IAG H1 results 2025

Strong first half of 2025: robust demand delivering good earnings growth, margin progression and strong returns to shareholders

Luis Gallego, IAG Chief Executive Officer, said:

"Our strong performance in the first half of 2025 reflects the resilience of demand for travel and the success of our ongoing transformation, underpinned by the fundamental strengths of our Group.

"We continue to benefit from the trend of a structural shift in consumer spending towards travel. We remain focused on our market-leading brands and core geographies, where we continue to see robust performance, allowing us to invest in fleet as well as technology to improve operational efficiency and customer experience.

"These results give us confidence that we will deliver good earnings growth and margin progression for the full year and enable us to create value for our shareholders through our sustainable dividend and the share buyback."

Highlights

- Revenue growth in the first half of 8.0% to €15,906 million, reflecting strong demand for our network and brands
- Operating profit before exceptional items in H1 2025 increased by 43.5% to €1,878 million, driven by revenue, fuel and foreign exchange benefits
  - Q2 operating profit before exceptional items increased by 35.4% to €1,680 million
- Transformation programme delivering a better customer experience and supported a 2.9 pts increase in operating margin to 11.8% in the first half
- Strong balance sheet gives flexibility in capital allocation: net leverage of 0.7x and gross leverage of 2.0x, supported by significant free cash flow
- Creating value for our shareholders
  - Adjusted Earnings per share growth of 69.9%
  - €1.5 billion of cash returns to shareholders in 2025 through dividends and buybacks, announced to date

Outlook

- We are confident in delivering good earnings growth, margin progression and strong returns to shareholders this year, whilst being mindful of the ongoing uncertainty that may result from the geopolitical and macroeconomic backdrop
- We are continuing to see robust demand for air travel and for our brands across our core markets, highlighting the strength of our portfolio
- Demand in our core markets of North Atlantic, Latin America and Europe is robust, with strength in our premium cabin partially mitigating some softness in US point-of-sale economy leisure
- As of 29 July we are 57% booked for the second half, with booked revenue in line with last year
- Confident in the longer term outlook for IAG

Financial summary:

Reported results (€ million)	Six months to 30 June 2025	2024	Higher/ (lower)	Three months to 30 June 2025	2024	Higher/ (lower)
Total revenue	**15,906**	14,724	8.0 %	**8,862**	8,295	6.8 %
Operating profit	**1,878**	1,309	43.5 %	**1,680**	1,241	35.4 %
Profit after tax	**1,301**	905	43.8 %	**1,125**	909	23.8 %
Basic earnings per share (€ cents)	**27.3**	18.4	48.4 %			
Cash, cash equivalents and interest-bearing deposits[1]	**9,348**	9,828	(480)			
Borrowings[1]	**14,807**	17,345	(2,538)			

Alternative performance measures (€ million)	2025	2024	Higher/ (lower)	2025	2024	Higher/ (lower)
Total revenue before exceptional items	**15,906**	14,724	8.0 %	**8,862**	8,295	6.8 %
Operating profit before exceptional items	**1,878**	1,309	43.5 %	**1,680**	1,241	35.4 %
Operating margin before exceptional items	**11.8%**	8.9%	2.9 pts	**19.0%**	15.0%	4.0 pts
Profit after tax before exceptional items[2]	**1,301**	815	59.6 %	**1,125**	908	23.9 %
Adjusted earnings per share (€ cents)	**26.5**	15.6	69.9 %			
Net debt[1]	**5,459**	7,517	(2,058)			
Net debt to EBITDA before exceptional items (times)[1]	**0.7**	1.1	(0.4)			
Total liquidity[1, 3]	**12,024**	13,362	(1,338)			

Operating figures	2025	2024	Higher/ (lower)	2025	2024	Higher/ (lower)
Available seat kilometres (ASK million)	**170,050**	165,653	2.7 %	**90,916**	88,969	2.2 %
Passenger revenue per ASK (€ cents)	**8.10**	7.87	2.9 %	**8.55**	8.33	2.6 %
Non-fuel costs per ASK (€ cents)	**6.18**	5.80	6.6 %	**5.91**	5.65	4.6 %

For definitions of Alternative performance measures, refer to the Alternative performance measures definition and reconciliation section from page 47.

1 The prior period comparative is 31 December 2024.
2 There were no exceptional items in the six months to 30 June 2025 (2024: €90 million relating to the withdrawal from the Air Europa transaction and tax, as explained in the Alternative performance measures definition and reconciliation section).
3 Total liquidity includes Cash, cash equivalents and interest-bearing deposits, plus committed and undrawn general and aircraft-specific financing facilities.

Modelling assumptions for FY 2025

Revenue
- Strong customer demand continues
- Capacity increase of c.2.5%, subject to the impact of operational challenges around air traffic control and aircraft engine reliability

Non-fuel unit costs
- We now expect non-fuel unit costs for 2025 to increase by around 3%, compared to the previous guidance of around 4%
- We expect a small increase in underlying costs compared to our previous guidance due to lower capacity growth and slightly higher resilience costs
- FX is now expected to be a small tailwind in the second half

Fuel costs
- Total fuel cost is expected to be €7.1 billion, based on jet forward curve and foreign exchange rates at 30 June 2025

Free cash flow
- Targeting significant free cash flow, generated by sustained high margins
- Net payment in the first half of €408 million to HMRC
- Capex of c.€3.7 billion depending on fleet deliveries
- Final FY 2024 dividend of €280 million now paid - next update for interim dividend at Q3 results
- In addition returning €1.2 billion of excess capital in 2025

Delivering our strategy

Our strategy is designed to generate earnings growth at sustainable world-class margins, the combination of which will deliver sustainable value-creation for shareholders.

We are targeting to deliver our medium term margin objectives of operating margins of 12% to 15%; return on invested capital (RoIC) of 13% to 16%; and net leverage below 1.8x through the cycle.

Building on our three strategic imperatives we have three main drivers of earnings, margin and RoIC over the next few years:

1 Transforming British Airways - British Airways confident in achieving a 15% margin target by 2027

2 Leveraging our Spanish platforms - new medium-term Iberia ambition to deliver €1.4 billion operating profit (2024: €1,027 million) and a margin between 13.5% and 15%

3 Growing IAG Loyalty - generating higher growth, earnings and cash generation

These priorities are underpinned by our Group-wide transformation programme to enable our businesses to reach their full potential in the long term and with a foundation of disciplined capital allocation.

Strengthening our core

IAG's strategy is based on growing its global leadership positions, with a particular focus on its core markets of the North Atlantic, Latin America and intra-Europe (particularly domestic Spain).

Six months to 30 June 2025	**Proportion of total ASKs 2025**	ASKs higher/(lower) v2024	**Passenger load factor (%)**	Higher/(lower) v2024	Passenger revenue per ASK higher/ (lower) v2024[1]
North Atlantic	30.1 %	1.1 %	81.6	(1.2)pts	5.4 %
Latin America and Caribbean	20.0 %	3.5 %	88.2	1.1pts	3.0 %
Europe	25.4 %	2.8 %	83.5	(2.3)pts	(0.4)%
Domestic (Spain and UK)	8.0 %	3.5 %	87.7	(1.4)pts	(1.6)%
Africa, Middle East and South Asia	12.1 %	2.0 %	81.5	(0.5)pts	3.6 %
Asia Pacific	4.4 %	9.7 %	87.2	(0.5)pts	2.9 %
Total network	**100.0 %**	**2.7 %**	**84.1**	**(0.9)pts**	**2.9 %**

1 Passenger revenue per ASK ('PRASK') for the total network is based on total passenger revenue divided by ASKs. For the analysis by region, passenger revenue excludes certain items that are not directly assigned at a route level, including joint business payments or receipts, foreign exchange hedging gains or losses, EC261 compensation and the impact of assumptions for unused tickets.

Leveraging our global leadership positions

Investing in the North Atlantic - the largest aviation market from Europe

The North Atlantic, in particular between the UK and the US, is one of the world's largest and most valuable markets and IAG has a strong position in this market. The Group grew its capacity across the North Atlantic by 1.1% in the first half of 2025. British Airways continues to consolidate its position, such as expanding to serve Pittsburgh on a daily basis. Both Iberia and Aer Lingus have used their new A321 XLRs to deliver profitable growth through adding frequency (Boston with Iberia), seasonality (Washington with Iberia) or flying directly to secondary cities such as Nashville and Indianapolis (Aer Lingus).

Trading in the first quarter was particularly good, driven by very strong demand, reduced competitive capacity into Heathrow and the success of the new XLR fleet. The second quarter performance reflected seasonal competitor growth, some weakness in US point-of-sale economy leisure demand and also the very strong base in 2024. Overall passenger unit revenue increased by 5.4% in the first half.

Investing in the structurally-growing Latin American Market

The Latin American market is growing strongly as economic investment, migration and leisure travel increases between the two regions. As a result, Iberia's long-term strategy is to focus its long-haul growth on Latin America and in 2024 it grew its capacity by 16%. Following strong growth also in the first quarter 2025 of 7%, in the second quarter Iberia reduced its capacity slightly as a result of issues related to the engines on its A330 fleet, but it continues to target stronger positions in its core cities. British Airways also reduced capacity as part of its overall resilience plan for 2025. Overall IAG growth in this market was 3.5% during the half.

Passenger unit revenue increased by 3.0% in the first half highlighting the ongoing strength of the market.

European short-haul market (including Domestic Spain)

IAG operates both short-haul feeder traffic and low cost point-to-point operations intra-Europe. Demand for travel in these markets as a whole continues to be robust and we are well positioned to capitalise on Spain's position as the largest leisure destination in Europe. Overall IAG increased its capacity by 2.8% intra-Europe and 3.5% in Domestic Spain during the first half. Our biggest short-haul carrier Vueling increased its capacity by 3.3% in the first half as it returned to growth having agreed a new deal last year with its pilots, with the strategic objective to strengthen its position in its core markets, particularly as the leader in the Domestic Spain market. Aer Lingus is benefitting from growing demand from Ireland to the UK and Europe, British Airways increased capacity significantly (up 9.2% in the second quarter) in the leisure market through Cityflyer and Euroflyer. Iberia is focusing on core European cities, in particular to support its long-haul ambitions.

Passenger unit revenue in intra-Europe decreased slightly 0.4% in the first half. Aer Lingus and Iberia performed well, and British Airways' unit revenue reflects its high capacity growth, Vueling saw some softer demand in specific northern European countries. Passenger unit revenue in Domestic Spain decreased by 1.6% for the half year, but was slightly positive in the second quarter at 0.9% with the shift of Easter a contributor, particularly at Vueling.

Rest of the World

The Africa, the Middle East and South Asia (AMESA) market has been robust, despite the conflict in Israel and Iran, although our airlines are currently not flying to Tel Aviv and briefly stopped flying to destinations in the Gulf. British Airways' capacity to Asia Pacific is lower than it was pre-Covid due to its shortage of long-haul aircraft but it added Bangkok in the winter and recently started flying again to Kuala Lumpur, which has offset less flying to Beijing, Shanghai and Hong Kong to build resilience elsewhere in the network and where it has a competitive disadvantage against Chinese carriers that can overfly Russia. Iberia has successfully returned to Tokyo over the winter,

Passenger unit revenue to the AMESA region increased by 3.6% during the first half and increased by 2.9% to the Asia Pacific region in the same period.

Strengthening our portfolio of world-class brands

We are continually strengthening the propositions of all our airlines through our Group-wide transformation programme. This supports our objective of delivering higher levels of customer service and more efficient operations that will help to sustain a long-term competitive advantage and drive sustainable earnings growth.

Investing in our customers

Aer Lingus is investing throughout the customer journey, in particular in its digital capability. In the first half it launched a new self-service tool for hotel accommodation in the event of disruption as well as AI support for customer agents to triage, prioritise, assist and respond to customers better and quicker. It is launching a new AI-bot that will connect customers better with the right agent to support their needs.

British Airways is executing its lounge improvement programme, with lounges refreshed in Seattle, Singapore, Lagos and Washington Dulles in the first half of the year. In the second half it will be refitting Miami and Dubai, both of which will be in the new style unveiled last year. It has now also refitted 69% of its Heathrow-based long-haul fleet with the Club Suite. It is starting to roll out the first components of its Commercial IT investment programme, with the new revenue management system having gone live at the end of June.

Iberia is targeting onboard as well as airport improvements. It will refit all of its A330 long-haul cabins by the mid-2030s, including with a new business 'Suite' product; is currently upgrading its lounges at Madrid airport; and has recently agreed with AENA to create a new premium lounge in Madrid's terminal 4, alongside significant further investment by the airport. It is also rolling out free WiFi to its premium Iberia Club members and is investing in digital communications and self-service capability, particularly in disruption.

Vueling's low-cost business model has an inherent digital and self-service capability (and is continuing with initiatives such as adding functionality to the virtual assistant, rolling out WhatsApp channels and WiFi-onboard) but is also focusing on enhancing its customer offering, such as a new summer menu, a dedicated disruption support team, wheelchair accessibility and assisting customers with UK Electronic Travel Authorisation information.

Investing in our operations

An efficient and resilient operational performance is vital for both customer satisfaction, being the biggest factor in customer NPS scores, as well as driving cost efficiency.

During the first half IAG delivered a very good operational performance. British Airways in particular delivered a 7.7 point improvement in its On Time Performance (OTP) to 83.2% as a consequence of steps it has taken over the last couple of years. In particular this includes its new Heathrow Operating Model and AI-driven support tools such as its schedule-intervention capability. This improvement is despite the severe impact of the Heathrow closure on 21 March 2025, disruption due to events in the Middle East, as well as recent Heathrow Airport baggage system failures.

Aer Lingus has increased its OTP by 4.5 points to 81.3%, with particular focus on its ground handling operations at Dublin airport. This includes improvements to slot planning, standardisation of ramp teams, better communications to and between staff and previous-night bag drop.

Iberia and Vueling remain two of the most punctual airlines in the world, despite challenges in engine performance (at Iberia) and air traffic control (Vueling). Iberia has had to invest significantly in ensuring resilience: in wet-lease aircraft, in engineering capability and crew planning optimisation. Vueling is continuing to develop software to automate and speed up decision-making in its schedule planning and Operations Control Centre.

The start to the third quarter has been challenging with a significant number of cancellations affecting all airlines operating in Europe due to air traffic control strikes in France.

Investing in our fleet

New, modern aircraft help to drive operational efficiency, fuel efficiency and lower CO_2 emissions, and are delivered with the most up-to-date cabins and customer products. Acquiring the aircraft on a group basis means that IAG can achieve benefits of scale that most other airlines cannot.

During the first six months of 2025, 13 new aircraft were delivered, as expected. This included eight A320neo-family to British Airways and Aer Lingus, replacing smaller and less efficient aircraft, and another four A321 XLR aircraft to Iberia and Aer Lingus, which will deliver more of the strong profitability that we are already seeing with the three that were delivered at the end of 2024. In addition British Airways took delivery of one Boeing 787-10 as it continues to rebuild its long-haul fleet after the retirement of the 747 fleet in Covid.

In May we announced the order of 71 aircraft for our medium-term long-haul fleet needs. The Group placed an initial order for 18 aircraft in March, including 12 aircraft for British Airways (six Airbus A350-1000, six Boeing 777-9) and six for Iberia (six Airbus A350-900). In May we ordered an additional 53 aircraft. This was for 32 Boeing 787-10s for British Airways and 21 A330-900neos which can be deployed within Aer Lingus, Iberia and LEVEL. 35 of these 53 aircraft will replace existing aircraft, or in the case of LEVEL replace short-term leases, and 18 aircraft will be for growth in IAG's main markets. These 71 aircraft will be delivered between 2027 and 2033 and will form a core component of our long-term capital allocation strategy.

IAG has now allocated its order for 50 Boeing 737s to Vueling, which are scheduled to be delivered from late 2026.

Our people

Having a talented, engaged and productive workforce is a key component to our strategy.

In the last year IAG has created around 2,500 new jobs (taking total headcount to 76,960 at 30 June) which form a major part of our improvements to customer service and efficient operations (including some hires to provide seasonal resilience) as well as having the expertise to deliver our transformation. Our brands are recognised by third parties as being employers of choice, winning a number of awards due to their investment in training and developing their people.

Our operating companies actively engage with unions to secure balanced agreements, ensuring fair and competitive remuneration. We continue to evolve a model where we work towards a more long-term, partnership-based approach aligning some elements of reward with the interests of all our stakeholders, including non-financial objectives. During the first half we reached new deals with British Airways' non-pilot group as well as with Iberia's cabin crew.

Driving capital-light earnings growth

IAG Loyalty is the main driver of IAG's strategy to drive capital-light earnings growth in complementary businesses to our core airlines. Its principal value proposition is to drive the issuance and redemption of Avios and therefore its strategic initiatives are designed to incentivise both.

During the first half IAG Loyalty launched a new partnership with Le Shuttle, with more than 26,000 bookings now made and 15 million Avios issued, American Express launched its tier bonus scheme for Premium Plus cardholders and Loganair moved to Avios in March. British Airways Holidays is an increasingly integrated part of the IAG Loyalty business. 82% of British Airways Holidays' H1 2025 revenue came from British Airways Club members and the average gross revenue per booking for British Airways Club members is 30% higher than for non-members. Beach destinations was the best-performing segment, growing revenue by 18% in H1. Recently British Airways Holidays became the official travel partner for Universal Studios' newly launched Epic Universe. Overall British Airways Holidays grew its revenue by 8% in the first half of 2025.

IAG Loyalty issued 17% more Avios in H1 2025 compared to H1 2024 and 15% more Avios were redeemed in the same period, which helped to drive a 9% increase in operating profit excluding the impact of adopting HMRC's required tax treatment.

A sustainable framework

A path to Net Zero

We continue to make progress towards our 2050 Net Zero emissions target.

In the first half we contractually secured over 200,000 tonnes of Sustainable Aviation Fuel (SAF), a 25% increase year-on-year. This included a deal with Ecoceres over the next four years, as well as taking our first delivery from Phillips 66 for British Airways flights departing from Los Angeles. We have also signed a new three-year Scope 3 agreement with Microsoft, which is the largest and longest Scope 3 airline agreement to date.

From a policy perspective we are pleased that the UK SAF Revenue Certainty Mechanism (RCM) has passed its second reading in Parliament to support future production of SAF in the UK. We continue to believe that aviation-related ETS revenues should be used to fund the RCM, so that airlines are not paying for the scheme as well as for SAF and carbon emissions. We are also continuing to engage with the EU to improve reporting and disclosure requirements through the EU Omnibus directive.

Disciplined capital allocation

IAG has a disciplined approach to capital allocation in order to maximise long term shareholder value.

Maintain a strong balance sheet

Our first priority is a strong balance sheet. As noted above our target is to be below 1.8x net leverage through the cycle. We ended 2024 with leverage at 1.1x and at 30 June 2025 this had improved further to 0.7x. Our net debt at 30 June was €5,459 million.

We are also taking steps to strengthen our Gross leverage position, which was at 2.0x at the end of the first half, including the benefit of €1.3 billion to gross debt from foreign exchange since 31 December 2024. Early in the first quarter we bought back €577 million of our 2027 and 2029 IAG bonds and in March we repaid a €500 million IAG bond on maturity.

This financial strength is reflected in our Investment Grade status with both our ratings agencies Moody's and S&P. During the first half Fitch upgraded British Airways' standalone rating to BBB (stable), its highest-ever rating.

During the first half the British Airways pension scheme (NAPS) triennial actuarial valuation at at 31 March 2024 was agreed at a surplus £1.7 billion. This compares to a £1.65 billion deficit previously (31 March 2021) and confirms that there is currently no need for deficit payments.

Investment in the business

Our second priority is to invest in the business. We are continuing to invest to improve our offerings and efficiency and therefore deliver sustainable earnings growth in the long term. IAG's main areas of investment are fleet, onboard products such as upgraded cabins, our IT and property and airport-related equipment,

During the first half capital expenditure was €1,690 million. This included the delivery of 13 new aircraft as noted above, onboard propositions such as refreshed cabins and refits, airport-based investment such as in the lounges and ground-handling fleet as well as in our digital and IT estate. Across the Group we are investing in moving IT infrastructure to the Cloud as well as focusing on our cyber capabilities and resilience. Our investment in data and AI tools is a key part of our operational and engineering improvements as well as part of our customer-facing enhancements.

Committed to sustainable shareholder returns

IAG is committed to creating sustainable value for its shareholders.

Our first commitment is to a sustainable dividend. In the first half we proposed and have now paid the 2024 final dividend, taking the total dividend to €427 million, or €0.09 per share. We plan to update the market again in November, in line with historical dividend announcements.

In addition we are committed to returning excess cash to shareholders if no inorganic opportunities exist and with consideration to the outlook and to future capital requirements, for example significant forthcoming fleet deliveries. We announced a €350 million share buyback in November 2024 and at Full Year results we announced an intention to return up to €1 billion to shareholders in up to 12 months. At 25 July we had bought back c.€650 million of this €1 billion programme, with the intention to complete the repurchases by the end of November 2025.

On 30 May IAG returned to the MSCI World Index, meaning that the Company is now a benchmark investment for investors around the world.

We continue to focus on maintaining our world-class margins and returns, disciplined capital allocation and delivering sustainable value creation for our shareholders.

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Forward-looking statements:

Certain statements included in this announcement are forward-looking. These statements can be identified by the fact that they do not relate only to historical or current facts. By their nature, they involve risk and uncertainties because they relate to events and depend on circumstances that will occur in the future. Actual results could differ materially from those expressed or implied by such forward-looking statements.

Forward-looking statements often use words such as “expects”, “believes”, “may”, “will”, “could”, “should”, “continues”, “intends”, “plans”, “targets”, “predicts”, “estimates”, “envisages” or “anticipates” or other words of similar meaning or their negatives. They include, without limitation, any and all projections relating to the results of operations and financial conditions of International Consolidated Airlines Group, S.A. and its subsidiary undertakings from time to time (the ‘Group’), as well as plans and objectives for future operations, expected future revenues, financing plans, expected expenditure, acquisitions and divestments relating to the Group and discussions of the Group’s business plans, and its assumptions, expectations, objectives and resilience with respect to climate scenarios. All forward-looking statements in this announcement are based upon information known to the Group on the date of this announcement and speak as of the date of this announcement. Other than in accordance with its legal or regulatory obligations, the Group does not undertake to update or revise any forward-looking statement to reflect any changes in events, conditions or circumstances on which any such statement is based.

Actual results may differ from those expressed or implied in the forward-looking statements in this announcement as a result of any number of known and unknown risks, uncertainties and other factors, including, but not limited to, economic and geo-political, market, regulatory, climate, supply chain or other significant external events, many of which are difficult to predict and are generally beyond the control of the Group, and it is not reasonably possible to itemise each item. Accordingly, readers of this announcement are cautioned against relying on forward-looking statements. Further information on the primary risks of the business and the Group’s risk management process is set out in the Risk management and principal risk factors section in the Annual report and accounts 2024; this document is available on www.iairgroup.com. All forward-looking statements made on or after the date of this announcement and attributable to IAG are expressly qualified in their entirety by the primary risks set out in that section.

Alternative Performance Measures:

This announcement contains, in addition to the financial information prepared in accordance with International Financial Reporting Standards (‘IFRS’) and derived from the Group’s financial statements, alternative performance measures (‘APMs’) as defined in the Guidelines on alternative performance measures issued by the European Securities and Markets Authority (ESMA) on 5 October 2015. The performance and outcome of the Group’s strategy is assessed using a number of APMs. These measures are not defined under IFRS, should be considered in addition to IFRS measurements, may differ to definitions given by regulatory bodies relevant to the Group and may differ to similarly titled measures presented by other companies.

For definitions and explanations of APMs, refer to the APMs section in the most recent published financial report and in the IAG Annual report and accounts 2024. These documents are available on www.iairgroup.com.

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CONSOLIDATED INCOME STATEMENT

€ million	Six months to 30 June 2025	2024	Higher/ (lower)	Three months to 30 June 2025	2024	Higher/ (lower)
Passenger revenue	**13,771**	13,043	5.6 %	**7,771**	7,411	4.9 %
Cargo revenue	**629**	566	11.1 %	**311**	283	9.9 %
Other revenue	**1,506**	1,115	35.1 %	**780**	601	29.8 %
Total revenue	**15,906**	14,724	8.0 %	**8,862**	8,295	6.8 %
Employee costs	**3,232**	2,941	9.9 %	**1,623**	1,504	7.9 %
Fuel costs and emissions charges	**3,523**	3,814	(7.6)%	**1,808**	2,025	(10.7)%
Handling, catering and other operating costs	**2,114**	1,918	10.2 %	**1,127**	1,024	10.1 %
Landing fees and en-route charges	**1,201**	1,170	2.6 %	**647**	645	0.3 %
Engineering and other aircraft costs	**1,580**	1,289	22.6 %	**802**	711	12.8 %
Property, IT and other costs	**572**	548	4.4 %	**273**	268	1.9 %
Selling costs	**573**	577	(0.7)%	**274**	283	(3.2)%
Depreciation, amortisation and impairment	**1,257**	1,140	10.3 %	**639**	581	10.0 %
Net gain on sale of property, plant and equipment	**(2)**	–	nm	**4**	(1)	nm
Currency differences	**(22)**	18	nm	**(15)**	14	nm
Total expenditure on operations	**14,028**	13,415	4.6 %	**7,182**	7,054	1.8 %
Operating profit	**1,878**	1,309	43.5 %	**1,680**	1,241	35.4 %
Finance costs	**(431)**	(471)	(8.5)%	**(212)**	(243)	(12.8)%
Finance income	**155**	187	(17.1)%	**70**	112	(37.5)%
Net change in fair value of financial instruments	**(70)**	(5)	nm	**(145)**	4	nm
Net financing credit relating to pensions	**42**	30	40.0 %	**21**	16	31.3 %
Net currency retranslation credits/(charges)	**336**	(24)	nm	**202**	20	nm
Other non-operating (charges)/credits	**(164)**	20	nm	**(109)**	(17)	nm
Total net non-operating charges	**(132)**	(263)	(49.8)%	**(173)**	(108)	60.2 %
Profit before tax	**1,746**	1,046	66.9 %	**1,507**	1,133	33.0 %
Tax	**(445)**	(141)	nm	**(382)**	(224)	70.5 %
Profit after tax for the period	**1,301**	905	43.8 %	**1,125**	909	23.8 %

ALTERNATIVE PERFORMANCE MEASURES

All figures in the tables below are before exceptional items. Refer to Alternative performance measures definition and reconciliation section for more detail.

	Six months to 30 June			Three months to 30 June		
	Before exceptional items			Before exceptional items		
€ million	**2025**	2024	Higher/ (lower)	**2025**	2024	Higher/ (lower)
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Depreciation, amortisation and impairment	**1,257**	1,140	10.3 %	**639**	581	10.0 %
Net gain on sale of property, plant and equipment	**(2)**	–	nm	**4**	(1)	nm
Currency differences	**(22)**	18	nm	**(15)**	14	nm
Total expenditure on operations	**14,028**	13,415	4.6 %	**7,182**	7,054	1.8 %
Operating profit	**1,878**	1,309	43.5 %	**1,680**	1,241	35.4 %
Finance costs	**(431)**	(471)	(8.5)%	**(212)**	(243)	(12.8)%
Finance income	**155**	187	(17.1)%	**70**	112	(37.5)%
Net change in fair value of financial instruments	**(70)**	(5)	nm	**(145)**	4	nm
Net financing credit relating to pensions	**42**	30	40.0 %	**21**	16	31.3 %
Net currency retranslation credits/(charges)	**336**	(24)	nm	**202**	20	nm
Other non-operating (charges)/credits	**(164)**	70	nm	**(109)**	33	nm
Total net non-operating charges	**(132)**	(213)	(38.0)%	**(173)**	(58)	nm
Profit before tax	**1,746**	1,096	59.3 %	**1,507**	1,183	27.4 %
Tax	**(445)**	(281)	58.4 %	**(382)**	(275)	38.9 %
Profit after tax for the period	**1,301**	815	59.6 %	**1,125**	908	23.9 %

Operating figures	**2025**	2024	Higher/ (lower)	**2025**	2024	Higher/ (lower)
Available seat kilometres (ASK million)	**170,050**	165,653	2.7 %	**90,916**	88,969	2.2 %
Revenue passenger kilometres (RPK million)	**143,074**	140,862	1.6 %	**77,657**	77,111	0.7 %
Passenger load factor (per cent)	**84.1**	85.0	(0.9)pts	**85.4**	86.7	(1.3)pts
Passenger numbers (thousands)	**57,802**	58,230	(0.7)%	**31,624**	31,869	(0.8)%
Cargo tonne kilometres (CTK million)	**2,596**	2,485	4.5 %	**1,288**	1,268	1.6 %
Sectors	**362,632**	360,162	0.7 %	**193,766**	192,877	0.5 %
Block hours (hours)	**1,122,469**	1,097,882	2.2 %	**605,675**	592,426	2.2 %
Average headcount	**75,429**	72,783	3.6 %	**n/a**	n/a	n/a
Aircraft in service	**615**	592	3.9 %	**n/a**	n/a	n/a
Passenger revenue per RPK (€ cents)	**9.63**	9.26	3.9 %	**10.01**	9.61	4.1 %
Passenger revenue per ASK (€ cents)	**8.10**	7.87	2.9 %	**8.55**	8.33	2.6 %
Cargo revenue per CTK (€ cents)	**24.23**	22.78	6.4 %	**24.15**	22.32	8.2 %
Fuel cost per ASK (€ cents)	**2.07**	2.30	(10.0)%	**1.99**	2.28	(12.6)%
Non-fuel costs per ASK (€ cents)	**6.18**	5.80	6.6 %	**5.91**	5.65	4.6 %
Total cost per ASK (€ cents)	**8.25**	8.10	1.9 %	**7.90**	7.93	(0.4)%

FINANCIAL REVIEW for the six months to 30 June 2025

IAG capacity

In the first six months of 2025, passenger capacity operated, measured in available seat kilometres (ASKs), rose by 2.7% versus the same period in 2024.

Capacity operated by airline

	ASKs higher/(lower) v2024	Passenger load factor (%)	Higher/(lower) v2024
Aer Lingus	8.6 %	78.1	(1.3)pts
British Airways	2.1 %	81.9	(1.4)pts
Iberia	1.2 %	87.8	1.2pts
LEVEL	3.9 %	92.9	(1.9)pts
Vueling	3.3 %	89.3	(2.4)pts
Group	**2.7 %**	**84.1**	**(0.9)pts**

Capacity increases versus the first six months of 2024 reflect growth in the Group's airlines' fleets, including the introduction of Airbus A321XLR aircraft at Aer Lingus and Iberia. British Airways increased its Boeing 787-10 and Airbus A320neo family aircraft fleets. LEVEL added an additional A330-200 aircraft and Vueling resumed growth with additional leased Airbus A320ceo aircraft. Capacity growth was slightly lower than previously anticipated, particularly at Iberia, due to aircraft and engine availability.

Basis of preparation

In its assessment of going concern over the period of at least 12 months from the date of approval of this report (the 'going concern period'), the Board has considered the impact of a severe but plausible downside scenario and sensitivities, together with aircraft financing requirements. Consequently the Directors have a reasonable expectation that the Group has sufficient liquidity to continue in operational existence over the going concern period, and hence continue to adopt the going concern basis.

Unless stated otherwise, all figures and variances quoted below relate to the first six months of 2025 compared with the first six months of 2024 on a reported basis (including exceptional items).

Summary

Reported results € million	**2025**	2024	Higher/(lower) vly
Operating profit	**1,878**	1,309	569
Profit before tax	**1,746**	1,046	700
Profit after tax	**1,301**	905	396

The Group's Operating profit for the first six months increased by €569 million versus the first six months of 2024, driven by higher passenger unit revenues and lower fuel unit costs, partially offset by an increase in non-fuel unit costs, as discussed further below. The increase in Operating profit included favourable foreign exchange impacts of €157 million.

Summary of exceptional items

There were no exceptional items in the first six months of 2025.

In the first six months of 2024, the Group recorded two exceptional items: an exceptional cost of €50 million, being the break-fee related to the withdrawal from the acquisition of Air Europa, with a related tax credit of €5 million; and a tax-related exceptional item related to a change in tax legislation in Spain, resulting in an exceptional tax credit of €135 million. See Alternative performance measures definition and reconciliation section for further information.

Alternative performance measures (before exceptional items) € million	**2025**	2024	Higher/(lower) vly
Operating profit	**1,878**	1,309	569
Profit before tax	**1,746**	1,096	650
Profit after tax	**1,301**	815	486

Revenue

€ million	**2025**	Higher/(lower) vly (%)	Higher/(lower) vly
Passenger revenue	**13,771**	5.6 %	728
Cargo revenue	**629**	11.1 %	63
Other revenue	**1,506**	35.1 %	391
Total revenue	**15,906**	8.0 %	1,182

Passenger revenue

The increase in passenger revenue of €728 million, or 5.6%, was ahead of the increase in passenger capacity of 2.7%, driven by higher yields, measured as passenger revenue per revenue passenger kilometre, up 3.9%, offset by a reduction in the passenger load factor, which was 0.9 points lower. Passenger unit revenue, measured as passenger revenue per ASK, rose by 2.9%. The growth in passenger revenue was linked to the increase in capacity and continued strong leisure demand, together with favourable foreign exchange impacts of €177 million.

Passenger revenue by region

The table below shows the regional data for quarter 2. The equivalent data for the first six months is provided in the Delivering Our Strategy section earlier in this report.

Three months to 30 June 2025	Proportion of total ASKs 2025	ASKs higher/(lower) v2024	Passenger load factor (%)	Passenger load factor higher/(lower) v2024	Passenger revenue per ASK higher/(lower) v2024[1]
North Atlantic	32.1 %	1.8 %	83.9	(2.8)pts	0.6 %
Latin America and Caribbean	17.9 %	(0.2)%	88.5	1.2pts	5.1 %
Europe	27.1 %	3.5 %	85.1	(1.9)pts	(0.7)%
Domestic (Spain and UK)	7.7 %	2.3 %	90.0	(0.8)pts	0.9 %
Africa, Middle East and South Asia	10.7 %	3.2 %	81.4	0.3pts	3.9 %
Asia Pacific	4.5 %	4.7 %	87.0	(0.9)pts	6.6 %
Total network	**100.0 %**	**2.2 %**	**85.4**	**(1.3)pts**	**2.6 %**

1 Passenger revenue per ASK for the total network is based on total passenger revenue divided by ASKs. For the analysis by region, passenger revenue excludes certain items that are not directly assigned at a route level, including joint business payments or receipts, foreign exchange hedging gains or losses, EC261 compensation and the impact of assumptions for unused tickets.

Cargo revenue

Cargo revenue of €629 million was €63 million higher than in 2024. Cargo volumes, measured in cargo tonne kilometres (CTKs), were 4.5% higher than the previous year, whilst cargo yields, measured as cargo revenue per cargo tonne kilometre, were 6.4% higher. Despite evolving market conditions impacting global supply chains, market yields remain elevated, and the Group prioritised premium products and high yielding regions, including Asia Pacific and India.

Other revenue

Other revenue, at €1,506 million, was up €391 million versus 2024, mainly driven by increased third-party revenues from Iberia's Maintenance, Repair and Overhaul (MRO) business, together with increased revenue at British Airways Holidays and IAG Loyalty.

Operating costs

Total operating expenditure rose from €13,415 million in 2024 to €14,028 million in 2025, an increase of 4.6%, linked to the higher volume of flights and an increase in non-fuel unit costs, which increased by 6.6% versus the first six months of 2024, partially offset by lower fuel unit costs. The increase in non-fuel unit costs was impacted by adverse foreign exchange impacts of €56 million, representing 0.6 points of the variance, partially offset by favourable transactional foreign exchange. The growth in costs arising from the Group's increased Other revenue drove approximately 3.0 points of the increase. The impact of the closure of Heathrow airport on 21 March increased non-fuel unit costs by approximately 0.5 points. The remaining growth in non-fuel unit costs was due to recruitment and training ahead of the summer season, the investments in the airlines' operations and customer experience and the impact of wage increases and supplier cost increases, which were partially mitigated by the impact of the Group's transformation and innovation initiatives.

Employee costs

	2025	Higher/(lower) vly (%)	Higher/(lower) vly
Employee costs, € million	**3,232**	9.9 %	291
Employee costs per ASK, € cents	**1.90**	7.1 %	

The rise in employee costs of €291 million or 9.9% versus 2024 reflects wage increases and bonus provisions, together with an increase in employee numbers, with average headcount 3.6% higher than in the first half of 2024, as the Group's airlines increased capacity and undertook recruitment and training in preparation for their peak summer operations. From April, employee costs also rose due to the increase in Employers' National Insurance in the UK.

Fuel costs and emission charges

	2025	Higher/(lower) vly (%)	Higher/(lower) vly
Fuel costs and emissions charges, € million	**3,523**	(7.6)%	(291)
Fuel costs and emissions charges per ASK, € cents	**2.07**	(10.0)%	

Fuel costs and emissions charges were down €291 million, or 7.6% versus 2024, driven by lower prices, partially offset by increased flying volumes. The Group's effective fuel price net of fuel hedging and related foreign currency hedging was down approximately 10% versus 2024. The cost of complying with various emissions trading schemes and the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) was €185 million, up from €158 million in the first six months of 2024. Fuel consumption and costs continue to benefit from the Group's investment in new-generation aircraft.

Supplier costs

€ million	2025	Higher/(lower) vly (%)	Higher/(lower) vly
Handling, catering and other operating costs	**2,114**	10.2 %	196
Landing fees and en-route charges	**1,201**	2.6 %	31
Engineering and other aircraft costs	**1,580**	22.6 %	291
Property, IT and other costs	**572**	4.4 %	24
Selling costs	**573**	(0.7)%	(4)
Currency differences	**(22)**	nm	(40)
Total Supplier costs	**6,018**	9.0 %	498
Supplier costs per ASK, € cents	**3.54**	6.2 %	

Total Supplier costs rose by €498 million, or 9.0%, to €6,018 million, with the impact of the Group's cost transformation initiatives partially mitigating the impacts of inflation and the additional operating cost arising from the Group's investment in customer experience and IT. Handling, catering and other operating costs include customer care costs related to the closure of Heathrow airport on 21 March. Engineering and other aircraft costs include costs related to the growth in Iberia's MRO revenues. Supplier unit costs increased by 6.2% versus 2024.

Ownership costs

Ownership costs include depreciation, amortisation and impairment of tangible and intangible assets, including right of use assets, and the net gain on sale of property, plant and equipment.

	2025	Higher/(lower) vly (%)	Higher/(lower) vly
Depreciation, amortisation and impairment	**1,257**	10.3 %	117
Net gain on sale of property, plant and equipment	**(2)**	nm	2
Ownership costs, € million	**1,255**	10.1 %	115
Ownership costs per ASK, € cents	**0.74**	7.2 %	

The increase in ownership costs versus 2024 is mainly driven by the increase in the Group's fleet of aircraft, which is linked to the airlines' growth in capacity and their investments in new, more fuel-efficient aircraft, together with customer-focused investments, such as new and improved seats in business cabins, and IT investment. The net gain on the sale of property, plant and equipment of €2 million related to the disposal of aircraft and related equipment at the end of their operational lives.

Exchange rate impact

Exchange rate impacts are calculated by retranslating current year results at prior year exchange rates. The reported revenues and expenditures are impacted by the translation of currencies other than euro, primarily pound sterling related to British Airways and IAG Loyalty, to the Group's reporting currency of euro. From a transaction perspective, the Group's performance is impacted by the fluctuation of exchange rates, primarily exposure to the pound sterling, euro and US dollar. The Group typically generates a surplus in most currencies in which it does business, except the US dollar, for which capital expenditure, debt repayments and fuel purchases typically create a deficit which is managed and partially hedged. The Group hedges its economic exposure from transacting in foreign currencies but does not hedge the translation impact of reporting in euro.

Overall, in the first six months of 2025 the Group's operating profit before exceptional items benefited from €157 million of favourable exchange rate impacts versus the same period in 2024.

Exchange rate impact before exceptional items

	2025		
€ million Favourable/(adverse)	Translation impact	Transaction impact	**Total exchange impact**
Total exchange impact on revenue	200	(7)	**193**
Total exchange impact on operating expenditures	(181)	145	**(36)**
Total exchange impact on operating profit	19	138	**157**

Operating profit before exceptional items by operating company

	2025	2024	Higher/(lower)
British Airways (£ million)[1]	**824**	555	269
Aer Lingus (€ million)	**80**	9	71
Iberia (€ million)	**564**	362	202
Vueling (€ million)	**95**	97	(2)
IAG Loyalty (£ million)[1]	**191**	193	(2)

1 2024 comparatives restated for the transfer of British Airways Holidays from British Airways to IAG Loyalty.

The Group's airlines all benefited from lower fuel prices. At British Airways, the improvement of £269 million related to its 2.1% increase in capacity, together with improved unit passenger revenue and was after the impact of the London Heathrow airport closure on 21 March, which had an estimated adverse impact on operating profit of £40 million (€50 million). The €71 million increase in operating profit for Aer Lingus mainly reflected growth, with the introduction of Airbus A321XLR aircraft, together with the impact of industrial action in the 2024 base. Iberia benefited from higher unit passenger revenue and additional MRO revenue. Vueling's small decline in operating profit was mainly driven by the intra-Europe market, with the Domestic segment performing well. IAG Loyalty's operating profit was impacted by accounting for VAT on the issuance of Avios, which the Group disputes (see Tax section below). Absent this change, IAG Loyalty would have reported an increase in operating profit versus 2024 for the first half of £17 million.

Total net non-operating charges

Total net non-operating charges for the six months were €132 million, versus charges of €263 million in 2024, which included the exceptional €50 million cost for the break-fee related to the withdrawal from the acquisition of Air Europa outlined above. The net change in the fair value of financial instruments of €70 million is related to the Group's convertible bond, which increased in value, in line with the rise in the Group's share price. A weaker US dollar at 30 June 2025 compared with 31 December 2024 led to a Net currency retranslation credit of €336 million in 2025, versus a charge of €24 million in 2024. Other non-operating charges of €164 million mainly relate to foreign exchange derivative contracts for which hedge accounting is not applied, which were also impacted by the weaker US dollar.

Tax

The tax charge on the profit for the six months was €445 million (2024: tax charge of €141 million), with an effective tax rate of 25% (2024: 13%). The difference between the current period effective tax rate of 25% and the prior period effective tax rate of 13% is primarily due to the revocation of Royal Decree Law 3/2016 in Spain, detailed further in the Alternative performance measures definition and reconciliation section.

The tax charge is calculated by applying the best estimate of the average annual effective tax rate for each material tax jurisdiction to the interim period pre-tax income of each jurisdiction. The substantial majority of the Group's activities are taxed where the main operations are based: in Spain, the UK and Ireland, which have statutory corporation tax rates of 25%, 25% and 12.5% respectively for 2025. The expected tax rate for the Group is determined by applying the relevant corporation tax rate, as adjusted by domestic top-up taxes, to the profits or losses of each jurisdiction. The geographical distribution of profits and losses in the Group results in the expected tax rate being 24% for the six months to 30 June 2025.

The difference between the actual effective tax rate of 25% and the expected tax rate of 24% is principally due to Spanish tax arising on intra-group dividends.

IAG Loyalty VAT

As previously disclosed, beginning in 2022 and for periods commencing March 2018, His Majesty's Revenue and Customs in the UK (HMRC) undertook a review of the appropriate VAT accounting to be applied by IAG Loyalty, and the validity of a historical ruling ('the Ruling') issued by HMRC to the Group. On 29 October 2024, HMRC issued a decision asserting that VAT is payable at the standard rate of 20% on the issuance of Avios as opposed to the historical approach of accounting for VAT depending on the nature of the redemption products for which Avios are redeemed, for which the vast majority are flights that are zero-rated.

During the first six months of 2025, the Group appealed this matter to the First-tier Tribunal (Tax) in the UK. To advance the case to the First-tier Tribunal (Tax), without admission of liability, the Group paid to HMRC €668 million. Subsequently, the Group recovered €260 million as input VAT for certain of its subsidiaries. These amounts, as well as certain other payments made to HMRC pertaining to periods prior to its decision, which in aggregate amount to €521 million, are expected to be refunded if the matter is resolved in the Group's favour. Accordingly, these amounts have been recorded as a non-current asset on the Balance sheet.

In addition, during the first six months of 2025, the Group applied to the High Court in the UK for a judicial review of whether IAG Loyalty had a legitimate expectation that it could rely on a historical ruling issued by HMRC. As at the date of this report, the Group is awaiting confirmation as to whether its application for a judicial review has been accepted.

For payments made to HMRC for periods subsequent to its decision on 29 October 2024, a proportion of the payments made reduce the amounts that would have previously been recognised within Deferred revenue in the Balance sheet upon issuance of the Avios and subsequently within Passenger revenue and Other revenue in the Income statement when the Avios are redeemed. These payments amount to €36 million at 30 June 2025 and have been disclosed as a contingent asset.

The directors are satisfied that it is not probable that an adverse outcome will eventuate, and accordingly, the Group continues to consider at 30 June 2025, and through to the date of this report, that the €521 million non-current asset, recognised as a result of the payment to HMRC, is recoverable.

Aircraft deliveries and financing

Number of aircraft	**Delivered in the six months to 30 June 2025**	Of which financed in the six months to 30 June 2025	Aircraft delivered in 2024 and financed in the six months to 30 June 2025
Airbus A320neo (Aer Lingus)	**1**	–	–
Airbus A320neo (British Airways)	**4**	2	–
Airbus A321neo (British Airways)	**3**	1	–
Airbus A321XLR (Aer Lingus)	**1**	–	2
Airbus A321XLR (Iberia)	**3**	1	1
Boeing 787-10 (British Airways)	**1**	–	–
Sub-total: deliveries from manufacturers	**13**	4	3
Airbus A320ceo (Vueling direct lease)	**7**	7	–
Total	**20**	11	3

During the first quarter, the Group exercised options for six Airbus A350-900 aircraft for Iberia, together with six Airbus A350-1000 aircraft and six Boeing 777-9 aircraft for British Airways. In the second quarter, the Group placed orders for a further 53 wide-bodied aircraft: 21 Airbus A330-900neo aircraft, which can be deployed within Aer Lingus, Iberia or LEVEL; and 32 Boeing 787-10 aircraft for British Airways. The order for 53 aircraft was subject to shareholder approval, which was obtained on 19 June 2025 at the Group's Annual General Meeting.

These orders will be used for a combination of fleet replacement and growth and form part of the Group's ongoing investment in new, modern aircraft to drive operational efficiency, reduce emissions, and enhance onboard products for customers. The aircraft will be delivered between 2027 and 2033.

Future fleet deliveries

Following the deliveries and orders outlined above, the Group's future orders are now:

Aircraft	**Orders at 30 June 2025**	Orders at 31 December 2024
Airbus A320ceo	**1**	7
Airbus A320neo	**42**	47
Airbus A321neo	**32**	35
Airbus A321XLR	**7**	11
Airbus A330-900	**21**	–
Airbus A350-900	**9**	3
Airbus A350-1000	**6**	–
Boeing 737-8200	**25**	25
Boeing 737-10	**25**	25
Boeing 777-9	**24**	18
Boeing 787-10	**38**	7
Total	**230**	178

Free cash flow

	Six months to 30 June		
€ million	**2025**	2024	Variance
Net cash flows from operating activities	**3,787**	4,581	(794)
Acquisition of property, plant and equipment and intangible assets	**(1,690)**	(1,411)	(279)
Free cash flow	**2,097**	3,170	(1,073)

Cash flow

	Six months to 30 June		
€ million	**2025**	2024	Variance
Net cash flows from operating activities	**3,787**	4,581	(794)
Net cash flows from investing activities	**(1,678)**	(1,547)	(131)
Net cash flows from financing activities	**(2,578)**	(830)	(1,748)
Cash and cash equivalents at period end	**7,723**	7,715	8
Interest-bearing deposits maturing after more than three months	**1,625**	1,983	(358)
Cash, cash equivalents and other interest-bearing deposits	**9,348**	9,698	(350)

Cash flows from operating activities

€ million	Six months to 30 June 2025	2024	Variance
Operating profit	**1,878**	1,309	569
Depreciation, amortisation and impairment	**1,257**	1,140	117
Net gain on disposal of property, plant and equipment	**(2)**	–	(2)
Pension contributions net of service costs	**(8)**	(1)	(7)
(Decrease)/increase in provisions (excluding carbon-related obligations)	**(68)**	75	(143)
Purchase of carbon-related assets net of the change in carbon-related obligations	**(170)**	(34)	(136)
Unrealised currency differences	**(61)**	86	(147)
Payment to HMRC to appeal IAG Loyalty VAT	**(447)**	–	(447)
Other movements	**(63)**	43	(106)
Interest paid	**(371)**	(419)	48
Interest received	**159**	161	(2)
Tax paid	**(156)**	(45)	(111)
Movement in working capital	**1,839**	2,266	(427)
Net cash flows from operating activities	**3,787**	4,581	(794)

The decrease in the net cash inflow from operating activities versus the first six months of 2024 of €794 million includes the impact of the payment to HMRC, net of refunds, of €447 million related to the IAG Loyalty VAT litigation, as outlined in the Tax section above. Whilst operating profit and depreciation, amortisation and impairment were both higher than in the first six months of 2024, provision movements reflected the timing of maintenance activities on aircraft and engines and purchases of carbon-related assets were also higher, as the Group prepares for increasing requirements for ETS allowances. The movement in working capital of €1,839 million principally relates to the normal seasonal inflow of leisure bookings ahead of the peak summer travel period, which leads to increased deferred revenue at June versus the previous December. Total deferred revenue at 30 June 2025 was €10,266 million, a reduction of €405 million from 30 June 2024, including the impact of adverse foreign exchange movements and VAT payments on IAG Loyalty's issuance of Avios.

Cash flows from investing activities

€ million	Six months to 30 June 2025	2024	Variance
Acquisition of property, plant and equipment and intangible assets	**(1,690)**	(1,411)	(279)
Sale of PPE, intangible assets and investments	**17**	426	(409)
Increase in other current interest-bearing deposits	**(4)**	(572)	568
Other investing movements	**(1)**	10	(11)
Net cash flows from investing activities	**(1,678)**	(1,547)	(131)

The acquisition of property, plant and equipment and intangible assets of €1,690 million reflects the Group's continued investment in new aircraft, with 13 new aircraft delivered in the first half of the year, together with product enhancements, maintenance, IT and ground equipment.

Cash flows from financing activities

€ million	2025	2024	Variance
	Six months to 30 June		
Proceeds from borrowings	**414**	520	(106)
Repayment of borrowings	**(1,292)**	(216)	(1,076)
Repayment of lease liabilities	**(682)**	(1,092)	410
Of which:			
Operating leases	**(492)**	(466)	(26)
Finance leases in place on 1 January 2019	**(190)**	(626)	436
Settlement of derivative financial instruments	**(20)**	(40)	20
Acquisition of treasury shares	**(771)**	-	(771)
Dividend paid	**(227)**	-	(227)
Other financing movements	**-**	(2)	2
Net cash flows from financing activities	**(2,578)**	(830)	(1,748)

Proceeds from borrowings of €414 million relate to finance lease transactions classified as asset financed liabilities in respect of seven narrow-bodied aircraft, three of which were delivered in 2024. Repayment of borrowings reflects lease principal repayments on asset financed liabilities, together with the repayment of bonds, explained further below. The €436 reduction in the repayment of lease liabilities in respect of finance leases in place on 1 January 2019 was due to the timing of end of lease maturity payments, with the first half of 2024 having a concentration of lease maturities.

The cash outflow related to the acquisition of treasury shares in the first six months of 2025 reflects the completion of the Group's €350 million share buyback programme announced in November 2024 and €572 million purchased under its programme of up to €1 billion for 2025 announced in February 2025.

Cash outflows for dividends paid reflect payments to shareholders in respect of the final 2024-related dividend of €0.06 per share (€280 million), with €227 million paid to shareholders in June and €53 million withholding tax to be paid in quarter 3. The Group resumed dividend payments in 2024, declaring an interim dividend of €0.03 per share (€147 million) at its half-year results on 2 August 2024. As previously announced, future interim dividends will be declared at the quarter 3 results and paid in quarter 4 and a final dividend proposed at the full-year results and paid to shareholders following approval at the Annual General Meeting in June.

Gross debt, net debt and leverage

€ million	30 June 2025	31 December 2024
Total borrowings	**14,807**	17,345
Cash, cash equivalents and current interest-bearing deposits	**9,348**	9,828
Net debt	**5,459**	7,517
Rolling four quarters EBITDA before exceptional items	**7,493**	6,807
Gross debt to EBITDA before exceptional items (times)	**2.0**	2.5
Net debt to EBITDA before exceptional items (times)	**0.7**	1.1

The reduction in Total borrowings included the impact of the Group's decision to partially repay in January 2025, in advance of their maturity, €577 million of bonds maturing in 2027 and 2029, together with the scheduled maturity of a €500 million unsecured bond in March 2025. The remainder of the reduction is mainly due to a weaker US dollar, as the majority of aircraft-related debt is denominated in US dollars. The Group also had higher repayments on existing aircraft debt than financing raised related to new aircraft deliveries, consistent with the Group's aim to hold a portion of new aircraft delivered in 2025 unencumbered.

The main driver of the reduction in Net debt to EBITDA before exceptional items (leverage) versus 31 December 2024 was the normal seasonal inflow of bookings for future travel periods during the first six months of the year, together with increased EBITDA before exceptional items. The typical seasonality within forward bookings sees bookings build over the first two quarters of the year ahead of the peak summer travel season, with forward bookings then reducing in the second half of the year.

On 13 March 2025, S&P upgraded its investment grade credit rating of IAG and British Airways to BBB (stable outlook) from BBB- (positive outlook) and on 4 April 2025, Fitch upgraded its investment grade credit rating of British Airways to BBB (stable outlook) from BBB- (stable outlook). IAG and British Airways are also rated investment grade by Moody's (Baa3); on 14 May 2025 Moody's changed its outlook for both companies from stable to positive.

Liquidity

€ million	30 June 2025	31 December 2024
Cash, cash equivalents and current interest-bearing deposits	**9,348**	9,828
Committed and undrawn general and overdraft facilities	**2,676**	3,400
Committed and undrawn aircraft facilities	**-**	134
Total	**12,024**	13,362

The principal component of the Group's committed and undrawn general and overdraft facilities is a $3.0 billion (€2.6 billion), sustainability-linked, secured Revolving Credit Facility (RCF), available until 2029 and accessible by British Airways, Iberia and Aer Lingus, each of which has separate limits.

The reduction of Committed and undrawn general and overdraft facilities versus 31 December 2024 was mainly due to the expiry of Aer Lingus' €350 million facility with the Ireland Strategic Investment Fund (ISIF), together with foreign exchange.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group has continued to maintain its processes to identify, assess, and manage risks under the Group's Enterprise Risk Management (ERM) framework. The principal risks and uncertainties affecting the Group are detailed in the Risk management and principal risk factors section of the 2024 Annual report and accounts and these remain relevant. The IAG Board monitors the risk landscape and challenges management in the light of changes that influence or impact the Group's performance, including risks related to financial markets and trade flows, operations and supply chain, transformation agenda or the aviation industry. In assessing its principal risks, the Group has considered its risk environment including: (i) monitoring the trade and economic effects, outcomes to markets and customer sentiment and demand resulting from trade negotiations and the imposition or threat of new tariffs; (ii) heightened geopolitical events and conflicts which create further market uncertainty, may curtail access to markets and result in significant movements in fuel and foreign exchange rates, particularly where they relate to key supply lanes; (iii) operational and technical resilience across its airlines, to adapt to airspace closures and increased friction impacting the flow of goods and creating further supply chain disruption, especially for aircraft, engines and components; (v) managing inflationary effects and additional resilience buffers to offset the external environment in the cost base; (vi) increasing cyber threat environment and use of Artificial Intelligence (AI) and social engineering to gain unauthorised access to systems and data; and (vii) re-skilling requirements and cultural change with the adoption of AI use cases and tools across its businesses. No new principal risks were identified through the risk management discussions and assessments in the year to date. Where further action has been required, the Board has considered potential mitigations, and, where appropriate or feasible, the Group has implemented or confirmed plans that would address those risks or retain them within the Board's determined Group risk appetite.

From the risks identified in the 2024 Annual report and accounts, given the current environment, the main risks that continue to be a key area of focus, due to their potential implications for the Group, are outlined below.

Critical third parties in the supply chain

The aviation sector continues to be affected by its reliance on the global supply chain with the additional stresses of inflationary pressures and friction in global trade driven by the threat of new tariff regimes. The Group airlines proactively assess schedules for operability using AI tools and data to improve forecasting and predictability. Procurement specialists work with all critical suppliers to understand any potential disruption which could impact the availability of new fleet, engines or critical goods or reliability of critical services. The Group is particularly focussed on aircraft and engine manufacturers, given lack of fleet and engine availability and engines' durability problems, to understand their recovery plans and ensure that the additional cost and complexity of delivery delays is minimised or resilience to mitigate third party weaknesses is optimised. Airport infrastructure developments and the airlines' dependency on airport planners in hub airports, to enable growth in a timely, cost effective manner or to minimise operational impacts, are assessed and proactively managed.

Data and cybersecurity

Heightened geopolitical conflict, protectionist stances between regions and governments and the use of AI as a tool to scale malware attacks sees increased exposure with high profile attacks across different industries, particularly those with complex, interconnected supply chains. These can have a significant impact with uncertain recovery times or require limitations on operations to address and resolve or restore data loss. The Group continues to develop its security defences and extend monitoring and recovery capabilities to protect itself.

Economic, political and regulatory environment

Wider macroeconomic events may continue to drive market uncertainty and volatility impacting demand as well as financial factors including inflation, interest rates, fuel price and foreign exchange rates. The tone of dialogue and political responses between countries to ongoing conflicts may cause operational disruption to the Group or its third parties as well as see shifts in investment, policy stance or trade co-operation. The Group continues to monitor and assess threats and potential impacts, particularly the effects new trading agreements, barriers to trade or additional tariffs. The rise of populist governments and the trend of regulatory and policy disparity between key regions, or significant reversal in government policy approaches, may see further protectionism which could result in market or competitive distortion that increases costs to the Group's airlines.

Operational and IT resilience

The operational environment of the Group's airlines remains highly reliant on the ability to adapt operational and customer processes to external event changes. The Group has delivered significant IT infrastructure transformation which has modernised and digitalised its IT estates, as well as securing increased technical resilience. The Group continues to be affected by its reliance on the global supply chain and the impacts of delays in aircraft deliveries, scarcity of components and engines on aircraft turnarounds, aircraft on the ground and reduced aircraft utilisation. Its airlines are focused on minimising the impact of any unplanned outages or disruption to customers with additional resilience built into the airlines' networks.

Transformation, innovation and AI

The Group continues its focus on the cost base to offset inflationary price increases in the supply chain and the additional costs of resilience. AI adoption is being accelerated to provide solutions to operational bottlenecks or disruption events, optimise outcomes or to re-engineer ways of working supported by data driven insights, with the rollout and embedding of AI tools into the Group's businesses. An AI governance framework with Group oversight is in place across AI enabled initiatives The future talent and skillsets needed to deliver the transformation, innovation and growth to meet the Group's ambition have been identified.

The Board and its sub committees have been appraised of regulatory, competitor and governmental responses on an ongoing basis.

TRAFFIC AND CAPACITY STATISTICS - GROUP

	Six months to 30 June			Three months to 30 June		
	2025	2024	Higher/(lower) vly	**2025**	2024	Higher/(lower) vly
Passengers carried ('000s)	**57,802**	**58,230**	**(0.7)%**	**31,624**	**31,869**	**(0.8)%**
North Atlantic	6,243	6,282	(0.6)%	3,655	3,713	(1.6)%
Latin America and Caribbean	3,691	3,532	4.5 %	1,763	1,747	0.9 %
Europe	29,736	30,232	(1.6)%	16,763	16,796	(0.2)%
Domestic (Spain and UK)	14,293	14,442	(1.0)%	7,562	7,758	(2.5)%
Africa, Middle East and South Asia	3,171	3,112	1.9 %	1,515	1,493	1.5 %
Asia Pacific	668	630	6.0 %	366	362	1.1 %
Revenue passenger kilometres (million)	**143,074**	**140,862**	**1.6 %**	**77,657**	**77,111**	**0.7 %**
North Atlantic	41,697	41,853	(0.4)%	24,404	24,772	(1.5)%
Latin America and Caribbean	30,065	28,680	4.8 %	14,428	14,264	1.1 %
Europe	35,989	35,982	– %	20,988	20,725	1.3 %
Domestic (Spain and UK)	11,995	11,786	1.8 %	6,331	6,243	1.4 %
Africa, Middle East and South Asia	16,809	16,587	1.3 %	7,920	7,643	3.6 %
Asia Pacific	6,519	5,974	9.1 %	3,586	3,464	3.5 %
Available seat kilometres (million)	**170,050**	**165,653**	**2.7 %**	**90,916**	**88,969**	**2.2 %**
North Atlantic	51,083	50,525	1.1 %	29,070	28,564	1.8 %
Latin America and Caribbean	34,076	32,932	3.5 %	16,294	16,332	(0.2)%
Europe	43,097	41,931	2.8 %	24,668	23,835	3.5 %
Domestic (Spain and UK)	13,684	13,226	3.5 %	7,032	6,872	2.3 %
Africa, Middle East and South Asia	20,632	20,225	2.0 %	9,728	9,426	3.2 %
Asia Pacific	7,478	6,814	9.7 %	4,124	3,940	4.7 %
			Pts Var			Pts Var
Passenger load factor (%)	**84.1**	**85.0**	**(0.9)**	**85.4**	**86.7**	**(1.3)**
North Atlantic	81.6	82.8	(1.2)	83.9	86.7	(2.8)
Latin America and Caribbean	88.2	87.1	1.1	88.5	87.3	1.2
Europe	83.5	85.8	(2.3)	85.1	87.0	(1.9)
Domestic (Spain and UK)	87.7	89.1	(1.4)	90.0	90.8	(0.8)
Africa, Middle East and South Asia	81.5	82.0	(0.5)	81.4	81.1	0.3
Asia Pacific	87.2	87.7	(0.5)	87.0	87.9	(0.9)
Cargo tonne kilometres (million)	**2,596**	**2,485**	**4.5 %**	**1,288**	**1,268**	**1.6 %**

TRAFFIC AND CAPACITY STATISTICS – BY AIRLINE

	Six months to 30 June			Three months to 30 June		
	2025	2024	Higher/(lower) vly	**2025**	2024	Higher/(lower) vly
Aer Lingus						
Passengers carried ('000s)	**5,311**	5,144	3.2 %	**3,170**	3,040	4.3 %
Revenue passenger kilometres (million)	**12,775**	11,951	6.9 %	**7,884**	7,337	7.5 %
Available seat kilometres (million)	**16,348**	15,047	8.6 %	**9,853**	8,884	10.9 %
Passenger load factor (%)/Pts variance	**78.1**	79.4	(1.3)pts	**80.0**	82.6	(2.6)pts
Cargo tonne kilometres (million)	**80**	87	(8.0)%	**42**	47	(10.6)%
British Airways						
Passengers carried ('000s)	**21,936**	22,110	(0.8)%	**11,966**	11,770	1.7 %
Revenue passenger kilometres (million)	**71,459**	71,171	0.4 %	**38,565**	38,187	1.0 %
Available seat kilometres (million)	**87,266**	85,454	2.1 %	**46,096**	44,795	2.9 %
Passenger load factor (%)/Pts variance	**81.9**	83.3	(1.4)pts	**83.7**	85.2	(1.5)pts
Cargo tonne kilometres (million)	**1,875**	1,815	3.3 %	**933**	921	1.3 %
Iberia						
Passengers carried ('000s)	**12,275**	12,648	(2.9)%	**6,206**	6,647	(6.6)%
Revenue passenger kilometres (million)	**37,077**	36,145	2.6 %	**18,941**	19,300	(1.9)%
Available seat kilometres (million)	**42,210**	41,723	1.2 %	**21,407**	22,030	(2.8)%
Passenger load factor (%)/Pts variance	**87.8**	86.6	1.2pts	**88.5**	87.6	0.9pts
Cargo tonne kilometres (million)	**619**	564	9.8 %	**303**	289	4.8 %
LEVEL						
Passengers carried ('000s)	**382**	379	0.8 %	**223**	239	(6.7)%
Revenue passenger kilometres (million)	**3,315**	3,254	1.9 %	**1,881**	1,998	(5.9)%
Available seat kilometres (million)	**3,568**	3,434	3.9 %	**2,035**	2,109	(3.5)%
Passenger load factor (%)/Pts variance	**92.9**	94.8	(1.9)pts	**92.4**	94.7	(2.3)pts
Cargo tonne kilometres (million)	**22**	19	15.8 %	**10**	11	(9.1)%
Vueling						
Passengers carried ('000s)	**17,898**	17,949	(0.3)%	**10,059**	10,173	(1.1)%
Revenue passenger kilometres (million)	**18,448**	18,341	0.6 %	**10,386**	10,289	0.9 %
Available seat kilometres (million)	**20,658**	19,995	3.3 %	**11,525**	11,151	3.4 %
Passenger load factor (%)/Pts variance	**89.3**	91.7	(2.4)pts	**90.1**	92.3	(2.2)pts
Cargo tonne kilometres (million)	**n/a**	n/a	n/a	**n/a**	n/a	n/a

INTERNATIONAL CONSOLIDATED AIRLINES GROUP S.A.

Unaudited Condensed Consolidated Interim Financial Statements
1 January 2025 – 30 June 2025

CONSOLIDATED INCOME STATEMENT

€ million	Six months to 30 June 2025	2024
Passenger revenue	**13,771**	13,043
Cargo revenue	**629**	566
Other revenue	**1,506**	1,115
Total revenue	**15,906**	14,724
Employee costs	**3,232**	2,941
Fuel costs and emissions charges	**3,523**	3,814
Handling, catering and other operating costs	**2,114**	1,918
Landing fees and en-route charges	**1,201**	1,170
Engineering and other aircraft costs	**1,580**	1,289
Property, IT and other costs	**572**	548
Selling costs	**573**	577
Depreciation, amortisation and impairment	**1,257**	1,140
Net gain on sale of property, plant and equipment	**(2)**	-
Currency differences	**(22)**	18
Total expenditure on operations	**14,028**	13,415
Operating profit	**1,878**	1,309
Finance costs	**(431)**	(471)
Finance income	**155**	187
Net change in fair value of financial instruments	**(70)**	(5)
Net financing credit relating to pensions	**42**	30
Net currency retranslation credits/(charges)	**336**	(24)
Other non-operating (charges)/credits	**(164)**	20
Total net non-operating charges	**(132)**	(263)
Profit before tax	**1,746**	1,046
Tax	**(445)**	(141)
Profit after tax for the period	**1,301**	905
Attributable to:		
Equity holders of the parent	**1,301**	905
Non-controlling interest	**-**	-
	1,301	905
Basic earnings per share (€ cents)	**27.3**	18.4
Diluted earnings per share (€ cents)	**26.5**	17.3

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

€ million	Six months to 30 June 2025	2024
Items that may be reclassified subsequently to net profit		
Cash flow hedges:		
Fair value movements in equity	**(571)**	164
Reclassified and reported in net profit	**67**	(21)
Fair value movements on cost of hedging	**(25)**	105
Cost of hedging reclassified and reported in net profit	**20**	28
Currency translation differences	**(82)**	54
Items that will not be reclassified to net profit		
Fair value movements on other equity investments	**52**	(12)
Fair value movements on liabilities attributable to credit risk changes	**(3)**	(19)
Remeasurements of post-employment benefit obligations	**103**	204
Remeasurements of long-term employee-related provisions	**1**	–
Total other comprehensive (loss)/income for the period, net of tax	**(438)**	503
Profit after tax for the period	**1,301**	905
Total comprehensive income for the period	**863**	1,408
Total comprehensive income is attributable to:		
Equity holders of the parent	**863**	1,408
Non-controlling interest	**–**	–
	863	1,408

Items in the consolidated Statement of other comprehensive income above are disclosed net of tax.

CONSOLIDATED BALANCE SHEET

€ million	30 June 2025	31 December 2024
Non-current assets		
Property, plant and equipment	**21,333**	21,132
Intangible assets	**3,681**	3,642
Investments accounted for using the equity method	**43**	44
Other equity investments	**241**	190
Employee benefit assets	**1,793**	1,711
Derivative financial instruments	**35**	229
Deferred tax assets	**804**	754
Carbon-related and other non-current assets	**1,629**	916
	29,559	28,618
Current assets		
Non-current assets held for sale	**–**	5
Inventories	**630**	617
Trade receivables	**1,774**	1,774
Carbon-related and other current assets	**2,375**	2,336
Current tax receivable	**188**	231
Derivative financial instruments	**117**	395
Current interest-bearing deposits	**1,625**	1,639
Cash and cash equivalents	**7,723**	8,189
	14,432	15,186
Total assets	**43,991**	43,804
Equity		
Issued share capital	**497**	497
Share premium	**7,770**	7,770
Treasury shares	**(980)**	(287)
Other reserves	**(1,334)**	(1,810)
Total shareholders' equity	**5,953**	6,170
Non-controlling interest	**6**	6
Total equity	**5,959**	6,176
Non-current liabilities		
Borrowings	**11,883**	13,870
Employee benefit obligations	**120**	135
Deferred tax liability	**361**	254
Provisions	**3,241**	3,302
Deferred revenue	**164**	203
Derivative financial instruments	**662**	102
Other long-term liabilities	**450**	401
	16,881	18,267
Current liabilities		
Borrowings	**2,924**	3,475
Trade and other payables	**6,316**	6,149
Deferred revenue	**10,102**	8,333
Derivative financial instruments	**808**	194
Current tax payable	**17**	11
Provisions	**984**	1,199
	21,151	19,361
Total liabilities	**38,032**	37,628
Total equity and liabilities	**43,991**	43,804

CONSOLIDATED CASH FLOW STATEMENT

€ million	Six months to 30 June 2025	2024
Cash flows from operating activities		
Operating profit	**1,878**	1,309
Depreciation, amortisation and impairment	**1,257**	1,140
Net gain on disposal of property, plant and equipment	**(2)**	–
Employer contributions to pension schemes	**(15)**	(10)
Pension scheme service costs	**7**	9
(Decrease)/increase in provisions (excluding carbon-related obligations)	**(68)**	75
Purchase of carbon-related assets net of the change in carbon-related obligations	**(170)**	(34)
Unrealised currency differences	**(61)**	86
Payment to HMRC to appeal IAG Loyalty VAT	**(447)**	–
Other movements	**(63)**	43
Interest paid	**(371)**	(419)
Interest received	**159**	161
Tax paid	**(156)**	(45)
Net cash flows from operating activities before movements in working capital	**1,948**	2,315
Increase in trade receivables	**(80)**	(349)
Increase in inventories	**(19)**	(86)
Increase in other receivables and current assets (excluding carbon-related assets)	**(272)**	(402)
Increase in trade payables	**203**	254
Increase in deferred revenue	**1,945**	2,583
Increase in other payables and current liabilities	**62**	266
Net movement in working capital	**1,839**	2,266
Net cash flows from operating activities	**3,787**	4,581
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangible assets	**(1,690)**	(1,411)
Sale of property, plant and equipment and intangible assets	**17**	426
Increase in other current interest-bearing deposits	**(4)**	(572)
Other investing movements	**(1)**	10
Net cash flows from investing activities	**(1,678)**	(1,547)
Cash flows from financing activities		
Proceeds from borrowings	**414**	520
Repayment of borrowings	**(1,292)**	(216)
Repayment of lease liabilities	**(682)**	(1,092)
Settlement of derivative financial instruments	**(20)**	(40)
Acquisition of treasury shares	**(771)**	–
Dividend paid	**(227)**	–
Other financing movements	**–**	(2)
Net cash flows from financing activities	**(2,578)**	(830)
Net (decrease)/increase in cash and cash equivalents	**(469)**	2,204
Net foreign exchange differences	**3**	70
Cash and cash equivalents at 1 January	**8,189**	5,441
Cash and cash equivalents at period end	**7,723**	7,715
Reconciliation to Total cash, cash equivalents and other interest-bearing deposits		
Cash and cash equivalents at period end	**7,723**	7,715
Interest-bearing deposits maturing after more than three months	**1,625**	1,983
Cash, cash equivalents and other interest-bearing deposits	**9,348**	9,698

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months to 30 June 2025

€ million	Issued share capital	Share premium	Treasury shares	Other reserves	**Total shareholders' equity**	Non-controlling interest	**Total equity**
1 January 2025	497	7,770	(287)	(1,810)	**6,170**	6	**6,176**
Total comprehensive income for the period (net of tax)	–	–	–	863	**863**	–	**863**
Hedges transferred and reported in the Balance sheet	–	–	–	2	**2**	–	**2**
Cost of share-based payments	–	–	–	24	**24**	–	**24**
Movement in treasury shares	–	–	77	(133)	**(56)**	–	**(56)**
Acquisition of treasury shares	–	–	(770)	–	**(770)**	–	**(770)**
Dividend	–	–	–	(280)	**(280)**	–	**(280)**
30 June 2025	**497**	**7,770**	**(980)**	**(1,334)**	**5,953**	**6**	**5,959**

For the six months to 30 June 2024

€ million	Issued share capital	Share premium	Treasury shares	Other reserves	Total shareholders' equity	Non-controlling interest	Total equity
1 January 2024	497	7,770	(100)	(4,895)	3,272	6	3,278
Total comprehensive income for the period (net of tax)	–	–	–	1,408	1,408	–	1,408
Hedges transferred and reported in the Balance sheet	–	–	–	56	56	–	56
Cost of share-based payments	–	–	–	31	31	–	31
Movement in treasury shares	–	–	6	(7)	(1)	–	(1)
30 June 2024	497	7,770	(94)	(3,407)	4,766	6	4,772

1 CORPORATE INFORMATION AND BASIS OF PREPARATION

International Consolidated Airlines Group, S.A. (hereinafter 'International Airlines Group', 'IAG' or the 'Group') is a leading European airline group, formed to hold the interests of airline and ancillary operations. IAG (hereinafter the 'Company') is a Spanish company registered in Madrid and was incorporated on 17 December 2009. On 21 January 2011 British Airways Plc and Iberia Líneas Aéreas de España S.A. Operadora (hereinafter 'British Airways' and 'Iberia' respectively) completed a merger transaction becoming the first two airlines of the Group. Vueling Airlines S.A. ('Vueling') was acquired on 26 April 2013, and Aer Lingus Group Plc ('Aer Lingus') on 18 August 2015.

IAG shares are traded on the London Stock Exchange's main market for listed securities and also on the stock exchanges of Madrid, Barcelona, Bilbao and Valencia (the 'Spanish Stock Exchanges'), through the Spanish Stock Exchanges Interconnection System (*Mercado Continuo Español*).

The condensed consolidated interim financial statements were prepared in accordance with IAS 34 (as adopted by the EU) and authorised for issue by the Board of Directors on 31 July 2025. The condensed consolidated interim financial statements herein are not the Company's statutory accounts and are unaudited.

The same basis of preparation and accounting policies set out in the IAG Annual report and accounts for the year to 31 December 2024 have been applied in the preparation of these condensed consolidated interim financial statements, other than those matters described below. IAG's financial statements for the year to 31 December 2024 have been filed with the *Registro Mercantil de Madrid*, and are in accordance with the International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and with those of the Standing Interpretations issued by the IFRS Interpretations Committee of the International Accounting Standards Board (IASB). The report of the auditors on those financial statements was unqualified.

Going concern

At 30 June 2025, the Group had total liquidity of €12,024 million (31 December 2024: total liquidity of €13,362 million), comprising cash, cash equivalents and interest-bearing deposits of €9,348 million and €2,676 million of committed and undrawn general facilities. At 30 June 2025, the Group has no financial covenants associated with its loans and borrowings.

In its assessment of going concern, the Group has modelled two scenarios referred to below as the Base Case and the Downside Case over the period of at least twelve months from the date of the approval of these condensed consolidated interim financial statements ('the going concern period'). The Group's three-year business plan, used in the creation of the Base Case, approved by the Board in December 2024, was subsequently refreshed with the latest available internal and external information in June and July 2025. The refreshed business plan takes into account the Board's and management's views on capacity, based on the potential impact of the wider economic and geopolitical environments on the Group's businesses across the going concern period. The key inputs and assumptions underlying the Base Case through to 30 September 2026, include:

- the Group has assumed that the committed and undrawn general facilities of €2,676 million will not be drawn over the going concern period. The availability of certain of these facilities reduces over time, with €2,616 million being available to the Group at 30 September 2026;
- of the capital commitments detailed in note 9, €1,737 million is due to be paid over the period to 30 September 2026; and
- while the Group does not expect to finance all expected aircraft deliveries over the going concern period, for those it does expect to finance, it has forecast securing 100%, or €732 million, of the aircraft financing that is currently uncommitted, to align with the timing and payments for those aircraft deliveries it expects to finance, including aircraft delivered prior to the balance sheet date that had not had their financing secured at the balance sheet date.

The Downside Case applies stress to the Base Case to model adverse commercial and operational impacts over the going concern period. Given the heightened current global macro-economic and geopolitical uncertainties at the balance sheet date, these stresses have been heightened to those reflected in the consolidated financial statements for the year to 31 December 2024, represented by: reduced levels of capacity operated in each month, including reductions of 25% for three months over the going concern period; reduced passenger unit revenue per available seat kilometre (ASK); increases in the price of jet fuel by 20% above that assumed in the Base Case; and increased operational costs. In the Downside Case, over the going concern period capacity would be 8% down on average when compared to the Base Case. The Downside Case assumes that none of the available general facilities are required to be drawn. The Directors consider the Downside Case to be a severe but plausible scenario.

Having reviewed the Base Case and the Downside Case, the Directors have a reasonable expectation that the Group has sufficient liquidity to continue in operational existence for a period of at least 12 months from the date of approval of these condensed consolidated interim financial statements and hence continue to adopt the going concern basis in preparing the condensed consolidated interim financial statements at 30 June 2025.

2 ACCOUNTING POLICIES

Critical judgement and estimates

Except as described below, the accounting policies adopted in the presentation of the condensed consolidated interim financial statements for the six months to 30 June 2025 are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year to 31 December 2024.

In preparing the condensed consolidated interim financial statements for the six months to 30 June 2025, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses consistent with those disclosed in the Group's annual consolidated financial statements for the year to 31 December 2024.

Impairment indicator assessment of non-financial assets

At 30 June 2025 the Group recognised €2,436 million in respect of intangible assets with an indefinite life, including goodwill.

Goodwill and intangible assets with indefinite economic lives are tested, as part of the cash-generating units to which they relate, for impairment annually and at other times when such indicators exist. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations, which use a weighted average multi-scenario discounted cash flow model, with a weighting of 70% to the Base Case and 30% to the Downside Case. The outputs of the discounted cash flow model are then compared to the carrying amount of the associated cash-generating unit.

At 30 June 2025, the Group has applied judgement in the consideration as to whether either external or internal sources of information would indicate that one or more of the cash generating units may be impaired. Such significant judgement included, since the last impairment test date, the heightened uncertainty regarding the macro-economic and geopolitical environments.

The Group has reflected these heightened uncertainties within the Downside Case model, as detailed in the going concern basis of preparation in note 1. However, the level of headroom for each cash generating unit at the last testing date was of such a magnitude that any plausible adverse change in the Downside Case scenario would not lead to the recognition of an impairment charge. In addition, a reasonable possible further increase in the weighting between the Downside Case and the Base Case would not lead to the recognition of an impairment charge.

The Group has not identified any other adverse external or internal source of information when compared to impairment analysis performed at the last testing date. Such analysis has considered, but not been limited to, internal updated forecasts (as detailed above in relation to going concern), external long-term GDP forecasts and external jet fuel forward price curves.

Accordingly, at 30 June 2025, no impairment test has been undertaken.

Determining whether payments made to HMRC in relation to the IAG Loyalty VAT accounting are recoverable

At 30 June 2025 the Group recognised, as a Non-current other asset, €521 million in respect of VAT it expects to recover from HMRC in the UK.

The Group applies judgement in the determination as to whether it considers the outcome of the judicial process between IAG Loyalty and HMRC, with regard to the IAG Loyalty VAT accounting, is more probable than not to result in a favourable outcome to the Group, and accordingly whether to record the aforementioned payments as an asset.

In forming its judgement, the Group has reviewed the decision letter issued by HMRC and the correspondence with HMRC on this matter, including having considered the historical tax ruling issued by HMRC to the Group on this matter.

The directors are satisfied that it is probable that a favourable outcome will eventuate, and accordingly, the Group continues to consider at 30 June 2025, and through to the date of this report, that the €521 million asset recognised as a result of the payment to HMRC is recoverable. Further information is given in note 6.

New standards, amendments and interpretations adopted by the Group

The following amendments and interpretations apply for the first time in 2025, but do not have a material impact on the consolidated financial statements of the Group:

- lack of exchangeability – amendments to IAS 21 effective for periods beginning on or after 1 January 2025.

The IASB and the IFRS Interpretations Committee (IFRIC) have issued the following standards, amendments and interpretations with an effective date after the end of the reporting period relating to these financial statements. The Group has assessed the impact of these standards, amendments and interpretations, and it is not expected that these will have a material effect on the reported income or net assets of the Group. The Group plans to adopt the following standards, interpretations and amendments on the date they become mandatory:

- classification and measurement of financial instruments – amendments to IFRS 9 and IFRS 7 effective for periods beginning on or after 1 January 2026.

In addition, IFRS 18 – presentation and disclosure in financial statements becomes effective for periods beginning on or after 1 January 2027 and replaces IAS 1 - presentation of financial statements. The Group is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements.

Significant changes and transactions in the current reporting period

The financial performance and position of the Group was affected by the following significant events and transactions in the six month period to 30 June 2025:

- On 17 January 2025, the Group paid €574 million to redeem, at a net discount, €577 million of the notional value of its unsecured bonds in advance of maturity. The notional value of the bonds redeemed amounted to €277 million of the €500 million fixed rate bond 2027 and €300 million of the €700 million fixed rate bond 2029. In addition, the Group paid accrued interest for the bonds that were redeemed amounting to €11 million;
- On 27 February 2025, the Board of Directors proposed a final dividend of €0.06 per share, amounting to €280 million, which was approved at the Annual General Meeting on 19 June 2025;
- During March 2025, the Group exercised options for 12 Airbus A350 aircraft and six Boeing 777-9 aircraft. These orders are part of the Group's ongoing investment in new, modern aircraft to drive operational efficiency, reduce emissions, and enhance onboard products for customers. The aircraft will be delivered between 2027 and 2030;
- On 25 March 2025, the Group redeemed upon maturity the senior unsecured €500 million fixed rate bond; and
- On 9 May 2025, the Group entered into agreements with Boeing to purchase 32 787-10 aircraft and with Airbus to purchase 21 A330-900neo aircraft. The aircraft will be delivered between 2028 and 2033 and will be used for the Group's medium-term long-haul fleet requirements. The fleet order was subsequently approved by shareholders on 19 June 2025.

3 SEASONALITY

The Group's business is highly seasonal with demand strongest during the summer months. Accordingly higher revenues and operating profits are usually expected in the latter six months of the financial year than in the first six months.

4 SEGMENT INFORMATION

a Business segment

The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments, and has been identified as the IAG Management Committee (IAG MC).

The Group has a number of entities which are managed as individual operating companies including airline, loyalty and platform functions. Each operating company operates its network operations as a single business unit and the IAG MC assesses performance based on measures including operating profit, and makes resource allocation decisions for the operating companies based on profitability, primarily by reference to the passenger markets in which the companies operate. The objective in making resource allocation decisions is to optimise consolidated financial results.

The Group has determined its operating segments based on the way that it treats its businesses and the manner in which resource allocation decisions are made. British Airways, Iberia, Vueling, Aer Lingus and IAG Loyalty have been identified for financial reporting purposes as reportable operating segments. LEVEL is also an operating segment but does not exceed the quantitative thresholds to be reportable and management has concluded that there are currently no other reasons why LEVEL should be separately disclosed.

There are varying levels of transactions between operating segments, which principally relate to the provision of maintenance services from the Iberia operating segment to the other operating segments, the provision of flight services by the airlines to the IAG Loyalty segment and the provision of loyalty services from IAG Loyalty to the airline operating segments.

The platform functions of the business primarily support the airline and loyalty operations. These activities are not considered to be reportable operating segments as they either earn revenues incidental to the activities of the Group and resource allocation decisions are made based on the passenger business or are not reviewed regularly by the IAG MC and are included within Other Group companies.

For the six months to 30 June 2025

€ million	British Airways	Iberia	Vueling	Aer Lingus	IAG Loyalty	Other Group companies[1]	Total
				2025			
Revenue							
Passenger revenue	7,616	2,831	1,464	1,125	562	173	**13,771**
Cargo revenue	462	137	–	26	–	4	**629**
Other revenue	64	725	16	11	673	17	**1,506**
External revenue	8,142	3,693	1,480	1,162	1,235	194	**15,906**
Inter-segment revenue	243	194	–	13	190	272	**912**
Segment revenue	8,385	3,887	1,480	1,175	1,425	466	**16,818**
Employee costs	(1,828)	(703)	(227)	(270)	(57)	(147)	**(3,232)**
Fuel costs and emission charges	(2,004)	(744)	(412)	(301)	–	(62)	**(3,523)**
Depreciation and amortisation charge	(710)	(253)	(151)	(95)	(14)	(34)	**(1,257)**
Operating profit/(loss)	**976**	**564**	**95**	**80**	**227**	**(64)**	**1,878**
Exceptional items	–	–	–	–	–	–	**–**
Operating profit/(loss) before exceptional items	**976**	**564**	**95**	**80**	**227**	**(64)**	**1,878**
Net non-operating costs							**(132)**
Profit before tax							**1,746**
Total assets	27,259	10,905	3,828	2,795	4,484	(5,280)	**43,991**
Total liabilities	(21,029)	(9,642)	(4,023)	(2,405)	(4,020)	3,087	**(38,032)**

1 Includes eliminations on total assets of €17,396 million and total liabilities of €5,950 million.

For the six months to 30 June 2024

€ million	British Airways	Iberia	Vueling	Aer Lingus	IAG Loyalty	Other Group companies[1]	Total
				2024			
Revenue							
Passenger revenue	7,184	2,699	1,475	1,012	493	180	13,043
Cargo revenue	414	121	–	27	–	4	566
Other revenue	44	442	8	8	613	–	1,115
External revenue	7,642	3,262	1,483	1,047	1,106	184	14,724
Inter-segment revenue	217	228	–	6	170	224	845
Segment revenue	7,859	3,490	1,483	1,053	1,276	408	15,569
Employee costs	(1,591)	(672)	(209)	(251)	(49)	(169)	(2,941)
Fuel costs and emission charges	(2,200)	(739)	(440)	(299)	–	(136)	(3,814)
Depreciation and amortisation charge	(644)	(231)	(136)	(82)	(11)	(36)	(1,140)
Operating profit/(loss)	647	362	97	9	228	(34)	1,309
Net non-operating costs							(263)
Profit before tax							1,046
Total assets	25,581	10,117	3,616	2,385	4,056	(3,296)	42,459
Total liabilities	(20,732)	(9,113)	(3,940)	(2,241)	(3,967)	2,306	(37,687)

1 Includes eliminations on total assets of €16,905 million and total liabilities of €5,928 million.

b Other revenue

€ million	Six months to 30 June 2025	2024
Holiday and hotel services	**462**	421
Maintenance and overhaul services	**625**	372
Brand and marketing	**210**	191
Ground handling services	**81**	69
Other	**128**	62
	1,506	1,115

c Geographical analysis

Revenue by area of original sale

€ million	Six months to 30 June 2025	2024
UK	**5,713**	5,219
Spain	**2,998**	2,552
USA	**2,695**	2,534
Rest of world	**4,500**	4,419
	15,906	14,724

Assets by area
30 June 2025

€ million	**Property, plant and equipment**	**Intangible assets**
UK	**14,028**	**1,829**
Spain	**5,765**	**1,213**
USA	**98**	**18**
Rest of world	**1,442**	**621**
	21,333	**3,681**

31 December 2024

€ million	Property, plant and equipment	Intangible assets
UK	14,021	1,807
Spain	5,617	1,210
USA	97	18
Rest of world	1,397	607
	21,132	3,642

5 FINANCE COSTS, INCOME AND OTHER NON-OPERATING (CHARGES)/CREDITS

a Finance costs

€ million	Six months to 30 June 2025	2024
Interest expense on:		
Bank borrowings	**(3)**	(7)
Asset financed liabilities	**(104)**	(96)
Lease liabilities	**(222)**	(249)
Bonds	**(20)**	(31)
Provisions unwinding of discount	**(74)**	(56)
Other borrowings	**(10)**	(43)
Capitalised interest on progress payments	**13**	18
Other finance costs	**(11)**	(7)
	(431)	(471)

b Finance income

€ million	2025	2024
Interest on other interest-bearing deposits, cash and cash equivalents	**153**	187
Other finance income	**2**	–
	155	187

c Net change in fair value of financial instruments

€ million	2025	2024
Net change in the fair value of convertible bond	**(70)**	(5)
	(70)	(5)

d Net financing credit relating to pensions

€ million	2025	2024
Net financing credit relating to pensions	**42**	30
	42	30

e Other non-operating (charges)/credits

€ million	2025	2024
Credit related to equity investments	**7**	–
Share of profits in investments accounted for using the equity method	**2**	1
Realised gains on derivatives not qualifying for hedge accounting	**3**	36
Unrealised (losses)/gains on derivatives not qualifying for hedge accounting	**(176)**	34
Net change in the fair value associated with fair value hedges	**–**	(1)
Air Europa Holdings termination settlement expense	**–**	(50)
	(164)	20

6 TAX

The tax charge in the Income statement was as follows:

	Six months to 30 June	
€ million	**2025**	2024
Current tax	**(224)**	113
Deferred tax	**(221)**	(254)
Total tax	**(445)**	(141)

The tax charge is calculated by applying the best estimate of the average annual effective tax rate for each material tax jurisdiction to the interim period pre-tax income of each jurisdiction.

The tax charge on the profit for the six months was €445 million (2024: charge of €141 million), with an effective tax rate of 25% (2024: 13%). The difference between the current period effective tax rate of 25% and the prior period effective tax rate of 13% is primarily due to the revocation of Royal Decree Law 3/2016 in Spain, detailed further in the Alternative performance measures definition and reconciliation section. The substantial majority of the Group's activities are taxed where the main operations are based, being Spain, the UK, and Ireland, with corporation tax rates during 2025 of 25%, 25% and 12.5% respectively. The expected tax rate for the Group is determined by applying the relevant corporation tax rate, as adjusted by domestic top-up taxes, to the profits or losses of each jurisdiction. The geographical distribution of profits and losses in the Group results in the expected tax rate being 24% for the six months to 30 June 2025.

The difference between the actual effective tax rate of 25% and the expected tax rate of 24% for the six months to 30 June 2025 is principally due to Spanish tax arising on intra-group dividends.

The details of the unrecognised deductible temporary differences and losses are given in the table below:

€ million	30 June 2025	31 December 2024
Income tax losses		
Spanish corporate income tax losses	**303**	253
Openskies SASU trading losses	**405**	405
Other trading losses	**7**	7
	715	665
Other losses and temporary differences		
Spanish deductible temporary differences	**342**	361
UK capital losses	**345**	357
Irish capital losses	**17**	17
	704	735

None of the unrecognised deductible temporary differences or losses have an expiry date.

As at 30 June 2025, the Group had unrecognised tax losses and other deductible temporary differences of €715 million and €704 million respectively that the Group does not reasonably expect to utilise. The Group only recognises net deferred tax assets in relation to deductible temporary differences and losses to the extent it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised. Management utilises judgement in order to assess the probability of recoverability. In applying the aforementioned judgement, had the Group extended the period of future cash flow projections indefinitely, then the amount of unrecognised tax losses would have reduced by €310 million.

Engagement with tax authorities

The Group is subject to audit and enquiry by tax authorities in the territories in which it operates and engages with those tax authorities in a cooperative manner.

Pillar Two minimum effective tax rate reform

The Group is subject to the global minimum top-up tax under Pillar Two tax legislation, effective for the Group from 1 January 2024. Any top-up tax predominantly relates to the Group's operations in Ireland, where the statutory tax rate is 12.5%.

The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

At 30 June 2025, the Group's liability to top up tax was not material.

Tax-related contingent liabilities

The Group has certain contingent liabilities that could be reliably estimated, across all taxes, but excluding the IAG Loyalty VAT matter detailed below, at 30 June 2025 amounting to €127 million (31 December 2024: €128 million). While the Group does not consider it more likely than not that there will be material losses on these matters, given the inherent uncertainty associated with tax litigation and tax audits, there can be no guarantee that material losses will not eventuate. As the Group considers that its chances of success in each of these matters is more probable than not, it is not appropriate to make a provision for these amounts. Included in the tax related contingent liabilities are the following:

Merger gain

Following tax audits covering the period 2011 to 2014, the Spanish Tax Authorities issued a corporate income tax assessment to the Company regarding the merger in 2011 between British Airways and Iberia (the 'Merger'). The maximum exposure in this case is €105 million (31 December 2024: €104 million), being the amount in the tax assessment with an estimate of the interest accrued on that assessment through to 30 June 2025.

The Company appealed the assessment to the *Tribunal Económico-Administrativo Central* or 'TEAC' (Central Administrative Tax Tribunal). On 23 October 2019, the TEAC ruled in favour of the Spanish Tax Authorities. The Company subsequently appealed this ruling to the *Audiencia Nacional* (National High Court) on 20 December 2019, and on 24 July 2020 filed submissions in support of its case. To assist it in its deliberations as to whether a gain arose from the Merger, on 15 September 2023, the *Audiencia Nacional* commissioned an independent accounting expert to provide a report on the appropriate basis of accounting. As at 30 June 2025 and through to the date of these condensed consolidated interim financial statements, the *Audiencia Nacional* has not ruled on whether a gain arose from the Merger. The Company does not expect a judgment at the *Audiencia Nacional* on this case until the first half of 2026 at the earliest.

The Company disputes the technical merits of the assessment and ruling of the TEAC. Based on legal advice and an external accounting expert's opinion, the Company believes that it has strong arguments to support its appeal. The Company does not consider it appropriate to make a provision for these amounts and accordingly has classified this matter as a contingent liability.

Should the Company be unsuccessful in its appeal to the *Audiencia Nacional*, it would re-assess its position and the associated accounting treatment accordingly.

Within the context of the aforementioned tax audits, the Spanish tax authorities concluded on the value of Iberia's business within the Merger. This valuation was contested by the Company in a separate case, where no tax liability is due. The Company believes there are technical merits for a higher value, something that would indirectly reduce the quantum of the merger gain assessed in the dispute described above. On 18 January 2024, the *Audiencia Nacional* served notice on its judgment issued on 13 December 2023, whereby it ruled in favour of the Spanish tax authorities in respect of the valuation of Iberia's business within the Merger. On 28 February 2024, the Company submitted a request for an appeal of the judgment to the Supreme Court in Spain, which has been accepted in June 2025. Once the appeal is filed, there is no specific timeframe for the Supreme Court to issue its judgment. If the appeal on this matter is ultimately successful, it would reduce the exposure of the contingent liability arising from the Merger gain described above.

IAG Loyalty VAT

Background to the matter

As reported in the 2024 Annual report and accounts, His Majesty's Revenue and Customs (HMRC) in the UK had been considering: (i) the appropriate VAT accounting to be applied by Avios Group (AGL) Limited, a controlled undertaking of the Group trading as IAG Loyalty; and (ii) the validity of a historical ruling ('the Ruling') issued by HMRC to the Group.

On 29 October 2024, HMRC issued the Group its decision letter with its view of the appropriate VAT accounting to be applied by IAG Loyalty. HMRC's decision letter asserted that the charges made by IAG Loyalty are for developing, administering and maintaining a loyalty scheme with the result that VAT arises at 20% on the issuance of Avios irrespective of the redemption product. By implication, HMRC's decision letter confirmed its view that IAG Loyalty was not entitled to rely on the Ruling during the relevant assessed periods. The decision letter differs to the VAT accounting approach applied by IAG Loyalty, which was based on both the Ruling issued by HMRC and existing case law precedent. Historically, IAG Loyalty has accounted for VAT depending on the nature of the redemption products for which Avios are redeemed, the vast majority of which are flights which are zero-rated.

The Group, having reviewed HMRC's decision letter with its legal and tax advisers, strongly disagrees with HMRC's view. The Group considers that not accounting for VAT on the issuance of Avios, but for VAT to be accounted for depending on the nature of the redemption products for which Avios are redeemed, remains appropriate. Accordingly, on 14 February 2025, the Group appealed the case to the First-tier Tribunal (Tax) in the UK and expects a hearing in the second half of 2026.

In addition, the Group, having reviewed its position with its legal and tax advisers, considers that it has a legitimate expectation that it should have been able to rely upon the Ruling. Accordingly, in the six months to 30 June 2025, the Group applied to the High Court in the UK for a judicial review of whether IAG Loyalty had a legitimate expectation that it could rely upon the Ruling and whether HMRC acted lawfully in asserting that the Ruling was defunct with retrospective effect. The application also sought to stay the hearing pending the outcome of the appeal to the First-tier Tribunal (Tax). As at the date of this report, the Group is awaiting confirmation as to whether its application for a judicial review has been accepted.

Accounting for the matter
In January 2019, the IFRS Interpretations Committee (IFRIC) issued an agenda decision, which states that deposits made to tax authorities for taxes, other than income tax, for which the entity and the tax authorities are in dispute and in respect of which the entity considers it more likely than not that the matter will be resolved in its favour, should be recorded as an asset. The Group, having reviewed HMRC's decision with its legal and tax advisers, considers it more likely than not that a favourable outcome from the judicial process will eventuate. Accordingly, payments made to HMRC relating to this dispute for periods prior to its decision letter on 29 October 2024 are classified as an asset on the Balance sheet.

For payments made to HMRC for periods subsequent to its decision letter on 29 October 2024, the IFRIC agenda decision does not apply, and while the Group considers it more likely than not that the matter will be resolved in its favour, it is not possible to assert that such payments are virtually certain of being refundable to the Group and accordingly no asset on the Balance sheet is recognised.

Impact on the financial statements
The table below reflects the payments made to and the refund from HMRC relating to periods prior to it issuing its decision letter on 29 October 2024 through to 30 June 2025 for which an Other non-current asset has been recorded in the Balance sheet:

Millions	€	£
Balance at 1 January 2025[1]	**88**	73
Cash payments to HMRC for periods immediately prior to its decision, paid in 2025[2]	**39**	33
Cash payment to HMRC for remaining historical periods prior to its decision letter[3]	**668**	557
Cash refunds from HMRC[4]	**(260)**	(216)
Exchange movements	**(14)**	–
Balance at 30 June 2025[5,6]	**521**	447

1 During the course of 2024 and prior to HMRC issuing its decision letter, in order to avoid incurring potential interest and penalties, the Group commenced accounting and paying to HMRC, without admission of liability, VAT on the issuance of Avios in accordance with HMRC's view. This has resulted in payments, that the Group does not consider it can recover from its partners, totalling €88 million (£73 million) having been made in 2024.
2 During the six months to 30 June 2025, the Group paid €39 million (£33 million) of VAT for the months immediately prior to HMRC's decision letter, which formed part of VAT returns not paid until 2025.
3 On 14 February 2025, the Group appealed this matter to the First-tier Tribunal (Tax) in the UK. To advance the case to the First-tier Tribunal (Tax), without admission of liability, the Group paid to HMRC €668 million (£557 million).
4 On 30 April 2025, certain of the Group's subsidiaries recovered €260 million (£216 million) as input VAT.
5 While at 30 June 2025, no amounts relating to interest have been paid, in the event of an adverse judgment against the Group, the Group has estimated interest on these assessments to 30 June 2025 to total €85 million (£73 million).
6 In the event of an adverse outcome for the Group upon completion of the judicial process, the €521 million asset would be recoverable through the settlement of any VAT liability arising from that outcome. The recognition of any VAT liability arising from the judicial process would result in a charge to the Income statement. The Group considers it appropriate not to record any provision for these amounts but to disclose them as a contingent liability.

Payments made to HMRC, in relation to periods prior to its decision, after deducting refunds and excluding any interest arising, amounting to €521 million (£446 million) have been recorded as an Other non-current asset in the Balance sheet.

Subsequent to HMRC issuing its decision and through to 30 June 2025, the Group has made payments to HMRC of €36 million (£31 million), excluding those amounts the Group's other subsidiaries, principally British Airways, expect to recover as input VAT. While the Group considers it more likely than not that the matter will be resolved in its favour, it is not possible to assert that such payments are virtually certain of being refundable to the Group and accordingly no asset on the Balance sheet is recognised at 30 June 2025, but such amounts are disclosed as a contingent asset. In addition, as a result of the aforementioned accounting, a proportion of the ongoing payments made to HMRC reduce the amounts that would have previously been recognised within Deferred revenue in the Balance sheet upon issuance of the Avios and subsequently within both Passenger revenue and Other revenue in the Income statement when the Avios are redeemed.

7 EARNINGS PER SHARE AND SHARE CAPITAL

Millions	Six months to 30 June 2025	2024
Weighted average number of ordinary shares in issue used for basic earnings per share[1]	**4,771**	4,918
Assumed conversion on convertible bonds	**248**	245
Dilutive employee share schemes outstanding	**97**	113
Weighted average number of ordinary shares used for diluted earnings per share	**5,116**	5,276

€ cents	Six months to 30 June 2025	2024
Basic earnings per share	**27.3**	18.4
Diluted earnings per share	**26.5**	17.3

1 Includes 99 million reduction as the weighted average impact for 216.9 million treasury shares purchased in the share buyback programmes.

The number of ordinary shares in issue at 30 June 2025 was 4,971,476,010 (31 December 2024: 4,971,476,010) with a par value of €0.10 each.

The effect of the assumed conversion of the IAG €825 million convertible bond 2028 and outstanding employee share schemes is dilutive for the six months to 30 June 2025 and 30 June 2024 due to the reported profit after tax for the periods.

a Treasury shares

During the period to 30 June 2025, the Group completed the €350 million share buyback programme that commenced in November 2024, and commenced a share buyback programme of up to €1,000 million. During this period, the Group purchased 216.9 million shares as part of both programmes at a weighted average share price of €3.55 per share totalling €770 million, which are held as treasury shares. Following approval at the 2025 Annual General Meeting, the treasury shares acquired under both programmes will be cancelled.

At 30 June 2025 the Group held 303.8 million treasury shares (31 December 2024: 117.6 million).

8 DIVIDENDS

A final dividend of €0.06 per share was proposed by the Board of Directors on 27 February 2025 amounting to €280 million, which was approved by shareholders on 19 June 2025 at the Annual General Meeting. At 30 June 2025, €227 million was paid, and the remainder was paid subsequent to 30 June 2025 and prior to the date of this report. On 1 August 2024, an interim dividend of €0.03 per share amounting to €147 million was proposed and approved, and was subsequently paid during the remainder of 2024.

Subject to trading performance and the outlook, the Directors anticipate a return to the Group's historical regular dividend pattern during the second half of 2025, with an interim dividend declared at the time of the third quarter results.

The future dividend capacity of the Group is dependent on the liquidity requirements and the distributable reserves of the Group's main operating companies and their capacity to pay dividends to the Company, together with the Company's distributable reserves and liquidity.

During the six months to 30 June 2025, following the finalisation of the triennial valuation, as at 31 March 2024, of British Airways' main UK defined benefit pension scheme (NAPS), all previously existing requirements relating to pension contributions arising from dividend payments have been removed. Accordingly, at 30 June 2025 the Group had no restrictions on the payment of dividends from the Group's main operating companies to the Company.

9 PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND RIGHT OF USE ASSETS

€ million	Other property, plant and equipment	Right of use	**Total Property, plant and equipment**	**Intangible assets**
Net book value at 1 January 2025	13,114	8,018	21,132	3,642
Additions	1,529	110	1,639	241
Modifications	–	148	148	–
Disposals	(9)	(1)	(10)	–
Reclassifications[1]	92	(92)	–	–
Depreciation and amortisation charge	(543)	(566)	(1,109)	(148)
Exchange movements	(332)	(135)	(467)	(54)
Net book value at 30 June 2025	**13,851**	**7,482**	**21,333**	**3,681**

€ million	Other property, plant and equipment	Right of use	Total Property, plant and equipment	Intangible assets
Net book value at 1 January 2024	11,242	8,534	19,776	3,332
Additions	1,315	406	1,721	220
Modifications	–	160	160	–
Disposals	(426)	–	(426)	–
Reclassifications[1]	469	(469)	–	–
Depreciation and amortisation charge	(473)	(560)	(1,033)	(107)
Exchange movements	179	95	274	29
Net book value at 30 June 2024	12,306	8,166	20,472	3,474

1 Amounts with a net book value of €92 million (six months to 30 June 2024: €469 million) were reclassified from ROU assets to Owned Property, plant and equipment at the cessation of the respective leases. The assets reclassified relate to leases with purchase options that were grandfathered as ROU assets upon transition to IFRS 16, for which the Group had been depreciating over the expected useful life of the aircraft, incorporating the purchase option.

At 30 June 2025, bank and other loans of the Group are secured on owned fleet assets with a net book value of €6,047 million (31 December 2024: €5,958 million). Refer to note 11 for details on the value of bank and other loans secured on owned fleet assets.

Capital expenditure authorised and contracted for but not provided for in the accounts amounts to €20,600 million (31 December 2024: €12,634 million). The majority of capital expenditure commitments are for fleet and are denominated in US dollars, and as such are subject to changes in exchange rates.

10 OTHER EQUITY INVESTMENTS

Other equity investments include the following:

€ million	**30 June 2025**	31 December 2024
Unlisted securities	**241**	190
	241	190

Investment in Air Europa Holdings

Consistent with the approach at 31 December 2024, the Group has designated its investment in Air Europa Holdings as measured at fair value through Other comprehensive income. At 30 June 2025, the Group determined the fair value of the investment in Air Europa Holdings using both the market comparison approach, whereby the Group used both observable market data and unobservable inputs. The fair value was determined on the stand-alone basis of Air Europa Holdings without consideration of potential synergies that could be obtained if the Group were able to obtain control over the operations of Air Europa Holdings. The resultant fair value at 30 June 2025 was €191 million, representing an increase of €52 million since 1 January 2025, which has been recorded within Other comprehensive income.

At 30 June 2025 the fair value was determined based on market multiples derived from quoted prices of comparable airline companies to Air Europa Holdings. These quoted prices were subsequently adjusted for the effect of the non-marketability of the equity held and the revenue and EBITDA of Air Europa Holdings. The range of market-multiples applied in determining the fair value of the investment in Air Europa Holdings at 30 June 2025 was between 1 and 5.

11 BORROWINGS

€ million	30 June 2025 Current	Non-current	Total	31 December 2024 Current	Non-current	Total
Bank and other loans	**54**	**698**	**752**	601	1,294	1,895
Convertible bond	**1,089**	**–**	**1,089**	1,016	–	1,016
Asset financed liabilities	**382**	**5,180**	**5,562**	381	5,407	5,788
Lease liabilities	**1,399**	**6,005**	**7,404**	1,477	7,169	8,646
Interest-bearing long-term borrowings	**2,924**	**11,883**	**14,807**	3,475	13,870	17,345

Banks and other loans are repayable up to the year 2029. Long-term borrowings of the Group amounting to €5,617 million (31 December 2024: €5,853 million) are secured on owned fleet assets with a net book value of €6,047 million (31 December 2024: €5,958 million). Asset financed liabilities are all secured on the associated aircraft or other property, plant and equipment.

On 17 January 2025, the Group paid €574 million to redeem, at a net discount, €577 million of the notional value of its unsecured bonds in advance of maturity. The notional value of the bonds redeemed amounted to €277 million of the €500 million fixed rate bond 2027 and €300 million of the €700 million fixed rate bond 2029. In addition, the Group paid accrued interest for the bonds that were redeemed amounting to €11 million.

On 25 March 2025, the Group redeemed upon maturity the senior unsecured €500 million fixed rate bond.

Details of the 2028 convertible bond

The convertible bond provides bondholders with dividend protection and includes a total of 244,850,715 options at inception and following the 2024 interim and final dividends, includes 252,324,443 options at 30 June 2025 to convert into ordinary shares of IAG. The Group also holds an option to redeem the convertible bond, in full or in part, in cash in the event that bondholders exercise their right to convert the bond into ordinary shares of IAG.

The convertible bond is recorded at its fair value, which at 30 June 2025 was €1,089 million (31 December 2024: €1,016 million), representing an increase of €73 million since 1 January 2025. Of this increase, the charge recorded in Other comprehensive income arising from credit risk of the convertible bonds was €3 million and a charge recorded within Finance costs in the Income statement attributable to changes in market conditions of €70 million.

Supplemental information - Disclosure of contractual lease obligations

The following table provides supplemental information regarding the Group's total contractual lease obligations, split between operating and finance leases that are reported within Lease liabilities and those contractual lease arrangements reported as Asset financed liabilities that do not meet the definition of a lease liability under IFRS. While the distinction between operating and finance leases is not applied for lessees under IFRS, the table below disaggregates operating and financing leases based on their contractual definitions and is consistent with the definitions applied for lessors under IFRS. The Group believes that this disaggregation of Lease liabilities is useful to the users of the financial statements in understanding the financing structure the Group has entered into.

€ million	Operating leases	Finance leases	**Total lease liabilities[1]**	Asset financed liabilities	**Total**
1 January 2025	6,906	1,740	**8,646**	5,788	**14,434**
Additions and modifications of leases	254	1	**255**	414	**669**
Repayments and interest expense	(492)	(187)	**(679)**	(169)	**(848)**
Other	(729)	(89)	**(818)**	(471)	**(1,289)**
30 June 2025	5,939	1,465	**7,404**	5,562	**12,966**
Repayment of principal within financing activities	492	190	**682**	179	**861**
Repayment of interest within operating activities	193	24	**217**	94	**311**
Total repayments in the Cash flow statement[2,3]	685	214	**899**	273	**1,172**

€ million	Operating leases	Finance leases	Total lease liabilities[1]	Asset financed liabilities	Total
1 January 2024	6,460	2,507	8,967	4,427	13,394
Additions and modifications of leases	530	8	538	522	1,060
Repayments and interest expense	(466)	(623)	(1,089)	(186)	(1,275)
Other	181	(10)	171	86	257
30 June 2024	6,705	1,882	8,587	4,849	13,436
Repayment of principal within financing activities	466	626	1,092	193	1,285
Repayment of interest within operating activities	205	40	245	86	331
Total repayments in the Cash flow statement[2,3]	671	666	1,337	279	1,616

1 Upon transition to IFRS 16 on 1 January 2019, all finance leases were grandfathered as Lease liabilities.
2 Includes both the repayment of principal and interest.
3 Excludes cash flows associated with low-value leases and variable lease payments for which the Group does not recognise within lease liabilities.

12 FINANCIAL INSTRUMENTS

a Financial assets and liabilities by category

The detail of the Group's financial instruments at 30 June 2025 and 31 December 2024 by nature and classification for measurement purposes is as follows:

30 June 2025

	Financial assets				
€ million	Amortised cost	Fair value through Other comprehensive income	Fair value through Income statement	Non-financial assets	**Total carrying amount by balance sheet item**
Non-current assets					
Other equity investments	–	241	–	–	**241**
Derivative financial instruments	–	–	35	–	**35**
Other non-current assets	200	–	–	1,429	**1,629**
Current assets					
Trade receivables	1,774	–	–	–	**1,774**
Other current assets	600	–	5	1,770	**2,375**
Derivative financial instruments	–	–	117	–	**117**
Other current interest-bearing deposits	1,625	–	–	–	**1,625**
Cash and cash equivalents	7,723	–	–	–	**7,723**

	Financial liabilities			
€ million	Amortised cost	Fair value through Income statement	Non-financial liabilities	**Total carrying amount by balance sheet item**
Non-current liabilities				
Lease liabilities	6,005	–	–	**6,005**
Interest-bearing long-term borrowings	5,878	–	–	**5,878**
Derivative financial instruments	–	662	–	**662**
Other long-term liabilities	175	–	275	**450**
Current liabilities				
Lease liabilities	1,399	–	–	**1,399**
Current portion of long-term borrowings	436	1,089	–	**1,525**
Trade and other payables	4,662	–	1,654	**6,316**
Derivative financial instruments	–	808	–	**808**

31 December 2024

€ million	Financial assets: Amortised cost	Financial assets: Fair value through Other comprehensive income	Financial assets: Fair value through Income statement	Non-financial assets	Total carrying amount by balance sheet item
Non-current assets					
Other equity investments	–	190	–	–	190
Derivative financial instruments	–	–	229	–	229
Other non-current assets	225	–	4	687	916
Current assets					
Trade receivables	1,774	–	–	–	1,774
Other current assets	699	–	–	1,637	2,336
Derivative financial instruments	–	–	395	–	395
Other current interest-bearing deposits	1,639	–	–	–	1,639
Cash and cash equivalents	8,189	–	–	–	8,189

€ million	Financial liabilities: Amortised cost	Financial liabilities: Fair value through Income statement	Non-financial liabilities	Total carrying amount by balance sheet item
Non-current liabilities				
Lease liabilities	7,169	–	–	7,169
Interest-bearing long-term borrowings	6,701	–	–	6,701
Derivative financial instruments	–	102	–	102
Other long-term liabilities	171	–	230	401
Current liabilities				
Lease liabilities	1,477	–	–	1,477
Current portion of long-term borrowings	982	1,016	–	1,998
Trade and other payables	4,746	–	1,403	6,149
Derivative financial instruments	–	194	–	194

b Fair value of financial assets and financial liabilities

The fair values of the Group's financial instruments are disclosed in hierarchy levels depending on the nature of the inputs used in determining the fair values and using the following methods and assumptions:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Level 1 methodologies (market values at the balance sheet date) were used to determine the fair value of listed asset investments classified as equity investments and listed interest-bearing borrowings. The fair value of financial liabilities and financial assets incorporates own credit risk and counterparty credit risk, respectively.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of financial instruments that are not traded in an active market is determined by valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates.

Derivative instruments are measured based on the market value of instruments with similar terms and conditions using forward pricing models, which include forward exchange rates, forward interest rates, forward fuel curves and corresponding volatility surface data at the balance sheet date. The determination of the fair value of derivative financial assets and liabilities are detailed in the 2024 Annual report and accounts.

The fair value of the Group's interest-bearing borrowings, excluding lease liabilities, is determined by discounting the remaining contractual cash flows at the relevant market interest rates at the balance sheet date. The fair value of the Group's interest-bearing borrowings is adjusted for own credit risk.

Level 3: Inputs for the asset or liability that are not based on observable market data. The principal method of such valuation is performed using a valuation model that considers the present value of the dividend cash flows expected to be generated by the associated assets. For the methodology in the determination of the fair value of the investment in Air Europa Holdings, refer to note 10.

The fair value of cash and cash equivalents, other current interest-bearing deposits, trade receivables, other current assets and trade and other payables approximate their carrying value largely due to the short-term maturities of these instruments.

The carrying amounts and fair values of the Group's financial assets and liabilities at 30 June 2025 are as follows:

	Fair value				Carrying value
€ million	Level 1	Level 2	Level 3	Total	**Total**
Financial assets					
Other equity investments	1	–	240	241	**241**
Other non-current financial assets	–	21	8	29	**26**
Derivative financial assets[1]	–	152	–	152	**152**
Financial liabilities					
Interest-bearing loans and borrowings	1,771	5,205	–	6,976	**7,403**
Derivative financial liabilities[2]	–	1,470	–	1,470	**1,470**

1 Current portion of derivative financial assets is €117 million.
2 Current portion of derivative financial liabilities is €808 million.

The carrying amounts and fair values of the Group's financial assets and liabilities at 31 December 2024 are set out below:

	Fair value				Carrying value
€ million	Level 1	Level 2	Level 3	Total	Total
Financial assets					
Other equity investments	1	–	189	190	190
Other non-current financial assets	–	22	4	26	23
Derivative financial assets[1]	–	624	–	624	624
Financial liabilities					
Interest-bearing loans and borrowings	2,762	5,511	–	8,273	8,699
Derivative financial liabilities[2]	–	296	–	296	296

1 Current portion of derivative financial assets is €395 million.
2 Current portion of derivative financial liabilities is €194 million.

There have been no transfers between levels of fair value hierarchy during the period. Financial assets, other equity instruments, financial liabilities and derivative financial assets and liabilities are all measured at fair value in the consolidated financial statements. Interest-bearing borrowings, with the exception of the €825 million convertible bond due 2028 which is measured at fair value, are measured at amortised cost.

c Level 3 financial assets reconciliation

The following table summarises key movements in Level 3 financial assets:

€ million	**30 June 2025**	31 December 2024
Opening balance for the period	**189**	187
Additions	**–**	20
Net gains/(losses) recognised in Other comprehensive income	**52**	(19)
Exchange movement	**(1)**	1
Closing balance for the period	**240**	189

13 SHARE BASED PAYMENTS

During the six months to 30 June 2025, 14,393,534 awards were made under the Group's Restricted Share Plan to key senior executives and selected members of the wider management team. The Group also made awards under the Group's Incentive Award Deferral Plan and the Stretch Performance Incentive Plan during the period, under which 99,873 and 19,614,947 conditional shares were awarded.

The fair value of equity-settled share awards granted is the share price at the date of the grant. The Group settles the employees' tax obligations arising from the issue of the shares directly with the relevant tax authority in cash and an equivalent number of shares is withheld by the Group upon vesting.

14 EMPLOYEE BENEFIT OBLIGATIONS

The principal funded defined benefit pension schemes within the Group are the Airways Pension Scheme (APS) and the New Airways Pension Scheme (NAPS), both of which are in the UK and are closed to new members.

APS has been closed to new members since 1984, but remains open to future accrual. The benefits provided under APS are based on final average pensionable pay and, for the majority of members, are subject to inflationary increases in payment.

NAPS has been closed to new members since 2003 and closed to future accrual since 2018. Following closure, members' deferred pensions are increased annually by inflation up to 5% per annum (measured using the Government's annual Pension Increase (Review) Orders, which since 2011 have been based on CPI).

Triennially, the Trustees of APS and NAPS undertake actuarial valuations, which are subsequently agreed with British Airways to determine the cash contributions and any deficit payment plans through to the next valuation date, as well as ensuring that the schemes have sufficient funds available to meet future benefit payments to members. These actuarial valuations are prepared using the principles set out in UK Pension legislation. This differs from the IAS 19 'Employee benefits' valuation, which is used for deriving the Income statement and Balance sheet positions and uses a best-estimate approach overall. The different purpose and principles lead to different assumptions being used, and therefore a different estimate for the liabilities and funding levels.

During the six months to 30 June 2025, the triennial valuations, as at 31 March 2024, were finalised for APS and NAPS, which resulted in a surplus of €179 million (£153 million) for APS and a surplus of €2,023 million (£1,730 million) for NAPS. The actuarial valuations performed for APS and NAPS are different to the valuation performed as at 30 June 2025 under IAS 19 'Employee Benefits' mainly due to timing differences of the measurement dates and to the specific scheme assumptions in the actuarial valuation performed as at 31 March 2024 compared with IAS 19 requirements used in the accounting valuation assumptions as at the reporting date.

Cash payments and funding arrangements

Cash payments in respect to pension obligations comprise normal employer contributions by the Group and any deficit contributions required. Given the surpluses in APS and NAPS arising from the triennial valuations, as at 31 March 2024, neither scheme has a deficit contribution plan.

Total payments for the six months to 30 June 2025 net of service costs made by the Group were €9 million (six months to 30 June 2024: €1 million). The Group expects to pay €1 million in employer contributions to APS and NAPS over the six month period to 31 December 2025.

Scheme assets

	30 June 2025			
€ million	**APS**	**NAPS**	**Other**	**Total**
Scheme assets at fair value[1, 3]	5,581	14,920	427	**20,928**
Present value of scheme liabilities[1]	(5,472)	(12,661)	(517)	**(18,650)**
Net pension asset/(liability)	109	2,259	(90)	**2,278**
Effect of the asset ceiling[2]	(27)	(565)	(1)	**(593)**
Other employee benefit obligations	–	–	(12)	**(12)**
30 June 2025	82	1,694	(103)	**1,673**
Represented by:				
Employee benefit asset				**1,793**
Employee benefit obligation				**(120)**
Net employee benefit asset				**1,673**

	31 December 2024			
€ million	APS	NAPS	Other	Total
Scheme assets at fair value[1]	5,819	15,713	417	21,949
Present value of scheme liabilities[1]	(5,819)	(13,456)	(521)	(19,796)
Net pension asset/(liability)	–	2,257	(104)	2,153
Effect of the asset ceiling[2]	–	(564)	(2)	(566)
Other employee benefit obligations	–	–	(11)	(11)
31 December 2024	–	1,693	(117)	1,576
Represented by:				
Employee benefit asset				1,711
Employee benefit obligation				(135)
Net employee benefit asset				1,576

1 Includes Additional Voluntary Contributions (AVCs), which the Trustees hold as assets to secure additional benefits on a defined contribution basis for those members who elect to make such AVCs. At 30 June 2025, such assets were €304 million (31 December 2024: €317 million) with a corresponding amount recorded in the scheme liabilities.
2 Both APS and NAPS are in an IAS 19 accounting surplus, which would be available to the Group as a refund upon wind up of the scheme. This refund is restricted due to withholding taxes that would be payable by the Trustee arising on both the net pension asset and the future contractual minimum funding requirements.
3 Included within the fair value of scheme assets are €874 million of private equities and alternatives at 30 June 2025, where the fair value has been determined based on the most recent third-party valuations. The dates of these valuations typically precede the reporting date and have been adjusted for any cash movements between the date of the valuation and the reporting date. Typically, the valuation approach and inputs for these investments are not through to the reporting date unless there are indications of significant market movements.

Scheme liability assumptions
At each balance sheet date the assumptions used to determine the obligations under the APS and NAPS are reviewed and updated to reflect the market condition at that date. The principal assumptions used for the purpose of the IAS 19 valuation were as follows:

	30 June 2025		31 December 2024	
% per annum	**APS**	**NAPS**	APS	NAPS
Discount rate	**5.30**	**5.55**	5.30	5.45
Rate of increase in pensionable pay	**3.00**	**–**	3.30	–
Rate of increase of pensions in payment	**3.00**	**2.60**	3.30	2.80
RPI rate of inflation	**3.00**	**2.90**	3.30	3.10
CPI rate of inflation	**2.55**	**2.60**	2.85	2.80

Further information on the basis of the assumptions is included in note 34 of the Annual report and accounts for the year to 31 December 2024.

15 PROVISIONS

€ million	Restoration and handback provisions	Restructuring provisions	Employee leaving indemnities and other employee related provisions	Legal claims and contractual disputes provisions	Carbon-related obligations	Other provisions	**Total**
Net book value 1 January 2025	3,014	201	842	75	316	53	**4,501**
Provisions recorded during the period	353	12	17	17	185	16	**600**
Reclassifications	(1)	–	–	(2)	–	–	**(3)**
Utilised during the period	(298)	(16)	(27)	(16)	–	(17)	**(374)**
Extinguished during the period	–	–	–	–	(137)	–	**(137)**
Release of unused amounts	(74)	–	(32)	(8)	(11)	(1)	**(126)**
Unwinding of discount	53	2	12	7	–	–	**74**
Remeasurements	12	–	(2)	–	–	–	**10**
Exchange differences	(312)	–	(1)	(2)	(4)	(1)	**(320)**
Net book value 30 June 2025	**2,747**	**199**	**809**	**71**	**349**	**50**	**4,225**
Analysis:							
Current	605	66	72	25	210	6	**984**
Non-current	2,142	133	737	46	139	44	**3,241**
	2,747	199	809	71	349	50	**4,225**

16 FINANCIAL RISK MANAGEMENT

The Group is exposed to a variety of financial risks: market risk (including fuel price risk, foreign currency risk and interest rate risk), credit risk and liquidity risk. The principal impacts of these on the condensed consolidated interim financial statements are discussed below.

Fuel price risk
The Group is exposed to fuel price risk. In order to mitigate such risk, under the Group's fuel price risk management strategy a variety of over the counter derivative instruments are entered into. The Group strategy is to hedge a proportion of fuel consumption up to three years within the approved hedging profile.

At 30 June 2025, the fair value of net liability derivative instruments was €242 million (31 December 2024: net liability of €189 million), representing an increase of €53 million since 1 January 2025.

Foreign currency risk
The Group is exposed to foreign currency risk on revenue, purchases and borrowings that are denominated in a currency other than the functional currency of each of the Group's operating companies, being pound sterling and the euro. The currencies in which these transactions are denominated are primarily US dollar pound sterling and the euro. The Group has a number of strategies to hedge foreign currency risk including hedging a proportion of its foreign currency sales and purchases for up to three years.

At 30 June 2025, the fair value of foreign currency net liability derivative instruments was €1,085 million (31 December 2024: net asset of €505 million), representing a decrease of €1,590 million since 1 January 2025.

Interest rate risk
The Group is exposed to changes in interest rates on debt and on cash deposits. In order to mitigate the interest rate risk, the Group's policies allow a variety of over the counter derivative instruments to be entered into.

At 30 June 2025, the fair value of net asset derivative instruments was €9 million (31 December 2024: net asset of €12 million), representing a decrease of €3 million since 1 January 2025.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group has policies and procedures to monitor the risk by assigning limits to each counterparty by underlying exposure and by operating company and by only entering into transactions with counterparties with a very low credit risk.

At each period end, the Group assesses the effect of counterparties' and the Group's own credit risk on the fair value of derivatives and any ineffectiveness arising is immediately recognised in the Income statement within Other non-operating expenses.

17 CONTINGENT LIABILITIES

There are a number of legal and regulatory proceedings against the Group in a number of jurisdictions which at 30 June 2025, where they could be reliably estimated, excluding the case relating to the Vueling commercial hand luggage policy detailed below, amounted to €41 million (31 December 2024: €42 million). The Group does not consider it probable that there will be an outflow of economic resources with regard to these proceedings and accordingly no provisions have been recorded.

Contingent liabilities associated with income taxes, deferred taxes and indirect taxes are presented in note 6.

Included in contingent liabilities is the following:

Vueling commercial hand luggage policy

During 2024, the *Ministerio de Consumo* (Ministry of Consumer Affairs) in Spain, issued Vueling with a Sanctioning Resolution, covering the 26 month period to 31 December 2023, asserting that the Vueling commercial hand luggage policy infringes consumers' rights under Article 47.1 of the Royal Legislative Decree 1/2007 in Spain and Regulation (EC) No 1008/2008 of the European Parliament on the common rules for the operation of air services. In addition, the Sanctioning Resolution fined Vueling €39 million and sought rectification of the alleged infringements.

On 29 January 2025, Vueling filed a contentious administrative appeal, in relation to the Sanctioning Resolution. Concurrently, Vueling filed a precautionary measure to suspend the sanction until such time as a final judgment is issued. On 1 July 2025, the appeal to suspend the sanctioning until a final judgment was notified and approved by the *Tribunal Superior de Justicia* (High Court of Justice) of Madrid.

The Group, with its advisors, has reviewed the List of Charges, the Sanctioning Resolution and the correspondence from the *Ministerio de Consumo* and considers it has strong arguments to support its commercial hand luggage policy and does not consider it probable that an adverse outcome will result in the future. As such, the Group does not consider it appropriate to record any provision.

18 RELATED PARTY TRANSACTIONS

The Group had the following transactions in the ordinary course of business with related parties.

	Six months to 30 June	
€ million	**2025**	2024
Sales of goods and services		
Sales to associates	**7**	3
Sales to significant shareholders	**96**	126
Purchases of goods and services		
Purchases from associates	**42**	30
Purchases from significant shareholders	**95**	77

Period end balances arising from sales and purchases of goods and services:

€ million	**30 June 2025**	31 December 2024
Receivables from related parties		
Amounts owed by associates	**19**	20
Amounts owed by significant shareholders	**76**	91
Payables to related parties		
Amounts owed to associates	**13**	10
Amounts owed to significant shareholders	**20**	15

For the six months to 30 June 2025, the Group has not made any provision for expected credit loss arising relating to amounts owed by related parties (2024: nil).

Board of Directors and Management Committee remuneration

Compensation received by the Group's key management personnel is as follows:

	Six months to 30 June	
€ million	**2025**	2024
Base salary, fees and benefits		
Board of Directors' remuneration		
Short-term benefits	**2**	2
Share-based payments	**–**	–
Management Committee remuneration		
Short-term benefits	**4**	5
Share-based payments	**23**	3

For the six months to 30 June 2025, the Board of Directors includes remuneration for one Executive Director (30 June 2024: one Executive Director). The Management Committee includes remuneration for 10 members (30 June 2024: 11 members), and excludes remuneration for the Executive Director.

The Company provides life insurance for the Executive Director and all members of the Management Committee. For the six months to 30 June 2025 the Company's obligation was €30,000 (2024: €24,000).

At 30 June 2025 the transfer value of accrued pensions covered under defined benefit pension obligation schemes, relating to the current members of the Management Committee totalled €3 million (2024: €4 million).

No loan or credit transactions were outstanding with Directors or officers of the Group at 30 June 2025 (2024: nil).

19 POST BALANCE SHEET EVENTS

Between the reporting date and the date of this report there have been no post balance sheet events.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

LIABILITY STATEMENT OF DIRECTORS FOR THE PURPOSES ENVISAGED UNDER ARTICLE 11.1.b OF SPANISH ROYAL DECREE 1362/2007 OF 19 OCTOBER (REAL DECRETO 1362/2007).

At a meeting held on 31 July 2025, the Directors of International Consolidated Airlines Group, S.A. (the 'Company') state that, to the best of their knowledge, the condensed consolidated interim financial statements for the six months to 30 June 2025 prepared in accordance with the applicable international accounting standards, offer a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole, and the interim consolidated management report includes a fair review of the required information.

31 July 2025

Javier Ferrán Larraz
Chairman

Luis Gallego Martín
Chief Executive Officer

Eva Castillo Sanz

Margaret Ewing

Maurice Lam

Bruno Matheu

Heather Ann McSharry

Simone Menne

Robin Phillips

Päivi Rekonen

Lucy Nicola Shaw

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28046 Madrid

Limited Review Report on the Condensed Consolidated Interim Financial Statements

To the Shareholders of International Consolidated Airlines Group, S.A. commissioned by management

REPORT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Introduction

We have carried out a limited review of the accompanying condensed consolidated interim financial statements (the "interim financial statements") of International Consolidated Airlines Group, S.A. (the "Company") and subsidiaries (together the "Group"), which comprise the balance sheet at 30 June 2025, the income statement, statement of other comprehensive income, statement of changes in equity, cash flow statement and the explanatory notes thereto for the six-month period then ended (all condensed and consolidated). The Directors of the Company are responsible for the preparation of these interim financial statements in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" as adopted by the European Union, pursuant to article 12 of Royal Decree 1362/2007 as regards the preparation of condensed interim financial information. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Review

We conducted our limited review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

Conclusion

Based on our limited review, which can under no circumstances be considered an audit, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2025 have not been prepared, in all material respects, in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting", as adopted by the European Union, pursuant to article 12 of Royal Decree 1362/2007 as regards the preparation of condensed interim financial statements.

Reg. Mer Madrid, T. 11.961, F. 90, Sec. 8, H. M - 188.007, Inscrip. 9
N.I.F. B-78510153

Emphasis of Matter

We draw your attention to note 1 of the accompanying explanatory notes, which states that the accompanying interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting as adopted by the European Union, and therefore they do not include all the information that would be required in a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2024. This matter does not modify our conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The accompanying consolidated interim management report for the six-month period ended 30 June 2025 contains such explanations as the Directors of the Company consider relevant with respect to the significant events that have taken place in this period and their effect on the interim financial statements, as well as the disclosures required by article 15 of Royal Decree 1362/2007. The consolidated interim management report is not an integral part of the interim financial statements. We have verified that the accounting information contained therein is consistent with that disclosed in the interim financial statements for the six-month period ended 30 June 2025. Our work is limited to the verification of the consolidated interim management report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of International Consolidated Airlines Group, S.A. and subsidiaries.

Other Matter

This report has been prepared at the request of management in relation to the publication of the six-month financial report required by article 100 of Law 6/2023 of 17 March 2023 on Securities Markets and Investment Services.

KPMG Auditores, S.L.

Bernardo Rücker-Embden

31 July 2025

AIRCRAFT FLEET

Number in service with Group companies

	Owned	Finance lease	Operating lease	**Total 30 June 2025**	Total 31 December 2024	Changes since 31 December 2024	Future deliveries	Options[1]
Airbus A319ceo	13	–	21	**34**	36	(2)	–	–
Airbus A320ceo	50	7	144	**201**	193	8	1	–
Airbus A320neo	3	48	26	**77**	74	3	42	30
Airbus A321ceo	14	–	28	**42**	42	–	–	–
Airbus A321neo	4	10	19	**33**	31	2	32	–
Airbus A321LR	–	–	8	**8**	8	–	–	–
Airbus A321XLR	2	4	–	**6**	3	3	7	14
Airbus A330-200	2	1	18	**21**	22	(1)	–	–
Airbus A330-300	4	4	12	**20**	20	–	–	–
Airbus A330-900	–	–	–	**–**	–	–	21	13
Airbus A350-900	–	6	16	**22**	22	–	9	7
Airbus A350-1000	–	16	2	**18**	18	–	6	12
Airbus A380	6	6	–	**12**	12	–	–	–
Boeing 737-8200	–	–	–	**–**	–	–	25	100
Boeing 737-10	–	–	–	**–**	–	–	25	–
Boeing 777-200	40	–	3	**43**	43	–	–	–
Boeing 777-300	9	–	7	**16**	16	–	–	–
Boeing 777-9	–	–	–	**–**	–	–	24	9
Boeing 787-8	8	2	2	**12**	12	–	–	–
Boeing 787-9	1	8	9	**18**	18	–	–	–
Boeing 787-10	1	9	2	**12**	11	1	38	10
Embraer E190	9	–	11	**20**	20	–	–	–
Group total	**166**	**121**	**328**	**615**	**601**	**14**	**230**	**195**

1 The options to purchase 100 Boeing 737 aircraft allow for flexibility in the choice of variant.

Aircraft are reported based on their contractual definitions as opposed to their accounting determination. For accounting purposes, while all operating leases are presented as lease liabilities, finance leases are presented as either lease liabilities or asset financed liabilities, depending on the nature of the individual arrangement.

As well as those aircraft in service the Group also holds 13 aircraft (31 December 2024: 11) not in service.

ALTERNATIVE PERFORMANCE MEASURES DEFINITION AND RECONCILIATION

The performance of the Group is assessed using a number of alternative performance measures (APMs), some of which have been identified as key performance indicators of the Group. These measures are not defined under International Financial Reporting Standards (IFRS), should be considered in addition to IFRS measurements, may differ to definitions given by regulatory bodies applicable to the Group and may differ to similarly titled measures presented by other companies. They are used to measure the outcome of the Group's strategy based on the Group's strategic imperatives of: strengthening our core; driving earnings growth through asset-light businesses; and operating under a strengthened financial and sustainability framework.

During the six months to 30 June 2025, the Group has made no changes to its pre-existing disclosures and treatments of APMs compared to those disclosed in the Annual report and accounts for the year to 31 December 2024.

The definition of each APM, together with a reconciliation to the nearest measure prepared in accordance with IFRS is presented below.

a Profit after tax before exceptional items

Exceptional items are those that in the Board's and management's view need to be separately disclosed by virtue of their size or incidence to supplement the understanding of the entity's financial performance. The Management Committee of the Group uses financial performance on a pre-exceptional basis to evaluate operating performance and to make strategic, financial and operational decisions, and externally because it is widely used by security analysts and investors in evaluating the performance of the Group between reporting periods and against other companies.

While there have been no exceptional items recorded in the six months to 30 June 2025, two exceptional items were recorded in the six months to 30 June 2024.

The table below reconciles the summarised reported Income statement to the Income statement before exceptional items of the Group:

	Six months to 30 June					
€ million	**Reported 2025**	**Exceptional items**	**Before exceptional items 2025**	Reported 2024	Exceptional items	Before exceptional items 2024
Passenger revenue	**13,771**	**–**	**13,771**	13,043	–	13,043
Cargo revenue	**629**	**–**	**629**	566	–	566
Other revenue	**1,506**	**–**	**1,506**	1,115	–	1,115
Total revenue	**15,906**	**–**	**15,906**	14,724	–	14,724
Employee costs	**3,232**	**–**	**3,232**	2,941	–	2,941
Fuel costs and emissions charges	**3,523**	**–**	**3,523**	3,814	–	3,814
Handling, catering and other operating costs	**2,114**	**–**	**2,114**	1,918	–	1,918
Landing fees and en-route charges	**1,201**	**–**	**1,201**	1,170	–	1,170
Engineering and other aircraft costs	**1,580**	**–**	**1,580**	1,289	–	1,289
Property, IT and other costs	**572**	**–**	**572**	548	–	548
Selling costs	**573**	**–**	**573**	577	–	577
Depreciation, amortisation and impairment	**1,257**	**–**	**1,257**	1,140	–	1,140
Net gain on sale of property, plant and equipment	**(2)**	**–**	**(2)**	–	–	–
Currency differences	**(22)**	**–**	**(22)**	18	–	18
Total expenditure on operations	**14,028**	**–**	**14,028**	13,415	–	13,415
Operating profit	**1,878**	**–**	**1,878**	1,309	–	1,309
Finance costs	**(431)**	**–**	**(431)**	(471)	–	(471)
Finance income	**155**	**–**	**155**	187	–	187
Net change in fair value of financial instruments	**(70)**	**–**	**(70)**	(5)	–	(5)
Net financing credit relating to pensions	**42**	**–**	**42**	30	–	30
Net currency retranslation credits/(charges)	**336**	**–**	**336**	(24)	–	(24)
Other non-operating (charges)/credits[1]	**(164)**	**–**	**(164)**	20	(50)	70
Total net non-operating charges	**(132)**	**–**	**(132)**	(263)	(50)	(213)
Profit before tax	**1,746**	**–**	**1,746**	1,046	(50)	1,096
Tax[2]	**(445)**	**–**	**(445)**	(141)	140	(281)
Profit after tax for the period	**1,301**	**–**	**1,301**	905	90	815

€ million	Reported 2025	Exceptional items	Before exceptional items 2025	Reported 2024	Exceptional items	Before exceptional items 2024
	Three months to 30 June					
Passenger revenue	**7,771**	**–**	**7,771**	7,411	–	7,411
Cargo revenue	**311**	**–**	**311**	283	–	283
Other revenue	**780**	**–**	**780**	601	–	601
Total revenue	**8,862**	**–**	**8,862**	8,295	–	8,295
Employee costs	**1,623**	**–**	**1,623**	1,504	–	1,504
Fuel costs and emissions charges	**1,808**	**–**	**1,808**	2,025	–	2,025
Handling, catering and other operating costs	**1,127**	**–**	**1,127**	1,024	–	1,024
Landing fees and en-route charges	**647**	**–**	**647**	645	–	645
Engineering and other aircraft costs	**802**	**–**	**802**	711	–	711
Property, IT and other costs	**273**	**–**	**273**	268	–	268
Selling costs	**274**	**–**	**274**	283	–	283
Depreciation, amortisation and impairment	**639**	**–**	**639**	581	–	581
Net loss/(gain) on sale of property, plant and equipment	**4**	**–**	**4**	(1)	–	(1)
Currency differences	**(15)**	**–**	**(15)**	14	–	14
Total expenditure on operations	**7,182**	**–**	**7,182**	7,054	–	7,054
Operating profit	**1,680**	**–**	**1,680**	1,241	–	1,241
Finance costs	**(212)**	**–**	**(212)**	(243)	–	(243)
Finance income	**70**	**–**	**70**	112	–	112
Net change in fair value of financial instruments	**(145)**	**–**	**(145)**	4	–	4
Net financing credit relating to pensions	**21**	**–**	**21**	16	–	16
Net currency retranslation credits	**202**	**–**	**202**	20	–	20
Other non-operating (charges)/credits[1]	**(109)**	**–**	**(109)**	(17)	(50)	33
Total net non-operating costs	**(173)**	**–**	**(173)**	(108)	(50)	(58)
Profit before tax	**1,507**	**–**	**1,507**	1,133	(50)	1,183
Tax[2]	**(382)**	**–**	**(382)**	(224)	51	(275)
Profit after tax for the period	**1,125**	**–**	**1,125**	909	1	908

1 Termination of the agreement with Globalia to purchase Air Europa Holdings

The exceptional charge of €50 million represented the amount agreed with Globalia to terminate the agreement, signed on 23 February 2023, to purchase the remaining 80% of the share capital of Air Europa Holdings that the Group had not previously owned. On 1 August 2024, the Group exercised its right to withdraw from the acquisition and as such the agreement was terminated. The exceptional charge was recorded within Other non-operating (charges)/credits in the Income statement and there was no cash flow impact for the six months to 30 June 2024. The related tax credit was €5 million.

2 Revocation of Royal Decree-Law 3/2016 (RDL 3/2016) in Spain

The exceptional tax credit of €135 million recorded in the six months to 30 June 2024 related to the revocation of RDL 3/2016, for fiscal years 2016 to 2023, by the *Tribunal Constitucional* (Constitutional Court) in Spain on 18 January 2024.

Prior to the introduction of RDL 3/2016, the Company and the Spanish subsidiaries of the Group were permitted to offset up to 70% of their taxable profits with historical accumulated tax losses (to the extent there were sufficient tax losses to do so) and the impairment of subsidiaries was treated as deductible for tax purposes. With the introduction of the RDL 3/2016, this limitation of tax losses applied to taxable profits was reduced to 25% and the deductibility for tax purposes of historical impairments of subsidiaries that had occurred prior to 2013 was reversed. The revocation by the *Tribunal Constitucional* in January 2024 principally meant that the loss limitation reverted to 70% and historical impairments in subsidiaries reverted to being deductible for tax purposes. The combination of the above gave rise to an exceptional current tax credit, which has been partially offset by a net deferred tax charge.

During the six months to 30 June 2024, the Group received €9 million from the Spanish tax authorities relating to fiscal years 2016 to 2022.

b Adjusted earnings per share (KPI)

Adjusted earnings are based on results before exceptional items after tax and adjusted for earnings attributable to equity holders and interest on convertible bonds, divided by the weighted average number of ordinary shares, adjusted for the dilutive impact, when applicable, of the assumed conversion of the bonds and employee share schemes outstanding.

	Six months to 30 June	
€ million	**2025**	2024
Profit after tax attributable to equity holders of the parent	**1,301**	905
Exceptional items	**–**	90
Profit after tax attributable to equity holders of the parent before exceptional items	**1,301**	815
Income statement impact of convertible bonds	**56**	7
Adjusted profit	**1,357**	822
Weighted average number of ordinary shares in issue used for basic earnings per share	**4,771**	4,918
Weighted average number of ordinary shares used for diluted earnings per share	**5,116**	5,276
Basic earnings per share (€ cents)	**27.3**	18.4
Basic earnings per share before exceptional items (€ cents)	**27.3**	16.6
Adjusted earnings per share before exceptional items (€ cents)	**26.5**	15.6

c Ownership costs

Ownership costs represent the income statement impact of the historical purchase of capital assets and is defined as depreciation, amortisation and impairment, arising on both property, plant and equipment and intangible assets, and the Net gain on sale of property, plant and equipment. The Group believes that this measure is useful to the users of the financial statements in understanding the impact of capital assets in deriving the operating result of the Group.

	Six months to 30 June	
€ million	**2025**	2024
Depreciation, amortisation and impairment	**1,257**	1,140
Net gain on sale of property, plant and equipment	**(2)**	–
Ownership costs	**1,255**	1,140

d Free cash flow (KPI)

Free cash flow represents the cash generated by the businesses and is defined as the net cash flows from operating activities taken from the Cash flow statement, less the cash flows associated with the acquisition of property, plant and equipment and intangible assets reported in net cash flows from investing activities from the Cash flow statement. The Group believes that this measure is useful to the users of the financial statements in understanding the cash generating ability of the Group to support operations and maintain its capital assets.

	Six months to 30 June	
€ million	**2025**	2024
Net cash flows from operating activities	**3,787**	4,581
Acquisition of property, plant and equipment and intangible assets	**(1,690)**	(1,411)
Free cash flow	**2,097**	3,170

e Gross and Net debt to EBITDA before exceptional items (KPI)

To supplement total borrowings as presented in accordance with IFRS, the Group reviews both Gross debt to EBITDA before exceptional items and Net debt to EBITDA before exceptional items to assess its level of gross and net debt in comparison to the underlying earnings generated by the Group in order to evaluate the underlying business performance of the Group. These measures are used to monitor the Group's leverage and to assess financial headroom against internal and external security analyst and investor benchmarks and their long-term industry expectations.

Gross debt is defined as long-term borrowings (both current and non-current). Net debt is defined as Gross debt, less cash, cash equivalents and current interest-bearing deposits.

EBITDA before exceptional items is defined as the rolling four quarters operating result before exceptional items, interest, taxation, depreciation, amortisation and impairment.

The Group believes that this additional measure, which is used internally to assess the Group's financial capacity, is useful to the users of the financial statements in helping them to see how the Group's financial capacity has changed over the reporting period. It is a measure of the profitability of the Group and of the core operating cash flows generated by the business model.

€ million	**30 June 2025**	31 December 2024
Gross debt: Interest-bearing long-term borrowings	**14,807**	17,345
Less: Cash and cash equivalents	**7,723**	8,189
Less: Other current interest-bearing deposits	**1,625**	1,639
Net debt	**5,459**	7,517
Operating profit	**4,852**	4,283
Add: Depreciation, amortisation and impairment	**2,481**	2,364
EBITDA	**7,333**	6,647
Add: Exceptional items	**160**	160
EBITDA before exceptional items	**7,493**	6,807
Gross debt to EBITDA before exceptional items (times)	**2.0**	2.5
Net debt to EBITDA before exceptional items (times)	**0.7**	1.1

f Return on invested capital (KPI)

The Group monitors return on invested capital (RoIC) as it gives an indication of the Group's capital efficiency relative to the capital invested, as well as the ability to fund growth and to pay dividends. RoIC is defined as the rolling four quarters EBITDA before exceptional items, less fleet depreciation adjusted for inflation, depreciation of other property, plant and equipment, and amortisation of software intangibles, divided by average invested capital and is expressed as a percentage.

Invested capital is defined as the average of property, plant and equipment and software intangible assets over a 12-month period between the opening and closing net book values. The fleet aspect of property, plant and equipment is inflated over the average age of the fleet to approximate the replacement cost of the associated assets.

€ million	**30 June 2025**	31 December 2024
EBITDA before exceptional items	**7,493**	6,807
Less: Fleet depreciation multiplied by inflation adjustment	**(2,342)**	(2,246)
Less: Other property, plant and equipment depreciation	**(236)**	(234)
Less: Software intangible amortisation	**(274)**	(232)
	4,641	4,095
Invested capital		
Average fleet value[1]	**18,434**	18,068
Less: Average progress payments[2]	**(1,052)**	(892)
Fleet book value less progress payments	**17,382**	17,176
Inflation adjustment[3]	***1.19***	*1.18*
	20,648	20,326
Average net book value of other property, plant and equipment[4]	**2,469**	2,387
Average net book value of software intangible assets[5]	**1,074**	976
Total invested capital	**24,191**	23,689
Return on invested capital	**19.2%**	17.3%

1 The average net book value of aircraft is calculated from an amount of €18,765 million at 30 June 2025 and €18,103 million at 30 June 2024.
2 The average net book value of progress payments is calculated from an amount of €1,034 million at 30 June 2025 and €1,070 million at 30 June 2024.
3 Presented to two decimal places and calculated using a 1.5% inflation rate (30 June 2024: 1.5% inflation rate) over the weighted average age of the fleet at 30 June 2025: 11.8 years (30 June 2024: 11.3 years).
4 The average net book value of other property, plant and equipment is calculated from an amount of €2,568 million at 30 June 2025 and €2,369 million at 30 June 2024.
5 The average net book value of software intangible assets is calculated from an amount of €1,184 million at 30 June 2025 and €964 million at 30 June 2024.

g Results on a constant currency basis

Movements in foreign exchange rates impact the Group's financial results. The IAG Board and Management Committee review the results, including revenue and operating costs at constant rates of exchange. These financial measures are calculated at constant rates of exchange based on a retranslation, at prior year exchange rates, of the current year's results of the Group. Although the Board and Management Committee do not believe that these measures are a substitute for IFRS measures, the Board and Management Committee do believe that such results excluding the impact of currency fluctuations year-on-year provide additional useful information to investors regarding the Group's operating performance on a constant currency basis. Accordingly, the financial measures at constant currency within the discussion of the Group Financial review should be read in conjunction with the information provided in the Group financial statements.

The following table represents the main average and closing exchange rates for the reporting periods:

Foreign exchange rates

	Six months average to 30 June		Closing at 30 June	Closing at 31 December
	2025	2024	**2025**	2024
Pound sterling to euro	**1.18**	1.17	**1.17**	1.21
Euro to US dollar	**1.11**	1.08	**1.15**	1.04
Pound sterling to US dollar	**1.31**	1.26	**1.35**	1.26

h Liquidity

The Board and the Management Committee monitor liquidity in order to assess the resilience of the Group to adverse events and uncertainty and develop funding initiatives to maintain this resilience.

Liquidity is used by analysts, investors and other users of the financial statements as a measure of the financial health and resilience of the Group.

Liquidity is defined as Cash and cash equivalents plus Current interest-bearing deposits, plus Committed and undrawn general facilities, plus aircraft financing facilities and overdraft facilities.

€ million	**30 June 2025**	31 December 2024
Cash and cash equivalents	**7,723**	8,189
Current interest-bearing deposits	**1,625**	1,639
Committed and undrawn general facilities	**2,663**	3,344
Committed and undrawn aircraft facilities	**–**	134
Overdrafts and other facilities	**13**	56
Total liquidity	**12,024**	13,362