

## **REPORT BY THE BOARD OF DIRECTORS OF INTERNATIONAL CONSOLIDATED AIRLINES GROUP, S.A. REGARDING THE PROPOSED REDUCTION IN SHARE CAPITAL BY MEANS OF THE CANCELLATION OF OWN SHARES REFERRED TO IN ITEM 7 ON THE AGENDA FOR THE 2026 ANNUAL SHAREHOLDERS' MEETING**

The Board of Directors of International Consolidated Airlines Group, S.A. (the "**Company**") issues this report on the proposed capital reduction that is submitted to the Shareholders' Meeting for approval under item 7 on the agenda.

Pursuant to the Spanish Companies Law (Ley de Sociedades de Capital), any proposal to reduce capital, as it involves amending the By-Laws, requires an explanatory report from the Board of Directors in order to be approved.

### **1. Introduction**

In this section, and in compliance with articles 286 and 318 of the Spanish Companies Law, the Board explains and justifies in detail, for the purposes of the applicable legislation, the proposed reduction in share capital by means of the cancellation of shares acquired in the manner indicated below, which is submitted to the Shareholders' Meeting for approval under item 7 on the agenda.

### **2. Justification of the proposal**

#### **2.1. Buy-back Programmes**

Following its meeting held on 26 February 2026, the Company's Board of Directors announced the return of excess cash to shareholders totalling €1,500 million, to be implemented over the following 12 months (i.e. by 26 February 2027). At the same meeting, the Board approved an initial share buy-back programme for a total amount of €500 million to be implemented within the following 3 months (i.e. by 29 May 2026) (the "**February 2026 Buy-back Programme**"). The Board's approval of the February 2026 Buy-back Programme was announced on 27 February 2026 and, on the same day, the Company announced it would be launched on 2 March 2026. Once this initial programme is completed, the Company may launch one or more additional share buy-back programmes for up to €1,000 million (the "**Additional Buy-back Programmes**" and, together with the February 2026 Buy-back Programme, the "**2026 Buy-back Programmes**").

Pursuant to the February 2026 Buy-back Programme, the Company may acquire a maximum of 310,717,331 ordinary shares. It is placed on record that, as of the date of approval of the call of the Shareholders' Meeting, the number of ordinary shares acquired by the Company under the February 2026 Buy-back Programme amounts to a total of 115,207,994 shares

#### **2.2. General**

The purpose of the 2026 Buy-back Programmes is to reduce the issued share capital of the Company by cancelling the shares acquired under such programmes, subject to approval of the reduction by the Shareholders' Meeting of the Company.

Therefore, as a result of the implementation of the 2026 Buy-back Programmes and for the purposes of complying with their objectives, it is proposed to the Shareholders' Meeting to cancel the shares acquired by the Company under the 2026 Buy-back Programmes, within a period ending at next year's annual Shareholders' Meeting (or if earlier, 15 months from the date of passing of this resolution).

### **3. Main terms and conditions of the capital reduction**

The maximum amount of the capital reduction proposed to the Shareholders' Meeting would be 46,116,695.30 euros (0.10 euro per share), through the cancellation of up to 461,166,953 shares (10 per cent of the share capital of the Company) to be acquired under the 2026 Buy-back Programmes.

However, pursuant to article 340.3 of the Spanish Companies Law, if the Company does not acquire the maximum number of shares to be acquired under the 2026 Buy-back Programmes, the share capital will be reduced by the amount corresponding to the shares effectively acquired under the 2026 Buy-back Programmes. In this regard it is proposed to delegate to the Board of Directors the necessary powers required to determine the final amount of the capital reduction.

The proposed capital reduction does not entail a return of contributions because the Company itself is the holder of the cancelled shares and it will be carried out with a charge to unrestricted reserves by funding a retired capital reserve in an amount equal to the nominal value of the retired shares, and such reserve could only be used by complying with the same requirements as those applicable to a reduction in share capital, as provided by article 335 c) of the Spanish Companies Law.

Accordingly, pursuant to article 335 c) of the Spanish Companies Law, the creditors will not have the right of objection provided for in article 334 of the Spanish Companies Law.

It is also proposed that the Shareholders' Meeting delegate to the Board of Directors the necessary powers to implement the capital reduction, totally or partially and on one or more occasions (with the express power of substitution pursuant to article 249.2 of the Spanish Companies Law) within a period ending at next year's annual Shareholders' Meeting (or if earlier, 15 months from the date of passing of this proposed resolution), also delegating the powers necessary to determine any terms that are not expressly set forth in the resolution approving the reduction or that are a consequence thereof and to approve the resolutions, take the steps, and execute the public or private documents that may be required or appropriate for the fullest implementation of the capital reduction.

Finally, it is proposed to authorise the Board of Directors to take such steps and carry out such formalities as may be required or appropriate so that, once the capital reduction resolution has been implemented, it may amend the article of the By-Laws setting the share capital so that it reflects the new share capital figure and the new number of outstanding shares (once the shares have been cancelled and deducted) and so that the cancelled shares are delisted from the relevant stock exchanges and are removed from the corresponding book-entry registers.

#### **4. Proposed resolution**

The wording of resolution number 7 proposed to the Shareholders' Meeting regarding the capital reduction is as follows:

#### **7.- Approval of a reduction in share capital by means of the cancellation of up to 461,166,953 shares (10 per cent of the share capital). Delegation of powers for the implementation thereof.**

##### **RESOLUTION 7**

"To reduce the share capital by cancellation of shares of the Company acquired through (i) the €500,000,000 buy-back programme for the cancellation thereof authorised by the Board of Directors at its meeting on 26 February 2026 and announced on 27 February 2026, to be implemented not later than 29 May 2026 (the "February 2026 Buy-back Programme"); and (ii) any additional buy-back programmes to be launched by the Company for up to €1,000,000,000, authorised by the Board of Directors at its meeting on 26 February 2026 and announced on 26 February 2026 (the "**Additional Buy-back Programmes**" and, together with the February 2026 Buy-back Programme, the "**2026 Buy-back Programmes**"), in the following terms:

- 1 Amount and form of the capital reduction.-** The nominal amount of the capital reduction of the Company will be equal to the number of shares acquired under the 2026 Buy-back Programmes multiplied by 0.10 euro per share, through the cancellation of such shares, up to a maximum of 46,116,695.30 euros, through the cancellation of up to 461,166,953 shares (10 per cent of the share capital of the Company) to be acquired under the 2026 Buy-back Programmes.
  - 2 Procedure for acquisition of the shares that will be cancelled under the 2026 Buy-back Programmes.**

The shares to be cancelled will be those acquired by the Company under the 2026 Buy-back Programmes. It is placed on record that the February 2026 Buy-back Programme will finalise no later than 29 May 2026, and the Additional Buy-Back Programmes will finalise no later than 26 February 2027. In accordance with the foregoing, pursuant to article 340.3 of the Spanish Companies Law (Ley de Sociedades de Capital), if the Company does not acquire the maximum number of 461,166,953 ordinary shares, each with a nominal value of 0.10 euro, under the 2026 Buy-back Programmes, the share capital will be reduced by the number of shares effectively acquired within the framework of the 2026 Buy-back Programmes.
  - 3 Procedure for the reduction and reserves with a charge to which it is carried out.-** Pursuant to the provisions of article 342 of the Spanish Companies Law, the capital reduction must be implemented, totally or partially and on one or more occasions, within a period ending at next year's annual Shareholders' Meeting (or if earlier, 15 months from the date of passing of this resolution). The capital reduction does not entail a return of contributions to shareholders because the Company itself is or will be the holder of the shares being cancelled, and it will be carried out with a charge to unrestricted reserves by funding a retired capital reserve in an amount equal to the nominal value of the cancelled shares; such reserve may only be used by complying with the same requirements as those applicable to a reduction in share capital, as provided by article 335 c) of the Spanish Companies Law.
- Therefore, in accordance with the provisions of such article, creditors of the Company will not be entitled to assert the right of objection contemplated by article 334 of the Spanish Companies Law in connection with the capital reduction.
- 4 Delegation of powers.-** To delegate to the Board of Directors, with express powers of substitution, the powers necessary to implement this resolution within a period ending at next year's annual Shareholders' Meeting (or if earlier, 15 months from the date of passing of this resolution), with authority to establish

any terms that are not expressly set forth in this resolution or that are a consequence hereof. In particular, and by way of example only, the following powers are delegated to the Board of Directors, with express powers of substitution:

- a To perform any acts, make any statements, or take any steps that may be required in connection with the successful completion of the 2026 Buy-back Programmes and the capital reduction.
- b To declare the approved capital reduction to be completed and implemented, totally or partially and in one or more occasions, establishing, for such purpose, the final number of shares that must be cancelled each time and, as a result, the amount by which the share capital of the Company must be reduced in accordance with the rules specified in this resolution.
- c To set the final amount of the capital reduction based on the provisions of this resolution and establish any other terms that may be required to implement it, all in accordance with the terms and conditions set forth above.
- d To amend the article of the By-Laws setting the issued share capital such that it reflects the amount of share capital and the number of outstanding shares resulting from the implementation of the capital reduction.
- e To take such steps and carry out such formalities as may be required or appropriate and submit such documents as may be necessary to the competent bodies such that, once the shares of the Company have been cancelled and the notarial instrument for the capital reduction has been executed and registered with the Commercial Registry, the cancelled shares are delisted from the relevant stock exchanges and are removed from the corresponding book-entry registers.
- f To perform all acts that may be necessary or appropriate to implement and formalise the capital reduction before any Spanish or foreign public or private entities and agencies, including acts for purposes of representation, supplementation, or correction of defects or omissions that might prevent or hinder the full effectiveness of the foregoing resolutions.

Pursuant to the provisions of article 249.2 of the Spanish Companies Law, the Board of Directors is expressly authorised to further delegate the powers referred to in this resolution."

\*\*\*

Madrid, 7 May 2026.