

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 10 ON THE AGENDA FOR THE 2025 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 10 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 10 on the agenda.

2. Justification of the proposal

2.1 November 2024 Buy-back Programme

At its meeting held on 7 November 2024, the Board of Directors of the Company authorised a repurchase of the shares of the Company through a share buy-back programme for a total amount of €350 million (the “**November 2024 Buy-back Programme**”). It was the first share buyback programme of the Company after the COVID period, reflecting its confidence in the strategy and business model, as well as in the long-term prospects for the business.

The decision was based on IAG's disciplined capital allocation framework, which underpins the delivery of sustainable shareholder returns over the long term. IAG's first priority is to maintain a strong balance sheet, with a target of less than 1.8x net debt to EBITDA before exceptional items over the cycle. Secondly, the Company prioritises investment in the business to deliver sustainable earnings growth, which includes rebuilding the Group's fleet to strengthen its position in core markets and hubs, improving the customer experience and investing in digital tools and sustainability. Thirdly, the Company is also committed to delivering sustainable shareholder returns, having resumed the payment of dividends as announced on 1 August 2024.

The execution of the November 2024 Buy-back Programme was announced on 8 November 2024, started on 12 November 2024 and was completed on 27 February 2025, as a result of which the Company acquired a total amount of 96,206,309 shares (1.94 per cent of the share capital of the Company).

2.2 February 2025 Buy-back Programme

At its meeting held on 27 February 2025, the Board of Directors of the Company authorised a further buy-back of the Company's shares through a share buy-back programme for a total amount of €1,000 million to be implemented within the following 12 months (i.e., until 27 February 2026) (the **"February 2025 Buy-back Programme"** and, together with the November 2024 Buy-back Programme, the **"Buy-back Programmes"**). The Board's approval of the February 2025 Buy-back Programme was announced on 28 February 2025 and, on the same day, the Company announced the launch of its first tranche of €500 million, to end no later than 30 May 2025.

Pursuant to the February 2025 Buy-back Programme, the Company may acquire a maximum of 330,000,000 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 2025 Buy-back Programme amounts to a total of 111,112,455 shares.

2.3 General

The purpose of the Buy-back Programmes is to reduce the 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 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 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 42,620,630.90 euros (0.10 euro per share), through the cancellation of: (i) 96,206,309 shares (1.94 per cent of the share capital of the Company) acquired under the November 2024 Buy-back Programme; plus (ii) up to 330,000,000 shares (6.64 per cent of the share capital of the Company) to be acquired under the February 2025 Buy-back Programme.

However, pursuant to article 340.3 of the Spanish Companies Law, if the Company does not acquire the maximum number of shares under the February 2025 Buy-back Programme, the share capital will be reduced by the amount corresponding to the shares effectively acquired under the 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 10 proposed to the Shareholders' Meeting regarding the capital reduction is as follows:

10.- APPROVAL OF A REDUCTION IN SHARE CAPITAL BY MEANS OF THE CANCELLATION OF UP TO 426,206,309 SHARES (8.57 PER CENT OF THE SHARE CAPITAL). DELEGATION OF POWERS FOR THE IMPLEMENTATION THEREOF.

RESOLUTION 10

*"To reduce the share capital by cancellation of shares of the Company acquired (i) through the €350,000,000 buy-back programme for the cancellation thereof authorised by the Board of Directors at its meeting on 7 November 2024 and announced on 8 November 2024, which finalised on 27 February 2025 (the "**November 2024 Buy-back Programme**")"; and (ii) through the €1,000,000,000 buy-back programme for the cancellation thereof authorised by the Board of Directors at its meeting on 27 February 2025 and announced on 28 February 2025, to be implemented not later than 27 February 2026 (the "**February 2025 Buy-back Programme**" and, together with the November 2024 Buy-back Programme, the "**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 Buy-back Programmes multiplied by 0.10 euro per share, through the cancellation of such shares, up to a maximum of 42,620,630.90 euros, through the cancellation of: (i) 96,206,309 shares (1.94 per cent of the share capital of the Company) acquired under the November 2024 Buy-back Programme; plus

(ii) up to 330,000,000 shares (6.64 per cent of the share capital of the Company) to be acquired under the February 2025 Buy-back Programme.

In accordance with the provisions below, the final amount of the capital reduction will be determined by the Board of Directors according to the final number of shares acquired through the Buy-back Programmes.

2.- Procedure for acquisition of the shares that will be cancelled under the Buy-back Programmes.

- The shares to be cancelled will be those acquired by the Company under the Buy-back Programmes.

It is placed on record that the November 2024 Buy-back Programme finalised on 27 February 2025 and the February 2025 Buy-back Programme will finalise no later than 27 February 2026.

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 426,206,309 ordinary shares, each with a nominal value of 0.10 euro, under the Buy-back Programmes, the share capital will be reduced by the number of shares effectively acquired within the framework of the 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 Buy-back Programme 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 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.”

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Madrid, 8 May 2025.