

**REPORT BY THE BOARD OF DIRECTORS OF INTERNATIONAL CONSOLIDATED AIRLINES
GROUP, S.A. IN RELATION TO ITEM 15 ON THE AGENDA FOR THE 2025 ANNUAL
SHAREHOLDERS' MEETING**

The Board of Directors of International Consolidated Airlines Group, S.A. (“**IAG**” or the “**Company**”) has issued this report in relation to item 15 on the agenda for the 2025 Annual Shareholders’ Meeting, called for **19 June 2025, at 12 noon (CEST)**, on second call (in the event that the legally required quorum is not reached and therefore the meeting cannot be held on the first call, scheduled for 18 June 2025 at 12 noon (CEST)), related to the acquisition of 21 Airbus A330-900neo family aircraft and 32 Boeing 787-10 family aircraft by the Company and/or any of its subsidiaries as detailed in this report (the “**Proposed Transaction**”).

1. Regulatory framework

Article 160(f) of the Spanish Companies Law (*Ley de Sociedades de Capital*) establishes that it is the power of the general shareholders' meeting to deliberate and agree on the acquisition, disposal or contribution to another company of essential assets.

To this effect, the aforementioned article establishes that the essential nature of an asset is presumed when the amount of the transaction exceeds 25% of the value of the assets listed on the last balance sheet approved by the company.

The Proposed Transaction, when aggregated with the acquisitions of aircraft entered into by the Company and its subsidiaries in the 12 months prior to the issuance of this report, represents more than 25% of the total value of the assets shown in the last consolidated balance sheet of the Company approved by its General Shareholders’ Meeting.

In this context, the Board of Directors submits the Proposed Transaction to the authorisation of the General Shareholders' Meeting of IAG in order to comply with the above-mentioned provision of the Spanish Companies Law.

2. Principal terms of the Proposed Transaction

2.1. Background and reasons for the Proposed Transaction

Aer Lingus, Iberia and Level (the “**Group Airlines**”) are entering into agreements with Airbus pursuant to which Aer Lingus, Iberia and Level conditionally agree to purchase 21 Airbus A330-900neo family aircraft for delivery between 2028 and 2033 (the “**Airbus Purchase Agreements**”). In addition, the Airbus Purchase Agreements grant IAG and the Group Airlines the rights to elect to purchase up to 13 additional Airbus A330-900neo family aircraft.

British Airways is entering into an agreement with Boeing pursuant to which it conditionally agrees to purchase 32 Boeing 787-10 family aircraft (the “**Boeing Purchase Agreement**”) for delivery between 2029 and 2033. In addition, the 2025 Boeing Purchase Agreement grants British Airways the rights to elect to purchase up to 10 additional Boeing 787-10 family aircraft.

2.2. Condition

The Boeing Purchase Agreement and the Airbus Purchase Agreements are conditional upon shareholder approval being granted.

In the event this condition is not met in accordance with the terms of the Boeing Purchase Agreement and the Airbus Purchase Agreements, then such agreements will terminate.

2.3. Delivery timetable

The scheduled delivery positions of the Airbus A330-900neo aircraft under the Airbus Purchase Agreements are as follows:

	2028	2029	2030	2031	2032	2033	total
A330-900neo	3	2	5	5	4	2	21

The scheduled delivery positions of the Boeing 787-10 aircraft under the Boeing Purchase Agreement are as follows:

	2028	2029	2030	2031	2032	2033	total
787-10		3	6	9	8	6	32

Subject to providing advanced notice to Airbus, the Group Airlines have the right to defer up to a certain percentage of the aircraft due for delivery in a given year, and such deferral shall be for an agreed period.

Subject to providing advanced notice to Boeing, British Airways has the right to defer up to a certain percentage of the aircraft due for delivery in a given year, and such deferral shall be for an agreed period.

2.4. Price

The aggregate base price of each aircraft to be purchased under the Airbus Purchase Agreements before the application of the price concessions described below (the “**Airbus Aircraft Base Price**”) is the sum of: (i) the aircraft base price (including Rolls-Royce engines) published by Airbus in January 2025 US Dollars, and (ii) an estimate of average Specification Change Notices (“**SCNs**”) (which represent optional aircraft features) as provided by Airbus (together, the Airbus Aircraft Base Price), and is estimated to be approximately US\$374 million for each Airbus A330-900neo aircraft, stated in January 2025 US Dollar terms. Payment of the Airbus Aircraft Base Price is to be made to Airbus net of the price concessions described below.

The amounts of the Airbus Aircraft Base Price as described above will be subject to adjustment depending on the choice of certain SCNs as agreed between Airbus and IAG, are subject to price escalation by applying relevant formulae reflecting increases in the relevant labour and material

indices as published by the US Department of Labor, Bureau of Labor Statistics during the relevant agreed period preceding the delivery of the relevant aircraft.

Airbus has granted certain price concessions with regard to the aircraft to be purchased under the Airbus Purchase Agreements. These concessions will take the form of credit memoranda provided to the Group Airlines, which may be applied towards payments in respect of the purchase of the aircraft under the Airbus Purchase Agreements. Such price concessions will reduce the effective price of each aircraft significantly below the Airbus Aircraft Base Price.

The Board confirms that the final negotiated price represents a very substantial discount from the Airbus Aircraft Base Price for the Airbus A330-900neo aircraft and will continue to give the Group a strong competitive advantage through its aircraft ownership and operating costs.

The aggregate basic price of each Boeing 787-10 aircraft to be purchased under the Boeing Purchase Agreement before the application of the price concessions described below (the **"Boeing Aircraft Basic Price"**) is the sum of: (i) the aircraft list price (including GE engines); and (ii) an estimate of average optional aircraft features as provided by Boeing, and is estimated to be approximately US\$397 million for each Boeing 787-10 in January 2025 US Dollar terms. Payment of the Boeing Aircraft Basic Price is to be made to Boeing net of the price concessions described below.

Boeing has granted certain price concessions with regard to the aircraft to be purchased under the Boeing Purchase Agreement. These concessions will take the form of credit memoranda provided to British Airways, which may be applied towards payments in respect of the purchase of the aircraft under the Boeing Purchase Agreement. Such price concessions will reduce the effective price of each aircraft significantly below the Boeing Aircraft Basic Price.

The Board confirms that the final negotiated price represents a very substantial discount from the Boeing Aircraft Basic Price for each of the Boeing 787-10 aircraft and will continue to give the Group a strong competitive advantage through its aircraft ownership and operating costs.

2.5. Payment terms

Under the terms of the Airbus Purchase Agreements, the Group Airlines are required to make certain Pre-Delivery Payments ("**PDPs**") to Airbus. These PDPs are initially based on a percentage of the Airbus Aircraft Base Price and then subject to commercial negotiation. PDPs are payable at defined periods prior to the scheduled delivery date of each aircraft. The balance of the aircraft purchase price is payable on delivery of the aircraft.

As is customary, British Airways will make certain PDPs to Boeing under the Boeing Purchase Agreement. These pre-delivery payments are initially calculated as a percentage of the Boeing Aircraft Basic Price after price escalation and then subject to commercial negotiation. The pre-delivery payments are payable at fixed times prior to the scheduled delivery date of an aircraft. The balance of the aircraft purchase price becomes payable upon delivery of the aircraft.

2.6. Maintenance and support

In addition to the sale of the aircraft, Airbus also agrees to provide the Group Airlines with certain support services, including but not limited to: warranty of the airframe and its components, on-site training, technical support, manuals, software and certain revision services. The terms of the Airbus Purchase Agreements also provide the Group Airlines with enhanced performance guarantees relating to matters such as fuel burn.

The Group Airlines also will enter into engine purchase and support agreements with Rolls-Royce pursuant to which it will provide certain warranties relating to the relevant engines to be installed on the Airbus A330-900neo aircraft to be purchased.

In addition to the sale of the aircraft, Boeing also agrees to provide British Airways with certain support services, including but not limited to: warranty of the airframe and its components, on-site training, technical support, manuals, software and certain revision services. The terms of the Boeing Purchase Agreement also provides British Airways with enhanced performance guarantees relating to matters such as fuel burn.

British Airways will enter into an engine maintenance agreement with GE, pursuant to which it will provide certain warranties relating to the GEnx engines to be installed on the new Boeing 787-10 aircraft as well as engine maintenance and overhaul services (including the supply of spare engines in certain agreed circumstances).

2.7. Delay, termination and transfer

In the event that the Airbus Purchase Agreements are not approved by the IAG Shareholders' Meeting, they will terminate and be without further force and effect as further described above.

If any scheduled delivery of an aircraft is delayed by Airbus for a reason other than "excusable delay" (which comprises of delay of aircraft delivery due to causes outside of Airbus's control), Airbus will pay liquidated damages to the Group Airlines at a fixed daily rate limited to a maximum agreed amount. Unless the parties have renegotiated the relevant delivery date, each Group Airline has the right to give notice to terminate the Airbus Purchase Agreements with respect to the affected aircraft on the twelfth month after any such delay.

Either party may terminate the Airbus Purchase Agreements if the other party becomes insolvent or subject to insolvency proceedings.

The Airbus Purchase Agreements provide the Group Airlines with the flexibility to transfer the Airbus A330-900neos aircraft to airlines within the IAG Group, providing the necessary configuration and engine selection flexibility to accommodate this.

In the event that the proposed purchase of the Boeing 787-10 is not approved by the IAG Shareholders' Meeting, the Boeing Purchase Agreement will terminate and be without further force and effect, as described above.

If any scheduled delivery of an aircraft is delayed by Boeing for reasons other than an excusable delay (which comprises a delay to an aircraft due to causes outside of Boeing's control) or an

aircraft is damaged beyond economic repair during manufacture, then, following a grace period, Boeing will pay liquidated damages at an agreed daily rate limited to an agreed maximum amount.

If any such delay is to last for more than 12 months and the parties have not renegotiated the delivery date, British Airways has the right to terminate the agreement with respect to the affected aircraft. Either party may terminate the Boeing Purchase Agreement if the other party becomes insolvent or is subject to insolvency proceedings.

2.8. Liability regime

If the aircraft do not deliver the fuel efficiency improvements in breach of the guarantees agreed with Airbus, Airbus will pay liquidated damages to the Group Airlines based on the incremental fuel burned, limited to a maximum agreed amount. If the aircraft do not meet certain weight and noise guarantees, then liquidated damages will be payable by Airbus, limited to a maximum agreed amount.

If the aircraft do not deliver the fuel efficiency improvements in breach of the guarantees agreed with Boeing, Boeing will pay liquidated damages to British Airways based on the additional fuel burned limited to a maximum agreed amount. If the aircraft do not meet certain weight and noise guarantees, then liquidated damages will be payable by Boeing to British Airways, limited to a maximum agreed amount.

2.9. Rights to elect to purchase additional aircraft

Airbus has agreed to provide IAG and the Group Airlines with the rights to elect to purchase up to 13 additional Airbus A330-900neo aircraft for delivery between 2030 and 2033, which can be allocated to the IAG Group's airlines.

Boeing has agreed to provide British Airways with the rights to elect to purchase up to 10 additional Boeing 787-10 aircraft for delivery between 2031 and 2033.

2.10. Financing

The Group intends to retain flexibility in determining the method of financing of the relevant purchase(s) of the new aircraft and will seek to implement one or more of a variety of cost-effective financing options closer to the delivery dates of the new aircraft between 2025 and 2028.

While it is impossible to predict at this stage the actual source(s) of financing for the purchase of these aircraft, the most likely options include cash held by the IAG Group (together with cash flow generated from its operations), bank debt, leases, bond issues and similar forms of aircraft financing common in the airline industry.

At 31 December 2024, the Group held €9,828 million in cash which, together with cash flow generated from its operations, will be used to part finance the purchase of the aircraft under the Airbus Purchase Agreements and Boeing Purchase Agreement and to pay the deposit payable in respect of the aircraft to be purchased pursuant to such agreements.

3. Proposed resolution

15. APPROVAL OF THE PROPOSED PURCHASE OF 21 AIRBUS A330-900NEO FAMILY AIRCRAFT AND 32 BOEING 787-10 FAMILY AIRCRAFT

RESOLUTION 15

“To authorise, for the purposes of article 160(f) of the Spanish Companies Law (Ley de Sociedades de Capital), the acquisition of 21 Airbus A330-900neo family aircraft and 32 Boeing 787-10 family aircraft (including engines and rights to purchase additional aircraft) by International Consolidated Airlines Group, S.A. and/or any of its subsidiaries, on substantially the same terms and conditions described in the Board of Directors’ report issued in relation to such transaction dated 8 May 2025.”

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Madrid, 8 May 2025.