend distribution of €21,761,000.

A dividend distribution of €21,761,000 to the owner will give rise to an income tax liability and expense of €6,137,718, which will be recognised in the statement of comprehensive income for 2026.



Ivar Värk

Chairman of the Management Board



Mihkel Haug

Member of the Management Board



Meelis Kruusmann

Member of the Management Board

SIGNATURES OF THE MANAGEMENT BOARD TO THE 2025 ANNUAL REPORT

The signing of the 2025 Annual Report of Lennuliiklusteeninduse Aktsiaselts on 27 March 2026:



Ivar Värk

Chairman of the Management Board



Mihkel Haug

Member of the Management Board



Meelis Kruusmann

Member of the Management Board



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Independent Auditors' Report

(Translation of the Estonian original)

To the shareholder of Lennuliiklusteeninduse Aktsiaselts

Opinion

We have audited the financial statements of Lennuliiklusteeninduse Aktsiaselts (the Company), which comprise the statement of financial position as at 31 December 2025, the statement of comprehensive income, the statements of cash flows and changes in equity for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the financial statements presented on pages from 48 to 86 present fairly, in all material respects, the financial position of the Company as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (Estonia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants (Estonia) (including Independence Standards) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the management report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, our responsibility is to state whether the information presented in the management report has been prepared in accordance with the applicable legal and regulatory requirements.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard and we state that the information presented in the management report is materially consistent with the financial statements and in accordance with the applicable legal and regulatory requirements.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (Estonia) will always detect a material misstatement when it exists. Misstatements



can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standards on Auditing (Estonia), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG Baltics OÜ
Licence No 17

A handwritten signature in blue ink, appearing to read 'Indrek Alliksaar', written over a horizontal line.

Indrek Alliksaar
Certified Public Accountant, Licence No. 446

Tallinn, 27 March 2026