Auditor's Report on Vueling Airlines, S.A.

(Together with the financial statements and management report of Vueling Airlines, S.A. for the year ended 31 December 2025)

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

KPMG Auditores, S.L.
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(Barcelona)

Independent Auditor's Report on the Financial Statements

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the Shareholders of Vueling Airlines, S.A.:

REPORT ON THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Vueling Airlines, S.A. (the "Company"), which comprise the balance sheet at 31 December 2025, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and notes.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the equity and financial position of the Company at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework (specified in note 2 to the financial statements) and, in particular, with the accounting principles and criteria set forth therein.

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. 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 ethical requirements, including those regarding independence, that are relevant to our audit of the financial statements pursuant to the legislation regulating the audit of accounts in Spain. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Paseo de la Castellana, 259C 28046 Madrid

On the Spanish Official Register of Auditors ("ROAC") with No. S0702, and the Spanish Institute of Registered Auditors' list of companies with No. 10.
Reg. Mer Madrid, T. 11.961, F. 90, Sec. 8, H. M -188.007, Inscrip. 9
N.I.F. B-78510153

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Provisions for scheduled aircraft maintenance See notes 5.10 and 14.1 to the financial statements	
Key audit matter	*How the matter was addressed in our audit*
The Company operates aircraft both on an ownership basis and under finance or operating lease arrangements. Due to the scheduled periodic maintenance and the aircraft handback conditions stipulated in the contracts with the lessors, there is a commitment to perform certain repairs over the term of the lease contracts, which gives rise to the recognition of a provision. As detailed in note 14.1 to the accompanying financial statements, at 31 December 2025 the provision for repairs relating to aircraft maintenance amounts to Euros 1,004 million. These aspects have required significant judgements by the Directors when determining the assumptions used to estimate the provision, such as those referring to the evaluation of aircraft utilisation hours and cycles, expected maintenance intervals, future maintenance costs and the condition of the aircraft when handed back, where applicable, which has led us to consider this area as one of the most relevant aspects of the audit.	Our audit procedures included the following: • evaluating the design and implementation of the key controls related to the process of calculating provisions for scheduled aircraft maintenance; • understanding the methodology, criteria and assumptions used to calculate the provisions for scheduled aircraft maintenance; • reviewing maintenance contracts and understanding the obligations derived therefrom; • reviewing, for a sample of aircraft, the handback conditions as per the lease contracts, where applicable, and comparing them with the assumptions used by the Company; • retrospectively reviewing the events that occurred during the year in respect of provisions made in prior years; • reviewing the discounting and the key assumptions used by the Company; • we also assessed whether the disclosures in the financial statements meet the requirements of the financial reporting framework applicable to the Company.

Passenger revenue recognition See notes 5.9, 16 and 20.1 to the financial statements	
Key audit matter	*How the matter was addressed in our audit*
Passenger revenue recognition is a significant area and susceptible to material misstatement, because it comprises large volumes of low-value transactions that are recorded using complex and automated processes and, particularly at the reporting date as regards the appropriate timing of recognition. Passenger revenue from the sale of flight tickets not yet used is recognised at the unaccrued amount in liabilities under current deferred income and amounts to Euros 277 million at 31 December 2025.	Our audit procedures included the following: • assessing the Company's controls over the recognition of revenue; • with the help of our technological audit specialists, we checked the completeness of ticket sale revenue, comparing it with external flight information, and whether the timing of the recognition is correct, and we performed a reconciliation of revenue for the year with cash inflows; • we also assessed whether the disclosures in the financial statements meet the requirements of the financial reporting framework applicable to the Company.

Other Information: Management Report

Other information solely comprises the 2025 management report, the preparation of which is the responsibility of the Company's Directors and which does not form an integral part of the financial statements.

Our audit opinion on the financial statements does not encompass the management report. Our responsibility regarding the information contained in the directors' report is defined in the legislation regulating the audit of accounts, as follows:

a. Determine, solely, whether the non-financial information statement has been provided in the manner stipulated in the applicable legislation, and if not, to report on this matter.

b. Assess and report on the consistency of the rest of the information included in the management report with the financial statements, based on knowledge of the entity obtained during the audit of the aforementioned financial statements. Also, assess and report on whether the content and presentation of this part of the management report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described above, we have observed that the information mentioned in section a) above has been provided in the manner stipulated in the applicable legislation, that the rest of the information contained in the management report is consistent with that disclosed in the financial statements for 2025, and that the content and presentation of the report are in accordance with applicable legislation.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Directors' and Audit Committee's Responsibility for the Financial Statements

The Directors are responsible for the preparation of the accompanying financial statements in such a way that they give a true and fair view of the equity, financial position and financial performance of the Company in accordance with the financial reporting framework applicable to the entity in Spain, and for such internal control as they determine 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, the Directors are 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 the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The audit committee is responsible for overseeing the preparation and presentation of the financial statements.

Auditor's 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 auditor's 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 prevailing legislation regulating the audit of accounts in Spain 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 prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' 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 auditor's 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 auditor's 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 a true and fair view.

We communicate with the audit committee of Vueling Airlines, S.A. 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.

We also provide the entity's audit committee with a statement that we have complied with the ethical requirements regarding independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, safeguarding measures adopted to eliminate or reduce the threat.

From the matters communicated to the audit committee of the entity, we determine those that were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Additional Report to the Audit Committee

The opinion expressed in this report is consistent with our additional report to the Company's audit committee dated 5 March 2026.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Contract Period

We were appointed as auditor by the shareholders at the ordinary and extraordinary general meeting on 3 June 2025 for a period of one year, from the fiscal year beginning on January 1, 2025

Previously, we had been appointed for a period of four years, by consensus of the shareholders at their general meeting, and have been auditing the financial statements since the year ended 31 December 2021.

KPMG Auditores, S.L.
On the Spanish Official Register of Auditors ("ROAC") with No. S0702

(Signed on original in Spanish)

Alejandro Núñez Pérez
On the Spanish Official Register of Auditors ("ROAC") with No. 15732

5 March 2026

Vueling Airlines, S.A.

Financial Statements and Management Report
For the year ended
31 December 2025

VUELING AIRLINES, S.A.

BALANCE SHEET at December 31, 2025

(in thousands of euros)

ASSETS	Note	2025	2024
NON-CURRENT ASSETS:			
Intangible assets	**6**	**140.670**	**127.027**
Goodwill		—	1.542
Computer software		139.018	119.645
Segments		1.652	5.840
Property, plant and equipment	**7**	**588.757**	**581.505**
Aircraft components		73.370	56.327
Fleet		425.471	447.898
Other property, plant and equipment		17.998	17.877
PPE in progress and advances		71.918	59.403
Investments in Group companies and associates	**17, 10.1**	**300.701**	**701**
Non-current financial assets	**10.1**	**129.883**	**205.207**
Other financial assets		125.842	144.375
Derivatives	18	4.041	60.832
Deferred tax assets	**19.5**	**186.176**	**176.129**
Total non-current assets		**1.346.187**	**1.090.569**
CURRENT ASSETS:			
Inventories	**5.15, 11**	**288.647**	**289.549**
Trade and other receivables		**164.228**	**345.013**
Trade receivables for sales and rendering of services	10.2	114.758	254.859
Trade receivables, Group companies and associates	17	34.981	22.034
Loans receivable from tax authorities	19.1	14.489	68.120
Investments in Group companies and associates	**10.2**	**2.492**	**5.098**
Loans receivable from companies		2.492	5.098
Current financial assets	**10.2**	**729.130**	**1.046.479**
Derivatives	18	5.766	90.438
Other financial assets		723.364	956.041
Current accruals and deferred income		**30.169**	**33.709**
Cash and cash equivalents	**12**	**118.361**	**114.567**
Cash		118.361	114.567
Total current assets		**1.333.027**	**1.834.415**
TOTAL ASSETS		**2.679.214**	**2.924.984**

Notes 1 to 27 described in the accompanying Notes form an integral part of the balance sheet for the year to December 31, 2025

VUELING AIRLINES, S.A.

BALANCE SHEET at December 31, 2025

(in thousands of euros)

LIABILITIES AND EQUITY	Note	2025	2024
EQUITY:			
Share capital	**13.1**	**29.905**	**29.905**
Registered share capital		29.905	29.905
Share premium	**13.4**	**199.185**	**199.185**
Reserves		**162.142**	**162.142**
Legal	**13.2**	5.981	5.981
Other reserves		156.161	156.161
Prior year losses	**4**	**(475.840)**	**(689.510)**
Profit for the year	**4**	**234.528**	**213.669**
Total shareholders' equity		**149.920**	**(84.609)**
Valuation adjustments	**18**	**(108.627)**	**64.475**
Total equity		**41.293**	**(20.134)**
NON-CURRENT LIABILITIES:			
Non-current provisions	**14.1**	**804.198**	**821.116**
Other provisions		804.198	821.116
Non-current debt		**333.069**	**361.926**
Derivatives	**18**	78.807	9.514
Finance lease liabilities	**15.1**	254.262	352.412
Non-current debt with Group companies and associates	**17**	**7.134**	**–**
Deferred tax liabilities	**19.6**	**2.657**	**32.128**
Non-current deferred income	**16**	**7.831**	**18.435**
Total non-current liabilities		**1.154.889**	**1.233.605**
CURRENT LIABILITIES:			
Current provisions	**14.1**	**363.382**	**443.018**
Current debt		**179.211**	**69.955**
Derivatives	**18**	94.762	16.849
Finance lease liabilities	**15.1**	84.047	52.797
Other financial liabilities	**15.1**	402	309
Current debt with Group companies and associates		**–**	**110.306**
Trade and other payables	**15.1**	**655.423**	**760.283**
Suppliers		258.133	323.686
Suppliers, Group companies	**17**	67.340	124.003
Various creditors		254.076	242.435
Accrued wages and salaries		58.970	52.160
Other amounts due to tax authorities	**19.1**	16.904	17.999
Current deferred income	**16**	**285.016**	**327.951**
Total current liabilities		**1.483.032**	**1.711.513**
TOTAL EQUITY AND LIABILITIES		**2.679.214**	**2.924.984**

Notes 1 to 27 described in the accompanying Notes form an integral part of the balance sheet for the year to December 31, 2025

VUELING AIRLINES, S.A.

INCOME STATEMENT
for the year ended December 31, 2025
(in thousands of euros)

	Note	2025	2024
CONTINUING OPERATIONS:			
Revenue from operations	**20.1**	**3.230.007**	**3.249.597**
Rendering of services		3.230.007	3.249.597
Own work capitalised	**6**	**11.137**	**5.588**
Raw materials and consumables	**20.2**	**(897.570)**	**(943.260)**
Consumption of raw materials and other consumables		(897.570)	(943.260)
Other revenue from operations	**20.4**	**63.122**	**58.655**
Employee costs	**20.5**	**(438.552)**	**(405.239)**
Wages, salaries and similar remuneration		(362.947)	(336.721)
Social security costs		(75.605)	(68.518)
Other operating expenses	**20.6**	**(1.582.577)**	**(1.566.215)**
External services		(1.581.477)	(1.565.124)
Taxes		(1.116)	(1.067)
Loss, impairment and change in trade provisions		16	(24)
Fixed asset depreciation	**6, 7**	**(100.000)**	**(99.244)**
Profit/(loss) on disposals and other		**666**	**318**
OPERATING PROFIT		**286.233**	**300.200**
Financial income		**33.525**	**33.568**
From marketable securities and other financial instruments with third parties		29.189	32.251
Loans receivable from Group companies	**17**	4.336	1.317
Financial expenses		**(57.288)**	**(63.514)**
Payable on debt with third parties		(53.902)	(63.208)
Loan with Group companies	**17**	(3.386)	(306)
Change in fair value of financial instruments		**(75.590)**	**44.055**
Currency differences	**22**	**98.165**	**(46.035)**
NET FINANCIAL INCOME/(EXPENSE)		**(1.188)**	**(31.926)**
Profit/(loss) before tax		**285.045**	**268.274**
Corporate income tax	**19.3**	**(50.517)**	**(54.605)**
PROFIT/(LOSS) FOR THE YEAR	**4**	**234.528**	**213.669**

Notes 1 to 27 described in the accompanying Notes form an integral part of the balance sheet for the year to December 31, 2025

VUELING AIRLINES, S.A.

STATEMENT OF CHANGES IN EQUITY
for the year ended December 31, 2025

(in thousands of euros)

A) Statement of recognised income and expense

	Note	2025	2024
PROFIT/(LOSS) FROM THE INCOME STATEMENT (I)		**234.528**	**213.669**
Income and expenses recognised directly in equity:			
On cash flow hedges	18	(205.083)	157.295
Tax effect		51.271	(39.324)
Grants, donations and bequests received	**13.6**	41.703	48.291
Tax effect		(10.426)	(12.073)
Total income and expenses recognised directly in equity (II)		**(122.535)**	**154.189**
Transfers to the income statement:			
On cash flow hedges	18	(25.720)	(13.020)
Tax effect		6.430	3.256
Grants, donations and bequests received	**13.6**	(41.703)	(48.291)
Tax effect		10.426	12.073
Total transfers to the income statement (III)		**(50.567)**	**(45.982)**
Total income and expenses recognised (I+II+III)		**61.426**	**321.876**

Notes 1 to 27 described in the accompanying Notes form an integral part of the statement of changes in equity for the year to December 31, 2025.

VUELING AIRLINES, S.A.

STATEMENT OF CHANGES IN EQUITY
for the year ended December 31, 2025

(In thousands of euros)

	Share capital	Share premium	Legal reserve	Goodwill reserve	Other reserves	Loss for the previous year	Profit/(loss) for the year	Adjustments for changes in value	Subsidies, donations and legacies	Total
Closing balance 2023 and opening balance 2024	**29.905**	**199.185**	**5.981**	**4.240**	**151.921**	**(1.005.205)**	**315.695**	**(43.732)**	**–**	**(342.010)**
Distribution of profit/(loss) for 2023	–	–	–	–	–	315.695	(315.695)	–	–	**–**
Total income and expenses recognised	–	–	–	–	–	–	213.669	108.207	–	**321.876**
Opening balance 2025	**29.905**	**199.185**	**5.981**	**4.240**	**151.921**	**(689.510)**	**213.669**	**64.475**	**–**	**(20.134)**
Distribution of profit/(loss) for 2024	–	–	–	–	–	213.669	(213.669)	–	–	**–**
Total income and expenses recognised	–	–	–	(4.240)	4.240	–	234.528	(173.102)	–	**61.426**
Closing balance 2025	**29.905**	**199.185**	**5.981**	**–**	**156.161**	**(475.840)**	**234.528**	**(108.627)**	**–**	**41.293**

Notes 1 to 27 described in the accompanying Notes form an integral part of the statement of changes in equity for the year to December 31, 2025.

VUELING AIRLINES, S.A.

CASH FLOW STATEMENT

for the year ended December 31, 2025

In thousands of euros

	Note	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES (I)		**394.636**	**464.383**
Profit/(loss) for the year before tax		**285.045**	**268.274**
Adjustments to profit/(loss)		**209.016**	**321.091**
Fixed asset depreciation	**6, 7**	100.000	99.244
Change in provisions	**14**	141.312	178.604
Profit/(loss) on write-offs and disposals of fixed assets		(666)	(318)
Impairment adjustments		(16)	(414)
Finance income		(33.525)	(33.568)
Finance costs		57.288	63.514
Exchange difference	**22**	(98.165)	46.035
Change in fair value of financial instruments		57.865	(17.570)
Other income and expenses		(15.077)	(14.436)
Changes in working capital		**(138.864)**	**(129.170)**
Debtors and other receivables	**10.2**	127.528	(35.685)
Change in inventories		(137.432)	(104.778)
Creditors and other payables		(95.587)	7.827
Other current assets		2.038	(6.652)
Other current liabilities		(35.686)	13.811
Other non-current assets and liabilities		275	(3.693)
Other cash flows from operating activities		**39.439**	**4.188**
Interest paid		(14.876)	(15.467)
Interest received		33.093	31.153
Corporate income tax (paid)	**19.2**	21.222	(11.498)
CASH FLOWS FROM INVESTING ACTIVITIES (II)		**(231.323)**	**(500.002)**
Operating profit/(loss)		–	–
Payments on investments		**(425.593)**	**(648.235)**
Intangible assets	**6**	(59.603)	(51.178)
Property, plant and equipment	**7**	(65.990)	(51.450)
Other current financial assets	**10.2**	–	(545.607)
Group companies and associates		(300.000)	**–**
Amounts collected from divestments		**194.270**	**148.233**
Property, plant and equipment	**7**	2.027	39.233
Other current financial assets	**10.2**	188.905	–
Group companies and associates	**10.2**	3.338	109.000
CASH FLOWS FROM FINANCING ACTIVITIES (III)		**(154.209)**	**70.259**
Collections and payments for financial instruments		**(154.209)**	**70.259**
Finance lease liabilities	**8.2**	(48.552)	(39.741)
Collections from/payments to Group companies and associates	**17**	(105.657)	110.000
IMPACT OF EXCHANGE DIFFERENCES (IV)	**22**	**(5.310)**	**(401)**
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III+IV)		**3.794**	**34.239**
Cash and cash equivalents at the beginning of the year		114.567	80.328
Cash and cash equivalents at the end of the year		118.361	114.567

Notes 1 to 27 in the accompanying Notes form an integral part of the cash flow statement for the year to December 31, 2025

Vueling Airlines, S.A.

Notes to the financial statements

for the year ended December 31, 2025

1. Company Activity

The Company Vueling Airlines, S.A. (hereinafter, Vueling or the Company) was incorporated in Spain in 2004 as a limited liability company (in accordance with the Public Limited Companies Act, now the Spanish Companies Act) for an indefinite period of time. The registered office for tax and corporate purposes is located at Calle de Catalunya, 83 (Viladecans). In addition, the Company has permanent establishments in Italy, France, the Canary Islands, Algeria and the Netherlands.

The Company's corporate purpose consists of operating and managing scheduled passenger air transport under the commercial name of Vueling. The Company mainly carries out air passenger transportation activities in Spain, the European Union, and several countries outside the EU, such as the United Kingdom and certain North African countries. Its main industrial facilities are located at Calle de Catalunya, 83 (Viladecans).

The Company is included within the group of companies headed up by International Consolidated Airlines Group, S.A. (hereinafter, the Group or IAG), with registered office for tax and corporate purposes located in Spain.

The Consolidated Financial Statements of IAG and the Consolidated Management Report for 2024 were prepared on 27 February 2025 and filed with the Mercantile Registry, along with the corresponding audit report. The Consolidated Financial Statements and the Consolidated Management Report for the year to December 31, 2025 will be prepared and filed in due time and form with the Mercantile Registry, within the legally established deadline.

2. Basis of presentation of the Financial Statements

2.1. True and fair view

The financial statements have been prepared from Vueling's accounting records. The financial statements for 2025 have been prepared in accordance with prevailing commercial legislation and the standards established in the Spanish Chart of Accounts, to give a true and fair view of the Company's equity and financial position for the year ended on December 31, 2025 and of the results of its operations, changes in equity and cash flows for the financial year then ended.

The Directors of the Company are of the opinion that the financial statements for 2025, which were authorised for issue on 23 February 2026, will be approved by the shareholders at the General Shareholders' Meeting without modification.

2.2. Comparative information

The financial statements present, for comparison purposes, the figures for each item in the balance sheet, income statement, statement of changes in equity, statement of cash flows and notes to the financial statements for 2025, together with the figures for the previous year, which formed part of the Annual Accounts for 2024 approved by the General Shareholders' Meeting on 3 June 2025.

2.3. Functional and presentation currency

The financial statements are presented in thousands of euros, rounded to the nearest thousand, which is the Company's functional and presentation currency.

2.4. Critical aspects for measuring and estimating uncertainty

The preparation of the financial statements requires the application of significant accounting estimates and the making of judgements, estimates and assumptions in the process of applying the Company's accounting policies. In this regard, the following is a summary of the aspects that have involved a higher degree of judgement and complexity or where assumptions and estimates are significant for the preparation of the financial statements.

<u>Relevant accounting estimates and assumptions</u>

- The useful life of property, plant and equipment and intangible assets (Notes 5.1, 5.2, 6 and 7).

- The calculation of provisions and the present value of the provisions, as well as the guarantees submitted (Notes 5.10, 10 and 14).
- The market value of certain financial instruments (Notes 5.4.3 and 18).
- The assessment of possible losses due to the impairment of certain financial assets (Note 5.4.1).
- Deferred tax assets (Notes 5.8 and 19.5).

2.5. Going concern

At 31 December 2025, the Company's equity is positive in the amount of €41,293 thousand (negative in the amount of €20,134 thousand at 31 December 2024). Setting aside short-term deferred income, which does not represent a cash outflow obligation, working capital is positive in the amount of €133 million (positive amount of €451 million at 31 December 2024).

As a result of the COVID-19 crisis, the Company incurred significant losses in 2020 and 2021, leading to negative equity in subsequent financial years. Under the exceptional scheme brought in by Royal Decree-Law 16/2020 and later replaced by Law 3/2020 and amended by Royal Decree-Law 20/2022 and Royal Decree 16/2025, those losses did not qualify as a ground for dissolution, in accordance with article 363.1.e) of the Spanish Companies Act, until year-end 2023.

Once the exceptional scheme was ended, in 2024 the Board of Directors took the appropriate steps to restore the equity balance within the legal deadlines. In this context, on 17 December 2024 the Company arranged a participating loan of €110 million with its parent company International Consolidated Airlines Group, S.A. which, in accordance with Article 20 of Royal Decree-Law 7/1996, is treated as equity for company law purposes.

However, on 8 April 2025, Royal Decree-Law 4/2025 was approved on urgent measures to address the tariff threat and to support a commercial relaunch, which entered into force on 9 April 2025. Under Article 6 of this Royal Decree, the non-consideration of losses for the 2020 and 2021 was extended to year-end 2025 for the purposes of identifying grounds for dissolution.

As a result of this extension, the Company's Board of Directors took the view that the participating loan arranged on 17 December 2024 was no longer necessary and decided that the Company would enter into a repayment agreement.

In view of the above, together with rising demand, revenue growth and the Group's financial backing, the Board of Directors and management believe that the Company has sufficient resources to continue to do business for the coming 12 months at least, so the annual accounts have been issued under the going concern principle.

3. Business combinations

3.1. Merger with Clickair. S.A.

In 2009, the Company merged with Clickair, S.A. The transaction was structured as a merger by takeover of Clickair, S.A. into the Company. The main economic reasons for the merger were to obtain significant income and cost synergies.

Appendix I of the 2009 financial statements includes disclosures required by Law 43/1995.

As a result of this business combination, the Company recognised goodwill and segments (landing rights), which amounted to €0 thousand at December 31, 2025 (€5.215 thousand at December 31, 2024) (Notes 5.1 and 6).

3.2. Merger with Veloz Holdco, S.L.

In 2023, the Boards of Directors of the companies Veloz Holdco, S.L. (the Target Company) and Vueling Airlines, S.A. (the Acquiring Company) drew up and adopted the draft terms of reverse vertical merger whereby the company Vueling Airlines, S.A. absorbed the company Veloz Holdco, S.L. by means of the en bloc transfer of all the assets and liabilities of the Target Company to the Acquiring Company by way of universal succession and the dissolution without liquidation of the Target Company. The draft terms of merger were approved by the sole shareholder of Veloz Holdco, S.L. and the General Shareholders' Meeting of Vueling Airlines, S.A. on 29 December 2023.

These terms of reverse merger were carried out in accordance with the provisions of Book One, on the Transposition of the European Union Directive on Structural Modifications of Commercial Companies, of Royal Decree-Law 5 of 28 June 2023, without implementing a capital increase and without complementary compensation for the swap, in the terms indicated in the draft terms of merger, by means of the integration of the assets and liabilities of the company Veloz Holdco, S.L. into the company Vueling Airlines, S.A. and the attribution to the sole shareholder of Veloz Holdco, S.L., International Consolidated Airlines Group, S.A., of all the shares held by Veloz Holdco, S.L. in Vueling Airlines, S.A., i.e. 14,775,037 shares with a par value of €1.

The main objective and financial reason for the merger is to strengthen the equity of Vueling Airlines, S.A. and mitigate its equity imbalance, as well as to restructure the group of companies to which the companies participating in the merger belong, in order to simplify their management and enhance synergies through the integration of their management, administration and operation, eliminating duplication, reducing costs and optimising cash flows. The public deed of merger, executed on 29 December 2023, was filed with the Barcelona Mercantile Registry on 29 December 2023.

In compliance with the reporting requirements established in Article 86 of Law 27/2014, it is reported that the items transferred as profit/(loss) from the merger were valued at €76,891 thousand. The composition and details of the transaction are shown in Section 3.2 of the 2023 Annual Accounts.

4. Distribution of profit/(loss)

The distribution of the Company's profit for the year ended 31 December 2024, approved by the General Shareholders' Meeting held on 3 June 2025, is as follows:

	thousands of euros
Offsetting of prior-year losses	213.669
Total	**213.669**

The proposed distribution of the profit/(loss) for 2025, which will be submitted for approval at the General Shareholders' Meeting, is as follows:

	thousands of euros
Offsetting of prior-year losses	234.528
Total	**234.528**

4.1. Restrictions on the distribution of dividends

The Company is required to transfer 10% of the profit from the year to the legal reserve until this reserve amounts to at least 20% of the share capital. This reserve may not be distributed to shareholders until it exceeds 20% of share capital. The legal reserve is fully allocated at 31 December 2025 and 2024 (Note 13.2).

Once the legal requirements and those of the Company Articles of Association have been met, dividends may be charged to net profits for the year or unrestricted reserves, provided that the value of equity is not lower than the share capital following such distribution. To this end, profits directly allocated to equity may not be distributed directly or indirectly. If losses from prior years bring the value of the Company's equity to below share capital, the profit will be used to offset said losses.

5. Recognition and measurement standards applied

The main standards for recognition and measurement used by the Company in preparing the 2025 financial statements, in accordance with those established by the Spanish Chart of Accounts, were as follows:

5.1. Intangible assets

Intangible assets are made up of goodwill and segments resulting from the merger with Clickair, S.A., segments purchased on the market and computer software.

Generally, intangible assets are initially measured at their acquisition price, production cost or fair value at the acquisition date if they derive from a business combination. They are subsequently measured at their cost less the corresponding accumulated amortisation and impairment losses.

Intangible assets are systematically amortised following a straight-line method based on the estimated useful life of the assets and their residual value. The amortisation methods and periods applied are reviewed at the end of each year and, where applicable, are adjusted prospectively. The existence of impairment is evaluated at least at every year-end, whereby the recoverable amounts are estimated, and the applicable valuation adjustments are made.

Goodwill

Goodwill is initially valued at cost at the time of acquisition. This is the excess of the cost of the business combination with respect to the fair value of the identifiable assets acquired less the liabilities assumed.

Goodwill is recorded in assets when its value is clearly based on an onerous acquisition in the context of a business combination. Goodwill is assigned to each cash-generating unit expected to receive the benefits of the business combination.

With effect as of 1 January 2016, in accordance with Royal Decree 602 of 2 December 2016, goodwill is amortised on a straight-line basis over a useful life of ten years.

At least annually, an analysis is carried out to determine whether there are signs of the impairment of the cash-generating units to which the goodwill has been allocated; if so, the goodwill is tested for impairment.

Under this heading, the Company specifically records the goodwill resulting from the vertical merger of Clickair. S.A., as described in Note 3.

Computer software

Under this heading, the Company records the costs incurred in acquiring and developing computer software, including the costs of developing its website. The maintenance costs of computer software are recognised in the income statement for the year they are incurred.

Computer software is amortised on a straight-line basis over five years.

The cost of the personnel participating in developing software is recorded as an increase in the cost of the assets, recognising income in the income statement under the heading “Own work capitalised”.

Segments

Under this heading, the Company records the value of the segments (landing rights) resulting from the segments purchased in 2019.

In accordance with Royal Decree 602 of 2 December 2016, effective 1 January 2016, these assets are amortised on a straight-line basis over ten years.

Impairment of intangible assets

Whenever there are indicators of impairment, the Company carries out an impairment test of affected assets. However, following the policy of the Group to which the Company belongs, every year the Company estimates any possible impairment using an impairment test, which would reduce the recoverable amount of these assets to an amount lower than their carrying amount. Following this analysis, the Company has not recognised any impairment.

The recoverable amount is the higher value between the fair value less the costs to sell and the value in use.

5.2. Property, plant and equipment

Property, plant and equipment is initially measured at the acquisition price or production cost and subsequently reduced by the corresponding accumulated depreciation and impairment losses, if applicable.

When delivered to the Company, aircraft under ownership and finance lease are itemised between spare parts to be replaced, engines and scheduled maintenance events. This cost is depreciated on a straight-line basis over the period

between the delivery of the aircraft and the first scheduled maintenance event. The repair cost of these events is recorded as a higher cost of the assets and is depreciated until the next scheduled event has been completed.

Repair and maintenance costs for the different elements comprising property, plant and equipment, including minor aircraft maintenance activities, are charged to the income statement in the year incurred. Conversely, if the investment improves productivity, capacity, or efficiency or lengthens the useful life of assets, then the investment is recognised as an increase in the cost of the corresponding assets.

The Company depreciates property, plant and equipment on a straight-line basis over the estimated useful life of the assets concerned at the following rates:

	Estimated years of useful life
Aircraft components (*)	3 – 23
Fleet (hull)	23 - 24
Fleet (engines)	8
Data-processing equipment	5
Plant	8 – 10
Furniture	8 – 10
Buildings	50

(*) According to the useful life of the lease agreement.

The Company's Directors have not identified any problems regarding impairment of its property, plant and equipment at the year-end.

Impairment of *property, plant and equipment*

The Company assesses non-current assets or, where applicable, cash-generating units for indications of impairment at the year-end at least. If there are signs of this, their recoverable amounts are estimated.

The recoverable value is the higher of fair value less costs to sell and value in use. When the carrying amount is higher than the recoverable amount, there is an impairment loss. The value in use is the present value of the expected future cash flows. For assets that do not generate cash flows that are largely independent from those of other assets or groups of assets, the recoverable amount is determined for the cash-generating units of which such assets form part, such cash-generating units being the smallest identifiable group of assets that generates cash flows that are largely independent from those of other assets or groups of assets.

Impairment adjustments and their reversal are recognised in the income statement. They are reversed when the circumstances leading to them cease to exist. Impairment reversal is limited to the carrying amount of the asset that would have appeared if the corresponding value impairment had not previously been recognised.

5.3. Leases

Leases are classified as finance leases whenever their terms infer that the risks and rewards inherent to the asset being leased are transferred to the lessee. All other lease arrangements are classified as operating leases.

The Company purchases certain aircraft using “Sale and leaseback” transactions in which the aircraft is sold to a third party, a financial entity, and subsequently leases it back via operating or finance lease agreements. The profits obtained for the sale of the aircraft, when the sale price exceeds the fair value, are recognised as advance income on liabilities under the headings for short- and long-term accruals and deferred income (Notes 16 and 8), deferring the income in the income statement for the duration of the aircraft's useful life which, unless stated otherwise, is the lease term of the aircraft. If the fair value is equal to the sale price and the operation qualifies as an operating lease, the gain on the operation is recognised in full in profit or loss in the year in which the operation occurs in accordance with the eighth measurement standard of the Spanish Chart of Accounts.

Operating leases

The Company as lessee

The Company's operating lease contracts and, specifically, the lease contracts for the aircraft were considered operating leases given that:

- Ownership of aircraft is not transferred at the end of the lease term.
- The lease term does not cover most of the economic life of the aircraft, estimated at 23 - 24 years.
- At the start of the lease contract, the present value of the minimum payments agreed upon for the lease does not comprise practically all the fair value of the leased asset.
- The aircraft subject to the lease are not such special assets that their use is restricted to the Company.

Expenses derived from operating lease contracts are charged to the income statement in the year they are accrued and mainly correspond to aircraft leases paid in US Dollars.

Any amounts paid upon entering into an operating lease are treated as prepayments and are taken to the income statement over the lease term as the benefits of the leased asset are received.

Future operating lease payments mainly depend on the number of the Company's aircraft and the price of the US Dollar (Note 8.1).

Finance leases

Leases are classified as finance leases whenever their financial terms show that all the risks and rewards inherent to the leased asset are transferred to the lessee. All other leases are classified as operating leases.

In the classification analysis of leases, the Company considers the following aspects as indicators of the transfer of the risks and rewards of the leased asset:

- The lease term covers most of the economic life of the aircraft.
- The present value of the minimum lease payments is similar to the fair value of the leased asset.
- The special characteristics of the leased assets lead to their use being restricted to the lessee.
- There is a purchase option which may be executed at the end of the lease period.

Assets acquired through finance leases are recognised according to their nature, at the lower value between the fair value of the asset and the present value of the minimum agreed payments calculated at the time of the purchase, including the purchase option, recording a financial liability for the same amount. Contingent instalments, the cost of services and taxes payable by the lessee are not included in the calculation of the minimum agreed payments. The payments made for the lease are allocated between financial expenditure and liability reduction. The total financial burden of the contract is transferred to the income statement for the year when it falls due, applying the effective interest rate method. The assets receive the same depreciation, impairment and derecognition criteria applied to other assets of the same nature.

5.4. Financial instruments

(i) Recognition and classification of financial instruments

The Company classifies financial instruments at the time of their initial recognition as a financial asset, a financial liability or an equity instrument, in accordance with the economic terms of the contractual agreement and with the definitions of a financial asset, financial liability and equity instrument.

The Company recognises a financial instrument when it becomes party to a contract or legal business in accordance with its provisions, either as an issuer, investor or acquirer.

For measurement purposes, the Company classifies financial instruments as financial assets and liabilities at fair value in profit and loss, separating those initially designated from those held for trading and those mandatorily measured at fair value in profit and loss; financial assets and liabilities measured at amortised cost; financial assets measured at fair value in equity, separating equity instruments designated as such from other financial assets; and financial assets measured at cost. The Company classifies financial assets at amortised cost and at fair value in equity, except for designated equity instruments, in accordance with the business model and the characteristics of the contractual cash flows. The Company classifies financial liabilities as measured at amortised cost, except those designated at fair value in profit and loss and those held for trading.

The Company classifies a financial asset or liability as held for trading if:

- It is originated, acquired, issued or assumed principally for sale or to repurchase it in the short term;
- On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of making a short-term profit;
- It is a derivative financial instrument that is not a financial guarantee contract and has not been designated as a hedging instrument; or

- It is an obligation of the Company in a short position to deliver borrowed financial assets.

The Company classifies a financial asset at amortised cost, even when it is admitted to trading, if it is held within the framework of a business model that seeks to maintain the investment to receive cash flows deriving from the performance of the contract and the contractual conditions of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the amount of the principal pending (SPPI).

The Company classifies a financial asset at fair value in equity if it is held within a business model that seeks to obtain contractual cash flows and sell financial assets and the contractual terms of the financial asset give rise, at specified dates, to cash flows that are SPPI.

The business model is determined by the Company's key personnel and at a level that reflects how they jointly manage groups of financial assets to achieve a particular business aim. The business model represents how the Company manages its financial assets to generate cash flows.

The Company designates a financial asset at initial recognition at fair value in profit and loss if doing so eliminates or significantly reduces any measurement inconsistency or accounting asymmetry that would otherwise arise if the assets or liabilities were measured or the profit/(loss) recognised on a different basis.

At any event, the Company classifies investments in the equity of Group companies and associates at cost and investments in equity instruments whose fair value cannot be determined by reference to a quoted price in an active market for an identical instrument or cannot be reliably estimated.

The Company designates a financial liability at initial recognition at fair value in profit and loss if doing so eliminates or significantly reduces any accounting inconsistency or asymmetry in measurement or recognition that would otherwise arise if the measurement of assets or liabilities or the recognition of the profit/(loss) thereon would be made on a different basis or a group of financial liabilities or financial assets and financial liabilities is managed. Its performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy, and information relating to that group is provided internally on the same basis to the Company's key management personnel.

The Company classifies all other financial liabilities as financial liabilities at amortised cost.

(ii) Offsetting principles

A financial asset and a financial liability are only subject to offsetting when the Company has an enforceable right to offset the amounts recognised and intends to settle the net amount or to realise an asset and simultaneously cancel the liability.

(iii) Financial assets and liabilities at fair value through profit and loss

The Company recognises financial assets and liabilities at fair value in profit and loss and profit initially at fair value. Transaction costs directly attributable to the purchase or issue are recognised as an expense as they are incurred.

The fair value of a financial instrument at initial recognition is usually the transaction price unless that price contains elements other than the instrument, in which case the Company determines the fair value of the instrument. If the Company determines that the fair value of an instrument differs from the transaction price, it recognises the difference in profit or loss, provided that the value is derived by reference to a listed price in an active market for an identical asset or liability, or is derived from a valuation technique using only observable data. In all other cases, the Company recognises the difference in profit or loss, provided that it arises from a change in a factor that market participants would consider in pricing the asset or liability.

After initial recognition, instruments are recognised at fair value with changes recorded in profit or loss. Changes in fair value include the interest and dividend component. Fair value is not reduced by any transaction costs that may be incurred owing to their possible sale or disposal through other means.

(iv) Financial assets and liabilities at amortised cost

These financial assets and liabilities at amortised cost are initially recognised at fair value, plus or minus transaction costs incurred, and are subsequently measured at amortised cost using the effective interest method. The effective interest rate is the discount rate that brings the carrying amount of a financial instrument into line with the estimated cash flows over the expected life of the instrument, based on its contractual terms and, for financial assets, without regard to future credit losses, except for those acquired or originated with incurred losses, for which the effective interest rate adjusted for credit risk is employed, i.e. considering credit losses incurred at the time of acquisition or origination.

(v) Financial assets at fair value through equity

Financial assets at fair value in equity are initially recognised at fair value plus transaction costs directly attributable to the purchase.

After initial recognition, financial assets classified in this category are measured at fair value, with the profit or loss recognised in income and expenses in equity, except for impairment losses and foreign exchange gains and losses on debt instruments. Amounts recognised in equity are recognised in profit or loss when the financial assets are derecognised and, where applicable, for impairment loss. However, interest calculated using the effective interest method is recognised in profit or loss.

(vi) Financial assets and liabilities measured at cost

Investments in equity instruments whose fair value cannot be reliably estimated and derivative instruments linked to equity instruments that are to be settled by delivery of such unquoted equity instruments are measured at cost. However, if a reliable measure of the financial asset or liability is available to the Company on an ongoing basis, the financial asset or liability is recognised at fair value at that time, with profit or loss recognised based on the classification of the asset or liability.

The Company measures investments included in this category at cost, i.e. the fair value of the consideration given or received, plus or minus directly attributable transaction costs, less any accumulated impairment losses. The initial valuation of equity instruments also includes the amount of pre-emptive subscription rights and similar rights acquired.

(vii) Investments in Group companies, associates and multigroup companies

Investments in group, associate and multigroup companies are initially recognised at cost, which equates to the fair value of the consideration, including the transaction costs incurred for investments in associates and multigroup companies, which are subsequently measured at cost minus the cumulative amount of the value adjustments due to impairment. However, in the acquisitions of investments in Group companies that would not be classified as a business combination, the transaction costs are also included in their acquisition cost. Investments in Group companies acquired before 1 January 2010 include the transaction costs incurred in the acquisition cost.

(viii) Reclassification of financial instruments

The Company reclassifies financial assets when it changes the business model for their management or when it meets or ceases to meet the criteria to be classified as an investment in group, associate or multigroup companies, or the fair value of an investment ceases or becomes unreliable, except for equity instruments classified at fair value in equity, which cannot be reclassified. The Company does not reclassify financial liabilities.

If the Company reclassifies a financial asset at amortised cost to fair value through profit and loss, it recognises the difference between the fair value and the carrying amount in profit and loss. Thereafter, the Company does not recognise the interest on the financial asset separately.

(ix) Interest and dividends

The Company recognises the interest and dividends from financial instruments accrued after the time of acquisition as income in the income statement.

The Company recognises the interest on financial assets measured at amortised cost using the effective interest rate method and the dividends when the right of the Company to receive them is declared.

(x) Derecognition of financial assets

The Company applies the criteria of derecognition of financial assets to a part of a financial asset or a part of a group of similar financial assets, or a financial asset, or a group of similar financial assets.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Where the Company retains the contractual rights to receive cash flows, financial assets are only derecognised when contractual obligations have been assumed which determine the payment of such flows to one or more recipients and the following requirements are met:

- The payment of the cash flows is dependent upon their prior collection;

- The Company cannot sell or pledge the financial asset; and
  The cash flows collected on behalf of the final recipients are transmitted without a significant delay, whereby the Company is unable to reinvest the cash flows. Investments in cash or cash equivalents made by the Company during the settlement period from the collection date to the date of required remittance to the eventual recipients are excluded from this approach, provided that interest earned on such investments is passed to the eventual recipients.

The write-off of a financial asset entails the recognition of a gain or loss in the amount of the difference between its carrying amount and the sum of the consideration received, net of transaction costs, including assets obtained or liabilities assumed. Deferred amounts in equity are also reclassified to the income statement.

The derecognition of financial assets in operations in which the Company neither assigns nor retains substantially all the risks and rewards of ownership is based on an analysis of the degree of control retained. Accordingly:

If the Company has not retained control, the financial asset is derecognised and any rights or obligations created or retained as a result of the transfer are recognised separately as assets or liabilities.

- If control is retained, the Company continues to recognise the financial asset due to its ongoing commitment and reflects an associated liability. The ongoing commitment in relation to the financial asset is determined based on exposure to changes in its value. The associated asset and liability are measured on the basis of the rights and obligations recognised by the Company. The associated liability is recognised such that the carrying amount of the asset and the associated liability is equal to the amortised cost of the rights and obligations retained by the Company, where the asset is carried at amortised cost, or at the fair value of the rights and obligations held by the Company, if the asset is carried at fair value. The Company continues to recognise the income from the asset to the extent of its continuing involvement and the expenses arising from the associated liability. Changes in the asset's fair value and the associated liability are recognised consistently in profit or loss or equity, following the general recognition criteria set out above, and should not be offset.

Transactions in which the Company retains substantially all the risks and rewards inherent to ownership of a transferred financial asset are recorded by recognising the consideration received under liabilities. Transaction costs are recognised in profit or loss using the effective interest method.

(xi) Impairment of financial assets

A financial asset or group of financial assets is impaired, and a loss due to impairment occurs if objective evidence exists of the impairment as a result of one or more events that have taken place after the initial recognition of the asset, and this event or events causing the loss impact the estimated future cash flows of the asset or group of financial assets that can be reliably estimated.

The Company follows the approach of registering appropriate impairment adjustments for financial assets at amortised cost when a reduction or delay in estimated future cash flows is caused by debtor insolvency.

In addition, in the case of equity instruments, the value is impaired when the carrying amount of the asset cannot be recovered due to a prolonged or significant decline in its fair value.

(xii) Impairment of financial assets measured at amortised cost

The amount of the impairment loss on financial assets measured at amortised cost is the difference between the carrying amount of the financial asset and the present value of estimated future cash flows, excluding future credit losses that have not been incurred, discounted at the asset's original effective interest rate. The effective interest rate at the measurement date, according to the contractual terms, is used for variable rate financial assets. However, the Company uses the market value of these assets, provided that this is sufficiently reliable to be considered representative of the value that could be recovered.

An impairment loss is recognised in profit/(loss) and is reversible in subsequent financial years if the impairment can be objectively related to an event occurring after its recognition. However, the reversal of the loss is limited to the amortised cost that the assets would have had if the impairment loss had not been recognised.

The Company directly reduces the carrying amount of a financial asset when it has no reasonable expectation of full or partial recovery.

(xii) Derecognition and modifications of financial liabilities

The Company writes off or writes down a financial liability when the obligation contained in the liability has been fulfilled or the Company is legally exonerated from the principal component of the liability, whether by a court proceeding or by the creditor.

Exchanges of debt instruments between the Company and the counterparty or substantial modifications of initially recognised liabilities are accounted for as a derecognition of the original financial liability and the recognition of a new financial liability, provided that the instruments have substantially different terms.

The Company considers the terms to be substantially different if the present value of the discounted cash flows under the new terms, including any fees paid net of any fees received, and using the original effective interest rate as the discount rate, differs by at least 10 per cent from the discounted present value of the cash flows remaining on the original financial liability.

The Company recognises the difference between the carrying amount of the financial liability or part of the financial liability cancelled or transferred to a third party and the consideration paid, including any asset transferred other than cash or liability assumed, as a charge or credit in profit and loss. If the Company delivers non-monetary assets in payment of debt, it recognises the difference between the fair value of the assets and their carrying amount and the difference between the value of the debt being repaid and the fair value of the assets as profit/(loss) from operations. If the Company delivers inventories, the corresponding sales transaction is recognised at fair value and the change in inventories at the carrying amount.

5.4.1. Hedging derivatives

This includes financial derivatives classified as hedging instruments. The financial instruments classified as hedging instruments or hedged items are valued according to the provisions of Note 5.4.3.

5.4.2. Cash and cash equivalents

This heading includes cash, bank current accounts and deposits, and assets acquired under repurchase agreements which meet the following requirements:

- They are convertible into cash.
- On acquisition, they will mature in three months or less.
- They are not subject to significant value fluctuation risk.
- They form part of the Company's ordinary cash management policy.

For the purposes of the cash flow statement, occasional overdrafts arising in the course of the Company's cash management are treated as a decrease in cash and cash equivalents.

5.4.3. Derivative financial instruments

Derivative financial instruments are initially recognised following the approach described above for financial assets and liabilities. Derivative financial instruments that do not qualify for hedge accounting as described below are classified and measured as financial assets or liabilities at fair value through profit or loss. Derivative financial instruments which qualify for hedge accounting are initially measured at fair value, plus any transaction costs that are directly attributable to the acquisition, or less any transaction costs directly attributable to the issuance of the financial instruments. Nonetheless, transaction costs are subsequently recognised in profit or loss, as they do not form part of the effective change in the hedge.

The Company primarily carries out cash flow hedging activities for anticipated fuel purchases, advance payments in foreign currency for various items (fleet leasing, aircraft maintenance, etc.), and cash flow hedging activities for upcoming instalments on aircraft lease contracts.

Hedge accounting applies only when there is an economic relationship between the hedged item and the hedging instrument; the credit risk does not exert a dominant effect on the changes in value resulting from that economic relationship, and the hedge ratio of the hedging relationship is the same as that resulting from the amount of the hedged item that the Company uses to hedge that amount of the hedged item. However, that designation must not reflect an imbalance between the weight of the hedged item and the hedging instrument that creates hedge ineffectiveness, whether recognised or not, that would result in an accounting profit/(loss) contrary to the purpose of hedge accounting.

The Company aligns its accounting with the financial risk management it carries out. The risk management objectives and hedging strategy are periodically reviewed, describing the risk management objective pursued.

The market value of the various financial instruments is calculated using the following procedures:

- For derivatives listed on an organised market, at their price at year-end (Level 1).
- In the case of derivatives not traded on organised markets, due to discounting cash flows, based on market conditions at the end of the year or, in the case of non-financial items, on the best estimate of the future price curves of said elements (Levels 2 and 3).

Fair values are adjusted for the expected impact of observable counterparty credit risk in positive measurement scenarios and the impact of observable own credit risk in negative measurement scenarios.

Derivatives embedded in other financial instruments or other host contracts are only accounted for separately as derivatives when their economic characteristics and inherent risks are not closely related to the instruments in which they are embedded, and the whole amount is not recorded at fair value in profit or loss.

For accounting purposes, transactions are classified as follows:

Derivatives that qualify for hedge accounting

Cash flow hedge

The effective portion of changes in the fair value of derivatives designated and qualified as cash flow hedges is recognised in equity. The income statement immediately recognises the profit or loss corresponding to the non-effective part.

When option contracts are used to hedge forecast transactions, the Company only designates the intrinsic value of the option contract as the hedging instrument.

The amounts accumulated in equity are transferred to the income statement in the year in which the hedged item affects profit or loss as follows:

- The gain or loss corresponding to the effective part of the interest rate swaps is recognised as a financial expense at the same time as the interest expense on the hedged loans.
- When a hedging instrument hedges a forecast transaction, the accumulated amounts remain in equity until the forecast transaction occurs. When the forecast transaction does not take place, the amount accumulated in equity is immediately reclassified to income for the period.

However, if that amount is a loss and the amount is not expected to be recovered, it will be reclassified immediately in the income statement as a reclassification adjustment.

If the hedged item subsequently results in the recognition of an asset, the amount accumulated in equity will be recognised at the asset's initial cost.

Discontinuation of hedge accounting

If the hedging relationship no longer meets the effectiveness requirements related to the hedge ratio, but the risk management objective remains the same for the hedging relationship, the Company adjusts the hedge ratio so that the criteria for hedging relationships continue to be met (rebalancing). Rebalancing refers to adjustments made to the designated amounts of the hedged item or hedging instrument in an existing relationship to maintain the hedge ratio that meets the requirements for hedge effectiveness. The Company records rebalancing as a continuation of the hedging relationship. At the rebalancing date, the Company determines the ineffectiveness of the relationship and recognises any ineffectiveness in profit or loss.

The Company discontinues the hedging relationship prospectively only when all or part of the hedging relationship no longer meets the qualifying requirements. This includes situations in which the hedging instrument expires or is sold, terminated or exercised. For these purposes, the replacement or rollover of a hedging instrument is not an expiry or termination, provided that the transaction is consistent with the Company's documented risk management objective.

However, expiry or termination of the hedging instrument does not occur if, as a result of laws or regulations or the introduction of laws or regulations, the Company agrees with the counterparty that a clearing house will act as counterparty to each party to the instrument and the changes to the instrument are limited to those necessary to effect the substitution of the counterparty. The Company recognises the effects of substitution on the valuation of the instrument and, therefore, on the calculation and measurement of effectiveness.

For cash flow hedges, the cumulative amount of recognised income and expense is not recognised in profit or loss until the forecast operation occurs. Notwithstanding the above, amounts accrued in recognised income and expense are reclassified to finance income or expense when the Company does not expect the forecast operation to occur.

Derivatives that do not qualify for hedge accounting

Certain derivatives do not meet the criteria to apply hedge accounting. Changes in the fair value of any derivative that does not qualify for hedge accounting are immediately recognised in the income statement.

Similarly, derivatives on commodities not considered for accounting purposes as hedges are recorded in operating income, since they essentially constitute an economic hedge as there is a coincidence between the critical terms of the derivative and its economically hedged item.

5.5. Related-party transactions

The Company considers International Consolidated Airlines Group, S.A. and all its subsidiaries to be related parties (see Note 17), as well as the Directors and senior management.

The Company values transactions with related parties at market prices. The Directors of the Company consider that related-party transactions are valued at market prices.

5.6. Classification as current or non-current.

Current assets and liabilities include those items that the Company expects to sell, pay, consume, or realise during a normal operating cycle. They also include those assets and liabilities whose maturity, disposal, or realisation is expected to occur within one year, as well as those classified as held for trading (except long-term derivatives) and cash and cash equivalents. Other assets are classified as non-current.

5.7. Foreign currency transactions

The Company's functional currency is the euro. Consequently, transactions in currencies other than the euro are considered denominated in foreign currencies and recorded using market exchange rates generally accepted in the airline industry.

At year-end, monetary assets and liabilities denominated in foreign currencies are converted by applying the exchange rate applicable at that date. Any gains or losses are directly allocated to the income statement in the year in which they take place.

On their initial recognition, foreign currency transactions are converted at the exchange rate current on the date of the transaction.

Non-monetary items recorded at their fair value are valued at the exchange rate on their determination date. Exchange rate differences are recorded in the income statement, except when the change in value of the non-monetary item is recorded in equity, in which case the corresponding exchange rate differences are also recorded in equity.

5.8. Corporate Income Tax

Corporate income tax expense or income is made up of current tax expense or income and deferred tax expense or income.

The current tax is the amount the Company pays for the settlement of Corporate Income Tax on profits relating to a financial period. Deductions and other tax benefits in the tax expense, excluding withholdings and payments on account, as well as tax losses offset against prior years and effectively applied in this year, reduce the current tax expense.

Deferred tax costs or income correspond to the recognition and cancellation of deferred tax assets and liabilities. These include temporary differences, which are amounts that may become payable or recoverable deriving from differences in the carrying amounts of assets and liabilities and their tax value, as well as tax losses pending to be offset and credits for non-applicable tax deductions. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

Deferred tax liabilities are recognised for all taxable temporary differences, except those that derive from the initial recognition of goodwill or of other assets or liabilities in a transaction that does not affect the tax or accounting result and is not a business combination.

Deferred tax assets are only recognised when the Company is considered to have future tax gains against which these may be made effective.

Deferred tax assets and liabilities, originating from direct charges or payments in equity accounts, are recorded with a balancing entry in equity.

At the end of each financial year, the deferred tax assets are reconsidered and adjusted to the extent that there are doubts about their future recovery. Also, unrecognised deferred tax assets are assessed at each close and are recognised where it has become probable that they will be recovered against future taxable income.

Directors must make significant estimates to determine the amount of deferred tax assets that can be recorded, considering the amounts and dates when future tax profits will be obtained and the reversal period of temporary taxable differences. The Company records deferred tax assets totalling €186 thousand at December 31, 2025 (€176 thousand at December 31, 2024), reflecting temporary differences in income tax and accounting hedges. As of December 31, 2025, the Company has offset tax negative carried forward amounting to €70.944 thousand and has generated tax credits amounting to €6.422 thousand (Note 19).

5.9. Income, expenses and accruals

Income and expense are recorded on an accruals basis, i.e. in the period in which the income or expense deriving from the goods or services in question is earned or incurred rather than the period in which the cash is actually received or disbursed. The Company recognises income for air transport services when the corresponding flight occurs. This income is measured at the fair value of the consideration received after deducting trade discounts and taxes.

According to the Resolution of 10 February 2021 of the Spanish Institute of Accounting and Auditing (ICAC), the amounts relating to rights not exercised by customers are initially recognised as liabilities and, when there is sufficient evidence to reliably estimate the amount the company expects to retain, the income is recognised systematically in proportion to the exercise pattern; otherwise, the liability is recognised until the expiration date.

The amount received from customers as advance payments for future flights for tickets issued and paid for is recorded under the heading “Current accruals and deferred income” under liabilities in the accompanying balance sheet.

Interest received on financial assets is recognised using the effective interest rate method.

5.10. Provisions and contingencies

When preparing the accompanying financial statements, the Company's Directors differentiate between:

- Provisions: creditor balances that cover present obligations deriving from past events, the settlement of which is likely to trigger an outflow of funds, the amount or timing of which cannot be determined.
- Contingent liabilities: possible obligations arising from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not within the control of the Company.

The financial statements include all the provisions for which it is considered more likely than not that the obligation will have to be settled. Contingent liabilities are not recognised in the financial statements, although they are disclosed in the Notes if they are not considered remote (Note 14).

Provisions are measured at the present value of the best estimates possible of the amount necessary to settle or transfer the obligation, bearing in mind available information about the event and its consequences; adjustments resulting from updating the provisions are recognised in the income statement.

The compensation to be received from a third party on settling the obligation, provided there are no doubts that this refund will be received, is recorded as an asset unless there is a legal obligation externalising part of the risk, pursuant to which the Company is not liable. In this situation, the compensation is used to estimate the amount of the corresponding provision.

Provisions for scheduled aircraft maintenance

The expense derived from scheduled maintenance checks (general aircraft and engine checks) is accrued based on the flight hours/cycle and days elapsed in accordance with the clauses contained in the aircraft lease contracts and maintenance contracts.

The Company records the expense for the commitment based on flight hours/cycles and days elapsed. The amount of the provision for aircraft maintenance is calculated according to the approved maintenance schedule and based on flight hours/cycles or days elapsed, bearing in mind the time of the aircraft's use cycle and based on the estimated cost for the next scheduled check, changes in provisions for maintenance derived from changes in the payment amount or time structure are recorded in the income statement prospectively.

For some of the contracts formalised between the Company and aircraft lessors, the costs of these checks are paid periodically to the lessor as a deposit. As with the provision, the Company records the deposits at their present value. When the Company carries out periodic checks and provides evidence to the aircraft lessors, the lessors return the deposit amounts that the Company had previously paid in advance.

Provision for greenhouse gas emission allowances

The Company records the expense incurred for greenhouse gas emission allowances based on its fuel consumption, expressed in metric tonnes, multiplied by the conversion factor of 3.16, valuing it at the average weighted price.

The aforementioned provision will be settled in the following year when the allowances consumed are surrendered.

5.11. Transactions with payments in equity instruments

The Company classifies its share option plans for Directors and employees depending on how the transaction is settled. In this regard, all the stock option plans are settled through shares of the parent company of the IAG Group, which recharges the cost to the Company. Personnel expenses are determined based on the fair value of the options to be delivered on the date of the concession agreement. Personnel expenses are recognised as services are rendered over the stipulated three-year period, considering the low turnover rate.

5.12. Environmental assets

Environmental assets are goods used in a lasting manner for the Company's activities. Their primary function is to minimise environmental impact and protect and improve the environment, including reducing or eliminating future contamination.

Directive 2008/101, of November 19, 2008, amends Directive 2006/87/EC to include aviation activities in the scheme for greenhouse gas emission allowance trading within the EU as of 1 January 2012. Aircraft operators will be responsible for complying with the obligations imposed by the Directive, including the obligation to prepare a monitoring plan, submit specific information as of 1 January 2010, and monitor and report emissions generated.

The Company has complied with each one of the obligations imposed by the Directive.

5.13. Termination benefits

Current legislation requires the Company to pay indemnities to those employees whose employment relationship is terminated under certain conditions. Termination benefits that can be reasonably quantified and expensed in the year in which the decision for the dismissal is taken and a valid expectation vis-à-vis third parties is created regarding this dismissal.

5.14. Grants, donations and bequests

The Company uses the following criteria to account for grants, donations and bequests received:

- Non-refundable grants, donations and bequests: These are recorded at the fair value of the amount or asset granted, based on whether it is monetary or not, and are allocated to profit/(loss) in proportion to the amortisation/depreciation of the subsidised items in the year or, as the case may be, at the time of their disposal or impairment adjustment.
- Repayable grants: These are recorded as liabilities while they remain refundable.

- Operating grants: These are credited to profit/(loss) at the time they are granted, except if they are used to finance the operating deficit of future years, in which case they are recognised in those years. If they are granted to finance specific expenses, they will be recognised as the expense is accrued. Under this heading, the Company has recorded the amount of the grant resulting from greenhouse gas emission allowances assigned free of charge (Note 13.6).

In addition, grants, donations and bequests from shareholders or owners do not constitute income. They must be directly recorded in shareholders' equity, irrespective of the type of grant, provided it is not repayable.

5.15. Inventories

This heading includes spare engine aircraft parts, consumables, and greenhouse gas emission allowances.

Spare engine aircraft parts and consumables are valued at acquisition cost and are de-registered when consumed.

The Company records the value of the greenhouse gas emission allowances necessary for its operations in accordance with the 2008 EU agreement, which states that all flights taking off and landing in the EU will be included within the EU Emissions Trading System (EU ETS) as of 1 January 2012 (Note 11). The Company measures greenhouse gas emission allowances using the weighted average cost method.

Whenever there are indicators of impairment, the Company carries out an impairment test of affected assets.

6. Intangible assets

The breakdown of and movements in the financial statements included in intangible fixed assets are as follows:

2025

thousands of euros	Cost			
	Opening balance	**Additions**	**Disposals**	**Closing balance**
Goodwill	15.419	–	–	15.419
Computer software	350.775	59.603	(76.090)	334.288
Segments	41.880	–	–	41.880
Total cost	**408.074**	**59.603**	**(76.090)**	**391.587**

thousands of euros	Amortisation			
	Opening balance	**Additions**	**Disposals**	**Closing balance**
Goodwill	(13.877)	(1.542)	–	(15.419)
Computer software	(231.130)	(40.230)	76.090	(195.270)
Segments	(36.040)	(4.188)	–	(40.228)
Total amortisation	**(281.047)**	**(45.960)**	**76.090**	**(250.917)**

thousands of euros	Total intangible assets	
	Opening balance	**Closing balance**
Cost	408.074	391.587
Amortisation	(281.047)	(250.917)
Total net value	**127.027**	**140.670**

2024

thousands of euros	Cost				
	Opening balance	**Additions**	**Disposals**	**Transfers**	**Closing balance**
Goodwill	15.419	–	–	–	15.419
Computer software	299.597	51.178	–	–	350.775
Segments	41.880	–	–	–	41.880
Total cost	**356.896**	**51.178**	**–**	**–**	**408.074**

thousands of euros	Amortisation				
	Opening balance	**Additions**	**Disposals**	**Transfers**	**Closing balance**
Goodwill	(12.335)	(1.542)	–	–	(13.877)
Computer software	(190.188)	(40.942)	–	–	(231.130)
Segments	(31.852)	(4.188)	–	–	(36.040)
Total amortisation	**(234.375)**	**(46.672)**	**–**	**–**	**(281.047)**

thousands of euros	Total intangible assets	
	Opening balance	**Closing balance**
Cost	356.896	408.074
Amortisation	(234.375)	(281.047)
Total net value	**122.521**	**127.027**

Additions in 2025 mainly correspond to the cost incurred in developing computer software and the website, amounting to €59.603 thousand, of which a total of €11.137 thousand corresponds to work performed by Company personnel (€5.588 thousand in 2024).

These additions resulted in a total cash outflow of €59.603 thousand in 2025 (€51.178 thousand in 2024).

At December 31, 2025, the Company's intangible assets were fully amortised, amounting to €100.021 thousand (€144.943 thousand in 2024).

7. Property, plant and equipment

The breakdown and movements of the different items comprising property, plant and equipment are as follows:

2025

thousands of euros	Cost				
	Opening balance	**Additions**	**Disposals**	**Transfers**	**Closing balance**
Aircraft components	140.394	22.831	(8.928)	9.181	163.478
Land and buildings	199	–	–	–	199
Plant	9.268	41	–	176	9.485
Furniture	1.638	(14)	–	–	1.624
Data-processing equipment	24.867	4.548	–	–	29.415
Aircraft	635.314	2.235	(2.039)	11.137	646.647
PPE in progress and advances	59.403	36.347	(3.338)	(20.494)	71.918
Total cost	**871.083**	**65.988**	**(14.305)**	**–**	**922.766**

thousands of euros	Depreciation				
	Opening balance	Additions	Disposals	Transfers	Closing balance
Aircraft components	(84.067)	(14.969)	8.928	–	(90.108)
Land and buildings	(24)	(4)	–	–	(28)
Plant	(2.803)	(938)	–	–	(3.741)
Furniture	(557)	(160)	–	–	(717)
Data-processing equipment	(14.711)	(3.528)	–	–	(18.239)
Aircraft	(187.416)	(34.440)	680	–	(221.176)
Total depreciation	**(289.578)**	**(54.039)**	**9.608**	**–**	**(334.009)**

thousands of euros	Total property, plant and equipment	
	Opening balance	Closing balance
Cost	871.083	922.766
Depreciation	(289.578)	(334.009)
Total net value	**581.505**	**588.757**

2024

thousands of euros	Cost				
	Opening balance	Additions	Disposals	Transfers	Closing balance
Aircraft components	107.649	30.897	(4.569)	6.417	140.394
Land and buildings	199	–	–	–	199
Plant	8.333	(6)	–	941	9.268
Furniture	1.595	43	–	–	1.638
Data-processing equipment	20.872	3.995	–	–	24.867
Aircraft	623.325	7.937	–	4.052	635.314
PPE in progress and advances	100.368	8.584	(38.139)	(11.410)	59.403
Total cost	**862.341**	**51.450**	**(42.708)**	**–**	**871.083**

thousands of euros	Depreciation				
	Opening balance	Additions	Disposals	Transfers	Closing balance
Aircraft components	(72.618)	(15.222)	3.793	(20)	(84.067)
Land and buildings	(20)	(4)	–	–	(24)
Plant	(1.957)	(846)	–	–	(2.803)
Furniture	(400)	(159)	–	2	(557)
Data-processing equipment	(11.193)	(3.518)	–	–	(14.711)
Aircraft	(154.611)	(32.823)	–	18	(187.416)
Total depreciation	**(240.799)**	**(52.572)**	**3.793**	**–**	**(289.578)**

thousands of euros	Impairment				
	Opening balance	Additions	Disposals	Transfers	Closing balance
Aircraft components	–	–	–	–	–
Total impairment	**–**	**–**	**–**	**–**	**–**

thousands of euros	Total property, plant and equipment	
	Opening balance	**Closing balance**
Cost	862.341	871.083
Depreciation	(240.799)	(289.578)
Total net value	**621.542**	**581.505**

The assets under the heading “Fleet” have mainly been acquired under finance leases (Note 8.2).

In 2025, there were additions to property, plant and equipment in course of construction relating to prepayments for the Airbus fleet order in the amount of €7.345 (there were no prepayments for the Airbus fleet order in 2024).

Additions in the financial year resulted in a total cash outflow of €65.990 thousand in 2025 (€51.450 thousand at 31 December 2024).

Disposals in 2025 resulted in a cash inflow of €3.338 thousand (€1.094 thousand in 2024).

Disposals accounted for in 2025 relate primarily to scrap components, assets associated with aircraft derecognised due to redelivery and the reallocation of prepayments to Airbus within the IAG Group. Disposals in 2024 mainly corresponded to the recovery of pre-payments for 13 aircraft that were reassigned to Iberia.

Fully depreciated property, plant and equipment at December 31, 2025 amounted to 83.469 thousand (81.370 thousand in 2024).

The Company has taken out several insurance policies to cover the risks to which property, plant and equipment are exposed. The coverage offered by these policies is considered sufficient.

8. Leases

8.1 Operating leases

The Company's most significant operating lease contracts correspond to aircraft operating leases.

At year-end 2025, the Company had lease agreements with lessors in US dollars. The minimum payments (under the agreements currently in force, without taking into account the impact of other expenses, future CPI increases or future rent reviews) are as follows:

Thousands of US dollars	**2025**	**2024**
Less than one year	326.639	316.062
Between one and five years	749.938	760.542
More than five years	138.881	191.112
Total	**1.215.458**	**1.267.716**

The exchange value in euros of the committed minimum payments denominated in foreign currency at December 31, 2025, at the year-end exchange rate, is €1.034.915 thousand (€1.222.427 thousand at December 31, 2024).

At December 31, 2025, the Company had no operating lease contracts in place for aircraft entering operation in 2026 (7 were scheduled to enter into operation in 2025 at the end of 2024). The minimum lease payments for these contracts in 2024 are USD 39,888 thousand.

Aircraft operating lease expense recorded in 2025 amounts to €284.666 thousand (€269.969 thousand in 2024).

9 aircraft contracted directly in the market under operating leases were received in 2025. A total of 14 aircraft were received in 2024 under the same arrangement.

142 aircraft were available at year-end 2025 (139 aircraft available at year-end 2024). At December 31, 2025, the Company has 125 leased aircraft (December 31, 2024 aircraft at 123).

8.2. Financial leases

The net carrying amount of the aircraft acquired under finance leases at 31 December is as follows (Note 7):

Thousands of euros	2025	2024
Cost	521.973	564.134
Depreciation	(172.478)	(174.031)
Total	**349.495**	**390.103**

The amount for which the finance lease assets were initially recognised was the present value of the minimum payments to be made upon signing the corresponding contracts.
The reconciliation between the total amount of the minimum future payments and their present value as of December 31 is as follows:

	2025		2024	
Thousands of euros	**Minimum future payments**	**Present value (Note 15.1)**	**Minimum future payments**	**Present value (Note 15.1)**
Less than one year	87.590	84.047	58.195	53.109
Between one and five years	268.821	254.262	302.470	284.533
More than five years	–	–	72.471	67.567
Total	**356.411**	**338.309**	**433.136**	**405.209**

The most significant finance lease contracts have the following main features:

- The lease terms are for 10 years, with maturity dates between 2025 and 2030.
- The interest rate is EURIBOR + spread between 0,3% and 1,1%.
- The lessee pays for upkeep and maintenance costs.
- The finance lease contracts with the Company are formalised in euros, US dollars and Japanese yen.
- The amount of the purchase option is equivalent to the last instalment of the finance lease contract plus the interest accrued to date by said option. The value of these purchase options ranges between €8 million and €10 million at the year-end exchange rate.
- There are no contingent instalments.

9. Risk policy and management

Financial risk factors

The Company's activities are exposed to various financial risks: market risk (including foreign exchange risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management programme focuses on the uncertainty of financial markets and seeks to minimise potential adverse effects on its financial performance. The Company uses derivatives to hedge certain risks.

The Company's Central Treasury Department controls risk management in accordance with policies approved by the Board of Directors. This Department identifies, assesses and hedges financial risks in close cooperation with the Company's operating units. The Board provides written policies for overall risk management and specific matters such as foreign exchange risk, interest rate risk, liquidity risk, derivative and non-derivative trading and investment of surplus liquidity.

Credit risk

Credit risk arises from possible losses caused by the failure on the part of the Company’s counterparties to fulfil contractual obligations, i.e. the possible non-recovery of financial assets in the amounts recognised and within the established time frame.

Except for deposits to aircraft lessors and investments in banking entities of recognised solvency, the Company does not have a significant credit risk given the low concentration of its accounts receivable and the high volume of online sales, with sales to retail customers made in cash or by credit card. Payment for sales to travel agencies is partially collected at the time of booking and the rest before the flight date.

Direct sales to passengers are made by credit cards and other means of payment. Sales through travel agencies are also made through IATA's (International Air Transport Association) BSP (Billing Settlement Plan) or by credit card and other alternative payment means. At December 31, 2025 and 2024, no significant balances are overdue by more than 180 days.

The Company's Directors consider that there is no significant credit risk related to the accounts receivable as of December 31, 2025 and 2024.

Standard practice for the Company and the sector is to collect ticket payment before the flight takes place.

As regards derivative financial instruments and bank deposits, the counterparties are primarily financial institutions with a high credit rating, and as a result, the risk of insolvency is considered unlikely.

Foreign exchange risk

The Company operates internationally, and is therefore exposed to foreign exchange risk in currency transactions, especially the US dollar. Foreign exchange risk arises mainly from future commercial transactions.

The Company uses forward currency contracts negotiated with the Treasury Department to control foreign exchange risk arising from future commercial transactions. Foreign exchange risk arises when future commercial transactions are denominated in a currency that is not the Company's functional currency. The Company is responsible for managing the net position in each foreign currency through forward foreign currency contracts.

The Company's policy for managing exchange rate risk is based on hedging a defined percentage of the currency needs for purchasing fuel, aircraft lease payments and operating payments in US dollars. Through budget management, the Company can determine the dates of future payments in US dollars with a high degree of accuracy. Therefore, almost all the planned payments in US dollars are classified as firm commitments or highly probable forecast transactions for hedge accounting.

There is no significant ineffectiveness in exchange rate hedging relationships, except for the credit risk spread, because the Company uses derivative instruments with fundamental characteristics similar to the hedged item.

Liquidity risk

Liquidity risk is the possibility that the Company might not have liquid funds, or access to them, in a sufficient amount and at an adequate cost to meet its payment obligations at all times.

The Company manages liquidity risk prudently by holding sufficient cash, current financial investments and marketable securities, as well as available financing through committed credit facilities and sufficient capacity to settle market positions.

Price risk

Price risk relates to the possible loss caused by changes in the fair value or the future cash flows of financial instruments due to changes in market prices. Market risk includes interest rate, exchange rate and fuel price risks. The Company's income is mainly in euros, but a significant proportion of the operating expenses are incurred in US dollars or are linked to the US dollar exchange rate.

The Company is exposed to price risks from jet fuel. The Company has arranged derivative instruments to hedge the risk of future price fluctuations. The price risk management policy consists of hedging a specific percentage of jet fuel used by aircraft (Note 18).

The Company holds assets with short-term returns invested in deposits with a yield in accordance with financial markets. Income and cash flows from the Company's ordinary activities are mostly independent of variations in market interest rates.

The Directors ratify the main decisions regarding the Company's hedging policies.

10. Financial assets by category

10.1. Long-term financial investments

The composition of non-current financial assets at 31 December 2025 and 2024 is as follows:

Thousands of euros	2025	2024
Loans, deposits and other receivables	125.842	144.375
Investments in Group companies and associates	300.701	701
Derivatives (Note 18)	4.041	60.832
Total	**430.584**	**205.908**

The breakdown of this heading by maturity is as follows:

2025

thousands of euros	2027	2028	2029	2030	2031 and subsequent years	Total
Loans, deposits and other receivables	25.338	57.151	19.489	1.975	21.889	**125.842**
Investments in Group companies and associates	–	300.000	–	–	701	**300.701**
Derivatives	2.532	1.416	93	–	–	**4.041**
Total	**27.870**	**358.567**	**19.582**	**1.975**	**22.590**	**430.584**

2024

thousands of euros	2026	2027	2028	2029	2030 and subsequent years	Total
Loans, deposits and other receivables	26.232	27.326	62.827	20.127	7.863	**144.375**
Investments in Group companies and associates					701	**701**
Derivatives	49.658	11.174	–	–	–	**60.832**
Total	**75.890**	**38.500**	**62.827**	**20.127**	**8.564**	**205.908**

“Loans, deposits and other receivables” include:

- Security deposits paid to lessors under the aircraft maintenance programme and amounts to be offset by aircraft lessors in respect of maintenance work already carried out totalling €120.012 thousand (€138.210 thousand in 2024). Deposits paid to the lessors of aircraft act as guarantees for the maintenance to be performed on the aircraft operated, for which the Company makes the corresponding provision, which is shown under non-current liabilities (Note 14.1), and will be recovered once the Company has carried out this maintenance and provided the lessor with certification that it has taken place.
- Guarantees paid for aircraft leases amounting to €3.029 thousand (€3.776 thousand in 2024).
- Deposits given to airports and other suppliers amounting to €2.801 thousand (€2.389 thousand in 2024).

Investments in Group companies amounting to €300.701 thousand. A revolving credit line of €300.000 thousand with IAG was approved in 2025. A three-year unsecured credit line with a one-year extension option at the company's discretion.

10.2. Current financial assets by category

The breakdown of financial assets at amortised cost at 31 December 2025 and 2024 is as follows:

2025

thousands of euros	Debt securities	Loans, derivatives and others		Total	
	Amortised Cost	Amortised Cost	Fair Value	Amortised Cost	Fair Value
Trade receivables for sales and rendering of services	–	114.758	–	114.758	–
Trade receivables, Group companies and associates	–	34.981	–	34.981	–
Investments in Group companies and associates	–	2.492	–	2.492	–
Current financial assets	723.176	188	–	723.364	–
Current derivatives	–	–	5.766	–	5.766
Total	**723.176**	**152.419**	**5.766**	**875.595**	**5.766**

2024

thousands of euros	Debt securities	Loans, derivatives and others		Total	
	Amortised Cost	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Trade receivables for sales and rendering of services	–	254.859	–	254.859	–
Trade receivables, Group companies and associates	–	22.034	–	22.034	–
Investments in Group companies and associates	–	5.098	–	5.098	–
Current financial assets	944.192	11.849	–	956.041	–
Current derivatives	–	–	90.438	–	90.438
Total	**944.192**	**293.840**	**90.438**	**1.238.032**	**90.438**

The heading 'Trade receivables for sales and rendering of services' mainly includes receivables from public administrations, based on the contractual conditions of certain flights operated by the Company.

The heading "Current financial assets" corresponds to fixed-term deposits with a maturity of more than three months deposited with banks, which provide a return on available cash surpluses, the amount of which does not differ significantly from their fair value, amounting to €156.287 thousand in 2025 (€166.141 at December 31, 2024). Also included are deposits in money market investment funds totalling €566.890 thousand in 2025 (€778.052 thousand at December 31, 2024). These deposits are subject to the market interest rate.

At 31 December 2025, the Company records security deposits paid to aircraft lessors amounting to €188 thousand in 2025 (€11.849 at December 31, 2024).

In 2025, there was a net cash inflow of €219.305 thousand due to the liquidation of short-term financial investments, essentially comprising money market funds. In 2024, a net cash outflow of €567.546 was recognised due to the acquisition of those investments.

The Company does not have significant concentrations of credit risk. The Company has policies to ensure that wholesale sales of products are made to clients with an adequate credit history. Sales to retail clients are made by credit card. Derivative transactions and spot transactions are only entered into with highly rated financial institutions. The Company has policies in place to limit the amount of risk with any one financial institution.

11. Inventories

The breakdown and movement of the items comprising inventories are as follows:

2025

thousands of euros	Opening balance	Additions	Disposals	Closing balance
Spare aircraft engine parts	83.916	38.910	(74.460)	48.366
Greenhouse gas emission allowances	191.318	208.167	(180.037)	219.448
Consumables	14.316	18.741	(12.224)	20.833
Scope 3	–	2.858	(2.858)	–
Total cost	**289.550**	**268.676**	**(269.579)**	**288.647**

2024

thousands of euros	Opening balance	Additions	Disposals	Closing balance
Spare aircraft engine parts	71.399	40.152	(27.635)	83.916
Greenhouse gas emission allowances	217.774	140.940	(167.396)	191.318
Consumables	14.703	11.618	(12.005)	14.316
Total cost	**303.876**	**192.710**	**(207.036)**	**289.550**

The additions of the purchases of “Greenhouse gas emission allowances” are recorded at their purchase price, while those received free of charge are recorded at the market price listed on the first business day of the year they have been allocated.

In 2025, the Company received 572.524 thousand free allowances (666.569 thousand allowances in 2024), valued at €41.703 thousand (€48.291 thousand in 2024).

In 2025, the Company purchased 2.377 thousand allowances valued at €166.464 thousand (1.103 thousand allowances valued at €92.649 thousand in 2024). The Company did not make any measurement adjustments to allowances in 2025.

The inventories recorded at December 31, 2025 are measured at their weighted average cost, which does not exceed their market value.

12. Cash and cash equivalents

The heading “Cash and cash equivalents” records all cash deposited in demand current accounts together with demand bank deposits that are convertible into cash, are unrestricted and have a maturity of less than three months when acquired. The total amount recorded under this heading at December 31, 2025 stood at €118.361 thousand (€114.567 thousand at December 31, 2024). Current accounts accrue the market interest rate for this type of account.

As of December 31, 2025, the Company's available cash position was €837.679 thousand, made up of cash and cash equivalents, held-to-maturity investments and short-term deposits (€1.053.190 thousand as of December 31, 2024), as set out in Note 10.2.

There are no drawable credit lines on this date, while at 31 December 2024 the Company had the undrawn credit lines described in Note 15.1.

13. Equity

13.1. Share capital

At the end of 2025 and 2024, the Company's share capital stood at €29.904.518, represented by 29.904.518 shares, each with a par value of €1, all of the same class and fully subscribed and paid up.

According to the information available to the Company, as of 31 December, the shareholders who have a stake of greater than 10% of the Share Capital are as follows.

Shareholder (Note 1)	2025	2024
IBERIA Líneas Aéreas de España, S.A. Operadora	50,1%	50,1%
International Consolidated Airlines Group S.A. (*)	49,4%	49,4%

Both Company shareholders belong to the IAG Group, whose parent company is International Consolidated Airlines Group, S.A.

13.2. Legal reserve

In compliance with the Spanish Companies Act, the limited liability company must allocate an amount equal to 10% of its profit for the year to the legal reserve, until this reserve reaches at least 20% of share capital. The legal reserve may be used to increase capital in the portion of the balance that exceeds 10% of the increased share capital figure. Otherwise, until it exceeds 20% of share capital and provided other unrestricted reserves are insufficient, the legal reserve may only be used to offset losses.

As of December 31, 2025 and 2024, the legal reserve is fully funded.

13.3. Goodwill reserve

This reserve was set up in prior years in accordance with Section 4 of Article 273 of the Spanish Companies Act (repealed with effect as of 1 January 2016), which established that a proportion of the profit representing at least 5% of the goodwill recorded in the balance sheet must be allocated to this goodwill reserve (Note 6). If there is no profit or insufficient profit, voluntary reserves will be used. The goodwill reserve was considered unavailable while the assets were recorded in the Company's balance sheet.

In accordance with the Single Transitional Provision of Royal Decree 602 of 2 December, as from 1 January 2016 the balance in this reserve that exceeds the amount of goodwill carried in the accounts must be reclassified to voluntary reserves, when the excess amount becomes unrestricted. At 31 December 2025 and 2024, the balance in the reserve does not exceed the goodwill carried in balance sheet assets, so the entire amount remains restricted.

This reserve amounts to €4.240 thousand in 2024 and it has been reclassified in its entirety to other reserves in 2025.

13.4. Share premium and limits on the payment of dividends

As a result of the merger with Clickair, S.A. in 2009 (Note 3), together with the capital increase, the share premium was increased by €65,640 thousand, resulting in the share premium rising to €199.185 thousand. At December 31, 2025 and 2024, this reserve is freely available in its totality except if, due to the distribution of dividends, the equity is less than the share capital.

13.5. Information regarding the right of separation of the shareholder due to lack of distribution of dividends

In 2025 and 2024, the Company has not distributed dividends.

13.6. Grants

The information on the subsidies received by the Company, which are included in equity, as well as the resulting profit/(loss) allocated to the income statement, is as follows:

2025

thousands of euros	Scope	Opening balance	Additions	Transfer to profit/(loss)	Closing balance
Greenhouse gas emission allowances (Note 11)	European	–	31.277	(31.277)	–
Total		**–**	**31.277**	**(31.277)**	**–**

2024

thousands of euros	Scope	Opening balance	Additions	Transfer to profit/(loss)	Closing balance
Greenhouse gas emission allowances (Note 11)	European	–	36.218	(36.218)	–
Total		**–**	**36.218**	**(36.218)**	**–**

As of December 31, 2025 and 2024, the Company had met all the requirements to receive and use the aforementioned subsidies. The amounts of the additions and transfers to profit/(loss) are net of their tax effect. Additions include a tax effect of €10.426 thousand (€12.073 thousand in 2024), and transfers to profit and loss include €10.426 thousand of tax effect (€12.073 thousand in 2024).

13.7. Law governing dissolution due to losses

Article 363.1.e) of the Spanish Companies Act establishes that a company must be dissolved "due to losses that reduce the equity to an amount that is less than half of the share capital, unless the share capital is increased or reduced in a sufficient amount, and provided that it would not be advisable to seek a declaration of insolvency". However, in accordance with Royal Decree-Law 20/2022, which amends Article 13 of Law 3/2020, which replaced Royal Decree-Law 16 of 28 April 2020, the need to re-establish the equity balance described in Article 363 of the Spanish Companies Act was postponed, accumulating the losses for 2020 and 2021 to the profit/(loss) for 2024.

At the end of 2024, the Board of Directors carried out, within the legal deadlines, the appropriate actions to re-establish the equity balance of the Company by approving a participating loan in the amount of €110 million granted by its parent company International Consolidated Airlines Group, S.A. This participating loan was recorded under the heading "Current debt with Group companies and associates" on the liabilities side of the Company's balance sheet and met the requirements established in Royal Decree-Law 7 of 7 June 1996, for it to be considered as equity for the purposes of commercial legislation. As a result of this transaction, the Company restored its equity balance at year-end 2024.

In 2025, as a result of the improvement in the Company's financial and equity situation, the participating loan of €110 million was fully repaid to the parent company, there being no balance outstanding at year-end 2025.

14. Provisions and contingencies

14.1. Provisions

The composition of provisions at 31 December 2025 and 2024 is as follows:

thousands of euros	Non current	Current	TOTAL
2025			
Provisions for scheduled aircraft maintenance	804.124	200.008	1.004.132
Provisions for greenhouse gas emission allowances	74	149.506	149.580
Provisions for passenger claims	–	12.003	12.003
Other provisions	–	1.865	1.865
Total	**804.198**	**363.382**	**1.167.580**
2024			
Provisions for scheduled aircraft maintenance	821.099	252.158	1.073.257
Provisions for greenhouse gas emission allowances	17	166.985	167.002
Provisions for passenger claims	–	23.510	23.510
Other provisions	–	365	365
Total	**821.116**	**443.018**	**1.264.134**

The movements in these headings are as follows:

2025

thousands of euros	Opening balance	Appropriations	Applications	Closing balance
Provisions for scheduled aircraft maintenance	1.073.257	191.090	(260.215)	1.004.132
Provisions for greenhouse gas emission allowances	167.002	162.615	(180.037)	149.580
Provisions for aircraft rentals	–	–	–	–
Provisions for passenger claims	23.510	29.042	(40.549)	12.003
Other provisions	365	1.500	–	1.865
Total	**1.264.134**	**384.247**	**(480.801)**	**1.167.580**

2024

thousands of euros	Opening balance	Appropriations	Applications	Closing balance
Provisions for scheduled aircraft maintenance	905.610	294.192	(126.545)	1.073.257
Provisions for greenhouse gas emission allowances	168.499	165.899	(167.396)	167.002
Provisions for aircraft rentals	–	–	–	–
Provisions for passenger claims	26.938	37.270	(40.698)	23.510
Other provisions	365	–	–	365
Total	**1.101.412**	**497.361**	**(334.639)**	**1.264.134**

Provisions for scheduled aircraft maintenance

This heading includes the provision to cover future aircraft checks as part of the scheduled maintenance, to be performed before the aircraft are returned as provided for in the lease contracts (Note 5.10).

To calculate this provision, the Company differentiates between maintenance that must be carried out over the aircraft's lease life and maintenance that must be carried out on a date subsequent to the termination of the lease. In the first case, the Company makes the provision based on historical prices and those established in the maintenance agreements and based on the prices established in the aircraft lease contract in the second case. In both cases, the Company considers each aircraft's hours/cycles and months of operation.

Allowances for the year have been charged to the Income Statement under the heading “Other operating expenses - aircraft maintenance” (Note 20.6) and correspond to the hours/cycles and months of operation of the aircraft based on the contract price applicable in each case. The Company also records line maintenance expenses for which no provision is recognised under the same heading.

The gross allowances in 2025, excluding the effect of foreign exchange rate changes and the financial discount relating to “Provisions for scheduled maintenance”, amounted to €312.186 thousand, while in 2024, they amounted to €229.514 thousand. The following factors should be taken into consideration:

- Aircraft maintenance costs have a negative effect of 5,30% on price in 2025 compared with 2024.
- The average fleet in 2025 comprised 142 aircraft. In 2024, the average fleet comprised 131 aircraft.
- Applications for 2025 correspond to the cost of the checks performed and the amounts attributable to the aircraft returned during the year.

Provisions for greenhouse gas emission allowances

The Company records a provision for greenhouse gas emission allowances. This provision is determined based on metric tonnes of carbon dioxide emitted, which are determined based on monthly fuel consumption multiplied by the weighted average cost at the end of each month.

The Company makes provisions for the consumption of greenhouse gas emission allowances until their subsequent settlement in April and September next year (Note 5.10).

Provisions for passenger claims

This heading includes provisions for passenger claims arising from flight disruptions in accordance with Regulation (EC) No 261/2004 of the European Parliament and of the Council of 11 February 2004 establishing rules on compensation and assistance to passengers in the event of denied boarding and of cancellation or delay of flights.

Other provisions

This heading includes the amounts the Company estimates will have to be paid due to the resolution of certain legal disputes for which no final legal ruling has been issued, as well as other provisions. The Company's Directors estimate that the outcome of the aforementioned disputes will not lead to additional liabilities other than those for which a provision has been allocated in the accompanying balance sheet.

14.2. Contingencies

During 2023, Vueling received a number of information requests from the Spanish Ministry of Social Rights, Consumer Affairs and Agenda 2030 (hereinafter, the Ministry of Consumer Affairs), with regard to its commercial hand luggage policy, which the Company addressed in a timely manner.

Subsequently, on 14 May 2024, the Ministry of Consumer Affairs served a penalty notice to Vueling, stating that Vueling's commercial hand luggage policy infringes consumer rights under Article 47.1 of Royal Decree-Law 1/2007 in Spain and European Parliament Regulation (EC) No. 1008/2008 on common rules for the operation of air services. The penalty notice fined Vueling €39 million and requested rectification of the alleged infringements.

On 29 January 2025, Vueling filed a contentious administrative appeal in relation to the penalty notice. Concurrently, Vueling requested a precautionary measure to suspend the sanctions until such time as a final judgement is issued. On 1 July 2025, the Madrid High Court of Justice granted Vueling’s petition for precautionary measures.

On 8 October 2025, the European Commission also initiated infringement proceedings against Spain (under the EU Pilot mechanism) citing Spain’s failure to ensure that its domestic legislation complies with EU air services legislation.

At the issuance date of these financial statements, the Company, along with its advisors, considers that it has strong legal arguments to support its commercial hand luggage policy and does not consider it likely or possible that an adverse outcome will result in the future. As such, the Company does not consider it appropriate to record any provision.

15. Debts

15.1. Financial liabilities

The breakdown of financial liabilities at 31 December 2025 and 2024 is as follows:

thousands of euros	2025	2024
Non-current financial liabilities		
Hedging derivatives (Note 18)	78.807	9.514
Finance lease payables (Note 8.2)	254.262	352.412
Non-current debt with related parties	7.134	–
Total	**340.203**	**361.926**
Current financial liabilities		
Hedging derivatives (Note 18)	94.762	16.849
Finance lease payables (Note 8.2)	84.047	52.797
Other current liabilities	402	309
Current debt with Group companies and associates	–	110.306
Suppliers	258.133	323.686
Trade payables, Group companies and associates (Note 17)	67.340	124.003
Various creditors	254.076	242.435
Accrued wages and salaries	58.970	52.160
Total	**817.730**	**922.545**
Total financial liabilities	**1.157.933**	**1.284.471**

There are no differences between cost and amortised cost. Derivative financial instruments are measured at fair value.

In 2025, the total cash outflow for finance lease payments amounted to €48.552 thousand (€39.741 thousand in 2024).

On 17 December 2024, a participating loan of €110 million was arranged with the Company's parent company, International Consolidated Airlines Group S.A.; it was repaid in 2025.

At the close of 2025, the Company did not have any credit policies in place (one credit policy granted by the financial institution BBVA for €40,000 thousand in 2024).

15.2. Average supplier payment period

The information on average period for payment to suppliers, is as follows:

	2025	2024
	Days	
Average supplier payment period	25	27
Ratio of transactions paid	24	27
Ratio of transactions outstanding for payment	40	27
	Amount (thousand Euros)	
Total payments made	3.463.459	3.630.267
Total payments outstanding	100.917	26.895
Total number of invoices paid	56.935	58.898

Information on invoices paid in a period shorter than the maximum established period of 60 days, expressed in days, is as follows:

	2025	2024
Total payments made	3.365.276	3.487.673
Percentage share of total payments to suppliers	96%	96%
Number of invoices paid	48.767	51.707
Percentage share of total number of invoices paid	88%	88%

16. Deferred income

The breakdown of deferred income at December 31, 2025 and 2024 is as follows:

thousands of euros	2025	2024
Non-current accruals and deferred income:		
Income from fleet transactions	7.831	18.435
Total	**7.831**	**18.435**
Current accruals and deferred income:		
Advance payments from customers	277.329	315.791
Income from fleet transactions	7.687	12.160
Total	**285.016**	**327.951**
Total accruals and deferred income	**292.847**	**346.386**

Advance payments from customers include the amounts received from customers for tickets for future flights that have already been issued and paid. These amounts remain as "Current deferred income" until the flight takes place.

At December 31, 2025, the deferred amount recorded under the headings "Current deferred income" and "Non-current deferred income", related to fleet transactions carried out in prior years, amounting to €15.518 thousand and corresponding to 31 aircraft (€30.595 thousand and 47 aircraft at December 31, 2024). The amounts recognised in the income statement as a reduction in rental costs amounted to €15.077 thousand in 2025 (€14.436 thousand in 2024).

17. Transactions and balances with Group companies

The breakdown of transactions with Group companies in 2025 and 2024 is as follows:

2025

thousands of euros	Services provided	Services received
IBERIA Líneas Aéreas de España S.A. Operadora	–	230.936
International Consolidated Airlines Group S.A.	–	4.472
British Airways Ltd.	–	8.903
Avios Group (AGL) Ltd.	(1.019)	–
IAG GBS Ltd	–	13.178
Yellow Handling	–	4.509
Total	**(1.019)**	**261.998**

2024

thousands of euros	Services provided	Services received
IBERIA Líneas Aéreas de España S.A. Operadora	–	280.860
International Consolidated Airlines Group S.A.	–	5.419
British Airways Ltd.	–	9.184
Avios Group (AGL) Ltd.	–	(1.208)
IAG GBS Ltd	–	5.602
Yellow Handling	–	4.672
Total	**–**	**304.529**

The volume of sales made through the distribution channels of some of its related companies as of 31 December 2025 and 2024 is set out below:

thousands of euros	2025	2024
IBERIA Líneas Aéreas de España S.A. Operadora	114.434	110.672
British Airways Plc	58.034	43.793
Total	**172.468**	**154.465**

The services received by Group companies mainly correspond to maintenance tasks for the fleet of aircraft performed and ground support services received, based on the contracts formalised, in the amount of €71.340 thousand and €166.828 thousand, respectively (€65.320 thousand and €152.324 thousand, respectively, in 2024).

The Group company balances shown in the balance sheet at 31 December 2025 and 2024 are as follows:

2025

thousands of euros	Receivables	Payables
IBERIA Líneas Aéreas de España, S.A. Operadora	29.240	65.262
International Consolidated Airlines Group S.A.	302.491	3.776
Aer Lingus Limited	40	180
IAG GBS Limited	20	658
British Airways Plc	4.335	3.078
Fly Level S.L.	220	–
Yellow Handlin S.L.U.	904	762
Avios Group (AGL) Limited	924	758
Total	**338.174**	**74.474**

2024

thousands of euros	Receivables	Payables
IBERIA Líneas Aéreas de España. S.A. Operadora	15.143	53.713
International Consolidated Airlines Group S.A.	5.775	167.857
Aer Lingus Ltd.	3	176
IAG GBS Limited	147	3.222
British Airways Plc	2.748	7.617
Fly Level S.L.	373	(92)
Yellow Handling S.L.U.	1.117	1.313
Avios Group (AGL) Limited	2.527	503
Total	**27.833**	**234.309**

At December 31, 2025, the Company has an account payable with Iberia Líneas Aéreas de España. S.A. Operadora in the amount of €65.262 thousand (€53.712 thousand in 2024).

The commercial, contractual and/or corporate relationships between Iberia and the Company correspond to the shared code agreement, the aircraft maintenance service agreement and the ground handling agreement.

The Company carries out all its operations with Group companies and related parties at market price. The Company's Directors consider that there are no significant risks related to this aspect, which may result in material liabilities in the future.

As mentioned in Note 10.1, the Company granted a loan to the parent company International Consolidated Airlines Group, S.A. for €300.000 thousand. As a result of this loan, the Company has recorded financial income from accrued interest of €4.336 thousand in 2025.

In addition, as set out in Note 15.1, on 24 December 2024, the Company entered into a participating loan of €110 million with its parent company International Consolidated Airlines Group, S.A. As a result of this loan, the Company recorded a financial cost of €3.386 in 2025 (€306 thousand in 2024). The loan had a one-year term and was fully repaid to the parent company, there being no balance outstanding at year-end 2025.

18. Derivative financial instruments

The Company uses derivative financial instruments on the over-the-counter market with national and international financial institutions with a high credit rating.

These instruments are primarily used to reduce the impact on the Company's future cash flows due to jet fuel purchases in the event of an unfavourable price situation (in US dollars), as well as to reduce the impact on the Company’s future cash flow derived from US dollar payments (fuel purchases, aircraft lease payments and the corresponding insurance policies, etc.) as a result of an unfavourable trend in the EUR/USD exchange rate.

The fair value of derivative financial instruments is determined using measurement techniques that maximise the use of observable inputs in observable markets (Level 2).

Measurement techniques such as the discounted estimated cash flow method or Black Scholes options valuations for European options are used to calculate the fair value of derivative financial instruments. The fair value of long-term exchange rate contracts (exchange rate forwards) is calculated using spot exchange rates quoted in the market at the balance sheet date. The calculation for exchange rate tunnel options is made using the Black Scholes formula adjusted to exchange rate options. The fair value of Jet Fuel, Brent, Diesel and component price derivatives is determined using future price curves quoted on the market on the balance sheet date for Jet Fuel, Brent, Diesel and component swaps, as well as the Black Scholes formula adapted for commodity options in the case of Jet Fuel tunnel options. The fair value of interest rate swaps is calculated as the present value of estimated future cash flows.

The effectiveness of all accounting hedges contracted by the Company (cash flow hedges) has been verified, both at the start and during their life. Ineffectiveness has not been recognised as financial income and expenses in the income statement in 2024 and 2025.

When recording and measuring the effectiveness of the hedging relationship, the Company designates groups of hedged items considering the monthly needs for its activity (either fuel needs for Jet fuel, Brent, Gasoil and components price hedges or US dollar requirements for purchases and/or payments in the aforementioned currency).

Regarding interest rate hedges, the Company designates specific items - highly probable transactions corresponding to new aircraft operating lease contracts where the lessor has not yet determined the lease instalment interest rate or it is a variable instalment. Furthermore, the Company designates balance sheet financial liability hedges at a variable interest rate.

The Company does not hedge all future needs, but it does hedge a percentage defined by the Board of Directors, which is always lower than the scheduled needs.

a) Exchange rate derivatives

In 2025 and 2024, the Company hedged the exchange rate risk of part of its transactions denominated in US dollars. The derivatives in effect as of 31 December 2025 and 2024 and their fair values on those dates are as follows:

2025

Currency	Thousand dollars	thousands of euros			
		Fair value			
	Nominal 2025	Assets: Current financial assets	Assets: Non-current financial assets	Liabilities: Current debt	Liabilities: Non-current debt
Forwards, calls and tunnel options EUR/USD H1 2026	583.087	74	–	(28.593)	–
Forwards, calls and tunnel options EUR/USD H2 2026	586.470	65	–	(25.230)	–
Forwards, calls and tunnel options EUR/USD 2027 and subsequent years	1.835.839	–	1.315	–	(56.667)
Total	**3.005.396**	**139**	**1.315**	**(53.823)**	**(56.667)**

2024

Currency	Thousand dollars	thousands of euros			
		Fair value			
	Nominal 2024	Assets: Current financial assets	Assets: Non-current financial assets	Liabilities: Current debt	Liabilities: Non-current debt
Forwards, calls and tunnel options EUR/USD H1 2025	641.989	28.890	–	–	–
Forwards, calls and tunnel options EUR/USD H2 2025	591.500	24.999	–	–	–
Forwards, calls and tunnel options EUR/USD 2026 and subsequent years	1.347.707	–	53.778	–	–
Total	**2.581.196**	**53.890**	**53.778**	**–**	**–**

The net fair value of exchange rate derivatives (exchange rate forwards, calls and tunnel options) at December 31, 2025 is negative in the amount of €109.036 thousand (positive in the amount of €107.668 thousand at December 31, 2024), the total amount of which is recorded in equity.
The forward exchange contracts in US dollars ensure the purchase of US Dollars at prices which vary between 1,03 and 1,26 USD/EUR (1,04 and 1,19 USD/EUR as of December 31, 2024).

As of December 31, 2025 and 2024, the Company had designated as hedging instruments for accounting purposes, as permitted by the Spanish Chart of Accounts, all the forwards for US Dollars in effect at that date (except those explained below in paragraph d), as well as all the calls and exchange rate tunnel options used as cash flow hedges for payment of fuel purchases, payments for aircraft leases and the corresponding maintenance (all the cases are highly probable future transactions). The hedging relationships of the designated cash flow hedging with these derivatives have been estimated as highly effective. Therefore, the Company has recorded their fair value in equity.

In 2025, the Company arranged foreign exchange hedges for future aircraft purchases so as to hedge exposure in relation to payments for the purchase of Boeing aircraft.

b) Fuel derivatives

The Company has used derivative financial instruments on the price per mt of Jet Fuel CIF NWE, Brent and Gasoil, in order to hedge fluctuations in the price of Jet Fuel to which fuel purchases are benchmarked. The commodity derivatives in effect as of December 31, 2025 and 2024 and their fair values at that date are as follows:

2025

Fuel	Thousands of mt Nominal 2025	thousands of euros			
		Fair value			
		Assets: Current financial assets	Assets: Non-current financial assets	Liabilities Current debt	Liabilities: Non-current debt
Swaps and tunnel options on Jet Fuel H1 2026	375	2.552	–	(9.414)	–
Swaps and tunnel options on Jet Fuel H2 2026	359	1.362	–	(10.081)	–
Swaps and tunnel options on Jet Fuel 2027 and subsequent years	483	–	571	–	(17.802)
Total	**1.217**	**3.914**	**571**	**(19.495)**	**(17.802)**

2024

Fuel	Thousands of mt Nominal 2024	thousands of euros			
		Fair value			
		Assets: Current financial assets	Assets: Non-current financial assets	Liabilities Current debt	Liabilities: Non-current debt
Swaps and tunnel options on Jet Fuel H1 2025	379	38	–	9.608	–
Swaps and tunnel options on Jet Fuel H2 2025	363	1.657	–	6.765	–
Swaps and tunnel options on Jet Fuel 2026 and subsequent years	476	–	1.476	–	9.514
Total	**1.218**	**1.695**	**1.476**	**16.373**	**9.514**

The net fair value of commodities derivatives (swaps and tunnel options on Jet Fuel CIF NWE, Brent and Gasoil) at December 31, 2025 is negative n the amount of €32.812 thousand (negative in the amount of €22.716 thousand at December 31, 2024), the total amount of which is recorded in equity.
The contracted prices for swaps on Jet Fuel CIF NWE, Brent and Gasoil range between 503,138 and 1.200 USD/mt (between 503 and 1.200 USD/mt at December 31, 2024).

As of December 31, 2025 and 2024, the Company had designated as hedging instruments for accounting purposes, as permitted by the General Chart of Accounts, all swaps and options for Jet Fuel CIF NWE, Brent and Gasoil as cash flow hedges, resulting from fuel highly probable purchases referenced to Jet Fuel.

c) Interest rate derivatives

The Company has hedged the interest rate risk of some of its aircraft lease future contracts (highly probable expected transactions) and financial liabilities recognised in the balance sheet. The interest rate derivatives in effect as of December 31, 2025 and 2024 are as follows:

2025

IRS	Thousand USD/EUR Nominal 2025	thousands of euros Fair value **Assets:** **Current financial assets**	**Assets:** **Non-current financial assets**	**Liabilities:** **Current debt**	**Liabilities:** **Non-current debt**
Swaps H1 2026	76.211	916	–	–	–
Swaps H2 2026	20.500	40	–	–	–
Swaps 2027 and subsequent years	–	–	–	–	–
Total	**96.711**	**956**	**–**	**–**	**–**

2024

IRS	Thousand USD/EUR Nominal 2024	thousands of euros Fair value **Assets:** **Current financial assets**	**Assets:** **Non-current financial assets**	**Liabilities:** **Current debt**	**Liabilities:** **Non-current debt**
Swaps H1 2025	206.583	8.430	–	–	–
Swaps H2 2025	35.050	557	–	–	–
Swaps 2026 and subsequent years	25.663	–	1.737	–	–
Total	**267.296**	**8.987**	**1.737**	**–**	**–**

The net fair value of the interest rate swaps that the Company has designated as an accounting hedge as of December 31, 2025 is positive in the amount of €956 thousand (profit in the amount of €4.051 thousand at December 31, 2024). These accounting hedges will be allocated to the income statement to the extent that the hedged expense is recognised in profit and loss (lease expense recognition).

d) Non-hedging derivatives

As of December 31, 2025, the Company had EUR/USD exchange rate forwards totalling USD 910 million and EUR/JPY exchange rate forwards totalling 5.033 million Japanese yen in its portfolio.

The net valuation of EUR/USD forwards was negative by €24.543 thousand, and the valuation of EUR/JPY forwards was negative by €376 thousand (at 31 December 2024, exchange rate forwards totalled USD 787 million and EUR/JPY exchange rate forwards totalled 5.000 million Japanese yen).

The net valuation of EUR/USD forwards was positive by €36.380 thousand, and the valuation of EUR/JPY forwards was negative by €475 thousand to hedge the exchange rate risk of the Company's monetary assets and liabilities denominated in US dollars and Japanese yen.

The net position of non-hedging derivatives is negative by €-22.870 thousand, comprising €757 thousand in short-term financial assets, €2.155 thousand in long-term financial investments, €21.445 thousand in short-term payables and €4.338 thousand in long-term payables.

In 2025, the Company arranged an interest rate swap (IRS) not designated as an accounting hedge under which it receives a fixed rate of interest and pays a variable rate tied to the 4-year SOFR in order to reduce the volatility of finance costs associated with aircraft lease payment flows.

e) Impact of derivatives on equity

The impacts of the aforementioned derivatives on equity as of December 31, 2025 and 2024 in thousands of euros and net of the tax effect are as follows:

2025

thousands of euros	Exchange rate derivatives	Fuel derivatives	Interest rate derivatives	Total
Opening balance	**87.946**	**(25.735)**	**2.262**	**64.473**
Total income and expenses directly allocated to equity	(160.380)	10.099	(3.531)	(153.812)
Total transfers to the income statement	(5.609)	(15.470)	1.791	(19.288)
Closing balance	**(78.043)**	**(31.106)**	**522**	**(108.627)**

2024

thousands of euros	Exchange rate derivatives	Fuel derivatives	Interest rate derivatives	Total
Opening balance	**(32.448)**	**(16.528)**	**5.243**	**(43.733)**
Total income and expenses directly allocated to equity	127.012	(2.051)	(6.990)	117.971
Total transfers to the income statement	(6.618)	(7.156)	4.009	(9.765)
Closing balance	**87.946**	**(25.735)**	**2.262**	**64.473**

In 2025, a loss of €160.380 thousand from exchange rate derivatives was recognised in equity (profit of €127.012 thousand in 2024) as the effective portion of the hedging relationships over the year. These amounts have subsequently been reclassified from equity to the income statement, in accordance with their nature, increasing the cost of purchases and services received. An amount of 5.609 thousand was transferred from equity to the income statement based on its nature, increasing the cost of purchases and services received (€6.618 thousand in 2024), all net of the corresponding tax effect.
In 2025, a profit of €10.099 thousand for fuel derivatives was added to equity (loss of €2.051 thousand in 2024) as the effective portion of the hedging relationship over the year. An amount of €15.472 thousand was transferred from equity to the income statement, reducing the cost of fuel purchases (€7.156 thousand at December 31, 2024), all net of the corresponding tax effect.

In 2025, a loss of €3.531 thousand on exchange rate derivatives were allocated to equity (loss of €6.990 thousand in 2024), as the effective portion of the hedge over the year, all net of the corresponding tax effect. A loss of €1.791 thousand was transferred from equity to the income statement due to a change in the forecasts associated with these transactions.

The derivatives directly allocated to equity are presented net of their tax effect, which totalled a positive amount of €36.258 thousand in 2025 (a negative amount of €21.454 thousand in 2024) and the derivatives transferred to the income statement are presented net of their tax effect, which totalled a negative amount of €6.430 thousand (a negative amount of €3.255 thousand in 2024).

f) Exchange rate sensitivity analysis

Variations in the fair value of the exchange rate derivatives used by the Company mainly depend on the variation in the spot rate of the US dollar against the euro and the performance of short-term interest-rate curves. As of December 31, 2025, the fair value of exchange rate derivatives designated as cash flow hedges is positive in the net amount of €104.057 thousand (negative in the net amount of €117.262 thousand at December 31, 2024), net of the tax effect.

The following table shows the composition of the sensitivity analysis (changes in the fair value at December 31, 2025) on the fair values of the exchange rate derivatives, recorded in equity as accounting hedges:

Sensitivity in equity	Millions of euros	
	2025	**2024**
+10% (appreciation of euro)	260	582
-10% (depreciation of euro)	(281)	(435)

The sensitivity analysis shows that the euro/US dollar exchange rate derivatives will perform negatively if the euro rises and positively if it falls. Therefore, it is recommendable to purchase USD at a fixed exchange rate.

g) Jet fuel price sensitivity analysis

Variations in the fair value of the fuel derivatives used by the Company mainly depend on the variation in the underlying commodity price, the metric tonnage of Jet Fuel CIF NWE, Brent and Gasoil and the time to maturity. At December 31,

2025, the fair value of these derivatives is positive in the net amount of €41.476 thousand (positive in the net amount of €34.312 thousand at December 31, 2024).

The following table shows the breakdown of the sensitivity analysis (changes in fair value at 31 December 2021) on the fuel derivatives, recorded in equity as accounting hedges:

Sensitivity in equity	Millions of euros	
	2025	**2024**
+40% (rise in the price of jet fuel)	206	257
-40% (fall in the price of jet fuel)	(188)	(231)

The sensitivity analysis shows that fuel derivatives will perform positively if the price of Jet Fuel CIF NWE rises. As a result, the company has set a purchase price and has hedged against rises in Jet Fuel CIF NWE. The negative value increases as a result of decreases in Jet Fuel CIF NWE.

19. Public Authorities and tax position

19.1. Current balances with Public Authorities

The composition of current balances with Public Authorities at the close of 2025 and 2024 is as follows:

	Receivables	
thousands of euros	**2025**	**2024**
CIT refundable	9.488	62.637
VAT refundable	5.001	5.483
Total	**14.489**	**68.120**

	Payables	
thousands of euros	**2025**	**2024**
Social Security contributions payable	8.917	9.650
PIT payable	6.523	6.885
CIT payable	557	557
VAT payable	907	907
Total	**16.904**	**17.999**

19.2. Reconciliation of accounting result and taxable income

The reconciliation between the accounting result and the taxable income under Corporate Income Tax at the close of 2025 and 2024 is as follows:

2025

thousands of euros	Increases	Decreases	Total
Accounting result after tax	–	–	**234.528**
Permanent differences:	–	–	–
Corporate income tax	50.517	–	**50.517**
Other permanent differences	6.310	(673)	5.637
Temporary differences:	–	–	–
Arising in the year	22.461	–	22.461
Arising in prior years	4.050	(33.416)	(29.366)
Previous taxable income	–	–	**283.777**
Offset of tax-loss carryforwards	–	–	(70.944)
Taxable income	–	–	**212.833**
Tax payable, Iberian peninsula	–	–	41.921
ZEC tax payable	–	–	1.806
Withholdings and payments on account	–	–	(43.080)
Deductions	–	–	(6.422)
Corporate Income Tax receivable	–	–	(5.775)

2024

thousands of euros	Increases	Decreases	Total
Accounting result after tax	–	–	**213.671**
Permanent differences:	–	–	–
Corporate income tax	54.605	–	**54.605**
Other permanent differences	4.685	(3.452)	1.233
Temporary differences:	–	–	–
Arising in the year	34.171	–	34.171
Arising in prior years	4.050	(29.314)	(25.264)
Previous taxable income	–	–	**278.417**
Offset of tax-loss carryforwards	–	–	(69.604)
Taxable income	–	–	**208.813**
Adjusted tax payable	–	–	45.354
ZEC tax payable	–	–	1.096
Withholdings and payments on account	–	–	(43.293)
Deductions	–	–	(11.612)
Corporate Income Tax receivable	–	–	(8.455)

In 2025, positive permanent differences relate primarily to fines and other adjustments to profit/(loss) such as gifts or donations, as well as financial expenses on the participating loan between International Consolidated Airlines Group, S.A. and Vueling. Negative permanent differences relate to the profit posted by the Italy Permanent Establishment, under Article 22 of Corporate Income Tax Act 27/2014.

In accordance with changes introduced to Law 8 of 5 November 2018, modifying Law 19 of 6 July 1994, on the Economic and Tax Scheme of the Canary Islands, and in compliance with the requirements of this Law, the Company has applied the tax profit of the Canary Island Special Zone (ZEC). The accounting result before taxes for the ZEC branch was positive in the amount of €60.198 thousand. Therefore, the previous taxable income to which the ZEC profit has been applied is €60.198 thousand, together with the current taxable income, after offsetting tax losses of €45.148 thousand (positive of €27.396 thousand in 2024). Therefore, the tax difference at the ZEC rate amounts to €1.806 thousand in 2025.

In 2025, tax loss carryforwards have been generated for future years, as shown in the table below:

YEAR	To be applied in 2024	Applied in 2024	To be applied in 2025	Applied in 2025	To be applied in the future
2013	350	(350)	–	–	–
2014	1.114	(1.114)	–	–	–
2020	549.349	(69.542)	479.807	(70.944)	408.863
2021	391.886	–	391.886	–	391.886
TOTAL	**942.699**	**(71.006)**	**871.693**	**(70.944)**	**800.749**

In 2023, the Company recognised tax loss carryforwards for the 2013 and 2014 tax years amounting to €1,464 thousand, pending application by the target company (Veloz Holdco, S.L.). This was due to the en bloc transfer of all the assets and liabilities of the company Veloz Holdco, S.L. to Vueling Airlines, S.A. by way of universal succession through the reverse vertical merger of the former company into the latter (Note 3.2). These tax losses were offset in the 2024 corporate income tax return filed by the Company in 2025.

At 31 December 2025, the Company has taxable income pending activation corresponding to the ZEC with a net value of €111,822 thousand, as detailed below. This is recognised in accordance with the criteria established in consultation 10 of BOICAC 80 (Official Gazette).

	Thousands of euros	
Item	Tax base	Amount not capitalised
Tax loss carryforwards from prior years	111.822	4.473
	111.822	**4.473**

19.3. Reconciliation between the accounting profit/(loss) and the Corporate Income Tax expense

The reconciliation between the accounting result and the Corporate Income Tax expense for 2025 and 2024 is as follows:

thousands of euros	2025	2024
Accounting result before Corporate Income Tax	**285.045**	**268.274**
Tax payable at 25%	(71.261)	(67.069)
CIT adjustments for previous years	2.283	5.990
Other adjustments	77	(6.519)
Deductions	5.743	5.322
ZEC vs mainland difference	12.641	7.671
Total taxable (expense)/income recognised in the income statement	**(50.517)**	**(54.605)**

Permanent differences include corporate income tax for the year and other permanent differences according to Note 19.2. The “Other adjustments” heading of the table above includes the effect of the deferred tax expense recognised by the application of the criteria established in consultation 10 of BOICAC 80 on the accounting recognition of tax credits.

The composition between current and deferred income tax expense for 2025 and 2024 is as follows:

Thousands of euros	2025	2024
Current tax expense/(income)	32.334	(4.948)
Deferred tax expense/(income)	18.183	59.553
Total tax expense/(income)	**50.517**	**54.605**

19.4. Taxes recognised in Equity

The composition of tax recognised directly in equity is as follows:

2025

thousands of euros	Increases	Decreases	Total
Current tax:	–	–	–
Cash flow hedges	–	57.701	57.701
Grants	10.426	(10.426)	–
Total tax recognised directly in equity (current tax)	**10.426**	**47.275**	**57.701**

2024

thousands of euros	Increases	Decreases	Total
Current tax:	–	–	–
Cash flow hedges	–	(36.069)	(36.069)
Grants	12.073	(12.073)	–
Total tax recognised directly in equity (current tax)	**12.073**	**(48.142)**	**(36.069)**

19.5. Deferred tax assets

The breakdown of movements and balance under this heading in 2025 and 2024 is as follows:

2025

thousands of euros	Opening balance	Corporate income tax 2025	Other - Prior-year corporate income tax adjustments	Changes in derivative financial instruments	Closing balance
Tax credit to offset losses	**143.657**	**(13.089)**	**(673)**	–	**129.895**
Total temporary differences:	**32.472**	**(3.418)**	**(2.014)**	**29.241**	**56.281**
For temporary differences in CIT	18.443	(2.739)	1.291	–	16.995
R&D tax credits	3.984	(679)	(3.305)	–	–
For temporary differences in derivatives (Note 18)	10.045	–	–	29.241	39.286
Total deferred tax assets	**176.129**	**(16.507)**	**(2.687)**	**29.241**	**186.176**

2024

thousands of euros	Opening balance	Corporate income tax 2024	Other - Prior-year corporate income tax adjustments	Changes in derivative financial instruments	Closing balance
Tax credit to offset losses	**202.127**	**(21.636)**	**(36.834)**	–	**143.657**
Total temporary differences:	**41.264**	**(5.076)**	**2.981**	**(6.697)**	**32.472**
For temporary differences in CIT	17.445	1.214	(216)	–	18.443
R&D tax credits	7.077	(6.290)	3.197	–	3.984
For temporary differences in derivatives (Note 18)	16.742	–	–	(6.697)	10.045
Total deferred tax assets	**243.391**	**(26.712)**	**(33.853)**	**(6.697)**	**176.129**

In 2023, the Company recognised deferred tax assets amounting to €366 thousand relating to tax losses for the tax periods 2013 and 2014 pending recognition by the target company (Veloz Holdco, S.L.). This was due to the en bloc transfer of all the assets and liabilities of the company Veloz Holdco, S.L. to Vueling Airlines, S.A. by way of universal succession through the reverse vertical merger of the former company into the latter (Note 3.2). As those tax losses were offset in the 2024 income tax return filed by Vueling in 2025, the related deferred tax asset was written off in 2025.

With the sole exception explained below, all tax credits are recognised in accordance with the criteria established in Consultation 10 of BOICAC 80. In this regard, at December 31, 2025, the company has yet to recognise ZEC tax-loss carryforwards amounting to €111.822 thousand, since the Company's directors do not consider it likely that future profits for the coming 10 years will absorb all the tax losses.

Deferred tax assets recognised in Other Comprehensive Income (OCI) amounted to €39.287 thousand at December 31, 2025 (€10.045 thousand at December 31, 2024).

19.6. Deferred tax liabilities

The breakdown of deferred tax liabilities at year-end 2025 and 2024 is as follows:

thousands of euros	2025	2024
Temporary differences	(386)	627
Changes in financial instruments, derivatives and grants	3.043	31.501
Total deferred tax liabilities	**2.657**	**32.128**

Temporary differences include a total of €386 thousand at December 31, 2025 (€627 thousand at December 31, 2024) associated with the tax effect of the assets identified as “segments” and goodwill resulting from the merger with Clickair, S.A. (Notes 3 and 6).

Deferred tax liabilities, recorded in OCI, are generated by variations in derivative financial Instruments (Note 18) and subsidies, amounting to €3.043 thousand at December 31, 2025 (€31.501 thousand at December 31, 2024).

19.7. Financial years pending verification and inspections

In accordance with current legislation, taxes cannot be considered fully settled until the returns submitted have been inspected by the tax authorities or the four-year time limit has expired.

The Directors of the Company consider that the settlements of the aforementioned taxes have been appropriately made so that, even in case of discrepancies in the current regulatory interpretation for the tax treatment granted to the operations, the possible resulting liabilities, should they materialise, would not significantly affect the accompanying financial statements.

At year-end 2025, the proceedings described below are pending a ruling in the jurisdictions indicated:

Spain

On 26 June 2017, the Spanish tax authorities notified the Company of the start of verification and investigation actions. On 25 September 2019, settlement agreements were issued for Withholdings on Employment Earnings and Corporate Income Tax corresponding to the years 2012, 2013 and 2014, which were signed under disagreement. On 24 November 2020, the Central Economic-Administrative Court dismissed the economic-administrative claims filed against the settlement agreements for Withholdings on Employment Earnings and for Corporate Income Tax.

At the end of 2025, following the filing of contentious appeals within the corresponding deadlines, the Corporate Income Tax cases are still pending resolution.

Italy

In 2022, the Italian Tax Administration (Agenzia delle Entrate) notified the Company's Permanent Establishment in Italy of the settlements for Corporate Income Tax and Regional Tax on Production Activities for 2016, later replaced by a settlement agreement signed under disagreement. In March 2023, the acceptance of the opening of the amicable procedure under Convention 90/436/EU for 2016 was notified, which was favourably resolved in December 2023 and enforced in 2024. Vueling paid the amounts resulting from the proceeding in 2025. At year-end 2025, the litigation relating to the penalties imposed by the Italian authorities is pending a ruling.

In 2023, the Italian Tax Administration (Agenzia delle Entrate) notified the Company's Permanent Establishment in Italy of the settlements for Corporate Income Tax and Regional Tax on Production Activities for 2017, later replaced by a settlement agreement signed under disagreement. In December 2024, the acceptance of the opening of the amicable

procedure under Convention 90/436/EU for 2017 was notified, which was resolved in December 2025. According to the information provided by the Italian advisors, this proceeding is expected to run the same course as the prior-year proceedings.

In addition, in 2024, the Italian Tax Administration (Agenzia delle Entrate) notified the Company's Permanent Establishment in Italy of the settlements for Corporate Income Tax and Regional Tax on Productive Activities for 2018, which led to a settlement agreement signed under disagreement. In September 2025, the acceptance of the opening of the amicable procedure under Convention 90/436/EU for 2018 was notified, which was resolved in January 2026. According to the information provided by the Italian advisors, this proceeding is expected to run the same course as the prior-year proceedings.

Finally, in 2025 the Italian Tax Administration (Agenzia delle Entrate) notified the Company's Permanent Establishment in Italy of the start of an inspection of the 2019 tax returns for corporate income tax and the regional tax on production activities, which is expected to give rise to a settlement resolution on similar terms to those of prior years and will also be contested.

19.8. Other Relevant Information

Complementary tax to guarantee an overall minimum level of taxation

On 21 December 2024, Law 7 of 20 December 2024 was published in the Official State Gazette, establishing a complementary tax to guarantee an overall minimum level of taxation for multinational groups and large domestic groups, a tax on the interest and commission margins of certain financial institutions and a tax on liquids for electronic cigarettes and other tobacco-related products, as well as amending other tax rules (hereinafter “Law 7/2024”).

Law 7/2024 implements Pillar Two in Spain, establishing a complementary tax, with retroactive effect for financial years beginning on or after 31 December 2023, which ensures that large multinational groups are taxed at a minimum effective rate of 15% wherever they operate.

In this regard, the Group has carried out an analysis of the possible impacts that may arise from the application of this tax in 2024, considering the application of the Transitional Safe Harbours provided for in Transitional Provision Four of Law 7/2024 and the full calculation, as the case may be.

The Group has no impact related to Pillar Two rules on its current tax expense. It applies the exception to the recognition of deferred tax assets and liabilities arising from the implementation of Law 7/2024, as provided for in IAS 12.

20. Income and expenses

20.1. Revenue from operations

The Company's sole ordinary activity consists of passenger air transport. Given that all other activity categories are complementary and do not present any significant differences, the accompanying notes to the financial statements solely include the composition of the information by geographic market segments.

The analytic breakdown of turnover by geographic market for 2025 and 2024 is as follows:

thousands of euros	**2025**	**2024**
Spain	1.617.507	1.442.484
Other countries	1.612.500	1.807.113
Total	**3.230.007**	**3.249.597**

20.2. Raw materials and consumables

The heading “Raw materials and consumables” in 2025 and 2024 primarily relates to fuel consumption and, to a lesser extent, to the consumption of greenhouse gas emission allowances.

20.3. Breakdown of purchases by origin

The breakdown of the purchases made by the Company in 2025 and 2024 according to their origin is as follows:

thousands of euros	2025	2024
Domestic	613.041	618.821
Intra-EU	259.741	300.228
Non-EU	24.788	24.211
Total	**897.570**	**943.260**

20.4. Other operating income

The balance under the heading “Other operating income” in the 2025 and 2024 income statements is as follows:

thousands of euros	2025	2024
Advertising	11.023	10.364
Free CO2 allowances	41.703	48.291
Energy Savings Certificates (ESCs)	10.396	—
Total	**63.122**	**58.655**

20.5. Personnel

The composition of the heading “Personnel expenses” in the income statements for 2025 and 2024 is as follows:

thousands of euros	2025	2024
Wages, salaries and similar	357.229	335.159
Termination benefits	5.718	1.562
Social security costs	73.237	66.339
Other personnel expenses	2.368	2.179
Total	**438.552**	**405.239**

The average number of employees in 2025 and 2024 by category and gender is as follows:

2025

Category		**Men**	**Women**	**Total**	**Employees with a certified disability > 33%**
In the air	Cabin Crew Non-Managerial	645	2132	2777	–
	Pilots	1376	80	1456	–
On the ground	Airport operations	17	18	35	–
	Corporate positions	356	292	648	14
	Maintenance	10	4	14	1
	Senior managers	18	10	28	–
	Total	**2.422**	**2.536**	**4.958**	**15**

2024

Category		Men	Women	Total	Employees with a certified disability > 33%
In the air	Cabin Crew Non-Managerial	607	2.031	2.638	–
	Pilots	1.288	68	1.356	–
On the ground	Airport operations	27	32	59	–
	Corporate positions	262	255	517	9
	Maintenance	84	26	110	4
	Senior managers	17	10	27	–
	Total	**2.285**	**2.422**	**4.707**	**13**

The Company workforce at December 31, 2025 and 2024, broken down by category and gender, is as follows:

2025

Category		Men	Women	Total	Employees with a certified disability > 33%
In the air	Cabin Crew Non-Managerial	645	2.132	2.777	–
	Pilots	1.376	80	1.456	–
On the ground	Airport operations	17	18	35	–
	Corporate positions	356	292	648	13
	Maintenance	10	4	14	1
	Senior managers	18	10	28	–
	Total	**2.422**	**2.536**	**4.958**	**14**

2024

Category		Men	Women	Total	Employees with a certified disability > 33%
In the air	Cabin Crew Non-Managerial	622	2.029	2.651	–
	Pilots	1.265	63	1.328	–
On the ground	Airport operations	26	33	59	–
	Corporate positions	264	263	527	6
	Maintenance	84	24	108	4
	Senior managers	17	9	26	–
	Total	**2.278**	**2.421**	**4.699**	**10**

As of December 31, 2025, the Company's Board of Directors consisted of three men and two women (three men and two women as of December 31, 2024).
As of December 31, 2025, the Company's Senior Management consisted of four men and two women (two men and three women as of December 31, 2024).

Social security costs have been included in full under "Personnel expenses" in the income statement, taking into account the discounts received as operating subsidies. They have also been included in "Other operating income" in the income statement. No grants were received for this item in 2025 and 2024.

20.6. Other operating expenses

The breakdown of the heading "Other operating expenses" in the income statement for 2025 and 2024 is as follows:

thousands of euros	2025	2024
External services:	**1.581.477**	**1.565.124**
Aircraft maintenance	320.818	304.353
Aircraft leases	283.256	310.913
Other leases	4.842	4.648
Ground handling service	264.026	259.060
Airport fees	229.232	216.513
Air traffic control	194.490	175.876
Supplies and other expenses	137.243	148.617
Independent professional services	45.186	40.151
Advertising	55.104	56.344
Insurance, banking services and other items	47.279	48.649
Taxes	**1.116**	**1.067**
Losses, impairment and change in trade provisions	(16)	24
Total other operating expenses	**1.582.577**	**1.566.215**

The aircraft maintenance expense includes scheduled maintenance (Note 14.1) and daily maintenance, totalling €137.503 thousand in 2025 (€125.831 thousand in 2024).

20.7. Provisions for non-performing loans

Movements under provisions for non-performing loans in 2025 and 2024 are as follows:

2025

thousands of euros	Opening balance	Appropriations	Applications	Closing balance
Provisions for non-performing loans for trade receivables	1.204	–	(16)	1.188

2024

thousands of euros	Opening balance	Appropriations	Applications	Closing balance
Provisions for non-performing loans for trade receivables	1.618	23	(437)	1.204

The Company applied €16 thousand in 2025, of which €16 thousand were recorded as a loss on trade receivables. No recoveries from clients were recorded during the financial year.

21. Transactions with equity-based payments

Personnel expenses (Note 20.5) recognised in 2025 through transactions with equity-based payments decreased to €5.102 thousand (€7.643 thousand in 2024).

The Company participates in share-based payment schemes operated by IAG as part of the total remuneration package provided to employees. Vueling participates in IAG share-based payment schemes, with awards to Vueling employees being made in plans operated by IAG that represent rights over its ordinary shares. The costs of these awards are recharged from IAG based on its determination of award fair values. A description of the schemes is set out below:

a) IAG Restricted Share Plan

The IAG Restricted Share Plan ('RSP') was introduced in 2021 to increase the alignment of both interests and outcomes between the Group's senior management and shareholders through the build-up and maintenance of senior management shareholdings and an increased focus on the long-term, sustainable performance of the Group. Awards have been made as conditional awards, with a three-year vesting period. There are no performance measures associated with the awards. Vesting will be contingent on the satisfaction of a discretionary underpin, normally assessed over three financial years commencing from the financial year in which the award was granted. Approval at the end of the vesting period will be at the discretion of the Remuneration Committee, considering the Group's overall performance, including financial and non-

financial performance measures over the course of the vesting period, as well as any material risk or regulatory failures identified.

b) IAG Full Potential Incentive Plan

During 2021, IAG launched the new Full Potential Incentive Plan ('FPIP'), which is granted to key individuals involved in the delivery of a series of transformation projects that will enable the Group to deliver business success over the medium to long term. The Awards have been made as nil-cost options, vesting in 2025 and dependent on stretch performance targets for 2024 and the approval of the Board.

c) IAG Stretch Performance Incentive Plan

In 2025, the Group launched the Stretch Performance Incentive Plan, which was granted to senior leaders across IAG. The plan is designed to support the delivery of stretch operating margin performance that exceeds the Group's medium-term ambition and plan targets through to the end of 2027. The awards have been made as conditional awards, vesting in 2028 and dependent on the achievement of stretch performance targets for 2025 to 2027 and the approval of the Board. The targets have been set at a level that requires significant outperformance of IAG's historical performance, and that of its peers.

22. Foreign currency transactions

The breakdown of the most significant balances and transactions in foreign currencies in 2025 and 2024, measured at the closing exchange rate and the average exchange rate for each period, respectively, is as follows:

thousands of euros	**2025**	**2024**
Balances:		
Cash and cash equivalents	26.277	29.392
Long- and short-term guarantees and deposits	390.394	468.779
Maintenance provisions	912.991	1.008.123
Payables and other liabilities	174.910	219.304
Finance leases	135.813	165.282
Transactions:		
Purchases	734.956	777.362
Services received	614.795	632.219

Both the year-end balances and foreign currency purchases and services received are essentially denominated in US dollars. All services were performed in euros. These transactions and balances in foreign currency led to exchange differences in 2025 and 2024, as broken down in the following table:

thousands of euros	**2025**	**2024**
Exchange rate (losses)/gains	98.165	(46.035)

The exchange rate differences for the year to December 31, 2025 consist of unrealised exchange rate positive amounting to €99.445 thousand (negative totalling €41.680 thousand at 31 December December 31, 2024) and realised exchange rate negative totalling €1.280 thousand (negative totalling €4.355 thousand at December 31, 2024).

23. Balances and other information relating to Members of the Board of Directors and Senior Management

The total number of Company shares owned directly by the Board of Directors and related parties as of December 31, 2025 is 3, which represent 0,0000100319% of the total shares (14 in 2024, which represent 0,00004682% of the total shares).

Remuneration received as salaries and wages by Senior Management in 2025 amounts to €6.148 thousand (€2.881 thousand in 2024). The members of the Board of Directors have not received any salary or wage payments from the Company in 2024 and 2025.

As of December 31, 2025, no obligations related to pensions or outstanding balances with the Company have been taken out with the Directors.

In relation to Article 229 of the Spanish Companies Act, there are no direct or indirect conflicts of interest reported by the Directors and/or persons related to the Board of Directors.

In 2025, public liability insurance premiums of €285 thousand were paid to cover Directors' liability for damages and losses arising from their position (€480 thousand in 2024).

24. Environmental informationn

The Company's Directors consider that the environmental risks resulting from its activity are minimal and, in any case, appropriately covered, and they consider that no additional liabilities will arise relating to these risks (Note 5.12).

The Company did not incur any significant expenses or receive any subsidies relating to these risks in 2025 or 2024, except for the use in 2025 of greenhouse gas emission allowances for an amount of €192.324 thousand (€182.778 thousand in 2024).

To reduce its environmental impact, the Company has supplied 29.549 tonnes of sustainable aviation fuel (SAF) to reduce its environmental footprint, the expenditure of which amounted to €29.766 thousand. This voluntarily supplied SAF is expected to be partially subsidised by the European Union in the form of free emission allowances to be received in 2026, in accordance with European Directive 2023/958.

25. Guarantees given to third parties

As an alternative to the deposits established (Note 10.1), several financial institutions have presented bank guarantees in favour of the aircraft lessors to secure the lease contracts and other items, mainly in favour of airports and fuel supply companies.

As of December 31, 2025, the guarantees extended by the Company to aircraft lessors stood at €30.369 thousand (€43.366 thousand at December 31, 2024), and the guarantees extended to ground handling companies, airports and for fuel purchases stood at €156.112 thousand (€117.445 thousand at December 31, 2024). Additionally, during the 2025 financial year, a bank guarantee amounting to EUR 40,000 thousand was formalised as security to cover any potential damages arising from the precautionary measure adopted in the proceedings relating to hand luggage, as described in section 14.2.

The Company's Directors do not consider that additional liabilities other than those already recorded in the accompanying financial statements will arise due to these guarantees.

26. Audit fees

In 2025 and 2024, the fees related to the audit of the accounts and other services provided by the Company's auditor KPMG Auditores S.L., or by a company of the same group or related to the auditor, were as follows:

thousands of euros	**2025**	**2024**
Audit services	395	395
Other verification services	31	31
Total audit and related services	**426**	**426**
Total professional services	**426**	**426**

27. Subsequent events

There have been no relevant subsequent events affecting these financial statements.

Vueling Airlines, S.A.

Management Report

For to the year to
December 31, 2025

Business performance and Company position

Vueling Airlines S.A. was established in Spain in accordance with the Spanish Companies Act. The Company's commercial activity is the operation and management of scheduled passenger air transport under the commercial name Vueling.

Vueling was established with the aim of becoming the leading new-generation European airline, combining the seemingly irreconcilable advantages of the “low cost” model with the highest standard of customer service.

In 2025, the Company has been operating normally in all its bases in Spain (Barcelona, Bilbao, Valencia, Alicante, Palma de Mallorca, Ibiza, Seville, Malaga, Tenerife, Santiago and Las Palmas), in Italy (Rome and Florence), in France (Paris) and in the United Kingdom (London).

Vueling provides all its services with the aim of meeting the needs and expectations of its customers and providing its shareholders with a growing and sustainable return.

Throughout 2025, Vueling has increased its offer compared with 2024 and has exceeded pre-pandemic levels. Available seat-kilometres increased by 3.5% compared with the previous year and by 8.4% compared with 2019. Growth was mainly concentrated on flights between Barcelona and strategic European corridors, as well as domestic routes.

Activity and traffic

Vueling carried 38 million passengers in 2025, in line with the previous year. The Company operated 227,112 flights (2% more than the previous year) with a load factor of 90%.

Profit/(loss)

Vueling recorded a net profit after tax of €235 million in 2025, up on the previous year's profit by 10%. In 2024, a net profit of €214 million was recorded. The operating profit was similar (€286 million, v. €300 million in 2024), and financial income was lower due to lower exchange rate differences and derivatives. Income tax expense was similar to the previous year (51 million in 2025, 55million in 2024).

Income

Vueling recorded total income of €3.230 million in 2025. This number represents a decrease of (0,60)% on the previous year. This value relates to the 3.5% increase in activity and the decrease in the load factor (90% in 2025 and 92% in 2024). Passenger numbers and average revenue per passenger were in line with the previous year due to the above-mentioned increase in activity and the 2 percentage point fall in the load factor down to 90%.

The average income per passenger was €85 in 2025, in line with the total income per passenger for the previous year. By contrast, unit income per available seat-kilometre stood at 7.43 euro cents, a reduction of 3.7% compared with the previous year.

Expenses

Total expenses amounted to €3.018 million, an increase of 0,15% on 2024.

The total unit cost per seat-kilometre offered was 6.92 euro cents, a decrease of 3.3% on the previous year. Unit fuel costs decreased by 8% compared with the previous year, due to the decrease in the cost of fuel. The unit cost excluding fuel stood at 4.87 euro cents. This entails a 1% reduction compared to the same period of the previous year, which has been achieved thanks to the increase in activity improving the dilution of fixed costs and to ongoing cost containment efforts made to combat inflation and other adverse factors.

Business consolidation and robust profitability

In 2025, growth reached 3.5% and despite lower unit revenue than in 2024, profitability remained stable. Net profit amounted to €235 million, marking a third consecutive year of solid post-pandemic results. Vueling has been able to offset the rise in costs thanks to constant efforts to preserve the profitability of its operations. In addition, it continues to hold a low leverage position, with net debt below pre-pandemic levels.

Average supplier payment period

The Company's average supplier payment period at 31 December 2025 was 25 days (27 days in 2024).

Research and development

The Company did not perform any significant research and development in 2025. However, it has made investments in intangible assets and software that are eligible for tax deductions for technological innovation.

Risk and uncertainty policy and management

The Company's financial risk is managed centrally by the Finance Department and the Board of Directors, which have established the mechanisms necessary to control exposure to fluctuations in exchange rates, interest rates and fuel prices, as well as credit and liquidity risks. The main financial risks to which the Company is exposed are set out below:

Credit risk

Except for the transactions performed to hedge exchange rate risk, fuel and the balances payable to aircraft lessors, the Company has no significant credit risk concentrations. Transactions with currency and fuel derivatives are only executed with financial institutions with a high credit rating. Direct sales to passengers are carried out via credit cards and other alternative means of payment or in cash. Travel agency sales are also carried out via IATA's BSP or by credit card and other alternative means of payment.

Liquidity risk

The Company manages liquidity risk prudently by holding sufficient cash, current financial investments and marketable securities, as well as available financing through committed credit facilities and sufficient capacity to settle market positions.

Market risk

The Company is exposed to price risks from jet fuel. The Company has arranged derivative instruments to hedge the risk of future price fluctuations. The price risk management policy consists of hedging a specific percentage of jet fuel used by aircraft (Note 18).

The Company is exposed to exchange rate risks for foreign currency transactions, mainly in US dollars. Exchange rate risk arises from future commercial transactions, such as fuel purchases or the costs associated with aircraft operating leases. To manage the exchange rate risk arising from future commercial transactions denominated in dollars, the Company uses forward currency contracts. The Company's Finance Department manages the net position in US dollars using derivative financial instruments.

The Company's risk management policy uses hedging instruments for a defined percentage of its currency needs. Through budget management, the Company can determine the dates of future payments in US dollars with a high degree of accuracy. Therefore, almost all the planned payments in US dollars are classified as firm commitments or highly probable forecast transactions for hedge accounting.

The Company holds assets with short-term returns invested in deposits with a yield in accordance with financial markets. Income and cash flows from the Company's ordinary activities are mostly independent of variations in market interest rates.

Treasury shares

At 31 December 2025, the Company had no treasury shares.

Significant events after the reporting date

There have been no relevant subsequent events affecting these financial statements.

Non-financial information statement

As stated in Law 11 of 28 December 2018, which amends the Commercial Code, the recast text of the Spanish Companies Act approved by Royal Legislative Decree 1 of 2 July 2010 and Law 22 of 20 July 2015 on Account Auditing, in relation to non-financial information and diversity, the Company is exempt from presenting the non-financial information statement since this information is included in a separate document in the Consolidated Management Report publicly presented by International Consolidated Airlines Group, S.A. in due time and form. It will be available at the Mercantile Registry, on the website of the National Securities Market Commission and the Group's website.

Vueling Airlines, S.A.

Annual Accounts for the year to 31 December 2025.

Carolina Martinoli
Chief Executive Officer

Joana de Epalza
Board Member

Jorge Saco
Board Member

Gabriel Perdiguero de la Torre
Board Member

Julio Rodríguez Contreras
Board Member

Barcelona, 23 February 2026

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

(Signed on original in Spanish)