INTERNATIONAL AIRLINES GROUP

IAG full year results 2024

Delivering sustainable shareholder value creation

Luis Gallego, IAG Chief Executive Officer, said:

“These results highlight the quality of our businesses and effectiveness of our strategy, underpinned by the successful execution of our transformation programme across the Group. We are delivering world-class margins and returns, in line with the targets we set out to the market just over a year ago.

“We are focused on continuing to make our brands the first choice for customers, by growing our network and enhancing the customer proposition, while our disciplined capital allocation ensures we can continue to invest in the business, deliver strong financial results and create sustainable value for our shareholders.

“We are particularly pleased to announce that IAG is proposing a final dividend which takes our total dividend for the year to €435 million and intend to return up to a further €1 billion of excess capital to shareholders in up to 12 months.

“This performance would not have been possible without the hard work and dedication of our people, who continue to drive our Group-wide transformation.”

Highlights:

Summary

- Revenue growth of 9.0% driven by our market-leading network, strong brands and operational focus
- Operating profit before exceptional items increased by 26.7% to €4,443 million (2023: €3,507 million) as we continue to execute our transformation programme
- Structural improvements delivering a world-class operating margin before exceptional items of 13.8% (2023: 11.9%)
- Free cash flow of €3,556 million, after investing €2,816 million into the business
- Return on invested capital of 17.3%, as a result of disciplined capital allocation
- Delivering sustainable value creation for our shareholders
  - Adjusted earnings per share growth of 12.3%
  - Proposing a final dividend of €0.06 per share, taking full year 2024 dividend to €0.09 per share
  - €350 million share buyback announced in November 2024
  - Intention to return up to a further €1 billion of excess capital in up to 12 months

Executing on our strategy and our transformation programme

Our strategic initiatives are strengthening our market-leading network, brands and operations:

- Improving operational efficiency: 12.3 ppts improvement in On Time Performance at British Airways and 6.9 ppts at Aer Lingus. Iberia and Vueling remain two of the world's most punctual airlines
- British Airways benefitting from its £7 billion transformation programme, with operating profit of £2,048 million (2023: £1,344 million) and a 14.2% margin, making good progress towards its 15% medium-term ambition
- €1,427 million operating profit before exceptional items achieved by our Spanish businesses, already close to our €1.5 billion ambition
- Capital-light earnings growth from IAG Loyalty: operating profit growth of 14.4% to £420 million at a 17.3% margin
- Benefitting from longer term employee agreements that align to improvements in financial and operational performance
- Sustainability: 1.9% SAF used in total in 2024; on track for the required 2% mandate for 2025

Disciplined capital allocation

- Increasingly strong balance sheet, with net debt to EBITDA before exceptional items at 1.1x (2023: 1.7x)
- Targeting to strengthen the balance sheet further by reducing gross leverage over time (31 December 2024: 2.5x)
  - €577 million debt repurchase executed in January 2025
  - Two thirds of 2025 aircraft deliveries planned to be unencumbered
- Prioritising an ordinary dividend which is sustainable through the cycle
- Targeting to distribute excess cash when net leverage is below 1.2x to 1.5x, with consideration to the outlook and depending on future capital requirements and commitments, including M&A opportunities

Outlook

- Confident to deliver world-class margins and returns
- Strong customer demand continues
- Non-fuel unit cost trends similar to 2024 (excluding adverse FX impact)
- Significant free cash flow whilst investing in the business
- Sustainable ordinary dividend in place
- Excess capital returns to shareholders, reflecting confidence in the outlook
- Expecting to deliver sustainable earnings per share growth

Financial summary:

Statutory results (€ million)	Year to 31 December 2024	2023	Higher/ (lower)	Three months to 31 December 2024	2023	Higher/ (lower)
Total revenue	**32,100**	29,453	9.0 %	**8,047**	7,224	11.4 %
Operating profit	**4,283**	3,507	22.1 %	**961**	502	91.4 %
Profit after tax	**2,732**	2,655	2.9 %	**392**	504	(22.2)%
Basic earnings per share (€ cents)	**55.7**	53.8	3.5 %			
Cash, cash equivalents and interest-bearing deposits	**9,828**	6,837	2,991			
Borrowings	**17,345**	16,082	1,263			

Alternative performance measures (€ million)	2024	2023	Higher/ (lower)	2024	2023	Higher/ (lower)
Total revenue before exceptional items	**32,100**	29,453	9.0 %	**8,047**	7,224	11.4 %
Operating profit before exceptional items[1]	**4,443**	3,507	26.7 %	**1,121**	502	nm
Operating margin before exceptional items[1]	**13.8%**	11.9%	1.9 pts	**13.9%**	6.9%	7.0 pts
Profit after tax before exceptional items[1]	**2,802**	2,655	5.5 %	**552**	504	9.5 %
Adjusted earnings per share (€ cents)	**56.8**	50.6	12.3 %			
Net debt	**7,517**	9,245	(1,728)			
Net debt to EBITDA before exceptional items (times)[1]	**1.1**	1.7	(0.6)			
Total liquidity[2]	**13,362**	11,624	1,738			

Operating figures	2024	2023	Higher/ (lower)	2024	2023	Higher/ (lower)
Available seat kilometres (ASK million)	**343,253**	323,111	6.2 %	**84,320**	80,818	4.3 %
Passenger revenue per ASK (€ cents)	**8.24**	7.99	3.1 %	**8.26**	7.79	6.0 %
Non-fuel costs per ASK (€ cents)	**5.84**	5.69	2.6 %	**6.15**	5.87	4.8 %

1 Exceptional items in 2024 (2023: nil) relate to employee restructuring in Iberia's ground handling subsidiary, the termination of the Air Europa purchase agreement and tax, as explained in the Financial review and Alternative performance measures section.

2 Total liquidity includes Cash, cash equivalents and interest-bearing deposits, plus committed and undrawn general and aircraft-specific financing facilities.

The definition of the Group's alternative performance measures is set out in the Alternative performance measures note to the consolidated financial statements, which includes: Free cash flow; Net debt to EBITDA before exceptional items ('leverage'); and Return on invested capital. Capital expenditure is measured as the 'Acquisition of property, plant and equipment and intangible assets' from the Cash flow statement. Operating margin is shown before exceptional items. All other profit, revenue and cost metrics are quoted on a statutory basis, unless indicated otherwise.

Delivering our strategy

Our strategy is designed to generate sustainable earnings growth at world-class margins, the combination of which we expect to drive sustainable value creation for shareholders. This will be achieved by focusing on three strategic imperatives:

1. Strengthening our core

Growing our portfolio of global leadership positions

Sustained, strong demand for travel

We have seen ongoing strong demand for travel throughout 2024 and now into 2025, particularly across our core markets. Leisure travel remains robust as a major priority for households and in recent years we have seen this boosted by a shift as customers value experiences over material purchases. In addition, in the VFR segment ('Visiting Friends and Relatives'), globalisation has created resilient, reliable demand to both ends of the route network. Corporate travel increased through the year, although we estimate that it will not fully recover to pre-COVID 19 levels, particularly for short duration and short-haul trips.

Investing in our market-leading positions

We are focused on a disciplined approach to capacity growth in our markets.

Aer Lingus will continue to focus on building Dublin as a gateway to the USA, leveraging its geographic and cultural ties, as well as providing a competitive European network.

British Airways is continuing to invest where it derives the highest returns, in particular the North American market. It is still recovering to its previous levels of capacity, particularly in premium cabins, which reflects its premium offering and affluent customer base and will support higher profitability in the future. This continues to be subject to new aircraft delivery delays and engine maintenance issues, which will impact our plans for growth over the next three years. Specifically its 2024 and 2025 schedules have been heavily affected by reduced aircraft availability due to problems with engines on the 787 fleet.

Iberia is focused on increasing its market share into the Latin American market, a source of structurally attractive long-term growth, as well as adding more efficient capacity into North America. In 2024 Iberia increased its market share from Spain to Latin America by three percentage points compared to 2019.

The addition of the A321XLR to Iberia's and Aer Lingus's fleets will add to their customer offerings, allowing them to fly profitably throughout the year to more seasonal destinations, as well as to add frequencies where it would reinforce their schedules. It will also allow existing widebody capacity to be redeployed to other markets.

Vueling's focus is on strengthening its position in Barcelona, Europe's fifth largest airport by passenger numbers, as well as in Domestic Spain. Vueling is increasingly complemented at Barcelona by growth at LEVEL, adding a low-cost long-haul transatlantic option in a market where only 31% of long-haul traffic is non-stop.

Investing in the North Atlantic – the largest aviation market from Europe.

IAG and its joint business partners have market share of 45% on the North Atlantic market and it represents 31% of IAG's total capacity by ASK. Alongside our partners we serve North America 150 times each day to 34 destinations, 30% more than the nearest competitor.

Aer Lingus:
- Aer Lingus has a unique advantage of strong cultural and geographic links to its core US long-haul market, as well as US-border pre-clearance at Dublin airport
- 2024: restarted Minneapolis and added a new route to Denver. Started flying to Las Vegas in October. Introduction of A321XLR at the end of the year, flying to Washington, Boston and Toronto
- 2025: New destinations of Nashville and Indianapolis as the A321XLR allows profitable point-to-point access to secondary cities in North America

British Airways:
- British Airways is the market leader to North America from London, a highly-valuable and mainly point-to-point market. British Airways has a particular focus on the premium segment of this market; by the end of 2025 British Airways will be the only airline flying a First Class cabin across the Atlantic from London
- 2024: continuing to broaden the network including additional frequencies to destinations such as San Diego and consolidation of Cincinnati as a new destination
- 2025: adding further additional frequencies across the network, including Washington, Austin, Las Vegas and Vancouver. Pittsburgh to be served by a daily flight

Iberia:
- Iberia serves destinations in North America with strong commercial or cultural links to Spain
- 2024: Increased frequencies to Los Angeles and consolidated Dallas and Washington routes. Iberia was the first delivery customer for the Airbus A321XLR and is flying it to Boston and Washington
- 2025:continuing to develop the A321XLR routes to North America

LEVEL:
- LEVEL is continuing to develop the long-haul low-cost market from the valuable Barcelona market. In 2024 it launched a year-round direct service to Miami and increased the frequency to Los Angeles and Boston to daily flights

Investing in the structurally-growing South Atlantic market

IAG and its joint business partners have market share of 30% on the attractive South Atlantic market representing 20% of IAG's total capacity by ASK. IAG is the market leader, operating over 50 flights each day to and from Latin America.

Iberia:
- Iberia has strong cultural links to Latin America and Madrid is the gateway to Europe from Latin America. Iberia is investing in strengthening its position in its Madrid hub, to benefit from strong growth in traffic which is driven by increased investment and travel by a wealthier demographic. Iberia is now the leader in the Europe to Latin America market
- 2024: increase in frequency to Buenos Aires, São Paulo, Santiago de Chile and Santo Domingo as well as to Puerto Rico and Rio de Janeiro
- 2025: further frequencies to Buenos Aires and São Paolo, as well as Lima

British Airways:
- 2024: flights to Rio de Janeiro and Buenos Aires now daily. Dedicated São Paolo flight with larger aircraft. Flights to Barbados were all consolidated to Heathrow to allow premium capacity to grow from the winter
- 2025: reduced frequency to Santiago de Chile and the reduction of some tag flights in the Caribbean (Aruba, Trinidad)

LEVEL:
- 2024: Increase in capacity to Santiago de Chile and it has doubled its Premium Economy offering to Latin America
- 2025: Extended Barcelona to Santiago de Chile to a year-round route

European short-haul market (including Domestic Spain)
This represents 34% of IAG's total capacity and is served by our network carriers delivering feeder traffic for long-haul (Aer Lingus, British Airways, Iberia), alongside our efficient lower-cost operations providing a combination of feeder and point-to-point services (BA Euroflyer, BA Cityflyer, Iberia Express, Vueling).

Our disciplined approach to capital allocation gives us the flexibility to focus investment in order to maximise sustainable, profitable growth.

Vueling:
- Vueling's strategy is to reinforce its positions in Barcelona and Domestic Spain. It is a leader in select European flows, such as Paris to Spain; investing in London Gatwick to Spain and leveraging its recent position in London Heathrow
- Vueling's recent growth has been delivered through higher utilisation and more efficient use of its network operations. In 2024 growth was constrained whilst negotiations with pilots were ongoing, in order to secure efficient, profitable growth in future
- In 2024 the airline added year-round services to Heathrow and Istanbul, winter destinations such as Tromsø, as well as summer destinations such as Comiso
- In 2025 Vueling is planning to receive additional aircraft that will be deployed to Barcelona and its regional domestic bases to continue this strategy, and will fly new routes to a number of destinations in Italy, Morocco, Montenegro and Albania

Iberia Express continues to produce exceptional performance on all key metrics with a low cost base and advantaged ability to generate revenue, partly as a feeder for Iberia on some routes.

BA Euroflyer is unlocking profitable growth at London Gatwick and has now reached 23 aircraft. It has a competitive cost base at Gatwick and is also an important component to British Airways' wider brand proposition, as well as developing its strategic links to BA Holidays and IAG Loyalty. BA Cityflyer has a strong business-oriented customer base and a premium leisure point-to-point positioning.

Strengthening our portfolio of world-class brands

Investing to drive better customer experiences
We need to continue to drive investment in the propositions of all our airlines to improve the customer experience. We are making good progress and in 2024 our Customer Net Promoter Score increased by 4.0 points.

Investing in our fleet
IAG invests in new, modern aircraft to drive operational efficiency (including reducing CO_2 emissions), update the onboard products to the latest style and technology and to support growth opportunities. Acquiring the aircraft on a group basis means that IAG can achieve benefits of scale (mainly better pricing) in the procurement process.

- 19 new aircraft were delivered in 2024. We are investing in larger aircraft that support lower unit costs - British Airways replacing A319 fleet with A320 and A321, as well as changing the overall mix of the fleet as large long-haul aircraft (A350-1000 and 787-10) are delivered
- The latest aircraft are opening up new route strategies - 3 A321XLRs to Iberia and Aer Lingus; 11 more due in 2025 and 2026
- New and updated cabin products offer customers the latest in comfort and technology:
  - British Airways now has 66% of its Heathrow-based long-haul fleet embodied with the Club Suite product. At the end of 2025 it will start to retrofit its A380 aircraft with the new First suite
  - Iberia plans to roll-out and retrofit its business suites to an updated version that includes privacy doors, which are currently only on 20% of the widebody fleet. This means retrofitting 20 A330s and 14 A350s, from 2027
  - Aer Lingus is also updating its onboard product including a new business and new Premium Economy seat from Winter 2026
- We expect 26 aircraft to be delivered in 2025, of which two are widebodies and 10 are A321XLRs.
- During the year the Group ordered two additional A350-900s for Iberia as part of its Latin American market strategy, and converted 10 A320neo options into firm orders for delivery in 2029, in order to continue the Group's move to modern, fuel efficient aircraft
- IAG continually reviews its fleet requirements and is currently reviewing its medium-term needs for long-haul aircraft deliveries to support replacement of older aircraft and provide growth.

Investing in our products and services
- Aer Lingus's focus is on building the brand in key North American gateways. It is building a new flagship lounge at JFK Terminal 6, which will facilitate onward connections. Other lounges at Boston, Chicago and San Francisco have been updated. 99% of eligible TSA pre-check customers take less than 10 minutes at relevant airports
- British Airways continues to invest in its premium proposition. In addition to the onboard seats noted above, it refreshed its lounges at Edinburgh, Lagos, Washington and Gatwick in 2024 and this will continue in 2025 at Singapore, Seattle, Miami and Dubai, the latter two with a brand new concept
- Iberia is investing in its increasingly premium long-haul customer base. It is retrofitting its A330 fleet with the latest generation business suites and adding Premium Economy capacity (it will be the only airline flying Premium Economy between Spain and Latin America). It is digitalising more and more of the customer journey such as information updates through the airport, disruption self-service capability and more options onboard such as partnering with Disney Plus for the in-flight entertainment
- Vueling's positioning as a low-cost carrier sees it focus on its digital proposition across the customer journey. This includes digital touchpoints throughout the airport as well as the ability to self-manage in disruption. Onboard there is a focus on training its pilots and crew to improve customer satisfaction

Improving our operations
Efficient operations are a major driver of both customer satisfaction and direct (revenue and cost) performance.
- Aer Lingus improved its On Time Performance (OTP) by 7 percentage points in 2024. This was as a result of more stable operations and investment in technology such as check-in applications, paperless crew and self-service baggage, as well as the optimisation of processes around fuelling, boarding and pushback times
- British Airways significantly improved its operational performance in 2024, increasing its On Time Performance by 12 percentage points. This was achieved through major investment in disruption management: the implementation of the Heathrow Operating Model as well as the introduction of software and IT tools (e.g. Pathfinder, Mission Control) that support better data-driven decision making. This was despite the ongoing challenges related to aircraft availability, particularly the 787 fleet. The wider operating environment also remains difficult, with ATC restrictions doubling at Heathrow during the year
- Iberia is the second most punctual airline in Europe (Iberia Express being the most punctual) and the 8th most punctual airline in the world, although its OTP declined slightly in 2024 to 85.9%. Like all other airlines in the world it suffered from the increasing impact of maintenance supply chains on aircraft availability, particularly in long-haul, as well as through the impact of ATC constraints and weather-related disruption. For 2025 it is adding resilience in fleet operations through increased preventative maintenance, adding back-up aircraft and building a more flexible schedule
- Vueling is Europe's fourth most punctual airline, but was also affected significantly by extreme weather and ATC. The airline continues to focus on IT tools and software to drive more efficient and responsive operations, such as for crew recovery and crew communications, maintenance and engineering optimisation and forward-planning

Transforming our businesses to drive sustainable earnings growth
IAG's transformation programmes are a continuous process designed to create better businesses at each of its operating companies, that are more efficient and resilient, in order to sustain long-term competitive advantage. It involves challenging the status quo and improving existing practices across every business, everywhere, all the time. Many of our initiatives are driven by technology and data.

Customer and innovation
- Aer Lingus is an increasingly digital and data-driven organisation. Aer Lingus has new app-based capabilities, providing real-time flight status, boarding gate notifications and a new 'manage bags' feature
- British Airways has introduced a new digital rebooking tool for disrupted passengers, enabling it to rebook customers onto other airlines faster and meaning that customers will need to make fewer calls to contact centres. It also is using a system called Connected Teams which helps customer care teams on the ground and cabin crew resolve issues in-flight
- Iberia is now distributing up to 50% of direct sales through NDC, where it partners with agents to offer attractive, increasingly personalised offers to customers in a cost-efficient way. Chatbots are increasingly used in contact centres to solve customer issues better
- Vueling is transforming customer service through digital innovation, such as Virtual Assistant and online payments, It is also now working with the Barcelona supercomputing centre to improve disruption forecasting and management

Efficiency
- Aer Lingus contact centre initiatives have included interactive voice recognition and speech and text analytics which have contributed to increasing the automation rate by 30% and has reduced average handling times. Payment can also now be taken in the chat channel
- British Airways is investing £700 million in its IT: improving the resilience of its systems; updating its website and app; and developing new revenue management and sales platforms. It is an early partner for Amadeus's next-generation retailing product Nevio. It has introduced machine learning to predictive maintenance so it can carry out parts replacement on a more timely and efficient basis. Zero-based budgeting is planned to be a major driver of efficiency in 2025
- Iberia is using AI models to deliver better pricing, better financial reporting processes and scenario analysis in operations
- Vueling is evolving its engine maintenance optimiser to maximise life and minimise lease costs, as well as implementing a Flight Operations chatbot to inform decision-making and developing an AI-driven crew training tool

Our people
Having a talented, engaged and productive workforce is a key component to our strategy. We have 74,378 employees in 77 countries and in 2024 we recruited 12,166 colleagues across all of our operating companies and businesses.

We want to provide attractive careers and the opportunity for personal development. We are focused on providing equal opportunities and work towards our objective of 40% of our senior leadership roles being held by women: this was 36% at the end of 2024. We also need to secure a pipeline of pilots for each of our airlines and a key part of this is our pilot academies at Aer Lingus, British Airways and Iberia. This year British Airways significantly increased its academy intake to 200 per year, reflecting long-term planning horizons.

Collective bargaining agreements are in place for 85% of the workforce. 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 customer NPS, operational performance and profitability. We now have multi-year agreements in place with all of our pilot and non-pilot groups and continue to work on sustainable agreements with our other employee groups.

2. Driving capital-light earnings growth

Growing IAG Loyalty
IAG Loyalty is a key part of IAG's strategy to drive capital-light earnings growth in businesses that are complementary to the other activities. It has high growth, structurally higher margins than the Group's other operating companies, is less seasonal and generates strong free cash flow. IAG Loyalty is now the third largest operating company by operating profit at £420 million (€495 million), with the addition of BA Holidays during the year, which in Sterling terms has grown by 14.4% during the year and it has doubled its profits since 2019. Operating margin was 17.3%, which has been diluted by the addition of the BA Holidays.

IAG Loyalty is designed to increase loyalty to our Group and partner airlines, as well as to create value with its non-airline partners. Its financial model is to sell Avios at a higher price than the cost to redeem them. Its focus is therefore to maximise the ability to 'earn and burn' Avios. Avios issuance and redemption is now at record levels. It issued 24% more Avios during the year and redemptions were 20% higher. On the airline partner side, it is increasing the number of non-Group airlines that offer Avios as their currency, adding Finnair in 2024, in addition to Qatar in 2022 and now Loganair in early 2025. It is working to expand this group further. It also continues to expand the ways to redeem Avios, in particular through greater seat availability on flights (including Avios-only destinations such as Sharm El Sheikh, Dubai and Geneva) as well as creating other opportunities such as the Wine Flyer business.

It is also growing the portfolio of non-air partners where customers can collect Avios. In 2024 it renewed relationships with HSBC, RBC, Expedia and Melia; expanded relationships with Uber and Repsol across the Group; and signed up new partners such as Wells Fargo, Revolut, Dufry and Royal Caribbean.

In 2025 the strategy is to increase the direct link to expenditure, which has been reflected in the recent British Airways relaunch of its loyalty scheme "The British Airways Club". The ability to earn points has been widened to include expenditure on holidays, on co-brand cards or by making a contribution to Sustainable Aviation Fuel (SAF).

During the year BA Holidays transferred from British Airways to IAG Loyalty, where it will become a key component of the IAG Loyalty ecosystem. IAG Loyalty will be investing in a modern, scaleable retail platform, replacing a current 15-year old legacy system, and a new CEO has been appointed to the business. BA Holidays has doubled its profit since 2019 and significant further growth is expected as a result of investment.

Leveraging our partnerships

IAG also seeks to generate capital-light value through its strategic airline partnerships, mainly through joint businesses that provide customers with a worldwide network of destinations and flights.

In 2024 IAG continued to develop and strengthen its joint businesses and alliances:

- Atlantic Joint Business (with American Airlines and Finnair): nine new routes were launched and Finnair adopted Avios
- Qatar Joint Business (with Qatar Airways): London-Doha served 13 times a day, Madrid-Doha served 3 times a day including Iberia's new route to Doha; Qatar codeshare with Aer Lingus; over 670k linked Avios accounts since Qatar adopted the currency
- Siberian Joint Business (with Japan Airlines and Finnair): Iberia launched its route to Tokyo
- Peru and Ecuador Joint Business (with LATAM): strong growth (+15% ASKs) by Iberia and LATAM
- China Joint Business (with China Southern): combined British Airways and China Southern capacity strategy

In addition the Group's airlines variously are part of alliances such as **one**world as well as with Alaskan, JetBlue, Indigo and Air India.

3. A sustainable framework

IAG has the objective of creating a business that will be successful in the long term, both operationally and financially.

A path to Net Zero

Environmental regulations are one of the biggest challenges that we need to manage. In 2024 we continued to make progress towards Net Zero emissions by 2050 in line with our sustainability roadmap. We achieved our 2025 carbon intensity target a year early, delivering 78.1gCO_2/pkm (vs target 80.0gCO_2/pkm). This was delivered principally by our more efficient, modern aircraft.

We are also continuing to secure supplies of Sustainable Aviation Fuel (SAF) to deliver on our target of 10% in 2030 and are focused on ensuring we can achieve mandated volumes, particularly for second and third generation SAF. We signed e-SAF agreements with Twelve and Infinium during the year and in Spain we reached an agreement with Repsol for the largest SAF purchase in Spain. In 2024 1.9% of our total fuel consumption was SAF, putting us in a strong position to achieve the mandated 2% in the UK and EU for 2025.

We need governments to provide further support for SAF, including measures to encourage private sector investment and to avoid additional regulation that risks making European aviation less competitive than other global competitors.

Disciplined Capital Allocation

We have a disciplined and balanced approach to capital allocation, one of the key aspects of our business model. Our world-class margin performance supports high operating cash generation. In 2024 we generated €6,372 million of cash from operating activities, leading to €3,556 million of free cash flow after investing €2.8 billion of capital.

Our first priority is a strong balance sheet. In 2023 we set the target to be below 1.8x net leverage through the cycle. In 2024 we ended the year with leverage at 1.1x, down from 1.7x at the end of 2023 and 3.1x at the end of 2022. We are investment grade with Moody's and S&P, both of which upgraded IAG during the year.

We are continuing to reinforce our financial strength. In early 2025 we completed a liability management exercise to reduce our gross debt by buying back €577 million across our 2027 and 2029 IAG bonds. Gross debt will reduce further as an IAG €500 million bond matures in March 2025 and as we increase the level of unencumbered aircraft. This will help us with our target to reduce gross leverage over time (2.5x at 31 December 2024).

Our second capital allocation priority is to invest in the business. In 2024 we invested €781 million of capital expenditure in our customer propositions, including IT. We are upgrading aircraft interiors with new products such as the Club Suite at British Airways and upgraded lounges at Aer Lingus, British Airways and Iberia. We are also investing in our IT: in resilience as well as developing customer-facing applications. We spent €2,035 million on fleet in 2024, with 19 new aircraft delivered. We planned to invest more in 2024, including pre-delivery payments, but are constrained by delays at the aircraft manufacturers.

We are committed to creating sustainable value for our shareholders. Firstly we want to pay a sustainable ordinary dividend to our shareholders, through the cycle. We announced an interim dividend of €0.03 per share at our half year results last August and have proposed a final dividend of €0.06 per share, bringing the total dividend for the year to €0.09 per share, representing €435 million.

We are also committed to returning excess cash to shareholders if no inorganic opportunities exist, with consideration to the outlook and to future requirements, for example significant forthcoming fleet deliveries. We will do this when net leverage is below 1.2x to 1.5x. In November 2024 we announced a €350 million share buyback and today are announcing our intention to return up to €1 billion of excess capital to shareholders in up to 12 months, driven by our significant cash flow generation.

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

Expect another good year with strong shareholder returns in FY 2025 - modelling assumptions

Revenue
- Strong customer demand continues
- Capacity increase of c.3% - continuing focus on our core markets

Non-fuel unit costs
- Similar trend overall as 2024 and an additional adverse FX impact of c.2% at current assumptions
- Weighted to H1 ahead of the summer peak

Free cash flow
- Targeting significant free cash flow
- Generated by sustained high margins
- Payment of £557 million to HMRC to advance our appeal against HMRC decision regarding historical VAT treatment at IAG Loyalty
- Capex of c.€3.7 billion depending on fleet deliveries
- Committed to a sustainable ordinary dividend - €0.06 per share final full year 2024 dividend proposed
- Returning up to €1 billion of excess capital in up to 12 months

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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 2023; 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 2023. These documents are available on www.iairgroup.com.

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CONSOLIDATED INCOME STATEMENT

	Year to 31 December			Three months to 31 December		
€ million	**2024**	2023	Higher/ (lower)	**2024**	2023	Higher/ (lower)
Passenger revenue	**28,274**	25,810	9.5 %	**6,961**	6,293	10.6 %
Cargo revenue	**1,234**	1,156	6.7 %	**364**	290	25.5 %
Other revenue	**2,592**	2,487	4.2 %	**722**	641	12.6 %
Total revenue	**32,100**	29,453	9.0 %	**8,047**	7,224	11.4 %
Employee costs	**6,356**	5,423	17.2 %	**1,841**	1,438	28.0 %
Fuel costs and emissions charges	**7,608**	7,557	0.7 %	**1,740**	1,978	(12.0)%
Handling, catering and other operating costs	**4,135**	3,849	7.4 %	**1,034**	958	7.9 %
Landing fees and en-route charges	**2,405**	2,308	4.2 %	**563**	546	3.1 %
Engineering and other aircraft costs	**2,729**	2,509	8.8 %	**725**	647	12.1 %
Property, IT and other costs	**1,120**	1,058	5.9 %	**300**	270	11.1 %
Selling costs	**1,082**	1,155	(6.3)%	**241**	304	(20.7)%
Depreciation, amortisation and impairment	**2,364**	2,063	14.6 %	**627**	555	13.0 %
Net gain on sale of property, plant and equipment	**(14)**	(2)	nm	**(13)**	13	nm
Currency differences	**32**	26	23.1 %	**28**	13	nm
Total expenditure on operations	**27,817**	25,946	7.2 %	**7,086**	6,722	5.4 %
Operating profit	**4,283**	3,507	22.1 %	**961**	502	91.4 %
Finance costs	**(917)**	(1,113)	(17.6)%	**(240)**	(246)	(2.4)%
Finance income	**404**	386	4.7 %	**105**	101	4.0 %
Net change in fair value of financial instruments	**(237)**	(11)	nm	**(174)**	(11)	nm
Net financing credit relating to pensions	**63**	103	(38.8)%	**17**	26	(34.6)%
Net currency retranslation (charges)/credits	**(127)**	176	nm	**(183)**	112	nm
Other non-operating credits	**94**	8	nm	**122**	(43)	nm
Total net non-operating costs	**(720)**	(451)	59.6 %	**(353)**	(61)	nm
Profit before tax	**3,563**	3,056	16.6 %	**608**	441	37.9 %
Tax	**(831)**	(401)	nm	**(216)**	63	nm
Profit after tax for the year	**2,732**	2,655	2.9 %	**392**	504	(22.2)%

ALTERNATIVE PERFORMANCE MEASURES

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

	Year to 31 December			Three months to 31 December		
	Before exceptional items			Before exceptional items		
€ million	**2024**	2023	Higher/ (lower)	**2024**	2023	Higher/ (lower)
Passenger revenue	**28,274**	25,810	9.5 %	**6,961**	6,293	10.6 %
Cargo revenue	**1,234**	1,156	6.7 %	**364**	290	25.5 %
Other revenue	**2,592**	2,487	4.2 %	**722**	641	12.6 %
Total revenue	**32,100**	29,453	9.0 %	**8,047**	7,224	11.4 %
Employee costs	**6,196**	5,423	14.3 %	**1,681**	1,438	16.9 %
Fuel costs and emissions charges	**7,608**	7,557	0.7 %	**1,740**	1,978	(12.0)%
Handling, catering and other operating costs	**4,135**	3,849	7.4 %	**1,034**	958	7.9 %
Landing fees and en-route charges	**2,405**	2,308	4.2 %	**563**	546	3.1 %
Engineering and other aircraft costs	**2,729**	2,509	8.8 %	**725**	647	12.1 %
Property, IT and other costs	**1,120**	1,058	5.9 %	**300**	270	11.1 %
Selling costs	**1,082**	1,155	(6.3)%	**241**	304	(20.7)%
Depreciation, amortisation and impairment	**2,364**	2,063	14.6 %	**627**	555	13.0 %
Net gain on sale of property, plant and equipment	**(14)**	(2)	nm	**(13)**	13	nm
Currency differences	**32**	26	23.1 %	**28**	13	nm
Total expenditure on operations	**27,657**	25,946	6.6 %	**6,926**	6,722	3.0 %
Operating profit	**4,443**	3,507	26.7 %	**1,121**	502	nm
Finance costs	**(917)**	(1,113)	(17.6)%	**(240)**	(246)	(2.4)%
Finance income	**404**	386	4.7 %	**105**	101	4.0 %
Net change in fair value of financial instruments	**(237)**	(11)	nm	**(174)**	(11)	nm
Net financing credit relating to pensions	**63**	103	(38.8)%	**17**	26	(34.6)%
Net currency retranslation (charges)/credits	**(127)**	176	nm	**(183)**	112	nm
Other non-operating credits	**144**	8	nm	**122**	(43)	nm
Total net non-operating costs	**(670)**	(451)	48.6 %	**(353)**	(61)	nm
Profit before tax	**3,773**	3,056	23.5 %	**768**	441	74.1 %
Tax	**(971)**	(401)	nm	**(216)**	63	nm
Profit after tax	**2,802**	2,655	5.5 %	**552**	504	9.5 %

Operating figures	**2024**	2023	Higher/ (lower)	**2024**	2023	Higher/ (lower)
Available seat kilometres (ASK million)	**343,253**	323,111	6.2 %	**84,320**	80,818	4.3 %
Revenue passenger kilometres (RPK million)	**296,877**	275,727	7.7 %	**72,181**	67,648	6.7 %
Passenger load factor (per cent)	**86.5**	85.3	1.2pts	**85.6**	83.7	1.9pts
Passenger numbers (thousands)	**122,047**	115,559	5.6 %	**29,072**	28,011	3.8 %
Cargo tonne kilometres (CTK million)	**5,253**	4,666	12.6 %	**1,444**	1,304	10.7 %
Sold cargo tonnes (thousands)	**651**	596	9.2 %	**176**	157	12.1 %
Sectors	**741,653**	714,562	3.8 %	**179,345**	176,149	1.8 %
Block hours (hours)	**2,276,790**	2,137,749	6.5 %	**554,838**	532,055	4.3 %
Average headcount	**73,498**	69,762	5.4 %	**n/a**	n/a	n/a
Aircraft in service	**601**	582	3.3 %	**n/a**	n/a	n/a
Passenger revenue per RPK (€ cents)	**9.52**	9.36	1.7 %	**9.64**	9.30	3.7 %
Passenger revenue per ASK (€ cents)	**8.24**	7.99	3.1 %	**8.26**	7.79	6.0 %
Cargo revenue per CTK (€ cents)	**23.49**	24.77	(5.2)%	**25.21**	22.24	13.3 %
Fuel cost per ASK (€ cents)	**2.22**	2.34	(5.2)%	**2.06**	2.45	(15.7)%
Non-fuel costs per ASK (€ cents)	**5.84**	5.69	2.6 %	**6.15**	5.87	4.8 %
Total cost per ASK (€ cents)	**8.06**	8.03	0.3 %	**8.21**	8.32	(1.2)%

TRAFFIC AND CAPACITY STATISTICS - GROUP

	Year to 31 December			Three months to 31 December		
	2024	2023	Higher/(lower) vly	**2024**	2023	Higher/(lower) vly
Passengers carried ('000s)	**122,047**	**115,559**	**5.6 %**	**29,072**	**28,011**	**3.8 %**
North Atlantic	13,447	12,809	5.0 %	3,228	3,075	5.0 %
Latin America and Caribbean	7,254	6,426	12.9 %	1,882	1,726	9.0 %
Europe	63,322	59,872	5.8 %	14,507	14,285	1.6 %
Domestic (Spain and UK)	30,196	29,161	3.5 %	7,437	7,134	4.2 %
Africa, Middle East and South Asia	6,498	6,242	4.1 %	1,691	1,524	11.0 %
Asia Pacific	1,330	1,049	26.8 %	327	267	22.5 %
Revenue passenger kilometres (million)	**296,877**	**275,727**	**7.7 %**	**72,181**	**67,648**	**6.7 %**
North Atlantic	89,587	84,938	5.5 %	21,368	20,364	4.9 %
Latin America and Caribbean	59,023	52,246	13.0 %	15,338	14,029	9.3 %
Europe	76,654	71,910	6.6 %	17,166	16,550	3.7 %
Domestic (Spain and UK)	24,663	23,214	6.2 %	6,183	5,816	6.3 %
Africa, Middle East and South Asia	34,236	33,513	2.2 %	8,959	8,383	6.9 %
Asia Pacific	12,714	9,906	28.3 %	3,167	2,506	26.4 %
Available seat kilometres (million)	**343,253**	**323,111**	**6.2 %**	**84,320**	**80,818**	**4.3 %**
North Atlantic	105,304	102,409	2.8 %	25,176	25,145	0.1 %
Latin America and Caribbean	66,879	59,632	12.2 %	17,470	16,308	7.1 %
Europe	88,513	83,677	5.8 %	20,368	19,669	3.6 %
Domestic (Spain and UK)	27,438	25,935	5.8 %	7,047	6,569	7.3 %
Africa, Middle East and South Asia	40,821	40,246	1.4 %	10,645	10,201	4.4 %
Asia Pacific	14,298	11,212	27.5 %	3,614	2,926	23.5 %
			Pts Var			Pts Var
Passenger load factor (%)	**86.5**	**85.3**	**1.2**	**85.6**	**83.7**	**1.9**
North Atlantic	85.1	82.9	2.2	84.9	81.0	3.9
Latin America and Caribbean	88.3	87.6	0.7	87.8	86.0	1.8
Europe	86.6	85.9	0.7	84.3	84.1	0.2
Domestic (Spain and UK)	89.9	89.5	0.4	87.7	88.5	(0.8)
Africa, Middle East and South Asia	83.9	83.3	0.6	84.2	82.2	2.0
Asia Pacific	88.9	88.4	0.5	87.6	85.6	2.0
Cargo tonne kilometres (million)	**5,253**	**4,666**	**12.6 %**	**1,444**	**1,304**	**10.7 %**

TRAFFIC AND CAPACITY STATISTICS – BY AIRLINE

	Year to 31 December			Three months to 31 December		
	2024	2023	Higher/(lower) vly	**2024**	2023	Higher/(lower) vly
Aer Lingus						
Passengers carried ('000s)	**11,018**	10,743	2.6 %	**2,521**	2,407	4.7 %
Revenue passenger kilometres (million)	**26,317**	25,451	3.4 %	**6,205**	5,696	8.9 %
Available seat kilometres (million)	**32,676**	31,572	3.5 %	**8,034**	7,672	4.7 %
Passenger load factor (%)/Pts variance	**80.5**	80.6	(0.1)pts	**77.2**	74.2	3.0 pts
Cargo tonne kilometres (million)	**185**	153	20.9 %	**53**	44	20.5 %
British Airways						
Passengers carried ('000s)	**46,164**	43,315	6.6 %	**11,202**	10,677	4.9 %
Revenue passenger kilometres (million)	**149,156**	140,137	6.4 %	**36,669**	34,452	6.4 %
Available seat kilometres (million)	**175,141**	167,694	4.4 %	**43,314**	41,697	3.9 %
Passenger load factor (%)/Pts variance	**85.2**	83.6	1.6 pts	**84.7**	82.6	2.1 pts
Cargo tonne kilometres (million)	**3,814**	3,428	11.3 %	**1,035**	934	10.8 %
Iberia						
Passengers carried ('000s)	**25,859**	24,036	7.6 %	**6,281**	6,067	3.5 %
Revenue passenger kilometres (million)	**75,408**	66,024	14.2 %	**18,681**	17,069	9.4 %
Available seat kilometres (million)	**85,792**	75,726	13.3 %	**21,268**	19,860	7.1 %
Passenger load factor (%)/Pts variance	**87.9**	87.2	0.7 pts	**87.8**	85.9	1.9 pts
Cargo tonne kilometres (million)	**1,204**	1,046	15.1 %	**341**	313	8.9 %
LEVEL						
Passengers carried ('000s)	**846**	701	20.7 %	**171**	162	5.6 %
Revenue passenger kilometres (million)	**7,192**	5,990	20.1 %	**1,490**	1,412	5.5 %
Available seat kilometres (million)	**7,555**	6,411	17.8 %	**1,574**	1,586	(0.8)%
Passenger load factor (%)/Pts variance	**95.2**	93.4	1.8 pts	**94.7**	89.0	5.7 pts
Cargo tonne kilometres (million)	**50**	39	28.2 %	**15**	13	15.4 %
Vueling						
Passengers carried ('000s)	**38,160**	36,764	3.8 %	**8,897**	8,698	2.3 %
Revenue passenger kilometres (million)	**38,804**	38,125	1.8 %	**9,136**	9,019	1.3 %
Available seat kilometres (million)	**42,089**	41,708	0.9 %	**10,130**	10,003	1.3 %
Passenger load factor (%)/Pts variance	**92.2**	91.4	0.8 pts	**90.2**	90.2	0.0 pts
Cargo tonne kilometres (million)	**n/a**	n/a	n/a	**n/a**	n/a	n/a

FINANCIAL REVIEW

IAG capacity

In 2024, passenger capacity operated, measured in available seat kilometres (ASKs), rose by 6.2% versus 2023.

Capacity operated by region

Year to 31 December 2024	Proportion of total ASKs 2024	ASKs higher/(lower) v2023	Passenger load factor (%)	Higher/(lower) v2023
North Atlantic	**30.7 %**	2.8 %	85.1	2.2 pts
Latin America and Caribbean	**19.5 %**	12.2 %	88.3	0.7 pts
Europe	**25.8 %**	5.8 %	86.6	0.7 pts
Domestic (Spain and UK)	**8.0 %**	5.8 %	89.9	0.4 pts
Africa, Middle East and South Asia	**11.9 %**	1.4 %	83.9	0.6 pts
Asia Pacific	**4.1 %**	27.5 %	88.9	0.5 pts
Total network	**100.0 %**	**6.2 %**	**86.5**	**1.2 pts**

Capacity operated by airline

Year to 31 December 2024	ASKs higher/(lower) v2023	Passenger load factor (%)	Higher/(lower) v2023
Aer Lingus	3.5 %	80.5	(0.1)pts
British Airways	4.4 %	85.2	1.6 pts
Iberia	13.3 %	87.9	0.7 pts
LEVEL	17.8 %	95.2	1.8 pts
Vueling	0.9 %	92.2	0.8 pts
Group	**6.2 %**	**86.5**	**1.2 pts**

North Atlantic

The Group's airlines launched new routes and increased services to the North Atlantic region, one of the Group's core profit pools, with capacity 2.8% higher than in 2023. Aer Lingus started flights to Las Vegas and Denver, and resumed its route to Minneapolis. British Airways further developed its US network with the consolidation of its Cincinnati service and increased frequencies to San Diego. Iberia increased the frequency of its flights to Los Angeles. It was also the first airline in the world to receive an Airbus A321XLR, with seven additional aircraft expected in 2025, all of them to be deployed to the US, particularly Boston and Washington (DC). LEVEL launched a year-round direct service to Miami and increased the frequency of flights to Los Angeles and Boston to daily. Passenger load factor for the region was up 2.2 points versus 2023 to 85.1%.

Latin America and Caribbean (LACAR)

The strong growth in IAG's Latin America and Caribbean profit pool was driven by the continued demand for travel to the major cities in the region, with a structural increase in demand for travel to and from Europe from both travellers visiting friends and family and leisure and corporate travel. British Airways consolidated its Barbados service at London Heathrow, allowing premium capacity to grow from the winter. Iberia increased its flight frequency to Buenos Aires, São Paulo, Santiago de Chile and Santo Domingo, while also investing in more flights to markets such as Puerto Rico and Rio de Janeiro. IAG's capacity in LACAR grew 12.2% versus 2023 and the passenger load factor for the region of 88.3% was up 0.7 points versus 2023.

Europe

The Group's capacity in Europe was 5.8% higher than in 2023, boosted by the demand for leisure travel and the extension of some operating seasons outside of the core summer peak. Aer Lingus began services to Seville and Malta. British Airways launched flights to Izmir and Tromsø, while Vueling added services to London Heathrow and Istanbul, as well as seasonal flights to Comiso (Italy), Lulea (Sweden) and Ivalo (Finland). Iberia started flights from Madrid to Innsbruck and Salzburg and increased frequency to Rome, Brussels and Zurich. Passenger load factor for the region was up 0.7 points versus 2023 to 86.6%.

Domestic

Capacity and passenger numbers in IAG's Domestic markets, which are predominantly within mainland Spain and to the Canary and Balearic Islands, increased as a result of targeted developments by Vueling at its Barcelona hub. Iberia also continued to reinforce its offering with increased flights to Palma, Lanzarote and Fuerteventura. Capacity was 5.8% higher than 2023, and passenger load factor, at 89.9%, was up 0.4 points versus the previous year.

Africa, Middle East and South Asia (AMESA)

Capacity to this region was up 1.4% on 2023. Aer Lingus started flying to Marrakesh, while British Airways launched Jeddah and increased flight frequency to Riyadh. The Saudi Arabia market continued to strengthen due to inward investment programmes and visa changes. The continued conflicts in the Middle East drove changes to short-haul operations to Cairo, Amman and Tel Aviv, with Tel Aviv temporarily suspended until 2025. Passenger load factor for the region was up 0.6 points versus 2023 to 83.9%.

Asia Pacific

During 2024, Chinese carriers continued to grow capacity into the UK and Europe. This presented a very challenging environment, coupled with the ban on flights over Russian airspace. Despite this backdrop, certain destinations, including Bangkok, Singapore and Tokyo, performed well. British Airways' route to Beijing was suspended, although the airline launched flights to Bangkok from London Gatwick and increased the frequency of its flights to Tokyo. Iberia re-launched its route to Tokyo in October. The net increases during 2024 led to capacity 27.5% higher than 2023, with the passenger load factor for the region up 0.5 points versus 2023 to 88.9%.

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.

Summary

The Group's operating profit for the year increased by €776 million, or 22.1%, versus 2023, 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 was despite adverse foreign exchange impacts of €63 million and an exceptional charge for restructuring of €160 million.

Profit for the year

Statutory results € million	2024	2023	Higher/ (lower) vly
Operating profit	**4,283**	3,507	776
Profit before tax	**3,563**	3,056	507
Profit after tax	**2,732**	2,655	77

Summary of exceptional items

The Group uses Alternative performance measures (APMs) to analyse the underlying results of the business excluding exceptional items, which are those that in management's view need to be separately disclosed by virtue of their size or incidence in understanding the entity's financial performance.

During 2024 the Group recorded exceptional items relating to employee restructuring in Iberia's ground handling subsidiary, the termination of the Air Europa purchase agreement, and a net credit relating to changes in tax legislation in Spain, the main impact of which was changing the rate at which tax losses can be utilised from 2016 onwards. There were no exceptional items in 2023.

A summary of the exceptional items relating to 2024 is given below, with more detail in the Alternative performance measures section.

		(Charge)/credit to the Income statement € million	
Income statement line	Exceptional item description	2024	2023
Employee costs	Iberia restructuring costs	**(160)**	–
Other non-operating credits	Termination of Air Europa agreement	**(50)**	–
Tax	Tax on exceptional items above	**40**	–
Tax	Changes to Spanish tax legislation	**100**	–

The Operating profit before exceptional items for 2024 of €4,443 million was €936 million better than the Operating profit before exceptional items of €3,507 million for 2023, driven by the increased capacity and higher revenues, net of higher operating costs, as explained further below. The Profit after tax and before exceptional items was €2,802 million, €147 million higher than the 2023 profit of €2,655 million.

Alternative performance measures (before exceptional items) € million	2024	2023	Higher/ (lower) vly
Operating profit	**4,443**	3,507	936
Profit before tax	**3,773**	3,056	717
Profit after tax	**2,802**	2,655	147

Revenue

€ million	2024	Higher/ (lower) vly (%)	Higher/ (lower) vly
Passenger revenue	**28,274**	9.5 %	2,464
Cargo revenue	**1,234**	6.7 %	78
Other revenue	**2,592**	4.2 %	105
Total revenue	**32,100**	9.0 %	2,647

Total revenue increased €2,647 million versus 2023, after favourable foreign exchange rate movements of €263 million, mainly due to the translation of British Airways' and IAG Loyalty's results from pound sterling into euro, which resulted in a favourable variance of €505 million versus 2023, offset by adverse transaction foreign exchange impacts on revenue of €242 million.

Passenger revenue

Year to 31 December 2024	ASKs higher/(lower) v2023	Passenger revenue per ASK higher/(lower) v2023[1]
North Atlantic	2.8 %	6.2 %
Latin America and Caribbean	12.2 %	(2.2)%
Europe	5.8 %	2.6 %
Domestic (Spain and UK)	5.8 %	(0.3)%
Africa, Middle East and South Asia	1.4 %	(0.5)%
Asia Pacific	27.5 %	(12.1)%
Total network	**6.2 %**	**3.1 %**

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 and UK261 compensation, and adjustments to assumptions for unused tickets.

The increase in Passenger revenue of €2,464 million, or 9.5%, was ahead of the increase in passenger capacity of 6.2%, driven by higher yields and higher load factors than in 2023. The growth in Passenger revenue was linked to the reopening of markets and strong leisure demand, together with increases in ticket prices to reflect inflation. The recovery in corporate travel was slower than that of leisure travel, with the Group's premium leisure segment continuing to perform strongly.

The passenger load factor for the year of 86.5% was 1.2 points higher than in 2023. Passenger yields, measured as passenger revenue per revenue passenger kilometre (RPK) were 1.7% higher than in 2023. The resulting passenger unit revenue (passenger revenue per ASK) for the year was 3.1% higher than in 2023.

Cargo revenue

Cargo revenue, at €1,234 million, was 6.7% higher than in 2023. Cargo volumes, measured in cargo tonne kilometres (CTKs), were 12.6% higher than the previous year. Cargo yields, measured as cargo revenue per cargo tonne kilometre, were 5.2% lower than in 2023, resulting from the substantial growth in global cargo capacity across the industry in 2024 and the inflated market yields in the first half of 2023, which were impacted by the residual effects of supply chain disruptions after the pandemic. However, 2024 benefited from Red Sea disruption, which drove sea-to-air conversion and strong market demand and higher yields from South Asia, India and the Middle East, particularly from the second quarter onwards.

Other revenue

Overall for the year, Other revenue was up 4.2% versus 2023 to €2,592 million.

One of the Group's strategic imperatives is to drive earnings growth through asset-light businesses, with the growth of IAG Loyalty a particular priority. The impact of the growth in IAG Loyalty contributes both to the airlines' Passenger revenue and to Other revenue, through both the issuance and redemption of its loyalty currency, Avios. IAG Loyalty delivered another strong year of growth in the number of members collecting Avios, including through its partnership with American Express. IAG Loyalty also now includes BA Holidays, which benefited from a continued increase in flying activity and bookings, with Group holiday and hotel services revenues up by €52 million to €990 million.

Iberia's Maintenance, Repair and Overhaul (MRO) business saw increased engine maintenance activity for third-party airlines, with revenues from maintenance and overhaul services up €137 million to €820 million. Revenue from Iberia's ground handling business, at €159 million, was €36 million lower than 2023 as a result of the Iberia losing third-party handling contracts at eight airports in 2023. Other revenue was also impacted by the cessation of a contract relating to travel for retired Spanish citizens, which only had a small impact on operating profit.

Operating costs

Total operating expenditure rose from €25,946 million in 2023 to €27,817 million in 2024, linked to the higher volume of flights and passenger numbers and after adverse foreign currency movements of €326 million, of which €432 million were due to the translation of the operating costs of British Airways and IAG Loyalty from pound sterling into euros, offset by favourable transaction impacts of €106 million.

Employee costs

€ million	2024	Higher/ (lower) vly (%)	Higher/ (lower) vly
Employee costs, € million	**6,356**	17.2 %	933
Employee costs per ASK, € cents[1]	**1.81**	7.5 %	

1 Employee costs per ASK calculated before exceptional item related to Iberia restructuring.

The rise in Employee costs of €933 million, or 17.2%, versus 2023 reflected the increase in the Group's capacity and the related increase in employee numbers, together with investments in the airlines' operations, including at British Airways' London hub. The strong performance in 2024 also led to higher payments to colleagues in the form of bonuses and other performance-related payments. Average headcount for the year was 73,498, up 3,736 or 5.4% versus 2023. The Group had agreements in place with substantially all employee groups at the end of 2024, including new agreements reached with Aer Lingus pilots in July, Iberia pilots in August and Vueling pilots in November.

On a unit basis per ASK, Employee costs were up 7.5% versus 2023.

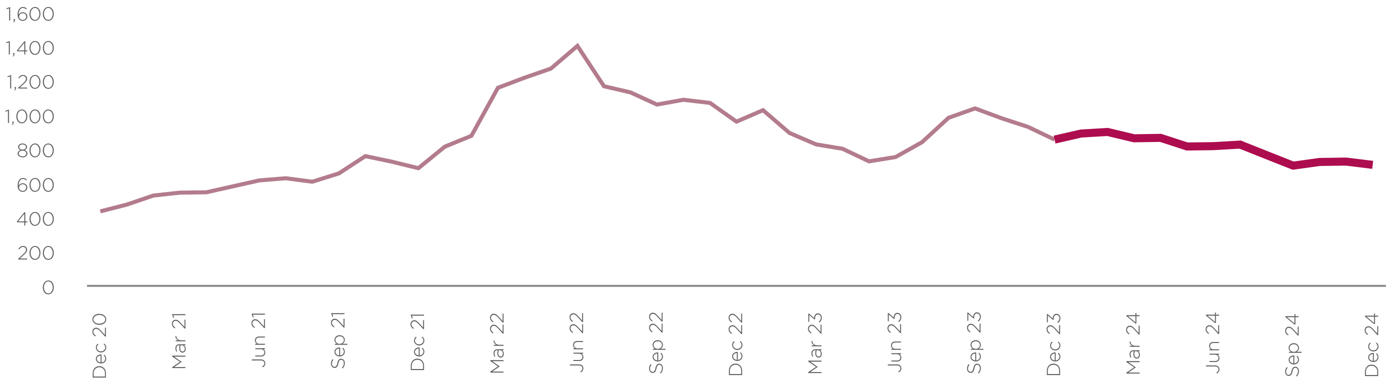
Fuel costs and emissions charges

€ million	2024	Higher/ (lower) vly (%)	Higher/ (lower) vly
Fuel costs and emissions charges	**7,608**	0.7 %	51
Fuel costs and emissions charges per ASK, € cents	**2.22**	(5.2)%	

Fuel costs and emissions charges were up €51 million versus 2023, with increased capacity and higher costs relating to emissions trading schemes (ETSs) offset by reduced average commodity fuel prices, leading to fuel costs and emissions charges up only 0.7% versus 2023 and down 5.2% on a unit basis.

Effective jet fuel prices net of hedging were down around 8% compared with 2023, driven particularly by the reduction seen in the final quarter of 2024. Foreign exchange movements accounted for €78 million of the year-on-year increase, due to the translation exchange effects between the pound sterling and euro, partially offset by a small favourable impact from transaction foreign exchange net of hedging. The cost of complying with ETS, mainly in the EU and UK, was €301 million, up from €212 million in 2023, reflecting both the higher level of capacity flown, market prices under such schemes, and the reduction in free allowances issued across the EU and UK.

Jet fuel price trend ($ per metric tonne)



Fuel hedging

The Group seeks to reduce the impact of volatile commodity prices by hedging prices in advance. The Group's current fuel hedging policy was approved by the Board in May 2021 (and has been regularly reviewed for appropriateness by the Audit and Compliance Committee subsequently) and is designed to provide flexibility to respond to both significant unexpected reductions in travel demand or capacity and/or material or sudden changes in jet fuel prices. The policy allows for differentiation within the Group, to match the nature of each operating company, and the use of call options for a proportion of the hedging undertaken. The policy operates on a two-year rolling basis, with hedging of up to 60% of anticipated requirements in the first 12 months and up to 30% in the following 12 months, and with flexibility for low-cost airlines within the Group to adopt hedging up to 75% in the first 12 months. For all Group airlines, hedging between 25 and 36 months ahead is only undertaken in exceptional circumstances.

Fuel consumption

The Group continued to benefit from reduced fuel consumption associated with the investment in new fleet, with 19 newer-generation and more fuel-efficient aircraft delivered and brought into service in the year. Increased passenger load factors versus 2023 also contributed to reduced carbon intensity, measured as grammes of CO_2 per passenger kilometre, which was down 3.0% versus 2023, with the reduction also driven by higher use of Sustainable Aviation Fuel (SAF).

Supplier costs

€ million	2024	Higher/ (lower) vly (%)	Higher/ (lower) vly
Handling, catering and other operating costs	**4,135**	7.4 %	286
Landing fees and en-route charges	**2,405**	4.2 %	97
Engineering and other aircraft costs	**2,729**	8.8 %	220
Property, IT and other costs	**1,120**	5.9 %	62
Selling costs	**1,082**	(6.3)%	(73)
Currency differences	**32**	23.1 %	6
Total Supplier costs	**11,503**	5.5 %	598
Supplier cost per ASK, € cents	**3.35**	(0.7)%	

Total Supplier costs rose by €598 million, or 5.5%, to €11,503 million, slightly below the increase in capacity. Supplier costs benefited from the Group's transformation initiatives, which partially offset inflationary pressures, and also reflect customer experience and IT investments.

Total foreign currency impacts on Supplier costs, including currency differences, were €129 million adverse versus 2023, including an adverse impact of €200 million related to translating British Airways' and IAG Loyalty's supplier costs from pound sterling into euro, partially offset by a favourable transaction foreign exchange impact of €71 million.

On a unit basis per ASK, Supplier costs were down 0.7% versus 2023.

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.

€ million	2024	Higher/ (lower) vly (%)	Higher/ (lower) vly
Depreciation, amortisation and impairment	**2,364**	14.6 %	301
Net gain on sale of property, plant and equipment	**(14)**	nm	12
Ownership costs	**2,350**	14.0 %	289
Ownership costs per ASK, € cents	**0.68**	7.3 %	

The increase in ownership costs versus 2023 is mainly driven by the increase in the Group's fleet of aircraft, linked to the increased capacity and the investments in new, more fuel-efficient aircraft. In addition, costs increased due to the depreciation related to aircraft maintenance and investments to improve the customer experience, such as new business cabin seats, digital offerings and lounges.The Net gain on sale of property, plant and equipment was €14 million, reflecting the disposal of aircraft withdrawn from service and related spare parts.

On a unit basis per ASK, Ownership costs were up 7.3% versus 2023.

Aircraft fleet

In 2024, the in-service fleet increased by 19 aircraft: 30 aircraft entered service and 11 aircraft were retired. The aircraft entering service were the 19 new aircraft deliveries from Airbus and Boeing explained in the Capital expenditure section below, together with four used aircraft that were delivered in 2023 but did not start flying for the Group until 2024, and a further seven used aircraft leased directly from aircraft lessors.

Number of fleet

Number of fleet in-service	2024	2023	Higher/ (lower) vly
Short-haul	**396**	389	1.8 %
Long-haul	**205**	193	6.2 %
	601	582	3.3 %

In addition to the in-service fleet, there were a further 11 aircraft not in service, made up of three aircraft held by the Group pending disposal or lease return and eight Airbus A320ceo aircraft for Vueling, which were delivered in 2024 but not yet in service by 31 December 2024.

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 to the Group's reporting currency of euro: primarily pound sterling related to British Airways and IAG Loyalty. 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 2024 the Group operating profit before exceptional items was reduced by €63 million due to adverse exchange rate impacts.

Exchange rate impact before exceptional items

€ million Favourable/(adverse)	2024 Translation impact	2024 Transaction impact	2024 Total exchange impact
Total exchange impact on revenue	505	(242)	**263**
Total exchange impact on operating expenditures	(432)	106	**(326)**
Total exchange impact on operating profit	73	(136)	**(63)**

€ million Favourable/(adverse)	2023 Translation impact	2023 Transaction impact	2023 Total exchange impact
Total exchange impact on revenue	(379)	(111)	(490)
Total exchange impact on operating expenditures	351	57	408
Total exchange impact on operating profit	(28)	(54)	(82)

The exchange rates of the Group were as follows:

	2024	2023	Higher/ (lower) vly
Translation - Balance sheet			
£ to €	**1.21**	1.16	4.3 %
Translation - Income statement (weighted average)			
£ to €	**1.18**	1.15	2.6 %
Transaction (weighted average)			
£ to €	**1.18**	1.15	2.6 %
€ to $	**1.09**	1.09	– %
£ to $	**1.28**	1.26	1.6 %

Total net non-operating costs

Total net non-operating costs for the year were €720 million, versus €451 million in 2023.

Finance costs of €917 million were €196 million lower than in 2023, due to early debt repayments made in the second half of 2023. Finance income at €404 million was up slightly from €386 million in 2023, with higher average interest rates offsetting lower average cash balances. The Net change in the fair value of financial instruments of €237 million reflects the increase in the fair value of IAG's €825 million convertible bond maturing in 2028, which increased in line with the Group's strong share price performance during the year. Net currency retranslation resulted in a charge of €127 million in 2024 versus a credit of €176 million in 2023, principally reflecting the strengthening of the US dollar in 2024 versus a weakening in 2023. Other non-operating credits of €94 million in 2024 (2023: credit of €8 million) mainly represent net gains or losses on derivative contracts for which hedge accounting is not applied.

Tax

The tax charge on the Profit for the year was €831 million (2023: tax charge of €401 million), and the effective tax rate was 23.3% (2023: 13.1%). The effective tax rate in 2023 was reduced by the recognition of prior year tax losses, notably in the Group's Spanish subsidiaries.

The substantial majority of the Group's activities are taxed where the main operations are based: in the UK, Spain and Ireland, which had statutory corporation tax rates of 25%, 25% and 12.5% respectively for 2024. The expected effective tax rate for the Group is determined by applying the relevant corporation tax rate 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 24.5% for the year to 31 December 2024. The difference between the actual effective tax rate of 23.3% and the expected tax rate of 24.5% is primarily due to the impact of changes in Spanish tax legislation, outlined below.

The Profit after tax for the year was €2,732 million (2023: €2,655 million).

The Group is monitoring the OECD's proposed two-pillar solution to address the tax challenges arising from the digitalisation of the economy. This reform to the international tax system is designed to ensure that multinational enterprises with consolidated worldwide annual turnover exceeding €750 million will be subject to a minimum 15% effective tax rate, and also proposes to address the geographical allocation of profits for the purposes of taxation.

On 21 December 2024, the Spanish government enacted Law 7/2024 to implement the EU Minimum Tax Directive with effect from 1 January 2024.

For 2024, the predominant jurisdiction in which the Group operates with an effective tax rate of less than 15% was Ireland through Aer Lingus. In 2024 Aer Lingus recorded a current tax expense of €2 million relating to Pillar Two.

Changes in Spanish tax legislation

In 2024 the Group was impacted by changes in tax legislation in Spain, principally related to the pace at which prior year tax losses could be utilised from 2016 onwards. On 18 January 2024, the *Tribunal Constitucional* (Constitutional Court) in Spain issued a ruling that the amendments to corporate income tax arising from the introduction of Royal Decree-Law (RDL) 3/2016 were unconstitutional and accordingly revoked. On 20 December 2024, the Spanish government enacted Law 7/2024, which with effect from 1 January 2024 onwards, implements the tax measures that had been previously declared unconstitutional by the *Tribunal Constitucional*. The Group recognised a net exceptional tax credit of €100 million in 2024, being a net credit of €135 million relating to RDL 3/2016 and a tax charge of €35 million relating to Law 7/2024.

IAG Loyalty VAT

As previously disclosed, since 2022 and for periods commencing March 2018, HMRC in the UK has been considering 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.

At 31 December 2024, HMRC has issued IAG Loyalty with VAT assessments amounting to €673 million. Of these assessed amounts, the Group expects €260 million to be recoverable as input VAT for certain subsidiaries of the Group, predominantly by British Airways. During the course of 2024, in addition to the aforementioned assessed amounts and in order to avoid incurring potential interest and penalties, the Group commenced paying to HMRC, without admission of liability, VAT on the issuance of Avios. This has resulted in payments, that the Group does not consider it can recover from its partners, totalling €88 million having been made in the year to 31 December 2024 and a corresponding receivable recognised in the Balance sheet.

The Group has reviewed HMRC's decision with its legal and tax advisers and strongly disagrees with HMRC's decision. The Group considers that accounting for VAT depending on the nature of the redemption remains appropriate, and that the Group has a legitimate expectation that it should have been able to rely upon the Ruling.

In order to appeal the case to the First-tier Tribunal (Tax), subsequent to 31 December 2024 and prior to the date of this report, the Group paid to HMRC, without admission of liability, the total of the aforementioned VAT of €673 million that it had not previously paid. These amounts will be recoverable, in part or in full, should the Group be successful through litigation in the case.

The directors are satisfied that it is not probable that an adverse outcome will eventuate, and accordingly, the Group does not consider it appropriate to record any provision for this matter at 31 December 2024.

Further detail on tax matters, including IAG Loyalty and the changes in Spanish tax legislation, can be found in note 10 to the consolidated financial statements.

Operating profit performance of airline operating companies

	Aer Lingus € million		British Airways[1] £ million		Iberia[2] € million		Vueling € million	
Statutory	2024	Higher/ (lower) vly	2024	Higher/ (lower) vly	2024	Higher/ (lower) vly	2024	Higher/ (lower) vly
Passenger revenue	2,304	95	13,466	798	5,862	600	3,244	63
Cargo revenue	55	–	789	32	305	30	–	–
Other revenue	17	7	153	12	1,375	(46)	17	–
Total revenue	**2,376**	102	**14,408**	842	**7,542**	584	**3,261**	63
Fuel costs and emissions charges	638	(1)	3,676	(149)	1,611	115	895	(12)
Employee costs	514	43	2,871	312	1,618	334	427	28
Supplier costs	855	66	4,679	(150)	2,985	158	1,260	20
Ownership costs[3]	164	14	1,134	125	461	50	279	23
Operating profit/(loss)	**205**	(20)	**2,048**	704	**867**	(73)	**400**	4
Operating margin	8.6%	(1.3) pts	14.2%	4.3 pts	11.5%	(2.0) pts	12.3%	(0.1) pts
Alternative performance measures[4]								
Passenger revenue	2,304	95	13,466	798	5,862	600	3,244	63
Cargo revenue	55	–	789	32	305	30	–	–
Other revenue	17	7	153	12	1,375	(46)	17	–
Total revenue before exceptional items	**2,376**	102	**14,408**	842	**7,542**	584	**3,261**	63
Fuel costs and emissions charges	638	(1)	3,676	(149)	1,611	115	895	(12)
Employee costs	514	43	2,871	312	1,458	174	427	28
Supplier costs	855	66	4,679	(150)	2,985	158	1,260	20
Ownership costs[3]	164	14	1,134	125	461	50	279	23
Operating profit before exceptional items	**205**	(20)	**2,048**	704	**1,027**	87	**400**	4
Operating margin before exceptional items	8.6%	(1.3) pts	14.2%	4.3 pts	13.6%	0.1 pts	12.3%	(0.1) pts

1 During the year to 31 December 2024, the Group changed its internal organisation, resulting in BA Holidays being transferred from British Airways to IAG Loyalty. Accordingly, the Group has restated its previously reported segmental information for the year to 31 December 2023. See note 5 to the consolidated financial statements.

2 The Iberia numbers in the table above are presented on the same basis as in note 5 to the consolidated financial statements and exclude LEVEL Spain.

3 Ownership costs reflects Depreciation, amortisation and impairment, and the Net (gain)/loss on the sale of property, plant and equipment.

4 Further detail is provided in the Alternative performance measures section.

Review by operating company

The main driver of the Group's increase in operating profit for 2024 was British Airways, which achieved an increase in operating profit of £704 million to £2,048 million (€2,422 million). Iberia and Vueling were able to maintain the strong margins each achieved in 2023, with Iberia's growth in its passenger capacity of 13.3% leading to an increase in operating profit before exceptional items of €87 million. Aer Lingus was impacted by industrial action in July, alongside strong competition at its hub in Dublin from US carriers, leading to a €20 million fall in its operating profit and an operating margin of 8.6%.

Operating profit before exceptional items

	2024	2023
Aer Lingus (€ million)	**205**	225
British Airways (£ million)[1]	**2,048**	1,344
Iberia (€ million)	**1,027**	940
Vueling (€ million)	**400**	396
IAG Loyalty (£ million)[1]	**420**	367

1 2023 comparatives restated for the transfer of BA Holidays from British Airways to IAG Loyalty.

IAG Loyalty continued to achieve double-digit growth in its operating profit, increasing by £53 million to £420 million (€495 million) in 2024, driven by the growth of its non-airline partner revenue streams, together with benefiting from the strong performance of the Group's airlines. BA Holidays was transferred from British Airways to IAG Loyalty during 2024.

Free cash flow

The Group uses Free cash flow as an Alternative performance measure. Free cash flow is defined as Net cash flows from operating activities less Acquisition of property, plant and equipment and intangible assets. See Alternative performance measures section for further details.

€ million	2024	2023	Variance
Net cash flows from operating activities	**6,372**	4,602	1,770
Acquisition of property, plant and equipment and intangible assets	**(2,816)**	(3,282)	466
Free cash flow	**3,556**	1,320	2,236

In 2024, Free cash flow was €3,556 million, up €2,236 million versus 2023, driven by higher operating cash flows linked mainly to the significant increase in operating profit described above, together with lower interest payments associated with debt repayments in the second half of 2023, and reduced capital expenditure - both explained below.

Cash flows from operating activities

€ million	2024	2023	Variance
Operating profit	**4,283**	3,507	776
Depreciation, amortisation and impairment	**2,364**	2,063	301
Increase in provisions (excluding carbon-related obligations)	**282**	25	257
Purchase of carbon-related assets net of the change in carbon-related obligations	**62**	(50)	112
Interest paid	**(764)**	(1,005)	241
Interest received	**367**	365	2
Tax paid	**(245)**	(291)	46
Movement in working capital	**(82)**	(142)	60
Other operating cash flow movements	**105**	130	(25)
Net cash flows from operating activities	**6,372**	4,602	1,770

The principal components of the €282 million increase in provisions are the exceptional restructuring charge in Iberia and aircraft maintenance provisions for restoration and handback obligations for leased aircraft. The cash payments for ETS allowances (carbon-related assets) acquired during the year were lower than the provision charged to Fuel costs and emissions charges in the Income statement, linked to the Group's balance of allowances built up in previous years and resulting in a net inflow of €62 million.

The reduction in interest paid in 2024 reflects the early repayment of debt in the Group's airlines in 2023, explained further below.

Cash tax in 2024 benefited from the receipt of refunds of €101 million in relation to changes to Spanish tax legislation; a further €88 million is expected to be received, at the earliest, in 2025. See note 10 to the consolidated financial statements for further details.

The normal expected working capital cycle associated with growth in the Group's airlines would lead to a modest cash inflow, related to increased deferred revenue for passenger tickets sold in advance of travel, and higher trade payables linked to a larger operation, and therefore higher fuel and supplier costs.

In 2024, working capital was negatively impacted by the incidence of cash payments versus Income statement provisions related to certain maintenance contracts, VAT payments in respect of IAG Loyalty, as described in note 10 to the consolidated financial statements, and higher fuel and SAF prepayments at 31 December 2024, together with a reduced fuel price which had the effect of reducing trade payables.

Capital expenditure

In 2024, the Group continued to invest in the replacement and growth of its aircraft fleets, customer products and services, and IT infrastructure and applications. Capital expenditure, measured as the Acquisition of property, plant and equipment and intangible assets from the Cash flow statement, was €2,816 million, compared with €3,282 million in 2023, with the reduction of €466 million due mainly to the lower number of new aircraft delivered in the year and the re-profiling of pre-delivery payments for aircraft to be delivered in future years, linked to delayed future deliveries. There were also supply chain delays that impacted on retrofitting older aircraft with new cabin interiors. Investment in other property, plant and equipment, and in IT, which includes software assets recorded within Intangible assets, was higher than in 2023, as the Group continues to invest in its customer product, IT estate and transformation projects.

€ million	2024	2023
Property, plant and equipment – fleet	**2,035**	2,715
Property, plant and equipment – other	**296**	193
Intangible assets	**485**	374
Total	**2,816**	3,282

In 2024, the Group took delivery of 19 new aircraft from Airbus and Boeing: 13 for British Airways, two for Iberia, and four for Aer Lingus. The Group also took delivery of 15 used aircraft direct from aircraft lessors: one additional Airbus A330-200 for LEVEL and 14 Airbus A320ceo aircraft for Vueling, including aircraft to backfill additional aircraft maintenance requirements linked to the Pratt & Whitney 'GTF' engines issue.

Aircraft deliveries	2024	2023
Airbus A320neo family	**10**	19
Airbus A321XLR	**3**	–
Airbus A350	**2**	7
Boeing 787-10	**4**	2
Sub-total manufacturer deliveries	**19**	28
Airbus A330	**1**	2
Airbus A350	**–**	2
Airbus A320ceo	**14**	2
Total	**34**	34

Capital commitments

Capital expenditure authorised and contracted for at 31 December 2024 amounted to €12,634 million (2023: €12,706 million). Whilst the number of aircraft represented by these commitments fell during 2024, with more deliveries than new orders, the value of capital commitments only fell slightly, due to the strengthening of the US dollar over the course of the year, as most of these commitments are denominated in US dollars.

The Group has certain rights to cancel commitments in the event of significant delays to aircraft deliveries caused by the aircraft manufacturers. No such rights had been exercised as at 31 December 2024.

Aircraft orders

During 2024, the Group converted 10 A320neo options to firm deliveries in 2029, as replacement aircraft for its short-haul network. A new order was placed for two new Airbus A350-900 aircraft for Iberia, to be delivered in 2026 and 2027.

Aircraft future deliveries at 31 December	2024	2023
Airbus A320ceo	**7**	3
Airbus A320neo family	**82**	82
Airbus A321XLR	**11**	14
Airbus A350	**3**	3
Boeing 737	**50**	50
Boeing 777-9	**18**	18
Boeing 787-10	**7**	11
Total	**178**	181

In addition to the committed future deliveries shown above, at 31 December 2024, the Group held options to acquire a further 223 aircraft from Airbus and Boeing.

The Group anticipates ordering further aircraft in 2025, including long-haul aircraft for replacements and growth, consistent with its strategy set out at its Capital Markets Day in November 2023.

Funding and debt

IAG's long-term objectives when managing capital are: to safeguard the Group's ability to continue as a going concern and its long-term viability; to maintain an optimal capital structure in order to reduce the cost of capital; and to provide sustainable returns to shareholders.

The Group's current ratings (at 27 February 2025) are all investment grade, with the following ratings: S&P: BBB- (positive outlook), Moody's: Baa3 (stable outlook). British Airways has separate credit ratings, which are also investment grade, with S&P BBB- (positive outlook), Moody's: Baa3 (stable outlook) and Fitch BBB- (stable outlook).

Net debt and leverage

The Group monitors leverage using net debt to EBITDA before exceptional items, in addition to closely following measures used by the credit rating agencies, including those based on total borrowings (gross debt).

In 2019, the Group set a target of net debt to EBITDA before exceptional items below 1.8 times, which broadly corresponded to investment grade with the credit rating agencies. At its Capital Markets Day in November 2023, the Group confirmed this target remains appropriate.

As at 31 December 2024, net debt to EBITDA before exceptional items had reduced to 1.1 times, compared with 1.7 times in 2023, reflecting the strong recovery in profitability and the related cash generation, with capital expenditure €466 million lower than the previous year, impacted by aircraft delivery delays and the related impact on pre-delivery payments for future aircraft deliveries.

€ million	2024	2023	Higher/ (lower)
Total borrowings (gross debt)	**17,345**	16,082	1,263
Cash, cash equivalents and current interest-bearing deposits	**9,828**	6,837	2,991
Net debt at 31 December	**7,517**	9,245	(1,728)
Net debt to EBITDA before exceptional items (times)	**1.1**	1.7	(0.6)
Gross debt to EBITDA before exceptional items (times)	**2.5**	2.9	(0.4)

Debt

Gross debt increased by €1,263 million to €17,345 million at 31 December 2024, with the two biggest increases being €639 million due to the strengthening of the US dollar (as the majority of aircraft financing is denominated in US dollars) and €281 million due to the increase in the fair value of IAG's €825 million convertible bond due in 2028, itself closely linked to IAG's strong share price performance in 2024. The remaining balance of the increase is explained by the net impact of the financing of new aircraft, leases for used aircraft acquired or extended under operating leases, and repayments of leases.

Key cash flow extracts relating to debt

€ million	2024	2023	Variance
Within investing activities			
Sale of property, plant and equipment, intangible assets and investments	**584**	1,091	(507)
Within financing activities			
Proceeds from borrowings	**1,474**	1,001	473
Repayment of borrowings	**(410)**	(4,268)	3,858
Repayment of lease liabilities	**(1,737)**	(1,731)	(6)

Aircraft debt

Long-term aircraft financing was drawn for 21 new aircraft during 2024, including five aircraft that were delivered in 2023. The €584 million of cash inflow from the Sale of property, plant and equipment, intangible assets and investments is mainly due to aircraft sale and leaseback transactions in the year, for aircraft financed on operating leases. Proceeds from borrowings of €1,474 million reflects the proceeds from aircraft financed on finance leases. The Group also secured committed funding of €134 million, to be drawn in 2025, for two Iberia aircraft; this committed funding is included in committed and undrawn aircraft financing facilities at 31 December 2024.

The Group continues to have attractive alternatives for aircraft financing, which include retaining new aircraft unencumbered, in order to balance the mix of net debt between gross debt and cash.

The repayment of borrowings of €410 million is mainly in respect of aircraft on finance lease arrangements entered into from 1 January 2019 onwards, the date from which IAG adopted IFRS 16 'Leases'. The repayment of lease liabilities of €1,737 million includes €814 million of principal repayments in respect of finance leases in place on 31 December 2018 and accounted for under IFRS 16 as lease liabilities; the balance of €923 million includes the principal element of aircraft operating lease payments in the year, together with certain other lease liabilities.

Non-aircraft debt

In 2023, the Group's airlines repaid early €3,271 million of debt that was due to mature between 2024 and 2026; the airlines had raised this additional debt during the COVID-19 pandemic. In 2024, no further debt was repaid early.

At 31 December 2024, the Group's general debt, aside from aircraft financing-related debt, included: two €500 million IAG bonds due in 2025 and 2027, respectively; IAG's €825 million 2028 convertible bond; and a €700 million IAG bond due in 2029.

In January 2025, the Group further reduced its debt, redeeming a notional amount of €277 million of its 2027 unsecured bond and €300 million of its 2029 unsecured bond; the €500 million 2025 unsecured bond will be repaid in March 2025.

Cash

Cash, cash equivalents and interest-bearing deposits

€ million	2024	2023	Higher/ (lower)
Aer Lingus[1]	**567**	356	211
British Airways	**2,530**	1,360	1,170
Iberia	**2,069**	1,890	179
Vueling	**1,054**	452	602
IAG Loyalty	**1,134**	1,374	(240)
IAG and other Group companies	**2,474**	1,405	1,069
Cash and cash equivalents and interest-bearing deposits	**9,828**	6,837	2,991

1 At 31 December 2024 Aer Lingus held €29 million of restricted cash (2023: €31 million) in interest-bearing deposits maturing after more than three months to be used for employee-related obligations.

British Airways, Iberia, Vueling, Aer Lingus and IAG Loyalty all experienced significant positive operating cash flow in the year. The reduction in IAG Loyalty's cash balance was due to consideration paid to British Airways for the acquisition of BA Holidays. The rise in cash in IAG and other Group companies principally represents dividends upstreamed from the operating companies during the year.

Liquidity

Total liquidity, measured as cash, cash equivalents and interest-bearing deposits of €9,828 million and committed and undrawn general and aircraft facilities of €3,534 million, was €13,362 million at 31 December 2024. This represented an increase of €1,738 million versus total liquidity of €11,624 million at the end of 2023, linked mainly to the Group's cash generation during the year and the reduction in facilities, which was also linked to the Group's strong balance sheet and cash position.

€ million	2024	2023	Variance
Cash, cash equivalents and current interest-bearing deposits	**9,828**	6,837	2,991
Committed and undrawn general and overdraft facilities	**3,400**	4,412	(1,012)
Committed and undrawn aircraft facilities	**134**	375	(241)
Total	**13,362**	11,624	1,738

Liquidity facilities

During the year, the Group entered into a new five-year $3.0 billion (€2.9 billion), sustainability-linked, secured Revolving Credit Facility (RCF), accessible by British Airways, Iberia and Aer Lingus, each of which has separate limits. As a consequence, the Group extinguished its $1.755 billion (€1.6 billion) secured RCF and British Airways extinguished its two £1.0 billion Export Development Guarantee Facilities that were partially guaranteed by the UK Export Finance (total value: €2.4 billion). The three extinguished facilities were not drawn in the period prior to cancellation and the new $3.0 billion RCF was not drawn at 31 December 2024.

Aer Lingus has a €350 million credit facility with the Ireland Strategic Investment Fund (ISIF), which is available until March 2025. This facility was undrawn at 31 December 2024.

The Group also has certain other committed and undrawn general and overdraft facilities, amounting to €120 million, bringing total committed and undrawn general and overdraft facilities at 31 December 2024 to €3,400 million (2023: €4,412 million).

The Group also holds €134 million of committed and undrawn aircraft financing facilities (2023: €375 million). The committed amount at 31 December 2024 represents financing for two Iberia aircraft, to be drawn in 2025.

In total, the Group had €3,534 million of committed and undrawn general and aircraft facilities as at 31 December 2024 (2023: €4,787 million).

The facilities values above do not include the balance of certain shorter-term working capital facilities available to the Group's operating companies.

Equity

No equity was raised or repaid during the year, nor in 2023.

Dividends and share buybacks

In 2024, the Group paid an interim dividend of €0.03 per share in September. The Board has proposed a final dividend of €0.06 per share and this will be paid subsequent to the General Shareholders' Meeting in June 2025. No dividends were proposed or paid in 2023.

In November 2024, the Group announced a €350 million share buyback, to be completed by the end of February 2025.

In February 2025, the Group announced its intention to return up to €1,000 million of excess capital to shareholders in up to 12 months, driven by the Group's significant cash flow generation.

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 IAG Board monitors the risk landscape and challenges management in the light of changes that influence or impact the Group's performance, operations and supply chain, transformation agenda or the aviation industry. In assessing its principal risks, the Group has considered operational and technical resilience across its airlines, maintenance capacity and specialist resource requirements; the status of the financial markets; customer mix changes and route network adaptation; political risk and government changes, including potential policy change with new governments, pace of transformation; artificial intelligence (AI) adoption and future skillset; managing the cost base; the Group's industrial relations landscape and challenges in securing collective agreements; and people engagement and securing talent and expertise to deliver digitalisation, end-to-end domain transformation and cultural change. In the year management have undertaken a review of the Group's principal risks, to reassess the events or scenarios, particularly combinations of risks, that could create increased or emerging threats. As a result, in its forthcoming 2024 Annual report and accounts the Group will now report eleven principal risks. The Group's ERM framework will continue to adapt and evolve according to the needs of the business and our stakeholders. This allows the Group and its businesses to both respond to changes in the external risk environment and support the pace and scale of business transformation, in line with the Board's appetite for risk.

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 2023 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.

Brand, customer and competition
Operational resilience and customer satisfaction underpin customer trust. Reliability and consistency of service and product delivery, including on-time performance (OTP), and customer support through disruption are key elements of brand value and of each customer's experience. The Group continues to improve its disruption management capabilities and customer communication given the extent of the ongoing external disruption due to Air Traffic Control (ATC) restrictions, lack of resilience at constrained airports and industry-wide third-party resilience issues, particularly over aircraft availability and engine reliability. The engagement of our people as customer service ambassadors to deliver excellent customer service combined with investment in new fleet, cabin and service propositions, helps ensure that our customers choose to fly with the Group's airlines. The Group continues to ensure that its operating companies adapt and focus their business models, products and customer propositions to meet changing customer expectations and needs (including those with additional needs). The potential for distortionary effects of government policy and/or aviation-specific taxation or other regional or country-specific measures on the competitive landscape continue to be monitored.

Critical third parties in the supply chain
The aviation sector continues to be affected by global supply chain disruption, which has impacted new aircraft deliveries; engine and component availability and reliability; resource availability and/or threat of industrial action in critical third parties and airport services; the resilience of airports, particularly London airports and their ability to adapt to a high demand environment with increasing airport congestion; and ATC capability and restrictions, particularly given skillset shortages and weather events. Prolonged recovery timelines continue to impact the Group's airlines' ability to deliver flight schedules as planned. Additionally, any imposition of extensive new tariff regimes could result in further stress on the global supply chain, particularly for aircraft and engine production, or create inflationary cost environments. The Group proactively assesses its schedules for operability and continues to work with all critical suppliers to understand any potential disruption within their supply chains which could impact the availability of new fleet, engines or critical goods or reliability of critical services, particularly third-party application and network services.

Economic, political and regulatory environment
Geopolitical risk and uncertainty remains high and wider macroeconomic events may continue to drive market volatility, impacting demand. The Group continues to monitor the implications for trade and any imposition of tariffs that may disrupt the markets or economic confidence and drive cost inflation. Increased regulation and political intervention drive increased levels of cost and impact the ability of airlines to set capacity and pricing, which may impact the Group's revenue streams and business model. The rise of populist governments and government policy globally sees increased protectionism which could result in market or competitive distortion and a trend for increased scrutiny from regulators and tax authorities which could see changes that increase costs to airlines. Ongoing conflicts, wars and heightened tensions continue to cause airspace restrictions and congestion for flows to Asia. The Group also considers changes in government in key markets and the implications for trade, respective economic health and how governments view the aviation industry, with elections and changes of government in the UK, Ireland and the US in 2024.

Operational and IT resilience
Shortages in the supply chain; airspace and ATC restrictions; availability of experienced licensed resource, including engineers and pilots; industrial unrest or strike action, combined with goods availability shortages in the supply chain, especially engines, and airspace and ATC restrictions can all impact the operational environment and the customer experience of the Group's airlines. This increases the costs of running operations to provide additional resilience, as well as impacting the costs and operations of the businesses on which the Group relies. Additional buffers and resilience have been built into the airlines' networks. The Group continues with its ambitious IT infrastructure transformation agenda to modernise and digitalise its IT estates. Mitigating actions that prioritise operational stability and resilience have been built into all cutover plans for the go-live of IT systems-related changes with focus on minimising unplanned outages.

People, culture and employee relations
Our people and their engagement, cultural appetite and mindset for change are critical to the Group's current performance and future success. Shortages in technical licensed staff across the aviation sector and in the Group airlines may impact maintenance delivery timelines unless resource levels can be secured. Additionally, pilot entry into the Group's airlines is critical to keep the operations resilient and meet future growth plans. Across the Group, collective bargaining is in place with various unions. Where agreements are open, and there is a threat of industrial unrest, our operating companies engage in discussions with unions, as well as governments and labour courts where relevant, to address concerns arising within the negotiations, manage customer disruption and enable the airlines to secure sustainable collective agreements and growth.

Sustainable aviation

Plans implemented by the EU, UK and US governments to decarbonise aviation have resulted in fragmentation of policy measures and support offered by governments for green initiatives across the different regions in which the Group airlines operate. Sustainable Aviation Fuel (SAF) infrastructure and availability still lags demand, impacting the ability to achieve the aviation industry's carbon reduction commitments. Mandates and other tax-based measures may disproportionately impact the Group's airlines versus their competitors. Overall aviation industry requirements will require infrastructure investments across markets to support the production of SAF to meet demand expectations. Industry-wide new fleet entry delays may also impact fuel efficiency.

Transformation, innovation and AI

The Group continues to focus on its cost base to offset price increases in the supply chain, particularly costs from fleet and engine manufacturers and the additional costs of resilience, to ensure that the Group is well prepared for any further external headwinds that may impact the aviation industry. Opportunities for AI adoption to drive efficiencies and better insights have been identified across the Group's businesses with business cases and implementation subject to guardrails to help protect against unexpected outcomes. The people impact of change and the talent and skillsets needed for the future size and shape of the Group's businesses are considered as part of the Group's transformation and innovation programmes.

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

INTERNATIONAL CONSOLIDATED AIRLINES GROUP S.A.

Full year Unaudited Consolidated Financial Statements
1 January 2024 – 31 December 2024

CONSOLIDATED INCOME STATEMENT

€ million	Note	Year to 31 December 2024	2023
Passenger revenue		**28,274**	25,810
Cargo revenue		**1,234**	1,156
Other revenue	5	**2,592**	2,487
Total revenue	5	**32,100**	29,453
Employee costs	8	**6,356**	5,423
Fuel costs and emissions charges	6	**7,608**	7,557
Handling, catering and other operating costs		**4,135**	3,849
Landing fees and en-route charges		**2,405**	2,308
Engineering and other aircraft costs		**2,729**	2,509
Property, IT and other costs	6	**1,120**	1,058
Selling costs		**1,082**	1,155
Depreciation, amortisation and impairment	6	**2,364**	2,063
Net gain on sale of property, plant and equipment		**(14)**	(2)
Currency differences		**32**	26
Total expenditure on operations		**27,817**	25,946
Operating profit		**4,283**	3,507
Finance costs	9	**(917)**	(1,113)
Finance income	9	**404**	386
Net change in fair value of financial instruments	9	**(237)**	(11)
Net financing credit relating to pensions	9	**63**	103
Net currency retranslation (charges)/credits		**(127)**	176
Other non-operating credits	9	**94**	8
Total net non-operating costs		**(720)**	(451)
Profit before tax		**3,563**	3,056
Tax	10	**(831)**	(401)
Profit after tax for the year		**2,732**	2,655
Attributable to:			
Equity holders of the parent		**2,732**	2,655
Non-controlling interest		**-**	-
		2,732	2,655
Basic earnings per share (€ cents)	11	**55.7**	53.8
Diluted earnings per share (€ cents)	11	**55.5**	50.6

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

€ million	Note	Year to 31 December 2024	2023
Items that may be reclassified subsequently to net profit			
Cash flow hedges:			
Fair value movements in equity	30d	**53**	(195)
Reclassified and reported in net profit	30d	**69**	(142)
Fair value movements on cost of hedging	33	**24**	(120)
Cost of hedging reclassified and reported in net profit	33	**48**	82
Currency translation differences	33	**118**	18
Items that will not be reclassified to net profit			
Fair value movements on other equity investments	19	**(19)**	127
Fair value movements on liabilities attributable to credit risk changes		**(44)**	(119)
Remeasurements of post-employment benefit obligations	34	**206**	(1,076)
Remeasurements of long-term employee-related provisions		**(70)**	(18)
Total other comprehensive income/(loss) for the year, net of tax		**385**	(1,443)
Profit after tax for the year		**2,732**	2,655
Total comprehensive income for the year		**3,117**	1,212
Total comprehensive income is attributable to:			
Equity holders of the parent		**3,117**	1,212
Non-controlling interest	33	**–**	–
		3,117	1,212

Items in the Consolidated statement of other comprehensive income above are disclosed net of tax.

CONSOLIDATED BALANCE SHEET

€ million	Note	31 December 2024	31 December 2023[1,2]
Non-current assets			
Property, plant and equipment	13	**21,132**	19,776
Intangible assets[1]	17	**3,642**	3,332
Investments accounted for using the equity method	18	**44**	47
Other equity investments	19	**190**	188
Employee benefit assets	34	**1,711**	1,380
Derivative financial instruments	30	**229**	42
Deferred tax assets	10	**754**	1,202
Carbon-related and other non-current assets[1]	20	**916**	762
		28,618	26,729
Current assets			
Non-current assets held for sale	16	**5**	–
Inventories	21	**617**	494
Trade receivables	20	**1,774**	1,559
Carbon-related and other current assets[1]	20	**2,336**	1,821
Current tax receivable	10	**231**	159
Derivative financial instruments	30	**395**	81
Current interest-bearing deposits	22	**1,639**	1,396
Cash and cash equivalents	22	**8,189**	5,441
		15,186	10,951
Total assets		**43,804**	37,680
Equity			
Issued share capital	31	**497**	497
Share premium	31	**7,770**	7,770
Treasury shares		**(287)**	(100)
Other reserves		**(1,810)**	(4,895)
Total shareholders' equity		**6,170**	3,272
Non-controlling interest	33	**6**	6
Total equity		**6,176**	3,278
Non-current liabilities			
Borrowings[2]	26	**13,870**	13,105
Employee benefit obligations	34	**135**	175
Deferred tax liability	10	**254**	4
Provisions	27	**3,302**	2,831
Deferred revenue	24	**203**	257
Derivative financial instruments	30	**102**	106
Other long-term liabilities	25	**401**	219
		18,267	16,697
Current liabilities			
Borrowings[2]	26	**3,475**	2,977
Trade and other payables	23	**6,149**	5,590
Deferred revenue	24	**8,333**	7,766
Derivative financial instruments	30	**194**	461
Current tax payable	10	**11**	2
Provisions	27	**1,199**	909
		19,361	17,705
Total liabilities		**37,628**	34,402
Total equity and liabilities		**43,804**	37,680

1 The 2023 results include a reclassification to conform with the current period presentation for Carbon-related assets. There is no impact on the total assets or total liabilities of the Group. Further information is given in note 2.

2 The 2023 results include a reclassification to conform with the current period presentation of the convertible bond between non-current and current Borrowings as a result of the revision to IAS 1 effective from 1 January 2024. Further information is given in note 2.

CONSOLIDATED CASH FLOW STATEMENT

€ million	Note	Year to 31 December 2024	2023[1]
Cash flows from operating activities			
Operating profit		**4,283**	3,507
Depreciation, amortisation and impairment	6	**2,364**	2,063
Net gain on disposal of property, plant and equipment		**(14)**	(2)
Employer contributions to pension schemes		**(35)**	(48)
Pension scheme service costs	34	**20**	18
Increase in provisions (excluding carbon-related obligations)[1]	35	**282**	25
Purchase of carbon-related assets net of the change in carbon-related obligations[1]	35	**62**	(50)
Unrealised currency differences		**27**	51
Other movements	35	**107**	111
Interest paid		**(764)**	(1,005)
Interest received		**367**	365
Tax paid		**(245)**	(291)
Net cash flows from operating activities before movements in working capital		**6,454**	4,744
Increase in trade receivables		**(189)**	(272)
Increase in inventories		**(115)**	(140)
Increase in other receivables and current assets (excluding carbon-related assets)[1]		**(580)**	(388)
Increase in trade payables		**121**	258
Increase in deferred revenue		**336**	212
Increase in other payables and current liabilities		**345**	188
Net movement in working capital		**(82)**	(142)
Net cash flows from operating activities		**6,372**	4,602
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets[1]	35	**(2,816)**	(3,282)
Sale of property, plant and equipment and intangible assets		**584**	1,080
Proceeds from sale of investments		**–**	11
Increase in other current interest-bearing deposits		**(215)**	(985)
Air Europa Holdings termination settlement payment[2]		**(50)**	–
Other investing movements		**(5)**	15
Net cash flows from investing activities		**(2,502)**	(3,161)
Cash flows from financing activities			
Proceeds from borrowings	35	**1,474**	1,001
Repayment of borrowings	35	**(410)**	(4,268)
Repayment of lease liabilities	35	**(1,737)**	(1,731)
Settlement of derivative financial instruments	35	**(151)**	(119)
Acquisition of treasury shares		**(202)**	(77)
Dividend paid		**(149)**	–
Net cash flows from financing activities		**(1,175)**	(5,194)
Net increase/(decrease) in cash and cash equivalents		**2,695**	(3,753)
Net foreign exchange differences		**53**	(2)
Cash and cash equivalents at 1 January		**5,441**	9,196
Cash and cash equivalents at year end	22	**8,189**	5,441

Reconciliation to total cash, cash equivalents and other interest-bearing deposits		**2024**	2023
Cash and cash equivalents at year end	22	**8,189**	5,441
Interest-bearing deposits maturing after more than three months	22	**1,639**	1,396
Cash, cash equivalents and other interest-bearing deposits	22	**9,828**	6,837

1 The 2023 results include reclassifications to conform with the current period presentation for carbon-related assets. Further information is given in note 2.

2 Refer to note 3 for further information.

For details on restricted cash balances see note 22 Cash, cash equivalents and other current interest-bearing deposits.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year to 31 December 2024

€ million	Issued share capital (note 31)	Share premium (note 31)	Treasury shares (note 31)	Other reserves (note 33)	Retained earnings	**Total shareholders' equity**	Non-controlling interest (note 33)	**Total equity**
1 January 2024	497	7,770	(100)	(1,996)	(2,899)	**3,272**	6	**3,278**
Profit for the year	–	–	–	–	2,732	**2,732**	–	**2,732**
Other comprehensive income for the year								
Cash flow hedges reclassified and reported in net profit:								
Fuel costs and emissions charges	–	–	–	93	–	**93**	–	**93**
Currency differences	–	–	–	3	–	**3**	–	**3**
Finance costs	–	–	–	(11)	–	**(11)**	–	**(11)**
Ineffectiveness recognised in other non-operating costs	–	–	–	(16)	–	**(16)**	–	**(16)**
Net change in fair value of cash flow hedges	–	–	–	53	–	**53**	–	**53**
Net change in fair value of equity investments	–	–	–	(19)	–	**(19)**	–	**(19)**
Net change in fair value of cost of hedging	–	–	–	24	–	**24**	–	**24**
Cost of hedging reclassified and reported in net profit	–	–	–	48	–	**48**	–	**48**
Fair value movements on liabilities attributable to credit risk changes	–	–	–	(44)	–	**(44)**	–	**(44)**
Currency translation differences	–	–	–	118	–	**118**	–	**118**
Remeasurements of post-employment benefit obligations	–	–	–	–	206	**206**	–	**206**
Remeasurements of long-term employee-related provisions	–	–	–	–	(70)	**(70)**	–	**(70)**
Total comprehensive income for the year	–	–	–	249	2,868	**3,117**	–	**3,117**
Hedges transferred and reported in property, plant and equipment	–	–	–	(11)	–	**(11)**	–	**(11)**
Hedges transferred and reported in sales in advance of carriage	–	–	–	60	–	**60**	–	**60**
Hedges transferred and reported in inventory	–	–	–	10	–	**10**	–	**10**
Cost of share-based payments	–	–	–	–	90	**90**	–	**90**
Vesting of share-based payment schemes	–	–	24	–	(32)	**(8)**	–	**(8)**
Acquisition of treasury shares	–	–	(211)	–	–	**(211)**	–	**(211)**
Dividend	–	–	–	–	(147)	**(147)**	–	**(147)**
Dividend of a subsidiary	–	–	–	–	(2)	**(2)**	–	**(2)**
31 December 2024	**497**	**7,770**	**(287)**	**(1,688)**	**(122)**	**6,170**	**6**	**6,176**

For the year to 31 December 2023

€ million	Issued share capital (note 31)	Share premium (note 31)	Treasury shares (note 31)	Other reserves (note 33)	Retained earnings	Total shareholders' equity	Non-controlling interest (note 33)	Total equity
1 January 2023	497	7,770	(28)	(1,717)	(4,506)	2,016	6	2,022
Profit for the year	–	–	–	–	2,655	2,655	–	2,655
Other comprehensive income for the year								
Cash flow hedges reclassified and reported in net profit:								
Fuel costs and emissions charges	–	–	–	(81)	–	(81)	–	(81)
Currency differences	–	–	–	(20)	–	(20)	–	(20)
Finance costs	–	–	–	(35)	–	(35)	–	(35)
Ineffectiveness recognised in other non-operating costs	–	–	–	(6)	–	(6)	–	(6)
Net change in fair value of cash flow hedges	–	–	–	(195)	–	(195)	–	(195)
Net change in fair value of equity investments	–	–	–	127	–	127	–	127
Net change in fair value of cost of hedging	–	–	–	(120)	–	(120)	–	(120)
Cost of hedging reclassified and reported in net profit	–	–	–	82	–	82	–	82
Fair value movements on liabilities attributable to credit risk changes	–	–	–	(119)	–	(119)	–	(119)
Currency translation differences	–	–	–	18	–	18	–	18
Remeasurements of post-employment benefit obligations	–	–	–	–	(1,076)	(1,076)	–	(1,076)
Remeasurements of long-term employee-related provisions	–	–	–	–	(18)	(18)	–	(18)
Total comprehensive income for the year	–	–	–	(349)	1,561	1,212	–	1,212
Hedges transferred and reported in property, plant and equipment	–	–	–	(6)	–	(6)	–	(6)
Hedges transferred and reported in sales in advance of carriage	–	–	–	85	–	85	–	85
Hedges transferred and reported in inventory	–	–	–	(9)	–	(9)	–	(9)
Cost of share-based payments	–	–	–	–	52	52	–	52
Vesting of share-based payment schemes	–	–	5	–	(6)	(1)	–	(1)
Acquisition of treasury shares	–	–	(77)	–	–	(77)	–	(77)
31 December 2023	497	7,770	(100)	(1,996)	(2,899)	3,272	6	3,278

NOTES TO THE ACCOUNTS

For the year to 31 December 2024

1 Background and general information

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, incorporated on 17 December 2009. The registered address of IAG is El Caserío, Zona industrial 2, Camino de La Muñoza s/n, 28042, Madrid, Spain. 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. A list of the subsidiaries of the Group is included in the Group investments section.

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*).

2 Significant accounting policies

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards as endorsed by the European Union (IFRSs as endorsed by the EU). The consolidated financial statements herein are not the Group's statutory accounts and are unaudited. The consolidated financial statements are rounded to the nearest million unless otherwise stated. These financial statements have been prepared on a historical cost convention except for certain financial assets and liabilities, including employee benefit assets and liabilities, the €825 million convertible bond due 2028, derivative financial instruments and other equity investments that are measured at fair value. The primary statements and notes to the financial statements for the prior year include reclassifications that were made to conform to the current year presentation.

The Group's financial statements for the year to 31 December 2024 were authorised for issue and approved by the Board of Directors on 27 February 2025.

Change in presentation of results

Carbon-related assets and carbon-related obligations

During the course of 2024, with the increased prominence of Emission Trading Systems/Schemes (ETS) and the introduction of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) from 1 January 2024, the Group has elected to make a number of amendments to its presentation and disclosure of the Group's emissions assets and obligations:

- Purchased emission allowances, previously presented within Intangible assets, have been reclassified to Carbon-related and other assets, to reflect their operating nature;
- Those purchased emission allowances expected to be extinguished or retired within 12 months of the balance sheet date have now been classified within current assets; and
- The associated presentation within the Cash flow statement of these purchased emission allowances has been reclassified from Acquisition of property, plant and equipment and intangible assets within Net cash flows from investing activities, to a separate line item within Net cash flows from operating activities. This reclassification aligns with the recognition of such expenses within Operating profit in the Income statement.

The disaggregation between emission schemes, for both the associated assets and obligations, is presented in note 4.

These changes have resulted in the Balance sheet at 31 December 2023 and Cash flow statement for the year to 31 December 2023 being updated to conform with the current year presentation. Refer to note 37 for further details.

Balance sheet – presentation of convertible bond

On 31 October 2022, the IASB issued the amendments to IAS 1 – Classification of liabilities as current or non-current ('the Amendments'), which the Group has adopted from 1 January 2024. The Amendments require the €825 million convertible bond that matures in 2028 to be reclassified from a non-current liability to a current liability with the comparative presentation at 31 December 2023 also reclassified.

The Amendments require that where the conversion feature of a convertible instrument does not meet the recognition criteria for separate presentation within equity, and where the associated bondholders have the irrevocable right to exercise the conversion feature within 12 months of the balance sheet date, such convertible instruments be presented as current.

As a result, the prior year Balance sheet includes a reclassification to conform with the current year presentation of non-current and current Borrowings. Refer to note 37 for further details.

Going concern

At 31 December 2024, the Group had total liquidity of €13,362 million (31 December 2023: total liquidity of €11,624 million), comprising cash, cash equivalents and interest-bearing deposits of €9,828 million, €3,400 million of committed and undrawn general facilities and a further €134 million of committed and undrawn aircraft specific facilities. At 31 December 2024, 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 12 months from the date of the approval of these consolidated financial statements (the 'going concern period'). The Group's three-year business plan, used in the creation of the Base Case, was prepared for and approved by the Board in December 2024. The 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 31 March 2026, include:

- the Group has assumed that the committed and undrawn general facilities of €3,400 million will not be drawn over the going concern period. The availability of certain of these facilities reduces over time, with €2,193 million being available to the Group at 31 March 2026;
- the Group has assumed that the undrawn committed aircraft facilities of €134 million, relating to specific aircraft financing structures, will be utilised over the going concern period;

- of the capital commitments detailed in note 15, €2,651 million is due to be paid over the period to 31 March 2026;
- the Group has assumed that the €500 million bond that matures in March 2025 will not be refinanced;
- the Group has incorporated the redemption, as detailed in note 38, prior to maturity, of €577 million from the €500 million 2027 bond and the €700 million 2029 bond;
- while the Group does not expect to finance all expected deliveries over the going concern period, for those it does expect to finance, it has forecast securing 100%, or €1,001 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 in 2024 that had not had their financing secured at the balance sheet date;
- the payment by IAG Loyalty and the recovery by British Airways, of €673 million and €260 million, respectively, of VAT to HMRC in the UK in order to appeal HMRC's view on the appropriate accounting to apply (further information in given in note 10g); and
- the shareholder returns detailed in note 38.

The Downside Case applies stress to the Base Case to model adverse commercial and operational impacts over the going concern period, 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 10% down when compared to the Base Case. The Downside Case assumes that British Airways and Iberia would be required to partially draw down their portions of the available US dollar Revolving Credit Facility (further information given in notes 3 and 29f). 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 the consolidated financial statements and hence continue to adopt the going concern basis in preparing the consolidated financial statements at 31 December 2024.

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries, each made up to 31 December together with the attributable share of results and reserves of associates and joint ventures, adjusted where appropriate to conform to the Group's accounting policies.

Subsidiaries are consolidated from the date of their acquisition, which is the date on which the Group obtains control and continues to be consolidated until the date that such control ceases. Control exists when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Group applies the acquisition method to account for business combinations. The consideration paid is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries that are not held by the Group and are presented separately within equity in the Consolidated balance sheet. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, as at the acquisition date, the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through the Income statement.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed.

All intragroup account balances, including intragroup profits, are eliminated in preparing the consolidated financial statements.

Unconsolidated structured entities

The Group regularly uses sale and leaseback transactions to finance the acquisition of aircraft. In certain instances, the Group will undertake several such sale and leaseback transactions at once through Enhanced Equipment Trust Certificates (EETCs). Under each of these financing structures, a company or companies (the EETC Issuer) are established to facilitate such financing on behalf of a number of unrelated investors. In certain of these financing structures, additional special purpose vehicles (the Lessor SPV) are established to provide additional financing from a number of further unrelated investors to the EETC Issuer. The proceeds from the issuance of the EETCs by the EETC Issuer, and where relevant the proceeds obtained from the Lessor SPV, are then used to purchase aircraft solely from the Group. The Group will then enter into fixed rate lease arrangements (which meet the recognition criteria of Asset financed liabilities) with the EETC Issuer, or where relevant the Lessor SPV, with payments made by the Group to the EETC Issuer, or the Lessor SPV, distributed, through a trust, to the aforementioned unrelated investors. The main purpose of the trust structure is to enhance the credit-worthiness of the Group's debt obligations through certain bankruptcy protection provisions and liquidity facilities, and also to lower the Group's total borrowing cost.

The EETC Issuer and the Lessor SPV are established solely with the purpose of providing the asset-backed financing and upon maturity of such financing are expected to have no further activity. The relevant activities of the EETC Issuer and the Lessor SPV are restricted to pre-established financing agreements and the retention of the title of the associated financed aircraft. Accordingly, the Group has determined that each EETC Issuer and the Lessor SPVs are structured entities. Under the contractual terms of the financing structures, the Group has no exposure to losses in these entities, does not own any of the share capital of the EETC Issuer or the Lessor SPV, does not have any representation on the respective boards and has no ability to influence decision-making. In addition to the above, such financial transactions expose the Group to no further significant financial or economic risks, such as no variability over time in interest rates.

In considering the aforementioned facts, management has concluded that the Group does not have access to variable returns from the EETC Issuers and Lessor SPVs because its involvement is limited to the payment of principal and interest under the arrangement and, therefore, it does not control the EETC Issuers or the Lessor SPVs and as such does not consolidate them.

Further information as to the financial impact of these financial transactions is given in note 26.

Joint Business Agreements

The Group has established various contractual joint arrangements with carriers outside of the Group, commonly referred to as Joint Business Agreements, that enable the Group and those carriers involved to cooperate on flights between particular destinations and the sharing of the resultant revenues. These Joint Business Agreements are not structured through separate legal entities. Each such arrangement includes a reference year to which the carriers party to that arrangement determine their share of the total revenues generated on the aforementioned flights within a fiscal year. The resultant impact of the revenue shared is presented net within Passenger revenue in the Income statement.

Segmental reporting

Operating segments are reported in a manner consistent with how resource allocation decisions are made by the chief operating decision-maker. The chief operating decision-maker, who is responsible for resource allocation and assessing performance of the operating segments, has been identified as the IAG Management Committee.

Foreign currency translation

a Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the functional currency, being the currency of the primary economic environment in which the entity operates. In particular, British Airways and IAG Loyalty have a functional currency of pound sterling. The Group's consolidated financial statements are presented in euros, which is the Group's presentation currency.

b Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency using the rate of exchange prevailing on the date of the transaction. Monetary foreign currency balances are translated into the functional currency at the rates ruling at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at balance sheet exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income statement, except where hedge accounting is applied. Foreign exchange gains and losses arising on the retranslation of monetary assets and liabilities classified as non-current on the Balance sheet are recognised within Net currency retranslation (charges)/credits in the Income statement. All other gains and losses arising on the retranslation of monetary assets and liabilities are recognised in operating profit.

c Group companies

The net assets of foreign operations are translated into euros at the rate of exchange ruling at the balance sheet date. Profits and losses of such operations are translated into euros at average rates of exchange during the year. The resulting exchange differences are taken directly to a separate component of equity, the Currency translation reserve, until all or part of the interest is sold, when the relevant portion of the cumulative exchange difference is recognised in the Income statement.

Property, plant and equipment

Property, plant and equipment are held at cost. The Group has a policy of not revaluing property, plant and equipment. Depreciation is calculated to write off the cost less the estimated residual value on a straight-line basis, over the economic life of the asset. Residual values, where applicable, are reviewed annually against prevailing market values for equivalently aged assets and depreciation rates adjusted accordingly on a prospective basis.

a Fleet

All aircraft are stated at the fair value of the consideration given after taking account of manufacturers' credits and pre-delivery instalment payments (referred to as progress payments). Fleet assets owned or right of use (ROU) assets are disaggregated into separate components and depreciated at rates calculated to write down the cost of each component to the estimated residual value at the end of their planned operational lives (which is the shorter of their useful life or lease term) on a straight-line basis. Depreciation rates are specific to aircraft type, based on the Group's fleet plans, within overall parameters of 23 years and up to 5% residual value for short-haul aircraft and between 23 and 29 years (depending on aircraft) and up to 5% residual value for long-haul aircraft.

ROU assets are depreciated over the shorter of the lease term and the aforementioned depreciation rates. Where the lease includes a purchase option, at the discretion of the Group, and it is expected that the purchase option will be exercised, the associated right of use asset is depreciated using the aforementioned depreciation rates to reflect the reasonably certain life of the aircraft, irrespective of the lease term.

Cabin interior modifications, including those required for brand changes and relaunches, are depreciated over the lower of 12 years and the remaining economic life of the aircraft, whether owned or leased.

Spare parts for aircraft and engines acquired on the introduction or expansion of a fleet, as well as rotable spares purchased separately, are carried as property, plant and equipment and generally depreciated in line with the fleet to which they relate.

b Other property, plant and equipment

Owned property, with the exception of freehold land, is depreciated over its expected useful life over periods not exceeding 50 years on a straight-line basis. Right of use assets arising from leasehold properties are depreciated over the lease term on a straight-line basis. Equipment is depreciated over periods ranging from four to 20 years on a straight-line basis.

c Capitalisation of interest on assets under construction

Interest costs attributed to progress payments made on account of aircraft and other qualifying assets under construction are capitalised and added to the cost of the asset concerned. All other borrowing costs are recognised in the Income statement in the year in which they are incurred.

d Liquidated damages

Certain of the Group's contractual arrangements with aircraft and engine manufacturers contain liquidated damage clauses, whereby if the supplier breaches one or more contractual clauses (such as delays in the timing of delivery of an aircraft or engine) then damages are payable to the Group. Liquidated damages are recognised in the Income statement only to the extent that they relate to compensation for loss of income and/or incremental operating costs, when a contractual entitlement exists, the amounts can be reliably measured and the receipt is virtually certain. When liquidated damages do not relate to compensation for loss of income and/or incremental operating costs, the amounts are recorded as a reduction in the cost of the associated aircraft in the Balance sheet and depreciated over the life of the aircraft.

When compensation, not related to the loss of income and/or incremental operating costs, is received in advance of the associated delivery of the aircraft and/or engine, the Group recognises the amount within Other creditors until such time as the aircraft and/or engine is delivered, at which time the amounts are transferred and recorded as a reduction in the cost of the associated asset. Such compensation is recorded in the Cash flow statement within cash flows from investing activities under the caption of Acquisition of property, plant and equipment and intangible assets.

e Leases

The Group leases various aircraft, properties, equipment and other assets. The lease terms of these assets are consistent with the determined useful economic life of similar assets within property, plant and equipment.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified tangible asset for a period in exchange for consideration. The Group has elected not to apply such consideration where the contract relates to an intangible asset, such as for landing rights or IT software, in which case payments associated with the contract are expensed as incurred.

Leases are recognised as a lease liability and a corresponding ROU asset at the date at which the leased asset is available for use by the Group.

Lease liabilities

Lease liabilities are initially measured at their present value, which includes the following lease payments: fixed payments (including in-substance fixed payments), less any lease incentives receivable; variable lease payments that are based on an index or a rate; amounts expected to be payable by the Group under residual value guarantees; the exercise price of a purchase option if the Group is reasonably certain to exercise that option; payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option; and payments to be made under reasonably certain extension options.

Aircraft lease payments are discounted using the interest rate implicit in the lease. The interest rate implicit in the lease is the discount rate that, at the inception of the lease, causes the aggregate present value of the minimum lease payments and the unguaranteed residual value to be equal to the fair value of the leased asset and any initial indirect costs of the lessor. For aircraft leases these inputs are either generally observable in the contract or readily available from external market data. The initial direct costs of the lessor are considered to be immaterial. If the interest rate implicit in the lease cannot be determined, the Group entity's incremental borrowing rates are used.

Each lease payment is allocated between the principal and finance cost. The finance cost is charged to the Income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

The carrying amount of lease liabilities is remeasured if there is a modification of the lease contract, a re-assessment of the lease term (specifically in regard to assumptions regarding extension and termination options) or changes in variable lease payments that are based on an index or a rate.

Right of use assets

At the lease commencement date, an ROU asset is measured at cost comprising the following: the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date less any lease incentives received; and any initial direct costs.

In addition, at the lease commencement date, the ROU asset will incorporate those restoration and handback costs that are considered unavoidable, such as the removal of airline-specific branding and configuration, to return the asset to its original condition, for which a corresponding amount is recognised within Provisions. The ROU asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If ownership of the ROU asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Amounts excluded from recognition as ROU assets and lease liabilities

The Group has elected not to recognise ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less (and where that short-term lease is not expected to be renewed) and those leases of low-value assets. Short-term leases are leases with a lease term of 12 months or less that do not contain a purchase option. Low-value assets comprise specific IT equipment and office furniture. Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the Income statement.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is re-assessed and adjusted against the ROU asset. Such variable lease payments are expensed to the Income statement as incurred.

Extension options are included in a number of aircraft, property and equipment leases across the Group and are reflected in the lease liability where the Group is reasonably certain that it will exercise the option.

Sale and leaseback transactions

The Group regularly uses sale and leaseback transactions to finance the acquisition of aircraft. Each transaction is assessed as to whether it meets the criteria within IFRS 15 'Revenue from contracts with customers' for a sale to have occurred. The principal criterion for assessing whether a sale has occurred or not, is whether the contract contains the option, at the discretion of the Group, to repurchase the aircraft during or at the end of the lease term. If such a repurchase option exists in the contract, irrespective of whether the Group intends to exercise the option or not, the sale is deemed not to have occurred. Where there is no repurchase option in such a transaction, then a sale is deemed to have occurred. The following defines the accounting for such transactions:

- if a sale is determined to have occurred, then the associated asset is de-recognised and an ROU asset and lease liability are recognised. The ROU asset recognised is based on the proportion of the previous carrying amount of the asset that is retained. Any gain or loss is restricted to the amount that relates to the rights that have been transferred to the counterparty to the transaction; and
- where a sale is determined to have not occurred, the asset is retained on the Balance sheet within Property, plant and equipment and an Asset financed liability recognised equal to the financing proceeds.

Cash flow presentation – lease liabilities
Payments associated with lease liabilities are presented as follows in the Consolidated cash flow statement:

- where the proceeds received from sale and leaseback transactions represent the fair value of the asset being transferred, the total proceeds are presented within cash flows from investing activities. Where the proceeds received from sale and leaseback transactions exceed the fair value of the asset being transferred, the element of the proceeds equivalent to the fair value of the asset being transferred is presented within investing activities and the amount of proceeds in excess of the fair value is presented within financing activities;
- the repayments of the principal element of lease liabilities are presented within cash flows from financing activities;
- the payments of the interest element of lease liabilities are included within cash flows from operating activities;
- the payments arising from variable elements of a lease, short-term leases and low-value assets are presented within cash flows from operating activities; and
- the non-cash gain or loss arising from sale and leaseback transactions is presented within cash flows from operating activities.

Cash flow presentation – asset financed liabilities
Payments associated with asset financed liabilities are presented as follows in the Consolidated cash flow statement:

- the proceeds received from asset financed liabilities are presented within cash flows from financing activities;
- the repayments of the principal element of asset financed liabilities are presented within cash flows from financing activities; and
- the payments of the interest element of asset financed liabilities are included within cash flows from operating activities.

Lessor accounting
From time to time the Group will lease, to third parties, specific assets, including certain property, plant and equipment. On inception of the lease, the Group determines whether each lease is a finance lease or an operating lease.

In order to make this determination, the Group assesses whether the lease transfers substantially all of the risks and rewards of ownership to the lessee. Factors in making this assessment include, but are not limited to, whether the lease term is for the major part of the economic life of the underlying asset and whether the underlying asset transfers to the lessee or the lessee has the option to purchase the underlying asset at the end of the lease. Where substantially all of the risks and rewards of ownership have been transferred, then the lease is recorded as a finance lease, otherwise it is recorded as an operating lease.

f Maintenance, repairs and overhaul

Owned aircraft
Major maintenance, repairs and overhaul expenditure, including replacement spares and labour costs for airframes and engines, is capitalised and amortised over the expected life between major maintenance, repairs and overhauls or to the end of the useful life of the asset.

On initial recognition of an aircraft, a component of such costs is attributed to the embedded heavy maintenance component of the assets, such as the engines. The embedded heavy maintenance component is depreciated over the period to the next major maintenance event.

All other replacement spares and other costs relating to maintenance of owned fleet assets are charged to the Income statement on consumption or as incurred, respectively, recognised within Engineering and other aircraft costs.

Leased aircraft
Under each lease agreement, the Group is contractually committed to either return the airframe, engines and certain other assets in a specified condition or to compensate the lessor based on the conditionality of the aforementioned assets at the point of return to the lessor.

Accordingly, the Group records a provision for major maintenance, repair and overhaul events, including for airframes and engines, that occur through usage or through the passage of time, that is recognised as such activity occurs through to the next such maintenance event. A corresponding expense is recorded in the Income statement within Engineering and other aircraft costs over the relevant period as the provision is accumulated. Any subsequent changes in estimation are recognised in the Income statement. When the maintenance, repair or overhaul event occurs, the associated provision is de-recognised.

Restoration and handback obligations that arise on the inception of the lease, and that are not dependent on the usage of the asset or on the passage of time, are recognised as a provision for the full expected cost of discharging those obligations with a corresponding amount recognised as a separate component of the ROU asset. The associated ROU asset is depreciated over the lease term. Any subsequent change in estimation relating to such costs are reflected in both the provision and the ROU asset, with the adjustment to the ROU asset depreciated over the remaining lease term.

All other replacement spares and other costs relating to maintenance of leased fleet assets are charged to the Income statement on consumption or as incurred, respectively, within Engineering and other aircraft costs.

Power by the hour contracts
Certain of the Group's maintenance contracts, for both owned and leased aircraft, transfer the risk and legal obligation for undertaking the maintenance activity to third-party service providers, with the Group paying the service providers based on the usage of the asset. The associated usage of the asset gives rise to a charge, as flight hours are incurred and dependent on the number of take offs and landings, in the Income statement within Engineering and other aircraft costs.

Intangible assets

a Goodwill
Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration paid over the net fair value of the identifiable assets and liabilities of the acquiree. Where the net fair value of the identifiable assets and liabilities of the acquiree is in excess of the consideration paid, a gain on bargain purchase is recognised immediately in the Income statement.

For the purpose of assessing impairment, goodwill is grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Goodwill is tested for impairment annually and whenever indicators exist that the carrying value may not be recoverable.

b Brands
Brands arising on the acquisition of subsidiaries are initially recognised at fair value at the acquisition date. Long established brands that are expected to be used indefinitely are not amortised but assessed annually for impairment.

c Customer loyalty programmes
Customer loyalty programmes arising on the acquisition of subsidiaries are initially recognised at fair value at the acquisition date. A customer loyalty programme with an expected useful life is amortised over the expected remaining useful life. Established customer loyalty programmes that are expected to be used indefinitely are not amortised but assessed annually for impairment.

d Landing rights
Landing rights acquired in a business combination are recognised at fair value at the acquisition date. Landing rights acquired from other airlines are capitalised at cost.

Capitalised landing rights based outside of the UK and the EU are amortised on a straight-line basis over a period not exceeding 20 years. Capitalised landing rights based within the UK and the EU are not amortised, as regulations provide that these landing rights are perpetual.

e Contract-based intangibles
Contract-based intangibles acquired in a business combination are recognised initially at fair value at the acquisition date and amortised over the remaining life of the contract.

f Software
The cost to purchase or develop computer software that is separable from an item of related hardware is capitalised separately and amortised on a straight-line basis, generally over a period not exceeding five years, with certain specific software developments amortised over a period of up to ten years.

In certain instances, the Group enters into cloud computing arrangements with third-party providers, such as software as a service (SaaS), where the Group is provided the right to access and use the application software over the contract term. At inception of the contract, the Group will assess whether such an arrangement gives rise to the recognition of a software intangible asset.

Where the Group determines that no software intangible asset should be recognised, the cloud computing arrangement is determined to be a service contract and the associated fees paid are expensed as incurred. In addition, the costs incurred for both the customisation and configuration of the application software are generally expensed as incurred.

g Carbon-related assets and obligations
Held for own use

As an operating company emits CO_2 equivalent, it builds up either an ETS obligation, a CORSIA obligation or a voluntary carbon offset obligation to the relevant authorities. Where an operating company purchases ETS emission allowances, CORSIA emission units and voluntary carbon offset units, these amounts are recognised at cost and recorded within Carbon-related and other assets.

Carbon-related assets are not revalued or amortised but are tested for impairment whenever indicators exist that the carrying value may not be recoverable. For those obligations arising for which the operating company has purchased emission allowances or emission units to offset emissions, the obligation is recognised at the weighted average cost of the carbon-related asset. For those obligations arising for which the operating company has not yet purchased emission allowances or emission units to offset the emissions, the obligation is recognised at the market price of the emission allowances or emission units required at the balance sheet date. As the obligation is recognised, a corresponding amount is recorded in the Income statement within Fuel costs and emission charges.

The Group's emissions obligations, recognised as Carbon-related obligations within Provisions, are extinguished when the associated emission certificates are surrendered or retired to the relevant authorities. For ETS obligations, the timing of surrender of the allowances is typically within 12 months of the balance sheet date. For CORSIA obligations, the timing of retirement of the allowances is once every three years, with the first such retiring event for the 2024 to 2026 compliance period expected in 2028 (although entities can agree with their relevant authorities to retire emission units earlier).

From time to time, the Group enters into sale and repurchase transactions for specified emission allowances. Such transactions do not meet the recognition criteria of a sale under IFRS 15 and accordingly the emissions asset is retained on the Balance sheet within Carbon-related assets and an Other financing liability recognised equal to the proceeds received.

Impairment of non-financial assets
Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the value by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value-in-use. Non-financial assets other than goodwill that were subject to an impairment are reviewed for possible reversal of the impairment at each balance sheet date.

a Property, plant and equipment, including Right of use assets
The carrying value is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable and the cumulative impairment losses are shown as a reduction in the carrying value of property, plant and equipment.

b Intangible assets
Intangible assets are held at cost and are either amortised on a straight-line basis over their economic life, or they are deemed to have an indefinite economic life and are not amortised. Indefinite life intangible assets are tested annually for impairment or more frequently if events or changes in circumstances indicate the carrying value may not be recoverable.

Investments in associates and joint ventures

An associate is an undertaking in which the Group has a long-term equity interest and over which it has the power to exercise significant influence. Where the Group cannot exercise control over an entity in which it has a shareholding greater than 51%, the equity interest is treated as an associate undertaking.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

Investments in associates and joint ventures are accounted for using the equity method and initially recognised at cost. The Group's interest in the net assets of associates and joint ventures is included in Investments accounted for using the equity method in the Balance sheet and its interest in their results is included in the Income statement, below operating result. The attributable results of those companies acquired or disposed of during the year are included for the periods of ownership.

Financial instruments

a Financial assets and liabilities

Financial assets and financial liabilities are classified, upon initial recognition, as measured at amortised cost, at fair value through other comprehensive income (OCI) or fair value through profit or loss. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

The classification of financial assets at initial recognition depends on the financial assets' contractual cash flow characteristics and the Group's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. A financial asset that is not SPPI is classified and measured at fair value through profit or loss. This assessment is performed on an instrument by instrument basis.

The Group's business model for managing financial assets establishes how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both collecting contractual cash flows and selling financial assets.

Long-term borrowings

Long-term borrowings are recorded at amortised cost.

Convertible debt

Convertible bonds are classified as either compound financial instruments or hybrid financial instruments depending on the settlement alternatives upon redemption. Where the bondholders exercise their equity conversion options and the Group has no alternative other than to settle the convertible bonds into a fixed number of ordinary shares of the Company, then the bonds are classified as a compound financial instrument. Where the Group has an alternative settlement mechanism to the convertible bonds that permits settlement in cash, then the convertible instrument is classified as a hybrid financial instrument.

Convertible bonds that are classified as compound financial instruments consist of a liability and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt, and is subsequently recorded on an amortised cost basis using the effective interest method until extinguished on conversion or maturity of the bonds, and is recognised within Borrowings. The difference between the proceeds of issue of the convertible bond and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the Group, is included in the equity portion of the convertible bond in Other reserves and is not subsequently remeasured. The interest expense on the liability component is calculated by applying the effective interest rate for similar non-convertible debt to the liability component of the instrument. The difference between this value and the interest paid is added to the carrying amount of the liability.

Convertible bonds that are classified as hybrid financial instruments consist only of a liability component recognised within Borrowings. At the date of issue, the entirety of the convertible bonds are accounted for at fair value with subsequent fair value gains or losses recorded within Borrowings. The fair value of such financial instruments is obtained from their respective quoted prices in active markets, with the portion of the change in fair value attributable to changes in the credit risk of the convertible bonds recognised in Other comprehensive income and the portion of the change in fair value attributable to market conditions recognised in the Income statement within Finance costs.

Issue costs associated with compound financial instruments are apportioned between the liability and equity components of the convertible bonds where appropriate based on their relative carrying values at the date of issue. The portion relating to the equity component is charged directly against equity. Issue costs associated with hybrid financial instruments are expensed immediately to the Income statement.

Other equity investments
Other equity investments are non-derivative financial assets including listed and unlisted investments, excluding interests in associates and joint ventures. On initial recognition, these equity investments are irrevocably designated as measured at fair value through Other comprehensive income. They are subsequently measured at fair value, with changes in fair value recognised in Other comprehensive income with no recycling of these gains and losses to the Income statement when the investment is sold or a change in the structure of the transaction changes its classification as an Other equity instrument. Dividends received on other equity investments are recognised in the Income statement.

The fair value of quoted investments is determined by reference to bid prices at the close of business on the balance sheet date.

Where there is no active market, fair value is determined using valuation techniques.

Interest-bearing deposits
Interest-bearing deposits, principally comprising funds held with banks and other financial institutions with contractual cash flows that are SPPI, and held in order to collect contractual cash flows, are carried at amortised cost using the effective interest method.

Impairment of financial assets
At each balance sheet date, the Group recognises provisions for expected credit losses on financial assets measured at amortised cost, based on either 12-month or lifetime losses depending on whether there has been a significant increase in credit risk since initial recognition. The simplified approach, based on the calculation and recognition of lifetime expected credit losses, is applied to contracts that have a maturity of one year or less, including trade receivables.

When determining whether there has been a significant increase in credit risk since initial recognition and when estimating the expected credit loss, the Group considers reasonable and supportable information that is relevant and available. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, including forward-looking information. Such forward-looking information takes into consideration the forecast economic conditions expected to impact the outstanding balances at the balance sheet date. A financial asset is written off when there is no reasonable expectation of recovery, such as the customer having filed for liquidation.

b Cash and cash equivalents
Cash and cash equivalents include cash in hand and deposits with any qualifying financial institution repayable on demand or maturing within three months of the date of acquisition and which are subject to an insignificant risk of change in value.

c Derivative and non-derivative financial instruments and hedging activities
Derivative financial instruments, comprising interest rate swap derivatives, foreign exchange derivatives and fuel derivatives (including options, swaps and forward contracts) are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. They are classified as financial instruments through the Income statement. The method of recognising the resulting gain or loss arising from remeasurement depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged (as detailed below under cash flow hedges). The time value of options is excluded from the designated hedging instrument and accounted for as a cost of hedging. Movements in the time value of options are recognised in Other comprehensive income until the underlying transaction affects the Income statement.

When forward contracts are used to hedge forecast transactions, the Group generally designates only the spot component of the forward contract as the hedging instrument within a hedge relationship. The effective portion of gains or losses arising on the change in fair value of the spot component are recognised within Other comprehensive income in the Cash flow hedge reserve within equity. The forward component of a forward contract is not designated within a hedge relationship, with the associated gains and losses on the forward component recorded within Other comprehensive income in the Cost of hedging reserve within equity until the underlying transaction affects the Income statement.

To manage foreign exchange movements on foreign currency customer cash inflows (denominated in US dollars, euros and Japanese yen), certain non-derivative repayment instalments on foreign currency-denominated interest-bearing liabilities are designated as hedging instruments within a hedge relationship. The effective portion of gains or losses arising from movements in foreign exchange rates are recognised within Other comprehensive income in the Cash flow hedge reserve within equity. Accumulated gains or losses within the cash flow hedge reserve are transferred to Sales in advance of carriage in the same period as the forecast transaction occurs or when hedge accounting is discontinued when the forecast transaction is no longer expected to occur, at which point amounts are immediately reclassified to the Income statement.

When a derivative is designated as a hedging instrument and that instrument expires, is sold or is restructured, if the initial forecast transaction is still expected to occur, any cumulative gain or loss remains in the cash flow hedge reserve until such time as the hedged item impacts the Income statement. Where there is a change in the risk management objective, then hedge accounting is discontinued, and the associated cumulative gain or loss arising prior to the change in risk management objective remains in the cash flow hedge reserve until such time as the underlying hedged item impacts the Income statement had the risk management objective continued to have been met. Where a forecast transaction, which was previously determined to be highly probable and for which hedge accounting applied, is no longer expected to occur, hedge accounting is discontinued and the cumulative gain or loss in the cash flow hedge reserve is immediately reclassified to the Income statement.

Each operating company enters into foreign currency derivative contracts that are not designated in a hedge relationship, in order to mitigate foreign exchange movements on financial liabilities designated in currencies other than the presentational currency of each operating company, including but not limited to, lease liabilities. Movements in the fair value of such derivatives are recognised in the Income statement in the period in which they occur and are presented within Net currency retranslation charges.

Exchange gains and losses on monetary investments are taken to the Income statement unless the item has been designated and is assessed as an effective hedging instrument. Exchange gains and losses on non-monetary investments are reflected in equity.

d Cash flow hedges

Changes in the fair value of derivative financial instruments designated as in a cash flow hedge relationship of a highly probable expected future transaction are assessed for effectiveness and accordingly recorded in the Cash flow hedge reserve within equity.

Hedge effectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument. A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements: (i) there is 'an economic relationship' between the hedged item and the hedging instrument; (ii) the effect of credit risk does not dominate the value changes that result from that economic relationship; and (iii) the hedge ratio is aligned with the requirements of the Group's risk management strategy and in all instances is maintained at a ratio of 1:1.

The Group assesses whether the derivative designated as the hedging instrument in a hedge relationship is expected to be on inception and at each balance sheet date effective in offsetting the changes in cash flows of the hedged item using the hypothetical derivative model.

Sources of ineffectiveness include the following:

- in hedges of fuel purchases, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of the Group or the derivative counterparty;
- in hedges of foreign currency purchases, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of the Group or the derivative counterparty;
- in hedges of interest rate payments, ineffectiveness may arise if there are differences in the critical terms between the interest rate derivative instrument and the underlying hedged item, or if there are changes in the credit risk of the Group or the derivative counterparty; and
- in all hedges, ineffectiveness may arise if there are differences between the critical terms of the hedging instrument and the hypothetical derivative, such as where on inception of the hedge relationship the fair value of the hedging instrument is not zero.

Ineffectiveness is recorded within the Income statement as Realised/unrealised (losses)/gains on derivatives not qualifying for hedge accounting and presented within Other non-operating credits.

Reclassification and transfer adjustments

Gains and losses accumulated in the Cash flow hedge reserve within equity are either reclassified from the Cash flow hedge reserve when the hedged item affects the Income statement, or transferred from the Cash flow hedge reserve when the hedged item gives rise to recognition in the Balance sheet as follows:

- where the forecast hedged item results in the recognition of expenses within the Income statement (such as the purchase of jet fuel for which both fuel and the associated foreign currency derivatives are designated as the hedging instrument), the accumulated gains and losses recorded in both the Cash flow hedge reserve and the Cost of hedging reserve are reclassified and included in the Income statement within the same caption as the hedged item is presented. Such reclassification occurs in the same period as the hedged item is recognised in the Income statement;
- where the forecast hedged item results in the recognition of a non-financial asset (such as the purchase of aircraft for which foreign currency derivatives are designated as the hedging instrument or where the purchase of jet fuel gives rise to the recognition of fuel inventory in storage facilities), or a non-financial liability (such as the sales in advance of carriage for which both foreign currency derivatives and non-financial derivative instruments are designated as the hedging instrument), the accumulated gains and losses recorded within both the Cash flow hedge reserve and the Cost of hedging reserve are transferred and included in the initial cost of the asset and liability, respectively. These gains or losses are recorded in the Income statement as the non-financial asset and the non-financial liability affects the Income statement (which for aircraft is through Depreciation, amortisation and impairment over the expected life of the aircraft, for fuel inventory through Fuel costs and emission charges when it is consumed and for sales in advance of carriage through Passenger revenue when the flight is flown); and
- where the forecast hedged item results in the recognition of a financial asset or liability (such as variable rate debt for which interest rate swaps are designated as the hedging instrument), the accumulated gains and losses recorded within the Cash flow hedge reserve are reclassified to the Income statement to Interest expense within Finance costs at the same time as the interest income or expense arises on the hedged item.

Further information on the risk management activities of the Group is given in note 29.

e Fair value hedges

Changes in the fair value of derivative financial instruments designated in a fair value hedge relationship are recorded within the Income statement as Net change in the fair value associated with fair value hedges within Other non-operating credits. The change in the fair value of the hedged item attributable to the risk being hedged is recorded as part of the overall carrying amount of the hedged item and is recorded within the Income statement as Net change in the fair value associated with fair value hedges within Other non-operating credits.

For fair value hedges associated with financial liabilities measured at amortised cost, any adjustment to the carrying value is amortised to the Income statement from the date of the cessation of the hedge relationship through to the maturity of the hedged item using the effective interest rate method.

If the hedged item is de-recognised, the unamortised fair value is recognised immediately in the Income statement.

Ineffectiveness included in fair value hedges of interest rate payments may arise if there are differences in the critical terms between the interest rate derivative instrument and the underlying hedged item, or if there are changes in the credit risk of the Group or the derivative counterparty.

Employee benefit plans

a Pension obligations

The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior years.

Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The pension benefits are dependent on the pension scheme rules and relevant pensions legislation including applicable case law.

The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior years. The benefit is discounted to determine its present value, and the fair value of any plan assets are deducted. The discount rate is the yield at the balance sheet date on AA-rated corporate bonds of the appropriate currency that have durations approximating those of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method. When the net obligation calculation results in an asset for the Group, the recognition of an asset is limited to any future refunds, net of the relevant taxes, from the plan or reductions in future contributions to the plan ('the asset ceiling'). The fair value of the plan assets is based on market price information and, in the case of quoted securities, is the published bid price. The fair value of insurance policies which exactly match the amount and timing of some or all benefits payable under the scheme are deemed to be the present value of the related obligations. Longevity swaps are measured at their fair value.

Current service costs are recognised within Employee costs in the year in which they arise. Past service costs are recognised in the event of a plan amendment or curtailment, or when the Group recognises related restructuring costs or severance obligations. The net interest is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. Net interest and other expenses related to the defined benefit plans are recognised in the Income statement. Remeasurements, comprising IAS 19 gains and losses, the effect of the asset ceiling (excluding interest) and the return on plan assets (excluding interest), are recognised immediately in Other comprehensive income. Remeasurements are not reclassified to the Income statement in subsequent periods.

b Severance obligations

Severance obligations are recognised when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises a provision for severance payments when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without realistic possibility of withdrawal, or providing severance payments as a result of an offer made to encourage voluntary redundancy.

Other employee benefits are recognised when there is deemed to be a present obligation.

c Flight crew provisions

The Group's obligations in respect of flight crew provisions are calculated separately for each collective bargaining agreement. In estimating these obligations, the Group makes assumptions regarding the number of employees that will elect to take early retirement under these agreements, and the age at which they make this election (where relevant), using the probability weighted methodology. The Group recognises a provision for service costs from the date of employment of the relevant individual, with the corresponding amount recorded within the Income statement. The provisions recognised are discounted at the balance sheet date and the effect of unwinding of these discount rates are recognised as a finance cost in the Income statement.

Remeasurements of the provisions are made for changes in financial assumptions and recorded in Other comprehensive income. The Group records changes through Other comprehensive income, where assumptions regarding the elections to be made by individuals differs to actual elections. These calculations are performed by a qualified actuary using the projected unit credit method.

Taxation

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary differences arise on the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- in respect of taxable temporary differences associated with investments in subsidiaries or associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that 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.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the Income statement.

International tax reform: Pillar Two implementation

On 23 May 2023, the IASB issued the amendments to IAS 12 – International tax reform: Pillar Two model reforms, effective for periods beginning on or after 1 January 2023. The amendments to IAS 12 provide temporary mandatory relief from the recognition of deferred tax balances arising from the implementation of the Pillar Two legislation. 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.

Inventories

Inventories are valued at the lower of cost and net realisable value. Such cost is determined by the weighted average cost method. Inventories include mainly aircraft spare parts, repairable aircraft engine parts and fuel held in storage facilities.

Share-based payments

The Group operates a number of equity-settled, share-based payment plans, under which the Group awards equity instruments of the Group for services rendered by employees. The fair value of the share-based payment plans is measured at the date of grant using a valuation model provided by external specialists. The resulting cost, as adjusted for the expected and actual level of vesting of the plan, is charged to the Income statement over the period in which the options vest. At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions, and accordingly the number of equity instruments that will ultimately vest. The movement in the cumulative expense since the previous balance sheet date is recognised in the Income statement with a corresponding entry in equity.

Treasury shares

When the share capital of the Company is repurchased, the amount of the consideration paid, including directly attributable transaction costs, is recognised as a deduction from equity within the treasury share reserve. When treasury shares are sold or reissued, the amount received is recognised as an increase in equity, and the resulting gain or loss on the transaction is presented as an adjustment to Retained earnings with no gain or loss recorded in the Income statement.

Provisions

Provisions are made when all of the following criteria have been met: (i) an obligation exists for a present liability in respect of a past event; (ii) where the amount of the obligation can be reliably estimated; and (iii) where it is considered probable that an outflow of economic resources will be required to settle the obligation. Where it is not considered probable that there will be an outflow of economic resources required to settle the obligation, the Group does not recognise a provision, but discloses the matter as a contingent liability. The Group assesses whether each matter is probable of there being an outflow of economic resources to settle the obligation at each balance sheet date.

Employee leaving indemnities and other employee provisions are recorded for flight crew who, meeting certain conditions, have the option of being placed on reserve or of taking early retirement. The Group is obligated to remunerate these employees until they reach the statutory retirement age. The calculation is performed by qualified independent actuaries using the projected unit credit method.

Other employee related provisions are recognised for direct expenditures of business reorganisation such as severance payments (restructuring provisions) where plans are sufficiently detailed and well advanced, and where appropriate communication to those affected has been undertaken at the balance sheet date.

The method for determining legal claims provisions is determined on a claim-by-claim basis. Where a claim includes a significant population of items, the weighted average provision is estimated by determining all potential outcomes and the probability of their occurrence. Where a claim relates to a single item, then the Group determines the associated provision by applying the most likely outcome, giving consideration to alternative outcomes. Where an individual claim is significant, the disclosure of quantitative information is restricted to the extent that it does not prejudice the outcome of the claim. If the effect is material, expected future cash flows are discounted using a rate that reflects, where appropriate, the risks specific to the provision. Where discounting is used, the effect of unwinding the discount rate is recognised as a Finance cost in the Income statement.

Revenue recognition

Passenger revenue

The Group's revenue primarily derives from transportation services for both passengers and cargo. Revenue is recognised when the transportation service has been provided.

Passenger tickets are generally paid for in advance of transportation and are recognised, net of discounts, as Deferred revenue and presented within current liabilities until either: (i) the customer has flown; or (ii) where the customer does not fly on the intended date and has purchased a non-flexible fare.

For flexible and semi-flexible tickets, when the customer does not travel on the intended date, a term referred to as 'unused tickets', the customer has a number of options they can elect to apply, depending on the fare type: (i) reschedule the date of intended travel; (ii) request a refund; or (iii) request a voucher.

The Group estimates the amount of these unused tickets for which customers are not expected to exercise their remaining rights prior to expiry based on the terms and conditions of the ticket and analysis of historical experience, a term referred to as 'unused ticket breakage'. This revenue is recognised based on the terms and conditions of the ticket and analysis of historical experience. For unused ticket breakage, revenue is recognised only when the risk of a significant reversal of revenue is remote. The estimation regarding historical experience is updated at each balance sheet date.

Where a flight is cancelled, the customer has a number of options they can elect to apply to their unused tickets: (i) compensation; (ii) a refund; (iii) changing to an alternative flight; or (iv) the receipt of a voucher.

The presentation in the financial statements of these customer options, to the extent they differ to the recognition criteria stated above, are as follows:

- Compensation for flight cancellation - such payments are presented net within Passenger revenue against the original ticket purchased;
- Refund - deferred revenue is reduced and no amount is recorded within revenue;
- Changing to an alternative flight – amounts are retained within Deferred revenue until such time as the flight is flown, at which time it is recorded within Passenger revenue; and
- Voucher - retained within Deferred revenue until such time as it is redeemed for a flight or it expires, at which time it is recorded within Passenger revenue.

In relation to vouchers, the Group also recognises revenue by estimating the amount of vouchers that customers are not expected to exercise their remaining rights prior to expiry using analysis of historical experience. The estimation regarding historical experience is updated at each balance sheet date. The amount of such revenue recognised is constrained, where necessary, such that the risk of a significant reversal of revenue in the future is remote.

Payments received in relation to certain ancillary services regarding passenger transportation, such as change fees, are not considered to be distinct from the performance obligation to provide the passenger flight. Payments relating to these ancillary services are recognised in Deferred revenue in current liabilities until the customer has flown.

The Group considers whether it is an agent or a principal in relation to passenger transportation services by considering whether it has a performance obligation to provide services to the customer or whether the obligation is to arrange for the services to be provided by a third party. The Group acts as an agent where: (i) it collects various taxes, duties and fees assessed on the sale of tickets to passengers and remits these to the relevant taxing authorities; and (ii) where it provides interline services to airline partners outside of the Group. Commissions earned in relation to agency services are recognised as revenue when the underlying goods or services have been transferred to the customer. In all other instances, the Group considers it acts as the principal in relation to passenger transportation services.

Cargo revenue
The Group has identified a single performance obligation in relation to cargo services and the associated revenue is measured at its standalone selling price and recognised on satisfaction of the performance obligation, which occurs on the fulfilment of the transportation service.

Other revenue
The Group has identified several performance obligations in relation to services that give rise to revenue being recognised within Other revenue. These services, their performance obligations and associated revenue recognition include:

- the provision of maintenance services and overhaul services for engines and airframes, where the Group is engaged to enhance an asset while the customer retains control of the asset. Accordingly, the performance obligations are satisfied, and revenue recognised, over time. The Group estimates the proportion of the contract completed at the balance sheet date and recognises revenue based on the percentage of completion of the contract;
- the provision of ground handling services, where the performance obligations are fulfilled when the services are provided;
- the provision of holiday and hotel services, where the performance obligations are satisfied over time as the customer receives the benefit of the service; and
- brand and marketing activities, where the performance obligations are satisfied as the associated activities occur.

Customer loyalty programmes
The Group operates four principal loyalty programmes: the British Airways Executive Club, Iberia Plus, Vueling Club and the Aer Lingus Aer Club. The customer loyalty programmes award travellers Avios to redeem for various rewards, primarily redemption travel, including flights, hotels and car hire. Avios are also sold to commercial partners to use in loyalty activity.

Avios issuance
When issued, the relative standalone selling price of an Avios is recorded within Deferred revenue in current liabilities until the customer redeems the Avios. The relative standalone selling price of Avios is based on the value of the awards for which the Avios could be redeemed. The Group also recognises revenue associated with the proportion of Avios that are not expected to be redeemed, referred to as 'breakage', based on the results of modelling using historical experiences and expected future trends in customer behaviour, up until the balance sheet date. The amount of such revenue recognised is limited, where necessary, such that the risk of a significant reversal of revenue in the future is remote.

Where the issuance of Avios arises from travel on the Group's airlines, the consideration received from the customer may differ to the aggregation of the relative standalone selling prices. In such instances, the allocation of the consideration to each performance obligation is undertaken on a proportional basis using the relative standalone selling prices.

The Group has contractual arrangements with non-Group airlines and non-air partners for the issuance and redemption of Avios, for which it has identified the following performance obligations:

Companion vouchers
Certain non-air partners issue their cardholders with companion vouchers, which forms part of the variable consideration of the overall contract, depending on the level of expenditure by the cardholders, for redemption on the airlines of the Group for the same flight and class of cabin as the underlying fare being purchased. The Group estimates the standalone selling price of the companion voucher performance obligation, using valuation techniques, by reference to the amount that a third party would be prepared to pay in an arm's length transaction.

Brand and marketing activities
For both air and non-air partners, the Group licenses the Avios and the airline brands for certain activities, such as the creation of co-branded credit cards. In addition, the Group has certain contractual arrangements whereby it commits to provide marketing services to the members of the loyalty schemes on behalf of those partners. Under IFRS 15, for the provision of both brand and marketing services, the partner receives benefits incremental to the issuance of Avios. The Group estimates the standalone selling price of the brand and marketing performance obligations, using valuation techniques, by reference to the amount that a third party would be prepared to pay in an arm's length transaction for access to comparable brands for the period over which they use the brand. For brand services, as the Group considers that the partner has the right to use the brand, revenue is recognised as the brand service is provided and not over time. For marketing performance obligations, revenue is recognised as the marketing activities occur.

Upfront payments
Where a partner makes an upfront payment to the Group that does not relate to any specific performance obligation, then the Group considers such payments as advance payments for future goods and services and the associated revenue is recognised as those goods and services are provided, as detailed above. In such instances, the payment is allocated across all of the performance obligations over the contract term. The Group estimates the expected level of Avios to be issued over the contract term using experience, historical and expected future trends, and allocates the payments to the relevant performance obligations accordingly. At each balance sheet date, the Group updates its estimate of the number of Avios expected to be issued over the total contract term and recognises a cumulative catch-up adjustment where necessary.

When a partner makes an upfront payment to the Group, the Group assesses whether such a payment is representative of a significant financing event. Where a significant financing component is identified, the Group estimates a market rate of interest that an arm's length financial liability of similar size and tenor would yield. The Group recognises the imputed interest within the Income statement as Other finance costs within Finance costs.

Other considerations

The Group considers whether it is an agent or a principal in relation to the loyalty services by considering whether it has a performance obligation to provide services to the customer or whether the obligation is to arrange for the services to be provided by a third party. In particular, the Group acts as an agent where customers redeem their Avios on interline partner flights outside of the Group, where the fees payable to the interline partner are presented net against the associated release of the Deferred revenue.

Exceptional items

Exceptional items are those that in management's view need to be separately disclosed by virtue of their size or nature and where such presentation is relevant to an understanding of the Group's financial performance. While management has defined a list of items and a quantitative threshold that would merit categorisation as exceptional that has been established through historical experience, the Group retains the flexibility to add additional items should their size or nature merit such presentation. The accounting policy in respect of exceptional items and classification of an item as exceptional is approved by the Board, through the Audit and Compliance Committee.

The financial performance of the Group is monitored by the Management Committee and the Board using metrics that exclude exceptional items to enable comparison to prior reporting periods as well as to other selected companies, and also for making strategic, financial and operational decisions.

The exceptional items recorded in the Income statement include, but are not limited to, items such as significant settlement agreements with the Group's pension schemes; significant restructuring; the impact of business combination transactions that do not contribute to the ongoing results of the Group; significant discontinuance of hedge accounting; legal settlements; individually significant tax transactions; and the impact of the sale, disposal or impairment of an asset or investment in a business. Where exceptional items are separately disclosed, the resultant tax impact is additionally separately disclosed. Certain exceptional items may cover more than a single reporting period, such as significant restructuring events, but not more than two reporting periods.

Further information is given in the Alternative performance measures section.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received. Loans provided and/or guaranteed by governments that represent market rates of interest are recorded at the amount of the proceeds received and recognised within Borrowings. Those loans provided and/or guaranteed by governments that represent below market rates of interest are measured at inception at their fair value and recognised within Borrowings, with the differential to the proceeds received recorded within Deferred income and released to the relevant financial statement caption in the Income statement on a systematic basis. Grants that compensate the Group for expenses incurred are recognised in the Income statement in the relevant financial statement caption on a systematic basis in the periods in which the expenses are recognised.

Critical accounting estimates, assumptions and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These judgements, estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances. Actual results in the future may differ from judgements and estimates upon which financial information has been prepared. These underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

- Income taxes (note 10): the period over which historical tax losses can be utilised;
- Revenue recognition (note 24): breakage assumptions applied to passenger revenue, customer loyalty programmes and unredeemed vouchers;
- Restoration and handback provisions (note 27): key assumptions underlying the carrying value of the provisions; and
- Employee benefit obligations (note 34): Airways Pension Scheme (APS) and New Airways Pension Scheme (NAPS) key actuarial assumptions.

The judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

- Income taxes (note 10): determining whether the HMRC enquiries into the IAG Loyalty VAT accounting gives rise to a provision or a contingent liability;
- Leases (note 14): determining the lease term of contracts with renewal and termination options;
- Other equity investment (note 19): determining whether the Group has significant influence over Air Europa Holdings; and
- Restoration and handback provisions (note 27): determination of accounting policy for leased aircraft.

New standards, amendments and interpretations

The following amendments and interpretations apply for the first time in 2024, but do not have a material impact on the consolidated financial statements of the Group:

- lease liability in a sale and leaseback – amendments to IFRS 16 effective for periods beginning on or after 1 January 2024; and
- disclosures: supplier finance arrangements – amendments to IAS 7 and IFRS 7 – effective for periods beginning on or after 1 January 2024.

In addition, Classification of liabilities as current or non-current and non-current liabilities with covenants - amendments to IAS 1 is effective for periods beginning on or after 1 January 2024. These amendments have had a material impact on the consolidated financial statements of the Group, the details of which are given in note 37.

The IASB and the IFRS Interpretations Committee (IFRIC) have issued the following standards, amendments and interpretations with an effective date after the year end of 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:

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

3 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 year to 31 December 2024:

- on 14 June 2024, the Group entered into a five-year $3.0 billion, sustainability-linked, secured Revolving Credit Facility, with two one-year extension options available subject to the approval of lenders, accessible by British Airways, Iberia and Aer Lingus, each of which has separate limits. At 31 December 2024 no amounts had been drawn under the facility. Concurrent to entering into the facility, the Group extinguished its $1,755 million secured Revolving Credit Facility, which was due to mature, in part, in March 2025 with the remainder maturing in March 2026;
- on 28 June 2024, as a result of securing the aforementioned Revolving Credit Facility, British Airways extinguished its two £1.0 billion Export Development Guarantee Facilities, which were partially guaranteed by the UK Export Finance and undrawn at 28 June 2024, and were due to mature in equal amounts in November 2026 and September 2028;
- on 23 February 2023, the Group entered into an agreement with Globalia to purchase the remaining 80% of the share capital of Air Europa Holdings that it did not then own. The acquisition was subject to approval by the relevant competition authorities. The agreement stipulated that at any time over a 24 month period from execution of the agreement, if any relevant approval was not obtained, or if the Group decided not to proceed with the acquisition, the Group was required to pay a break-fee to Globalia of €50 million. On 1 August 2024, the Group decided to withdraw from the acquisition. The Group has recorded an exceptional charge of €50 million within Other non-operating credits in the Income statement for the year to 31 December 2024;
- on 1 August 2024, the Board of Directors approved an interim dividend of €0.03 per share, amounting to €147 million, which was subsequently paid by 31 December 2024; and
- on 8 November 2024, the Group announced a €350 million share buyback programme, which commenced on 11 November 2024. At 31 December 2024, the Group had purchased 47,854 thousand shares amounting to €156 million.

4 Impact of climate change on financial reporting

Significant transactions and critical accounting estimates, assumptions and judgements in the determination of the impact of climate change

As a result of climate change, the Group has designed and approved its Flightpath net zero climate strategy, which commits the Group to net zero emissions by 2050. While approved business plans currently have a duration of three years, the Flightpath net zero climate strategy impacts both the short-, medium- and long-term operations of the Group.

The details regarding the inputs and assumptions used in the determination of the Flightpath net zero climate strategy include, but are not limited to, the following that are within the control of the Group:

- the additional cost of the Group's commitment to increasing the level of Sustainable Aviation Fuels (SAF) to 10% by 2030 and to 70% by 2050;
- the cost of incurring an increase in the level of carbon offsetting and carbon capture schemes; and
- the impact of introducing more fuel-efficient aircraft and being able to operate these more efficiently.

In addition to these inputs and measures within the control of management, Flightpath net zero includes assumptions pertaining to consumers, governments and regulators regarding the following:

- the impact on passenger demand for air travel as a result of both passenger trends regarding climate change and government policies;
- investment and policy regarding the development of SAF production facilities;
- investment and improvements in air traffic management; and
- the price of carbon through the EU, Swiss and UK Emissions Trading Systems/Schemes (ETS) and the UN Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA).

The level of uncertainty regarding the impact of these factors increases over time. Accordingly, the Group has applied critical estimation and judgement in the evaluation of the impact of climate change regarding the recognition and measurement of assets and liabilities within the financial statements.

Critical accounting estimates, assumptions and judgements – cash flow forecast estimation

With the Flightpath net zero climate strategy assessing the impact over a long-term horizon to 2050, the level of estimation uncertainty in the determination of cash flow forecasts increases over time. For those assets and liabilities, where their recoverability is dependent on long-term cash flows, the following critical accounting estimates, assumptions and judgements, to the extent they can be reliably measured, have been applied:

a Long-term fleet plans and useful economic lives

The Group's Flightpath net zero climate strategy has been developed in conjunction with the long-term fleet plans of each operating company. This includes the annual assessment of useful lives and the residual values of each aircraft type.

As a result of the impact of the COVID-19 pandemic, the Group retired 72 aircraft, their associated engines and rotable inventories. These retired aircraft were older generation aircraft, that were less fuel-efficient, more carbon-intensive and more expensive to operate than more modern models.

Subsequent to the retirement of these aircraft, coupled with the future committed delivery of 171 fuel-efficient aircraft as detailed in note 15, the Group considers the existing fleet assets align with the long-term fleet plans to achieve its Flightpath net zero climate strategy. All aircraft in the fleet, and those due to be delivered in the future, have the capability to utilise SAF in their operations without impediment. Accordingly, no impairment has arisen in the current or prior year, nor have the useful lives and residual values of aircraft been amended, as a result of the Group's decarbonisation plans.

b Impairment testing of the Group's cash generating units

The Group applies discounted cash flow models, for each cash generating unit (CGU), derived from the cash flow forecasts from the approved three-year business plans. The Group's Flightpath net zero climate strategy is long term in nature and includes commitments that will occur at differing points over this time horizon. To the extent that certain of those commitments occur over the short term, then they have been incorporated into the three-year business plans.

The Group adjusts the final year (being the third year) of these probability-weighted cash flows to incorporate the impacts of climate change from the Group's Flightpath net zero climate strategy that are expected to occur over the medium term, being to 2030. These adjustments are limited to those that: (i) the Group can reliably estimate at the balance sheet date, with those costs subsequent to 2030 having such a high degree of uncertainty that they cannot be reliably estimated; (ii) only relate to the Group's existing asset base in its current condition; and (iii) incorporate legislation and regulation that is expected to be required to achieve the Group's Flightpath net zero climate strategy, and which is sufficiently progressed at the balance sheet date.

As a result, the Group's impairment modelling incorporates the following aspects of the Group's Flightpath net zero climate strategy through to 2030, after which time the level of uncertainty regarding timing and costing becomes insufficiently reliable to estimate: (i) an increase in the level of SAF consumption to 10% of the overall fuel mix; (ii) forecast cost of carbon, including SAF, ETS allowances and CORSIA units (all derived from externally sourced or derived information); (iii) the removal of existing free ETS allowances issued by the EU member states, Switzerland and the UK; (iv) forecast kerosene taxes applied to jet fuel for all intra EU flight activity; and (v) assumptions regarding the ability of the Group to recover these incremental costs through increased ticket pricing.

In preparing the impairment models, the Group cash flow projections are prepared on the basis of using the current fleet in its current condition. The Group excludes the estimated cash flows expected to arise from future restructuring unless already committed and assets not currently in use by the Group. In addition, for the avoidance of doubt, the Group's impairment modelling excludes the following aspects of the Group's Flightpath net zero climate strategy: (i) the expected transition to electric and hydrogen aircraft, as well as future technological developments to jet engines and airframes; (ii) any savings from the transition to more fuel-efficient aircraft other than those either in the Group's fleet or those committed orders due to be delivered over the business plan period as replacement aircraft; (iii) the benefit of the development of carbon capture technologies and enhanced carbon offsetting mechanisms; (iv) the required beneficial reforms to air traffic management regulation and legislation; and (v) the required government incentives and/or support across the supply chain.

As detailed in note 17, the Group applies a long-term growth rate to these adjusted probability weighted cash flows, per CGU, and each of the long-term growth rates include a specific adjustment to reduce the rate to reflect the Group's assumptions regarding the reduced demand and elasticity impact arising from climate change. These impacts are derived with reference to external market data, industry publications and internal analysis.

Given the inherent uncertainty associated with the impact of climate change, the Group has applied additional sensitivities in note 17 to reflect a more adverse impact of climate change than currently expected. This has been captured through both the downward sensitivities of the long-term growth rates, ASKs and operating margins and the increased fuel price sensitivity.

c Valuation of employee benefit scheme assets

The Group's employee benefit schemes are principally represented by the British Airways APS and NAPS schemes in the UK. The schemes are structured to make post-employment payments to members over the long term, with the trustees having established both return-seeking assets and liability-matching assets that mature over the long term to align with the forecast benefit payments.

The assets of these schemes are invested predominantly in a diversified range of equities, bonds and property. The valuation of these assets ranges from those with quoted prices in active markets, where prices are readily and regularly available, through to those where the valuations are not based on observable market data, often requiring complex valuation models. The trustees of the schemes have integrated climate change considerations into their long-term decision-making and reporting processes across all classes of assets, actively engaging with all fund and portfolio managers to ensure that where unobservable inputs are required into valuation models, that such valuation models incorporate long-term expectations regarding the impact of climate change.

d Recoverability of deferred tax assets

In determining the recoverable amounts of the Group's deferred tax assets, the Group applies the future cash flow projections for a period of up to ten years derived from the approved three-year business plans. The Group applies a medium-term growth rate subsequent to the three-year business plans, specific to each operating company. In considering the impact of the Group's Flightpath net zero climate strategy, management adjusts this medium-term growth rate, where applicable, to incorporate the assumed impacts on both revenue and costs to the Group.

e Provision recognition

Under Flightpath net zero, the Group has committed to reducing its net emissions to zero by 2050, and accordingly, the Group has considered whether such a commitment gives rise to a provision at the balance sheet date. In order to recognise a provision, an entity must meet the following criteria: (i) the entity has a present obligation as result of a past event; (ii) it is probable that an economic outflow of resources will be required to settle the obligation; and (iii) a reliable estimate can be made of the amount of the obligation.

While the Group considers there will be an economic outflow of resources to meet its Flightpath net zero commitment, these commitments relate to the emissions arising in future reporting periods irrespective of when those commitments were announced. Accordingly, the Group does not consider that the Flightpath net zero commitments give rise to a present obligation as a result of a past event and no separate provisions have been recorded in relation to these commitments.

f The price of carbon

EU, Swiss and UK Emissions Trading Systems/Schemes

The EU, Swiss and the UK's ETS were established to reduce greenhouse gas emissions cost effectively. Under these schemes the Group's operating companies are required to buy emission allowances or are issued them under existing quotas. The Group is required to surrender these allowances to the relevant authorities annually dependent on the level of CO_2 equivalent emitted within a 12-month period. Over time, the level of available emission allowances decreases in order to reduce total emissions, which has the effect of increasing the price of such allowances. The Group expects that the future price of such allowances will continue to increase and that the free allocation of emission allowances will cease. Given the relative illiquid nature of the emission allowance market, there is uncertainty as to the future pricing of such allowances.

Carbon Offsetting and Reduction Scheme for International Aviation

In October 2016, the International Civil Aviation Organization adopted the CORSIA, which aims to offset growth-related CO_2 emissions in international air traffic from 1 January 2021, with the pilot phase running through to 31 December 2023. The first phase of the CORSIA implementation commenced on 1 January 2024 and will run through to 31 December 2026, after which the second phase will run through to 31 December 2035, measured in three-year reporting periods. The first phase of CORSIA is voluntary, and currently 126 States have agreed to participate.

The first phase of CORSIA utilises total CO_2 emissions from the international civil aviation over a baseline of 85% of the 2019 level of emissions (the Baseline Year) for all of those participating States. The offsetting requirements apply to CORSIA eligible flights, being all international flights between participating States, with the following flights excluded: (i) domestic flights; (ii) international flights between States where at least one State has not volunteered to participate in the first phase; (iii) those flights utilising SAF; and (iv) those flights subject to various ETS arrangements to avoid duplication of emission charges.

The calculation and verification of the offsetting requirements in the first phase shall be determined by the sectoral approach annually, with companies retiring their obligations in 2028 (although retirements can occur earlier subject to agreement with national authorities). Under the sectoral approach, each of the Group's operating companies will be required to offset an amount of CO_2 emissions equivalent to the emissions generated on CORSIA eligible flights, multiplied by the Sector's Growth Factor. The Sector's Growth Factor is calculated on total global aviation CO_2 emissions arising on international air routes between all participating States in a given year divided by the total sectoral CO_2 emissions in the Baseline Year for the same routes.

Voluntary offset schemes

The Group utilises certain voluntary offset schemes to offset certain CO_2 emissions, such as those generated by British Airways on domestic flights. The Group purchases offset certificates arising from a broad range of accredited projects. Periodically, the Group will retire these offset certificates from the registry.

Impact on financial reporting

As detailed in note 2, the Group accounts for the purchase of allowances as an increase in Carbon-related and other assets, which are measured at amortised cost. In addition, as the Group emits CO_2 equivalent as part of its flight operations, a provision is recorded to settle the Carbon-related obligation. As the provision is recognised, a corresponding amount is recorded in the Income statement within Fuel costs and emission charges. For emissions for which the Group has already purchased Carbon-related assets, the provision is valued at the weighted cost of those allowances. Where the level of emissions exceeds the amounts of allowances held, this deficit is measured at the market price of such allowances at the balance sheet date.

For the year to, and at 31 December 2024, the Group has recorded the following within the financial statements:

Carbon-related assets (presented as part of Carbon-related and other assets in note 20) include the following amounts:

	2024				2023[1]			
€ million	**ETS assets**	**CORSIA assets**	**Voluntary offsets**	**Total**	ETS assets	CORSIA assets	Voluntary offsets	Total
Balance at 1 January	**577**	**–**	**–**	**577**	407	–	–	407
Purchase of carbon assets	**242**	**–**	**–**	**242**	264	–	–	264
Extinguished/retired during the year	**(233)**	**–**	**–**	**(233)**	(96)	–	–	(96)
Exchange differences	**12**	**–**	**–**	**12**	2	–	–	2
Balance at 31 December	**598**	**–**	**–**	**598**	577	–	–	577
Analysis:								
Current	**323**	**–**	**–**	**323**	247	–	–	247
Non-current	**275**	**–**	**–**	**275**	330	–	–	330
	598	**–**	**–**	**598**	577	–	–	577

Carbon-related obligations (presented as part of Provisions in note 27) include the following amounts:

€ million	2024 ETS obligations	2024 CORSIA obligations	2024 Voluntary offsets	2024 Total	2023[1] ETS obligations	2023[1] CORSIA obligations	2023[1] Voluntary offsets	2023[1] Total
Balance at 1 January	**244**	**–**	**3**	**247**	129	–	3	132
Obligations recognised in the Income statement[2]	**304**	**9**	**1**	**314**	234	–	4	238
Release of unused amounts in the Income statement[2]	**(12)**	**–**	**(1)**	**(13)**	(24)	–	(2)	(26)
Extinguished/retired during the year	**(233)**	**–**	**(3)**	**(236)**	(96)	–	(2)	(98)
Exchange differences	**4**	**–**	**–**	**4**	1	–	–	1
Balance at 31 December	**307**	**9**	**–**	**316**	244	–	3	247
Analysis:								
Current	**307**	**–**	**–**	**307**	244	–	3	247
Non-current	**–**	**9**	**–**	**9**	–	–	–	–
	307	**9**	**–**	**316**	244	–	3	247

1 For the year to 31 December 2024, the Group has elected to provide a disaggregated breakdown of Carbon-related assets and Carbon-related obligations, which are reported on an aggregated basis within Carbon-related and other assets and Provisions, respectively. Accordingly, the results for 2023 have been reclassified to conform with the current year presentation. Refer to note 2.

2 For the year to 31 December 2024, the total amount in the Income statement within Fuel costs and emission charges that related to emission allowances was €301 million (2023: €212 million). Refer to note 6.

See note 35 for details of the amounts recognised in the Cash flow statement for the years to 31 December 2024 and 31 December 2023.

At 31 December 2024 and 31 December 2023, the Group had acquired and committed to acquire at fixed prices, the following percentages of its total emissions allowances forecast to be purchased over the three-year business plan periods:

Percentage of forecast emission allowances required	2024	2023
Within 12 months	**100%**	100%
1-2 years	**67%**	62%
2-3 years	**19%**	24%

5 Segment information

a Business segments

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 that 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 and holiday 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 year to 31 December 2024

€ million	British Airways	Iberia	Vueling	Aer Lingus	IAG Loyalty	Other Group companies[1]	Total
				2024			
Revenue							
Passenger revenue	15,426	5,807	3,240	2,291	1,099	411	**28,274**
Cargo revenue	921	250	–	55	–	8	**1,234**
Other revenue	110	1,034	19	16	1,413	–	**2,592**
External revenue	16,457	7,091	3,259	2,362	2,512	419	**32,100**
Inter-segment revenue	530	451	2	14	350	485	**1,832**
Segment revenue	16,987	7,542	3,261	2,376	2,862	904	**33,932**
Employee costs	(3,386)	(1,618)	(427)	(508)	(104)	(313)	**(6,356)**
Fuel costs and emission charges	(4,328)	(1,611)	(895)	(638)	–	(136)	**(7,608)**
Depreciation and amortisation charge	(1,338)	(476)	(279)	(169)	(23)	(79)	**(2,364)**
Operating profit/(loss)	**2,422**	**867**	**400**	**205**	**495**	**(106)**	**4,283**
Exceptional items[2]	–	(160)	–	–	–	–	**(160)**
Operating profit/(loss) before exceptional items	**2,422**	**1,027**	**400**	**205**	**495**	**(106)**	**4,443**
Net non-operating costs							**(720)**
Profit before tax							**3,563**
Total assets	26,138	10,220	3,731	2,431	4,164	(2,880)	**43,804**
Total liabilities	(20,328)	(9,319)	(3,850)	(2,170)	(3,861)	1,900	**(37,628)**

1 Includes eliminations on total assets of €16,960 million and total liabilities of €5,676 million.

2 For details on exceptional items refer to the Alternative performance measures section.

For the year to 31 December 2023

€ million	British Airways[1]	Iberia	Vueling	Aer Lingus	IAG Loyalty[1]	Other Group companies[2]	Total
				2023			
Revenue							
Passenger revenue	14,204	5,215	3,180	2,194	679	338	25,810
Cargo revenue	862	233	–	55	–	6	1,156
Other revenue	91	986	17	10	1,383	–	2,487
External revenue	15,157	6,434	3,197	2,259	2,062	344	29,453
Inter-segment revenue	431	524	1	15	294	392	1,657
Segment revenue	15,588	6,958	3,198	2,274	2,356	736	31,110
Employee costs	(2,939)	(1,284)	(399)	(471)	(89)	(241)	(5,423)
Fuel costs and emission charges	(4,394)	(1,496)	(907)	(639)	–	(121)	(7,557)
Depreciation and amortisation charge	(1,164)	(409)	(259)	(150)	(15)	(66)	(2,063)
Operating profit/(loss)	1,550	940	396	225	421	(25)	3,507
Net non-operating costs							(451)
Profit before tax							3,056
Total assets	22,255	9,454	3,049	1,999	3,786	(2,863)	37,680
Total liabilities	(19,587)	(8,390)	(3,461)	(1,856)	(2,823)	1,715	(34,402)

1 During the year to 31 December 2024, the Group changed its internal organisation, resulting in BA Holidays, a previously fully owned and consolidated subsidiary of British Airways Plc, being transferred from the British Airways segment to the IAG Loyalty segment, which aligns with the revised reporting to the IAG MC. Accordingly, the Group has restated its previously reported segmental information for the year to 31 December 2023. There is no change to the total segmental results of the Group.

2 Includes eliminations on total assets of €16,268 million and total liabilities of €5,417 million.

b Other revenue

€ million	Year to 31 December 2024	2023
Holiday and hotel services	**990**	938
Maintenance and overhaul services	**820**	683
Brand and marketing	**436**	347
Ground handling services	**159**	195
Other	**187**	324
	2,592	2,487

c Geographical analysis

Revenue by area of original sale

€ million	Year to 31 December 2024	2023
UK	**11,291**	10,177
Spain	**5,562**	5,234
USA	**5,406**	5,069
Rest of world	**9,841**	8,973
	32,100	29,453

Assets by area

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**

31 December 2023

€ million	Property, plant and equipment	Intangible assets[1]
UK	12,764	1,374
Spain	5,644	1,320
USA	100	18
Rest of world	1,268	620
	19,776	3,332

1 The results for 2023 include a reclassification of ETS allowances from Intangible assets to Carbon-related and other assets. An amount of €577 million has been reclassified from Intangible assets.

6 Operating expenses

a Expenses by nature – Operating result is arrived at after charging

Depreciation, amortisation and impairment of non-current assets:

€ million	2024	2023
Depreciation charge on right of use assets	**1,134**	1,077
Depreciation charge on owned assets	**972**	768
Amortisation and impairment of intangible assets	**239**	193
Depreciation charge on other leasehold assets	**19**	25
	2,364	2,063

Cost of inventories:

€ million	2024	2023
Cost of inventories recognised as an expense	**1,212**	1,165
	1,212	1,165

b Fuel costs and emission charges

€ million	2024	2023[1]
Fuel costs	**7,116**	7,354
Hedging losses/(gains)	**191**	(9)
Emission charges	**301**	212
	7,608	7,557

1 For the year to 31 December 2024, the Group has elected to provide a disaggregated breakdown of the Income statement caption Fuel costs and emission charges and has, accordingly, provided figures for the comparative year to 31 December 2023.

c Property, IT and other costs

€ million	2024	2023
IT costs	**478**	365
Property costs	**290**	296
Insurance costs, professional fees and other costs	**352**	397
	1,120	1,058

7 Auditor's remuneration

The fees for the years to 31 December 2024 and 31 December 2023, for audit and non-audit services provided by the external auditor of the Group's consolidated financial statements and of certain individual financial statements of the consolidated companies, KPMG Auditores S.L., and by companies belonging to KPMG's network, were as follows:

€'000	2024	2023
Fees payable for the audit of the Group and individual accounts	**6,979**	6,929
Fees payable for other services:		
Audit of the Group's subsidiaries pursuant to legislation	**1,284**	1,284
Other services pursuant to legislation	**205**	218
Other audit and assurance services	**1,795**	1,589
	10,263	10,020

Fees payable to the Group's external auditor for the audit of the Group's pension scheme during the year total €268 thousand (2023: €251 thousand).

8 Employee costs and numbers

€ million	2024	2023
Wages and salaries	**4,380**	3,711
Social security costs	**692**	604
Costs related to pension scheme benefits	**312**	297
Share-based payment charge	**72**	52
Other employee costs[1]	**900**	759
Total employee costs	**6,356**	5,423

1 Other employee costs include allowances and accommodation for crew.

The number of employees during the year and at 31 December was as follows:

	2024			2023		
		31 December 2024			31 December 2023	
	Average number of employees	Number of employees[1]	Percentage of women	Average number of employees	Number of employees[1]	Percentage of women
In the air:						
Cabin crew	**24,421**	**24,615**	**70%**	23,473	24,004	70%
Pilots	**8,516**	**8,742**	**7%**	8,085	8,223	7%
On the ground:						
Airports	**16,725**	**16,396**	**38%**	16,395	16,784	37%
Corporate	**16,313**	**16,936**	**48%**	14,774	15,586	48%
Maintenance	**7,288**	**7,454**	**8%**	6,813	6,972	8%
Senior leaders	**235**	**235**	**36%**	222	225	36%
	73,498	**74,378**	**44%**	69,762	71,794	44%

1 The number of employees is based on actual headcount at 31 December.

9 Finance costs, income and other non-operating credits

a Finance costs

€ million	2024	2023
Interest expense on:		
Bank borrowings	**(10)**	(237)
Asset financed liabilities	**(198)**	(170)
Lease liabilities	**(485)**	(508)
Bonds	**(62)**	(63)
Provisions unwinding of discount	**(130)**	(103)
Other borrowings	**(50)**	(42)
Capitalised interest on progress payments	**33**	28
Other finance costs	**(15)**	(18)
	(917)	(1,113)

b Finance income

€ million	2024	2023
Interest on other interest-bearing deposits, cash and cash equivalents	**404**	386
	404	386

c Net change in fair value of financial instruments

€ million	2024	2023
Net change in the fair value of convertible bond	**(237)**	(11)
	(237)	(11)

d Net financing credit relating to pensions

€ million	2024	2023
Net financing credit relating to pensions	**63**	103

e Other non-operating credits

€ million	2024	2023
Gain on sale of investments	**-**	10
Credit related to equity investments (note 19)	**7**	3
Share of profits in investments accounted for using the equity method (note 18)	**-**	6
Realised gains/(losses) on derivatives not qualifying for hedge accounting	**42**	(23)
Unrealised gains on derivatives not qualifying for hedge accounting	**95**	13
Net change in the fair value associated with fair value hedges (note 30)	**-**	(1)
Air Europa Holdings termination settlement expense (note 3)	**(50)**	-
	94	8

10 Tax

Significant accounting estimate applied - Income taxes: period over which historical tax losses can be utilised
At 31 December 2024, the Group recognised €754 million in respect of deferred tax assets (2023: €1,202 million).

The Group is subject to income taxes in numerous jurisdictions. Estimates are required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain because it may be unclear how tax law applies to a particular transaction or circumstance. Where the Group determines that it is more likely than not that the tax authorities would accept the position taken in the tax return, amounts are recognised in the financial statements on that basis. Where the amount of tax payable or recoverable is uncertain, the Group recognises a corresponding liability or an asset, respectively, based on either: the Group's judgement of the most likely outcome; or, when there is a wide range of possible outcomes, a probability-weighted average approach.

The Group recognises deferred tax assets only to the extent that 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 uses judgement, including the consideration of past and current operating performance and the future projections of performance laid out in the approved business plan in order to assess the probability of recoverability.

In exercising this judgement, while there are no time restrictions on the utilisation of historic tax losses in the principal jurisdictions in which the Group operates, future cash flow projections are forecast for a period of up to ten years from the balance sheet date, which represents the period over which it is probable that future taxable profits will be available.

At 31 December 2024, the Group had unrecognised deferred tax losses and other temporary differences of €1,400 million that the Group does not reasonably expect to utilise (2023: €1,584 million). 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 €260 million (2023: €575 million).

Significant accounting judgement applied - Determining whether the judicial process between HMRC and IAG Loyalty into the VAT accounting of IAG Loyalty gives rise to a provision or a contingent liability
The Group applies judgement in the determination as to whether it considers the outcome of the judicial process between IAG Loyalty and His Majesty's Revenue and Customs (HMRC), in the UK, on the IAG Loyalty VAT accounting, is more likely than not to result in a favourable outcome to the Group, and, accordingly, whether to record the matter as a provision or as a contingent liability.

In forming its judgement, the Group has reviewed the decision issued by and the correspondence with HMRC, including having considered the historical tax ruling issued by HMRC to the Group on this matter. At 31 December 2024 and through to the date of this report, the directors are satisfied that it is more likely than not that a favourable outcome will eventuate. Accordingly, the Group does not consider it appropriate to record any provision for this matter and a contingent liability has been disclosed.

a Tax (charges)/credits

Tax (charges)/credits recognised in the Income statement, Other comprehensive income and directly in equity:

€ million	2024 Income statement	2024 Other comprehensive income	2024 Recognised directly in equity	2024 Total	2023 Income statement	2023 Other comprehensive income	2023 Recognised directly in equity	2023 Total
Current tax								
Movement in respect of prior years	183	–	–	**183**	(1)	–	–	(1)
Movement in respect of current year	(384)	7	–	**(377)**	(206)	8	–	(198)
Total current tax	(201)	7	–	**(194)**	(207)	8	–	(199)
Deferred tax								
Movement in respect of prior years	(33)	(2)	–	**(35)**	(10)	(2)	12	–
Movement in respect of current year	(597)	(70)	4	**(663)**	(171)	106	(17)	(82)
Rate change/rate differences	–	–	–	**–**	(13)	3	–	(10)
Total deferred tax	(630)	(72)	4	**(698)**	(194)	107	(5)	(92)
Total tax	(831)	(65)	4	**(892)**	(401)	115	(5)	(291)

The current tax credit in respect of prior years includes an amount of €190 million relating to the revocation of Royal Decree-Law 3/2016 in Spain.

The current tax credit in Other comprehensive income relates to movements relating to employee benefit plans of €7 million (2023: credit of €8 million).

Tax recognised in equity of a €14 million charge (2023: €5 million charge) relates to cash flow hedges, offset by a €18 million credit (2023: nil) relating to share-based schemes.

Within tax in Other comprehensive income is a tax charge of €64 million (2023: tax credit of €114 million) that may be reclassified to the Income statement and a tax charge of €1 million (2023: tax credit of €1 million) that will not.

b Current tax asset

€ million	2024	2023
Balance at 1 January	**157**	64
Income statement	**(201)**	(207)
Other comprehensive income	**7**	8
Cash	**245**	291
Exchange and other movements	**12**	1
Balance at 31 December	**220**	157
Current tax asset	**231**	159
Current tax liability	**(11)**	(2)
Balance at 31 December	**220**	157

c Deferred tax (liability)/asset

€ million	Fixed assets	Right of use assets	Lease liabilities	Employee leaving indemnities and others	Employee benefit plans	Fair value gains/ losses[1]	Share-based payment schemes	Tax loss carried forward and tax credits	Other temporary differences[2]	Total
Balance at 1 January 2024	(1,013)	24	7	214	45	121	26	1,721	53	**1,198**
Income statement	(395)	91	1	41	(3)	–	11	(326)	(50)	**(630)**
Other comprehensive income	–	–	–	23	(12)	(64)	–	(20)	1	**(72)**
Recognised directly in equity	–	–	–	–	–	(14)	18	–	–	**4**
Exchange movements and other	19	(2)	–	1	4	2	1	(40)	15	**-**
Balance at 31 December 2024	**(1,389)**	**113**	**8**	**279**	**34**	**45**	**56**	**1,335**	**19**	**500**
Balance at 1 January 2023	(680)	(44)	9	197	54	(3)	17	1,636	96	1,282
Income statement	(325)	68	(2)	11	(1)	–	9	78	(32)	(194)
Other comprehensive income	–	–	–	6	(8)	114	–	(3)	(2)	107
Recognised directly in equity	–	–	–	–	–	(5)	–	–	–	(5)
Exchange movements and other	(8)	–	–	–	–	15	–	10	(9)	8
Balance at 31 December 2023	(1,013)	24	7	214	45	121	26	1,721	53	1,198

1 Fair value gains/losses include both the Cash flow hedge reserve and the Cost of hedging reserve, of which the movement in relation to Other comprehensive income recognised in the Cash flow hedge reserve for 2024 was €40 million (2023: €104 million, see note 30d).

2 Other temporary differences include a deferred tax liability in relation to unremitted earnings of €5 million (2023: €nil).

€ million	2024	2023
Deferred tax asset	**754**	1,202
Deferred tax liability	**(254)**	(4)
Balance at 31 December	**500**	1,198

The deferred tax assets mainly arise in Spain and the UK and are expected to reverse in full beyond one year. Recognition of the deferred tax assets is supported by the expected reversal of deferred tax liabilities in corresponding periods and projections of operating performance laid out in the Board approved business plans and longer term forecasts, where necessary, prepared by management.

d Reconciliation of the total tax charge in the Income statement

The tax (charge)/credit is calculated at the domestic tax rates applicable to profits/(losses) in the country in which the profits/(losses) arise. The differences between the expected tax charge (2023: charge) and the actual tax charge (2023: charge) on the profit for the year to 31 December 2024 (2023: profit) are explained below:

€ million	2024	2023
Accounting profit before tax	**3,563**	3,056
Weighted average tax charge of the Group[1]	**(873)**	(718)
Unrecognised losses and deductible temporary differences arising in the year	**(47)**	11
Fair value movement on convertible bond	**11**	30
Effect of tax rate changes	**–**	(13)
Prior year tax assets recognised	**10**	289
Effect of lower tax rate in the Canary Islands	**8**	3
Intra-group dividends	**(26)**	–
Movement in respect of prior years	**15**	(11)
Revocation of Royal Decree-Law 3/2016 in Spain	**135**	–
Changes in accounting standards/tax legislation	**(35)**	–
Employee benefit plans accounted for net of withholding tax	**13**	22
Non-deductible expenses	**(26)**	(21)
Other items	**(16)**	7
Tax charge in the Income statement	**(831)**	(401)

1 The expected tax charge is calculated by aggregating the expected tax charges arising in each company in the Group and changes each year as tax rates and profit mix change. The 2024 corporate tax rates for the Group's main countries of operation are Spain 25% (2023: 25%), the UK 25% (2023: 23.5%) and Ireland 12.5% (2023: 12.5%).

e Payroll related taxes and UK Air Passenger Duty

The Group was also subject to other taxes paid during the year which are as follows:

€ million	2024	2023
Payroll related taxes	**698**	604
UK Air Passenger Duty	**1,084**	936
	1,782	1,540

f Factors that may affect future tax charges

Unrecognised deductible temporary differences and losses

€ million	2024	2023
Income tax losses		
Spanish corporate income tax losses	**253**	569
Openskies SASU trading losses	**405**	406
Other trading losses	**7**	13
	665	988
Other losses and temporary differences		
Spanish deductible temporary differences[1]	**361**	238
UK capital losses	**357**	341
Irish capital losses	**17**	17
	735	596

1 Included in Spanish deductible temporary differences is an amount of €93 million that originated as a tax loss and, in accordance with the Nineteenth Amendment of Law 27/2014, can be deducted in ten equal annual instalments.

None of the unrecognised temporary differences have an expiry date.

Unrecognised temporary differences - investment in subsidiaries and associates
There are temporary differences of €1,495 million (2023: €1,910 million) associated with investments in subsidiaries and associates for which deferred tax liabilities have not been recognised.

Pillar Two minimum effective tax rate reform
In 2021, the Organisation for Economic Co-operation and Development (OECD) released the Two Pillar solution to address the tax challenges arising from the digitalisation of the economy. This reform to the international tax system addresses the geographical allocation of profits for the purposes of taxation and is designed to ensure that multinational enterprises will be subject to a minimum 15% effective tax rate. On 11 July 2023, the UK enacted Finance (No. 2) Act 2023, which introduced the Multinational Top-up Tax and the Domestic Top-up Tax. On 18 December 2023,Ireland enacted Finance (No. 2) Act 2023, which, pursuant to the EU Minimum Tax Directive 2022/2523, provided for a Qualified Domestic Top-up Tax when an in-scope group's Irish operations have an effective rate of less than 15%. On 20 December 2024, the Spanish parliament enacted Law 7/2024, which became effective on 22 December 2024, and implemented the OECD's Pillar Two global minimum tax. All the aforementioned legislation is effective to the Group from 1 January 2024.

The predominant jurisdiction in which the Group operates with an effective tax rate of less than 15% is Ireland through Aer Lingus. In 2024, Aer Lingus recorded a current tax expense of €24 million relating to its Irish operations, which included a Domestic Top-up Tax of €2 million.

Spain tax law changes
Revocation of Royal Decree-Law 3/2016 (RDL 3/2016)
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 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 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* (Constitutional Court) in January 2024 principally meant that the limitation reversed to 70% and historical impairments in subsidiaries reverted to being deductible for tax purposes, giving rise to a net tax credit of €135 million, being a current tax credit of €190 million, net of a deferred tax charge of €55 million.

Enactment of Law 7/2024
On 20 December 2024, the Spanish parliament enacted Law 7/2024, which included the tax measures that had previously been declared unconstitutional by the *Tribunal Constitucional*. It is effective for the Group from 1 January 2024 and permits the Group's Spanish companies to offset only up to 25% of their taxable profits with historical accumulated losses (to the extent that there are sufficient losses to do so) and requires historical impairments in subsidiaries to be treated as non-deductible. This gave rise to a tax charge of €35 million, being a deferred tax charge of €25 million and a current tax charge of €10 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.

g 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 31 December 2024 amounting to €128 million (31 December 2023: €110 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 €104 million (31 December 2023: €100 million), being the amount in the tax assessment with an estimate of the interest accrued on that assessment through to 31 December 2024.

The Company appealed the assessment to the *Tribunal Económico-Administrativo Central* (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 31 December 2024 and through to the date of these 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 reassess 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. The Company does not expect to receive a decision from the Supreme Court on its request for an appeal until the end of 2025. If an appeal on this matter was ultimately successful, it would reduce the exposure of the Merger gain described above.

IAG Loyalty VAT

As reported in the 2023 Annual report and accounts, and during the course of 2024, His Majesty's Revenue and Customs (HMRC) in the UK has 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 asserts 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 has reviewed HMRC's decision letter with its legal and tax advisers and strongly disagrees with HMRC's view. The Group considers that not accounting for VAT on the issuance of Avios, but accounting for VAT depending on the nature of the redemption products for which Avios are redeemed, remains appropriate. Accordingly, subsequent to 31 December 2024 and prior to the date of this report, the Group appealed the case to the First-tier Tribunal (Tax) in the UK and expects a hearing in 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, subsequent to 31 December 2024 and prior to the date of this report, 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.

As previously reported, HMRC has been issuing assessments for periods commencing in March 2018 and as at 31 December 2024, HMRC has issued assessments totalling €673 million (£557 million) of VAT. The Group expects interest on these assessments to total €121 million (£100 million) as at 31 December 2024. 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 the year to 31 December 2024 excluding the aforementioned assessed amounts of €673 million (£557 million).

Of these assessed VAT amounts, the Group expects €260 million (£215 million) to be recoverable as input VAT for certain subsidiaries of the Group, predominantly by British Airways.

Subsequent to 31 December 2024 and prior to the date of this report, in order to advance the case to the aforementioned First-tier Tribunal (Tax), the Group paid to HMRC, without admission of liability, the total of the aforementioned VAT of €673 million (£557 million) that it had not previously paid. The aforementioned interest of €121 million (£100 million) as at 31 December 2024 would be payable only in the event of an adverse judgment against the Group.

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. Accordingly, for payments made to HMRC for periods prior to its decision letter on 29 October 2024, including the €673 million (£557 million) paid subsequent to 31 December 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.

Conclusion and impact on financial statements

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, for those assessed amounts that the Group had not paid as at 31 December 2024, the Group considers it appropriate not to record any provision for the assessed amounts but to disclose such amounts as a contingent liability.

For the €88 million (£73 million) paid to HMRC during 2024 prior to HMRC issuing its decision letter on 29 October 2024, the Group has recorded such amounts within Other non-current assets in the Balance sheet. The €673 million (£557 million) paid to HMRC subsequent to 31 December 2024 and prior to the date of this report, in relation to the assessed periods, as detailed in note 38, has also been classified on the same basis as a post balance sheet event.

For payments made to HMRC for periods subsequent to its decision letter on 29 October 2024, it is not possible to assert that such payments are virtually certain of being refundable to the Group. Accordingly, a proportion of the payments made to HMRC reduce the amounts, which would have previously been recognised within Deferred revenue in the Balance sheet upon issuance of the Avios and subsequently within Passenger revenue in the Income statement when the Avios are redeemed.

11 Earnings per share

€ million	2024	2023
Earnings attributable to equity holders of the parent for basic earnings per share	**2,732**	2,655
Income statement impact of convertible bonds	**185**	15
Diluted earnings attributable to equity holders of the parent for diluted earnings per share	**2,917**	2,670

	2024 Number '000	2023 Number '000
Weighted average number of ordinary shares in issue used for basic earnings per share[1]	**4,903,453**	4,932,631
Assumed conversion on convertible bonds	**245,944**	244,851
Dilutive employee share schemes outstanding	**110,261**	99,093
Weighted average number of ordinary shares used for diluted earnings per share	**5,259,658**	5,276,575

€ cents	2024	2023
Basic earnings per share	**55.7**	53.8
Diluted earnings per share	**55.5**	50.6

1 Includes 19 million as the weighted average impact for 47,854 thousand treasury shares purchased in the share buyback programme (note 31).

The assumed conversion of the €825 million convertible bond 2028 and outstanding employee share schemes have a dilutive impact on the earnings per share for the years to 31 December 2024 and 31 December 2023 due to the reported profit after tax for the respective years.

For information relating to Adjusted earnings per share, refer to the Alternative performance measures section.

12 Dividends

€ million	2024	2023
Cash dividend declared		
Interim cash dividend declared for 2024 of €0.03 per share paid in 2024	**147**	–
Proposed cash dividend		
Final dividend for 2024 of €0.06 per share	**288**	–

The proposed dividend will be distributed from net profit for the year to 31 December 2024.

Proposed dividends on ordinary shares are subject to approval at the annual general meeting and, subject to approval, are recognised as a liability on that date.

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.

As at 31 December 2024, the Group had no restrictions on the payment of dividends from the Group's main operating companies to the Company, other than for British Airways, which agreed with the Trustee of its main UK defined benefit pension scheme (NAPS) as part of the triennial valuation as at 31 March 2021 that, subject to the scheme being in technical deficit, any dividends paid to IAG from 1 January 2024 through to 31 December 2024 will trigger a pension contribution of 50% of the amount of the dividend. For the period of 1 January 2025 to 30 September 2025, any dividend in excess of 50% of British Airways' profit after tax will trigger a pension contribution of 50% of the amount of the dividend in excess of the 50% of profit after tax. At 31 December 2024, NAPS was in technical surplus, and any dividend that British Airways was to pay to IAG, would not trigger a payment into NAPS unless NAPS were to move back into technical deficit. Further details on the British Airways dividend restrictions agreed with NAPS are given in note 34a.

13 Property, plant and equipment

€ million	Fleet	Property	Equipment	**Total**
Cost				
Balance at 1 January 2023	27,702	2,836	1,400	31,938
Additions	3,543	47	163	3,753
Modification of leases	224	204	1	429
Disposals	(1,360)	(35)	(40)	(1,435)
Reclassifications	(2)	(1)	(7)	(10)
Exchange movements	264	35	15	314
Balance at 31 December 2023	30,371	3,086	1,532	34,989
Additions	2,779	67	240	**3,086**
Modification of leases	286	110	–	**396**
Disposals	(871)	(39)	(85)	**(995)**
Reclassifications	(1)	3	(1)	**1**
Transfers to Non-current assets held for sale (note 16)	(28)	–	–	**(28)**
Exchange movements	915	120	52	**1,087**
Balance at 31 December 2024	**33,451**	**3,347**	**1,738**	**38,536**
Depreciation and impairment				
Balance at 1 January 2023	11,385	1,206	1,001	13,592
Depreciation charge for the year	1,676	122	72	1,870
Disposals	(331)	(34)	(34)	(399)
Exchange movements	121	16	13	150
Balance at 31 December 2023	12,851	1,310	1,052	15,213
Depreciation charge for the year	1,891	152	82	**2,125**
Disposals	(304)	(35)	(81)	**(420)**
Modification of leases	(2)	(4)	–	**(6)**
Reclassifications	(23)	3	(3)	**(23)**
Exchange movements	423	52	40	**515**
Balance at 31 December 2024	**14,836**	**1,478**	**1,090**	**17,404**
Net book values				
31 December 2024	**18,615**	**1,869**	**648**	**21,132**
31 December 2023	17,520	1,776	480	19,776

€ million	Fleet	Property	Equipment	**Total**
Analysis at 31 December 2024				
Owned	10,139	886	441	**11,466**
Right of use assets (note 14)	7,111	901	6	**8,018**
Assets under construction (including progress payments)[1,2]	1,278	78	189	**1,545**
Assets not in current use	87	4	12	**103**
Property, plant and equipment	**18,615**	**1,869**	**648**	**21,132**
Analysis at 31 December 2023				
Owned[1]	8,475	904	328	9,707
Right of use assets (note 14)	7,681	838	15	8,534
Assets under construction (including progress payments)[1,2]	1,267	34	135	1,436
Assets not in current use	97	–	2	99
Property, plant and equipment	17,520	1,776	480	19,776

1 In 2024 the Group has disclosed assets under construction (previously included within owned assets) in addition to those amounts relating to progress payments. Accordingly, the prior year figures have been restated by €412 million to conform with the current year presentation.

2 Included in the fleet assets under construction are progress payments of €870 million (2023: €914 million).

The net book value of property comprises:

€ million	2024	2023
Freehold	**485**	482
Right of use assets (note 14)	**901**	838
Long leasehold improvements with a contractual life in excess of 50 years	**337**	308
Short leasehold improvements with a contractual life of less than 50 years	**146**	148
Property	**1,869**	1,776

At 31 December 2024, bank and other loans of the Group are secured on owned fleet assets with a net book value of €5,958 million (2023: €4,736 million).

14 Leases

Significant accounting judgement applied - Determining the lease term of contracts with renewal and termination options
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. Such judgement includes consideration of fleet plans, which underpin approved business plans and historical experience regarding the extension of leases. After the commencement date, the Group re-assesses the lease term if there is a significant event or change in circumstances that affects the Group's ability to exercise or not to exercise the option to renew or to terminate.

a Amounts recognised in the Balance sheet – right of use assets

Property, plant and equipment includes the following amounts relating to right of use assets:

€ million	Fleet	Property	Equipment	Total
Cost				
Balance at 1 January 2023	13,750	911	49	14,710
Additions	853	17	–	870
Modifications of leases	224	204	1	429
Disposals	(117)	(5)	(6)	(128)
Reclassifications[1]	(831)	–	(1)	(832)
Exchange movements	104	13	–	117
31 December 2023	13,983	1,140	43	15,166
Additions	622	11	–	**633**
Modification of leases	286	110	–	**396**
Disposals	(131)	(21)	–	**(152)**
Reclassifications[1]	(1,240)	–	(32)	**(1,272)**
Exchange movements	301	46	1	**348**
31 December 2024	**13,821**	**1,286**	**12**	**15,119**
Depreciation and impairment				
Balance at 1 January 2023	5,757	227	29	6,013
Depreciation charge for the year	996	76	5	1,077
Disposals	(117)	(4)	(6)	(127)
Reclassifications[1]	(380)	–	–	(380)
Exchange movements	46	3	–	49
31 December 2023	6,302	302	28	6,632
Depreciation charge for the year	1,036	96	2	**1,134**
Disposals	(128)	(21)	–	**(149)**
Modification of leases	(2)	(4)	–	**(6)**
Reclassifications[1]	(644)	–	(24)	**(668)**
Exchange movements	146	12	–	**158**
31 December 2024	**6,710**	**385**	**6**	**7,101**
Net book value				
31 December 2024	**7,111**	**901**	**6**	**8,018**
31 December 2023	7,681	838	15	8,534

1 Amounts with a net book value of €604 million (2023: €452 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.

b Amounts recognised in the Balance sheet – lease liabilities and asset financed liabilities

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 2024	6,460	2,507	**8,967**	4,427	**13,394**
Additions	587	–	**587**	1,473	**2,060**
Modifications	390	11	**401**	–	**401**
Repayments	(1,325)	(887)	**(2,212)**	(525)	**(2,737)**
Interest expense	406	79	**485**	198	**683**
Disposals	(4)	–	**(4)**	–	**(4)**
Exchange movements	392	30	**422**	215	**637**
31 December 2024	**6,906**	**1,740**	**8,646**	**5,788**	**14,434**
Depreciation expense	922	212	**1,134**	238	**1,372**
Interest expense	406	79	**485**	198	**683**
Total amounts recorded in the Income statement	**1,328**	**291**	**1,619**	**436**	**2,055**
Repayment of principal within financing activities	923	814	**1,737**	347	**2,084**
Repayment of interest within operating activities	404	68	**472**	177	**649**
Total repayments in the Cash flow statement[2,3]	**1,327**	**882**	**2,209**	**524**	**2,733**

€ million	Operating leases	Finance leases	Total lease liabilities[1]	Asset financed liabilities	Total
1 January 2023	6,204	3,415	9,619	3,819	13,438
Additions	876	–	876	999	1,875
Modifications	422	17	439	–	439
Repayments	(1,274)	(942)	(2,216)	(417)	(2,633)
Interest expense	391	117	508	170	678
Exchange movements	(159)	(100)	(259)	(144)	(403)
31 December 2023	6,460	2,507	8,967	4,427	13,394
Depreciation expense	814	263	1,077	202	1,279
Interest expense	391	117	508	170	678
Total amounts recorded in the Income statement	1,205	380	1,585	372	1,957
Repayment of principal within financing activities	883	848	1,731	264	1,995
Repayment of interest within operating activities	389	83	472	152	624
Total repayments in the Cash flow statement[2,3]	1,272	931	2,203	416	2,619

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, which the Group does not recognise within lease liabilities.

Interest-bearing long-term borrowings includes the following amount relating to lease liabilities:

€ million	**2024**	2023
Current	**1,477**	1,826
Non-current	**7,169**	7,141

c Amounts recognised in the Income statement

€ million	2024	2023
Amounts not included in the measurement of lease liabilities		
Variable lease payments	**2**	1
Expenses relating to short-term leases	**60**	24
Amounts expensed as a result of the recognition of ROU assets and lease liabilities		
Interest expense on lease liabilities	**485**	508
Gains arising from sale and leaseback transactions	**–**	(7)
Depreciation charge for the year	**1,134**	1,077

d Amounts recognised in the Cash flow statement

The following table details the amounts recognised in the Cash flow statement for the years to 31 December 2024 and 31 December 2023.

€ million	2024	2023
Cash flows arising from transactions giving rise to lease liabilities		
Total cash outflows arising from lease liabilities – aircraft	**(2,101)**	(2,076)
Total cash outflows arising from lease liabilities – other	**(108)**	(127)
Total cash inflows arising from sale and leaseback transactions – aircraft	**567**	826
Cash flows arising from transactions that do not give rise to the recognition of lease liabilities		
Total cash outflows arising from short-term leases, low-value assets and variable lease payments	**(62)**	(25)
Total cash inflows arising from the recognition of asset financed liabilities	**1,473**	999
Total cash outflows arising from asset financed liabilities	**(524)**	(416)

The Group is exposed to future cash outflows (on an undiscounted basis) at 31 December 2024, for which an amount of €89 million (2023: €36 million) has been recognised in relation to leases not yet commenced to which the Group is committed.

e Maturity profile of lease liabilities and asset financed liabilities

The following table analyses the Group's outflows in respect of operating leases, finance leases and asset financed liabilities into relevant maturity groupings based on the remaining period at 31 December to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows and include interest.

€ million	Operating leases	Finance leases	**Total lease liabilities**	Asset financed liabilities	**Total**
Within 1 year	1,183	423	**1,606**	528	**2,134**
1-2 years	1,139	411	**1,550**	524	**2,074**
2-3 years	1,059	332	**1,391**	529	**1,920**
3-4 years	911	327	**1,238**	552	**1,790**
4-5 years	679	160	**839**	714	**1,553**
More than 5 years	4,589	194	**4,783**	3,901	**8,684**
31 December 2024	**9,560**	**1,847**	**11,407**	**6,748**	**18,155**

€ million	Operating leases	Finance leases	Total lease liabilities	Asset financed liabilities	Total
Within 1 year	1,227	941	2,168	471	2,639
1-2 years	1,106	440	1,546	448	1,994
2-3 years	1,023	455	1,478	441	1,919
3-4 years	881	385	1,266	434	1,700
4-5 years	728	326	1,054	442	1,496
More than 5 years	4,679	337	5,016	3,195	8,211
31 December 2023	9,644	2,884	12,528	5,431	17,959

f Extension options

The Group has certain leases that contain extension options exercisable by the Group prior to the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options.

The Group is exposed to future cash outflows (on an undiscounted basis) at 31 December 2024, for which no amount has been recognised, for potential extension options of €1,115 million (2023: €979 million) due to it not being reasonably certain that these leases will be extended.

g Lessor accounting

The Group leases out certain of its property, plant and equipment. The Group has classified those leases that transfer substantially all of the risks and rewards of ownership to the lessee as finance leases and those leases that do not transfer substantially all of the risks and rewards of ownership to the lessee as operating leases.

Finance leases

Rental income from finance leases recognised by the Group in 2024 was €4 million (2023: €2 million). Rental income is recorded within Property, IT and other within the Income statement.

The following table sets out a maturity analysis of finance lease receipts, showing the undiscounted lease receipts to be received after the balance sheet date:

€ million	**2024**	2023
Within 1 year	**4**	6
1-2 years	**4**	5
2-5 years	**–**	3
More than five years	**–**	–
Total undiscounted lease receipts	**8**	14
Less finance income	**(4)**	(1)
Net investment in finance leases	**4**	13

15 Capital expenditure commitments

Capital expenditure authorised and contracted but not provided for in the accounts, including outstanding aircraft commitments, at 31 December 2024 amounted to €12,634 million (31 December 2023: €12,706 million). The outstanding aircraft commitments including the expected delivery timeframes, totalling €11,436 million (2023: €11,966 million), are as follows:

Aircraft future deliveries at 31 December	**2024**[1]	2023[1]
Airbus A320 (from 2025 to 2029)	**47**	49
Airbus A321 (from 2025 to 2029)	**35**	33
Airbus A321XLR (from 2025 to 2026)	**11**	14
Airbus A350-900 (from 2025 to 2027)	**3**	2
Airbus A350-1000 (in 2024)	**–**	1
Boeing 777-9 (from 2027 to 2029)	**18**	18
Boeing 787-10 (from 2025 to 2027)	**7**	11
Boeing 737-8200 (from 2026 to 2028)	**25**	25
Boeing 737-10 (from 2028 to 2029)	**25**	25
Total	**171**	178

1 Capital commitments exclude options to purchase additional aircraft.

The majority of these commitments are denominated in US dollars translated at the closing exchange rate at the balance sheet date and include escalation clauses dependent on the timing of aircraft deliveries. Under the terms of the committed purchase agreements, the Group is required to make periodic progress payments towards the purchase price, with the commitments above stated net of progress payments that have been made at the balance sheet date.

The Group has certain rights to defer aircraft deliveries and to cancel commitments in the event of significant delays to aircraft deliveries caused by the aircraft manufacturers. No such rights had been exercised as at 31 December 2024.

16 Non-current assets held for sale

As at 31 December 2024, the non-current assets held for sale of €5 million represented one Airbus A320 aircraft. No gain or loss was recognised on classification as non-current assets held for sale. This aircraft was reported within the Aer Lingus segment and is expected to exit the business during 2025.

As at 31 December 2023, there were no non-current assets held for sale.

17 Intangible assets and impairment review

a Intangible assets

€ million	Goodwill	Brand	Customer loyalty programmes	Landing rights[1]	Software	Other	Total[2]
Cost							
Balance at 1 January 2023	595	451	253	1,588	1,806	88	4,781
Additions	–	–	–	–	365	1	366
Disposals	–	–	–	(6)	(49)	–	(55)
Reclassifications	–	–	–	–	23	(15)	8
Exchange movements	1	–	–	11	18	–	30
Balance at 31 December 2023	596	451	253	1,593	2,163	74	5,130
Additions	–	–	–	–	493	1	494
Disposals	–	–	–	–	(69)	–	(69)
Reclassifications	–	–	–	–	(1)	–	(1)
Exchange movements	2	–	–	37	66	–	105
31 December 2024	**598**	**451**	**253**	**1,630**	**2,652**	**75**	**5,659**
Amortisation and impairment							
Balance at 1 January 2023	249	–	–	146	1,169	68	1,632
Amortisation charge for the year	–	–	–	6	185	2	193
Disposals	–	–	–	–	(39)	–	(39)
Exchange movements	–	–	–	1	11	–	12
Balance at 31 December 2023	249	–	–	153	1,326	70	1,798
Amortisation charge for the year	–	–	–	6	225	1	232
Impairment charge for the year	–	–	–	–	7	–	7
Disposals	–	–	–	–	(63)	(1)	(64)
Exchange movements	–	–	–	2	42	–	44
31 December 2024	**249**	**–**	**–**	**161**	**1,537**	**70**	**2,017**
Net book values							
31 December 2024	**349**	**451**	**253**	**1,469**	**1,115**	**5**	**3,642**
31 December 2023	347	451	253	1,440	837	4	3,332

1 The net book value includes non-UK and non-EU based landing rights of €57 million (2023: €63 million) that have a definite life. The remaining average life of these landing rights is 11 years.

2 The results for 2023 include a reclassification of ETS allowances from Intangible assets to Carbon-related and other assets. Amounts of €577 million and €407 million at 1 January 2024 and 1 January 2023, respectively, have been reclassified from Intangible assets. See notes 2 and 4 for further details.

b Impairment review

The carrying amounts of intangible assets with indefinite life and goodwill allocated to cash generating units (CGUs) of the Group are:

€ million	Goodwill	Brand	Customer loyalty programmes	Landing rights	**Total**
2024					
Iberia					
1 January and 31 December 2024	–	306	–	423	**729**
British Airways					
1 January 2024	47	–	–	798	**845**
Exchange movements	2	–	–	35	**37**
31 December 2024	49	–	–	833	**882**
Vueling					
1 January and 31 December 2024	28	35	–	94	**157**
Aer Lingus					
1 January and 31 December 2024	272	110	–	62	**444**
IAG Loyalty					
1 January and 31 December 2024	–	–	253	–	**253**
31 December 2024	**349**	**451**	**253**	**1,412**	**2,465**

€ million	Goodwill	Brand	Customer loyalty programmes	Landing rights	Total
2023					
Iberia					
1 January and 31 December 2023	–	306	–	423	729
British Airways					
1 January 2023	46	–	–	794	840
Disposals	–	–	–	(6)	(6)
Exchange movements	1	–	–	10	11
31 December 2023	47	–	–	798	845
Vueling					
1 January and 31 December 2023	28	35	–	94	157
Aer Lingus					
1 January and 31 December 2023	272	110	–	62	444
IAG Loyalty					
1 January and 31 December 2023	–	–	253	–	253
31 December 2023	347	451	253	1,377	2,428

Basis for calculating recoverable amounts

The recoverable amounts of the Group's CGUs have been measured based on their value-in-use, which utilises a weighted average multi-scenario discounted cash flow model. The details of these scenarios are given in the going concern section of note 2, with a weighting of 70% to the Base Case and 30% to the Downside Case. Cash flow projections are based on the business plans approved by the relevant operating companies covering a three-year period. Cash flows extrapolated beyond the three-year period are projected to increase based on long-term growth rates. Cash flow projections are discounted using each CGU's pre-tax discount rate.

Annually, the relevant operating companies prepare and their respective boards approve three-year business plans, and the IAG Board approves the Group three-year business plan in the fourth quarter of the year. Adjustments have been made to the final year of the business plan cash flows to incorporate the impacts of climate change that the Group can reliably estimate at the balance sheet date. However, given the long-term nature of the Group's sustainability commitments, there are other aspects of these commitments that cannot be reliably estimated and, accordingly, have been excluded from the value-in-use calculations (see note 4). The business plan cash flows used in the value-in-use calculations also reflect all restructuring of the business where relevant that has been approved by the Board and which can be executed by management under existing labour agreements.

Key assumptions

The value-in-use calculations for each CGU reflect the wider economic and geopolitical environments, including updated projected cash flows for activity from 2025 through to the end of 2027. For each of the Group's CGUs, the key assumptions used in the value-in-use calculations are as follows:

	2024				
Per cent	British Airways	Iberia	Vueling	Aer Lingus	IAG Loyalty
Operating margin[1]	**12-16**	**11-13**	**8-10**	**8-13**	**20-21**
Average ASK growth per annum[1]	**0-8**	**2-7**	**1-8**	**2-3**	**n/a**
Long-term growth rate	**1.8**	**1.4**	**1.0**	**1.3**	**1.6**
Pre-tax discount rate	**11.3**	**11.6**	**13.7**	**10.7**	**15.5**

	2023				
Per cent	British Airways	Iberia	Vueling	Aer Lingus	IAG Loyalty
Operating margin[1]	7-14	7-14	4-12	6-14	23
Average ASK growth per annum[1]	3-9	4-10	1-6	2-16	n/a
Long-term growth rate	1.7	1.5	0.9	1.3	1.5
Pre-tax discount rate	11.2	12.2	14.3	10.9	14.8

1 Operating margin and average ASK growth per annum are stated as the weighted average derived from the multi-scenario discounted cash flow model.

Jet fuel price ($ per MT)	Within 12 months	1-2 years	2-3 years	3 years and thereafter
2024	**704**	**715**	**717**	**717**
2023	895	829	800	800

Forecast ASKs in the current year modelling represent the range of average annual increases in capacity over the forecast period, based on planned network growth and taking into account management's expectation of the market.

The long-term growth rate is calculated for each CGU, considering a number of data points: (i) industry publications; (ii) forecast weighted average exposure in each primary market using gross domestic product (GDP); and (iii) internal analysis regarding the long-term changes in consumer preferences and the effects on demand from the increased costs to the Group of climate change. The calculation of the long-term growth rate utilises a Base Case and a Downside Case growth rate, which is then weighted on the same basis as the cash flows detailed above of 70% to the Base Case and 30% to the Downside Case. The terminal value cash flows and long-term growth rate incorporate the impacts of climate change insofar as they can be determined (see note 4). The airlines' network plans and the IAG Loyalty forecasts are reviewed annually as part of the three-year business plan preparation and reflect management's plans in response to specific market risk or opportunity.

Pre-tax discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and underlying risks of its primary market. The discount rate calculations are based on the circumstances of the airline industry, the loyalty scheme industry, the Group and the CGU. These rates are derived from the weighted average cost of capital (WACC). The WACC takes into consideration both debt and equity available to airlines and loyalty schemes. The cost of equity is derived from the expected return on investment by airline and loyalty scheme investors and the cost of debt is derived from both market data and industry gearing levels derived from comparable companies. CGU-specific risk is incorporated by applying individual beta factors, which are evaluated annually based on available market data. The pre-tax discount rate reflects the timing of future tax flows. The Group engages an external valuation expert as at the valuation date to assist in the determination of the post-tax discount rate.

Jet fuel price assumptions are derived from forward price curves in the fourth quarter of each year and sourced externally from readily available market data at the valuation date. The cash flow forecasts reflect these price increases after taking into consideration the level of fuel derivatives and their associated prices that the Group has in place and the incremental price differentials expected for the purchase of SAF.

As detailed above, the Group adjusts the final year of the three-year business plans to incorporate the medium-term impacts of climate change from the Group's Flightpath net zero climate strategy through to 2030. These adjustments include the following key assumptions: (i) a 10% level of SAF consumption out of the overall fuel mix with an assumed price of €7,000 per metric tonne; (ii) a kerosene tax of €526 per metric tonne on all intra-EU flights; (iii) for costs of carbon, prices of €120, €120, €179 and €42 for EU ETS allowances, Swiss ETS allowances, UK ETS allowances and CORSIA allowances, respectively, per tonne of CO_2 equivalents emitted; and (iv) the removal of all free ETS and CORSIA allowances.

Summary of results

At 31 December 2024 and 31 December 2023 management reviewed the recoverable amount of each of the CGUs and concluded the recoverable amounts exceeded the carrying values.

Reasonably possible changes in key assumptions, both individually and in combination, have been considered for each CGU, where applicable, which include reducing the operating margin by 2 percentage points in each year, reducing ASKs by 5 percentage points in each year, reducing long-term growth rates in the terminal value calculation to zero, increasing pre-tax discount rates by 2.5 percentage points and increasing the fuel price (both jet fuel and SAF) by 40%, both with cost recovery consistent with that experienced historically and with no assumed cost recovery. Given the inherent uncertainty associated with the impact of climate change, these sensitivities represent a reasonably possible impact of climate change on the CGUs greater than that included in the impairment models.

For the British Airways, Iberia, Vueling and Aer Lingus CGUs, while the recoverable amounts are estimated to exceed the carrying amounts by €17,647 million, €6,130 million, €2,300 million and €1,490 million (2023: €15,752 million, €4,736 million, €1,271 million and €1,884 million), respectively, the recoverable amounts would be equal the carrying amounts when applying reasonably possible but not probable changes, over the forecast period, in assumptions in each of the following scenarios:

- *British Airways:* (i) if ASKs had been 5% lower combined with a fuel price increase without cost recovery of 32% (2023: 24%); and (ii) if the fuel price had been 41% (2023: 29%) higher without cost recovery;
- *Iberia:* (i) if ASKs had been 5% lower combined with a fuel price increase without cost recovery of 32% (2023: 21%); and (ii) if the fuel price had been 35% (2023: 24%) higher without cost recovery;
- *Vueling:* (i) if ASKs had been 5% lower combined with a fuel price increase without cost recovery of 30% (2023: 12%); and (ii) if the fuel price had been 37% (2023: 18%) higher without cost recovery; and
- *Aer Lingus:* (i) if ASKs had been 5% lower combined with a fuel price increase without cost recovery of 13% (2023: 16%); and (ii) if the fuel price had been 21% (2023: 23%) higher without cost recovery.

For the remainder of the reasonably possible changes in key assumptions applied to the British Airways, Iberia, Vueling and Aer Lingus CGUs and for all the reasonably possible changes in key assumptions applied to the IAG Loyalty CGU, no impairment arises.

18 Investments

a Investments in subsidiaries

The Group's subsidiaries at 31 December 2024 are listed in the Group investments section.

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly do not differ from the proportion of ordinary shares held. There have been no significant changes in ownership interests of subsidiaries during the year.

The total non-controlling interest at 31 December 2024 is €6 million (2023: €6 million).

b Investments in associates and joint ventures

The share of assets, liabilities, revenue and profit of the Group's associates and joint ventures, which are included in the Group's financial statements, are as follows:

€ million	**2024**	2023
Total assets	**166**	166
Total liabilities	**(127)**	(119)
Revenue	**96**	107
Profit for the year	**-**	6

The detail of the movement in investment in associates and joint ventures is shown as follows:

€ million	**2024**	2023
At beginning of year	**47**	43
Additions	**1**	-
Share of retained profits	**-**	6
Dividends received	**(5)**	(2)
Exchange movements	**1**	-
	44	47

At 31 December 2024 there are no restrictions on the ability of associates or joint ventures to transfer funds to the parent, and there are no related contingent liabilities.

At both 31 December 2024 and 31 December 2023, the investment in Sociedad Conjunta para la Emisión y Gestión de Medios de Pago EFC, S.A. exceeded 50% ownership by the Group (50.5%). The entity is treated as a joint venture as decisions regarding its strategy and operations require the unanimous consent of the parties who share control, including IAG.

19 Other equity investments

Significant accounting judgement applied – Determining whether the Group has significant influence over Air Europa Holdings
The Group applies judgement in the determination as to whether it has the power with which to participate in the decision-making of, and as a result significant influence over, Air Europa Holdings, S.L. (Air Europa Holdings). Such judgement includes the consideration as to the ability of the Group to: have representation on the board of Air Europa Holdings; participate in the policy-making processes, including participation in decisions regarding dividends and other distributions; the existence of material transactions between Air Europa Holdings and the Group; and enable the interchange of management personnel and provide essential technical information.

In forming its judgement, the Group notes that: it does not have the ability to have representation on the board of Air Europa Holdings; it does not have the ability to participate in the policy-making processes; it has not entered into material transactions outside of the normal course of business, with those transactions arising in the normal course of business being immaterial in nature; it does not have the ability to enable the interchange of management personnel; and it does not have the ability to provide essential technical information. The Group has, therefore, concluded that it does not have significant influence over Air Europa Holdings.

Accordingly, the Group accounts for its shareholding in Air Europa Holdings as an Other equity investment and measures it at fair value through Other comprehensive income. Had the Group concluded that it does have significant influence over Air Europa Holdings, then the shareholding would have been classified as an associate, measured at cost on inception and subsequently measured using the equity method.

Other equity investments include the following:

€ million	**2024**	2023
Unlisted securities	**190**	188
	190	188

The credit relating to Other equity investments was €7 million (2023: credit of €3 million).

Investment in Air Europa Holdings
On 15 June 2022, the Group entered into a financing arrangement with Globalia Corporación Empresarial, S,A, (‘Globalia’), whereby, the Group provided a €100 million seven-year unsecured loan, which was convertible for a period of two years from inception into a fixed number of the shares of Air Europa Holdings, a wholly owned subsidiary of Globalia. Subsequently, on 16 August 2022, the Group exercised its exchange option with Globalia and converted the aforementioned loan into an investment in 20% of the share capital of Air Europa Holdings, which is recorded as an Other equity investment.

On 23 February 2023, the Group entered into an agreement to acquire the remaining 80% of the share capital of Air Europa Holdings that it had not previously owned. On 1 August 2024 the Group withdrew from the agreement. Up until the Group withdrew from the agreement, the recognition criteria of IFRS 3 Business combinations had not been met.

As a result of the Group withdrawing from the agreement with Globalia, the Group was required to pay a break-fee to Globalia of €50 million, which has been recognised as a charge to Other non-operating credits (note 3).

At 31 December 2024, the fair value of the investment in Air Europa Holdings was €139 million, representing an increase of €10 million from the €129 million recorded at 31 December 2023, with the fair value movement having been recorded within Other comprehensive income.

The Group, with its external valuation advisors, determined the fair value of the investment in Air Europa Holdings at 31 December 2024 using the market comparison approach (31 December 2023, both the market comparison approach and the income approach), whereby the Group used both observable market data and unobservable inputs. 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 31 December 2024 was between 1 and 6.

20 Trade and other receivables

€ million	2024	2023[1]
Amounts falling due within one year		
Trade receivables	**1,885**	1,673
Provision for expected credit loss	**(111)**	(114)
Net trade receivables	**1,774**	1,559
Prepayments	**887**	750
Accrued income[2]	**511**	495
Carbon-related assets[1,3]	**323**	247
Other non-trade receivables	**615**	329
Carbon-related and other current assets	**2,336**	1,821
Amounts falling due after one year		
Prepayments	**515**	401
Accrued income[2]	**10**	9
Carbon-related assets[1,3]	**275**	330
Other non-trade receivables	**116**	22
Carbon-related and other assets due after one year	**916**	762

1 For the year ended 31 December 2024, the Group has elected to present carbon-related assets as a component of Carbon-related and other assets having previously presented such amounts within Intangible assets. Accordingly figures for the comparative year to 31 December 2023 have been reclassified to conform with the current year presentation.

2 The accrued income balance (representing contract assets) predominantly relates to revenue earned from ongoing maintenance and overhaul services, where the balances vary depending on the number of ongoing activities at the balance sheet date.

3 The disaggregation of Carbon-related assets by underlying scheme is presented in note 4f.

Movements in the provision for expected credit loss were as follows:

€ million	2024	2023
At beginning of year	**114**	114
Provided during the year	**6**	4
Released during the year	**(4)**	(3)
Receivables written off during the year	**(7)**	(1)
Exchange movements	**2**	–
	111	114

Trade receivables are generally non-interest-bearing and on 30-day terms (2023: 30 days).

The credit risk exposure on the Group's trade receivables is set out below:

31 December 2024

€ million	Current	<30 days	30-180 days	180-365 days	> 365 days
Trade receivables	**1,224**	**188**	**284**	**49**	**140**
Expected credit loss rate	**0.1%**	**0.1%**	**0.7%**	**6.1%**	**75.7%**
Provision for expected credit loss	**–**	**–**	**2**	**3**	**106**

31 December 2023

€ million	Current	<30 days	30-180 days	180-365 days	> 365 days
Trade receivables	959	296	241	53	124
Expected credit loss rate	0.1%	0.1%	1.7%	7.5%	85.2%
Provision for expected credit loss	–	–	4	4	106

21 Inventories

€ million	2024	2023
Engineering expendables	**534**	417
Catering consumables	**44**	43
Other inventories	**39**	34
	617	494

22 Cash, cash equivalents and other current interest-bearing deposits

a Cash

€ million	2024	2023
Cash at bank and in hand	**2,975**	1,531
Short-term deposits maturing within three months	**5,214**	3,910
Cash and cash equivalents	**8,189**	5,441
Current interest-bearing deposits maturing after three months	**1,639**	1,396
Cash, cash equivalents and other interest-bearing deposits	**9,828**	6,837

Cash at bank is primarily held in AAA money market funds and bank deposits. Short-term deposits are for periods up to three months and earn interest based on the floating deposit rates.

At 31 December 2024, the Group had no outstanding bank overdrafts (2023: €nil).

Current interest-bearing deposits have maturities in excess of three months and typically within 12 months of the balance sheet date and earn interest based on the market rates available at the time the deposit was made.

At 31 December 2024, Aer Lingus held €29 million of restricted cash (2023: €31 million) in interest-bearing deposits maturing after more than three months to be used for employee-related obligations.

b Net debt

Movements in net debt were as follows:

€ million	Balance at 1 January 2024	Cash flows	Exchange movements	New leases and modifications	Other items	**Balance at 31 December 2024**
Bank, other loans, convertible bond and asset financed liabilities	7,115	1,064	217	–	303	**8,699**
Lease liabilities	8,967	(1,737)	422	988	6	**8,646**
Cash and cash equivalents	(5,441)	(2,695)	(53)	–	–	**(8,189)**
Current interest-bearing deposits	(1,396)	(215)	(28)	–	–	**(1,639)**
	9,245	**(3,583)**	**558**	**988**	**309**	**7,517**

€ million	Balance at 1 January 2023	Cash flows	Exchange movements	New leases and modifications	Other items	Balance at 31 December 2023
Bank, other loans, convertible bond and asset financed liabilities	10,365	(3,267)	(102)	–	119	7,115
Lease liabilities	9,619	(1,731)	(259)	1,315	23	8,967
Cash and cash equivalents	(9,196)	3,753	2	–	–	(5,441)
Current interest-bearing deposits	(403)	(985)	(8)	–	–	(1,396)
	10,385	(2,230)	(367)	1,315	142	9,245

23 Trade and other payables

€ million	2024	2023
Trade creditors	**3,350**	3,177
Other creditors	**1,481**	1,244
Other taxation and social security	**280**	262
Accruals	**847**	683
Deferred income relating to non-flight activity	**191**	224
	6,149	5,590

Average payment days to suppliers – Spanish Group companies

Days	2024	2023
Average payment days for payment to suppliers	**25**	25
Ratio of transactions paid	**26**	25
Ratio of transactions outstanding for payment	**19**	17

€ million	2024	2023
Total payments made	**9,606**	10,966
Total payments outstanding	**152**	158

Information on invoices paid in a period shorter than the maximum period established in the late payment regulations – Spanish Group companies

	2024	2023
Total payments made (€ million)	**8,523**	10,002
Percentage share of total payments to suppliers	**89%**	91%
Number of invoices paid (thousand)	**218**	213
Percentage share of total number of invoices paid	**77%**	76%

24 Deferred revenue

Significant accounting estimates applied - Revenue recognition: breakage assumptions applied to passenger revenue, customer loyalty programmes and unredeemed vouchers
At 31 December 2024 the Group recognised €8,536 million (2023: €8,023 million) in respect of deferred revenue of which €2,888 million (2023: €2,712 million) related to customer loyalty programmes.

Passenger revenue
Passenger revenue is recognised when the transportation service is provided. At the time of intended transportation, revenue is also recognised in respect of estimated unused tickets breakage and is estimated based on the terms and conditions of the tickets and historical experience. The Group considers that there is no reasonably possible change to unused ticket assumptions that would have a material impact on passenger revenue recorded in the year. A two percentage point increase in the level of unused ticket breakage of the sales in advance of carriage balance (excluding vouchers) at 31 December 2024 would result in an adjustment to Deferred revenue of €101 million (2023: €93 million), with an offsetting adjustment to increase revenue and operating profit recognised in the year.

Customer loyalty schemes
Revenue associated with the issuance of Avios under customer loyalty programmes is based on the relative standalone selling prices of the related performance obligations (brand, marketing and Avios), determined using estimation techniques. The transaction price of brand and marketing services is determined using specific brand valuation methodologies. The transaction price of an Avios is determined as the price of the rewards against which they can be redeemed and is reduced to take account of the proportion of Avios that are not expected to be redeemed by customers.

The Group estimates the number of Avios not expected to be redeemed using statistical modelling based on historical experience and expected future trends in customer behaviour. The Group considers historical redemption activity representative of long-term behavioural trends. A five percentage point increase in the assumption of Avios not expected to be redeemed would result in an adjustment to Deferred revenue of €99 million (2023: €94 million), with an offsetting adjustment to increase revenue and operating profit recognised in the year.

Unredeemed vouchers liability
At 31 December 2024, the Group recognised €587 million in respect of unredeemed vouchers, including associated taxes (2023: €645 million) within Deferred revenue. Of the €587 million, €100 million (2023: €139 million) relates to vouchers issued due to COVID-19 pandemic flight cancellations, referred to as 'disrupted flights' and €487 million (2023: €506 million) relates to non-disrupted voucher issuance, such as the British Airways 'Book with Confidence' policy (where customers were provided the flexibility to change their destination and/or date of travel on non-disrupted flights), certain other flexible fare options, non-air partner companion vouchers and gift vouchers.

The jurisdiction in which a voucher is issued dictates the period over which a customer can redeem the voucher, which ranges up to six years from the point of issuance. This period of time is also influenced by whether the voucher was issued for disrupted flights or non-disrupted issuance and whether statutory or commercial expiry policies prevail. The Group expects the majority of the total voucher liability to mature within 12 months of the balance sheet date.

Historically, where a voucher has been issued to a customer in the event of a flight cancellation, the Group estimated, based on historical experience, the level of such vouchers not expected to be used prior to expiry and recognised revenue accordingly. During 2020 and 2021, due to the significant level of flight cancellations arising from the COVID-19 pandemic, the Group issued a greater volume of vouchers than it would have otherwise done. In addition, given the uncertainty as to the timing of customers redeeming these vouchers, the Group was unable to estimate with a high degree of probability that there would not be a significant reversal of revenue in the future had it applied the historical expiry trends over the period of the pandemic. Accordingly, for the years to 31 December 2022, 31 December 2021 and 31 December 2020, the Group did not recognise revenue arising from those vouchers issued due to COVID-19 pandemic-related cancellations until either the voucher was redeemed or it expired.

During 2024 and 2023, the Group considered historical redemption activity, including customers' more recent behaviours following the COVID-19 pandemic, representative of the redemption trends expected through to expiry of the vouchers, such that the Group considers that the risk of a significant reversal of revenue to be sufficiently low. Accordingly, the Group has updated its estimated level of redemption activity to incorporate current customer behaviour.

A five percentage point increase in the assumption of the number of vouchers outstanding at 31 December 2024 and not expected to be redeemed prior to expiry would result in a reduction to Deferred revenue of €29 million (2023: €32 million), with an offsetting adjustment to increase Passenger revenue and Operating profit recognised in the year.

€ million	Customer loyalty programmes	Sales in advance of carriage	**Total**
Balance at 1 January 2024	2,712	5,311	**8,023**
Cash received from customers[1]	–	26,241	**26,241**
Revenue recognised in the Income statement[2, 3]	(1,397)	(26,248)	**(27,645)**
Financing charge recognised in the Income statement	13	–	**13**
Loyalty points issued to customers[4]	1,453	207	**1,660**
Exchange movements	107	137	**244**
Balance at 31 December 2024	**2,888**	**5,648**	**8,536**
Analysis:			
Current	2,685	5,648	**8,333**
Non-current	203	–	**203**
	2,888	**5,648**	**8,536**

€ million	Customer loyalty programmes	Sales in advance of carriage[5]	Total
Balance at 1 January 2023	2,630	5,014	7,644
Cash received from customers[1, 5]	–	24,405	24,405
Revenue recognised in the Income statement[2, 3, 5]	(1,052)	(24,313)	(25,365)
Financing charge recognised in the Income statement	15	–	15
Loyalty points issued to customers[4]	1,085	161	1,246
Exchange movements	34	44	78
Balance at 31 December 2023	2,712	5,311	8,023
Analysis:			
Current	2,455	5,311	7,766
Non-current	257	–	257
	2,712	5,311	8,023

1 Cash received from customers is net of refunds.

2 Where the Group acts as an agent in the provision of redemption products and services to customers through loyalty programmes, or in the provision of interline flights to passengers, revenue is recognised in the Income statement net of the related costs.

3 Included within revenue recognised in the Income statement during 2024 is an amount of €4,924 million previously held as deferred revenue at 1 January 2024 (recognised during 2023 and previously held as deferred revenue at 1 January 2023: €3,914 million).

4 Included within loyalty points issued to customers at 31 December 2024 is an amount of €207 million (31 December 2023: €161 million) classified within Sales in advance of carriage representing the cash component of the consideration paid by customers, where such consideration comprises both cash and the redemption of Avios.

5 The 2023 figures include a restatement to increase both Cash received from customers and Revenue recognised in the Income statement by €3,298 million. There is no change to total deferred revenue.

The unsatisfied performance obligation under the Group's customer loyalty programmes that is classified as non-current was €203 million at 31 December 2024 (31 December 2023: €241 million), all of which is expected to be recognised as revenue within one to five years from the balance sheet date.

Deferred revenue relating to customer loyalty programmes consists primarily of consideration allocated to performance obligations associated with Avios. Avios are issued by the Group's airlines through their loyalty programmes, or are sold to third parties such as credit card providers, who issue them as part of their loyalty programmes. While Avios do not have an expiry date and can be redeemed at any time in the future, a customer's membership account is closed if there is a period of 36 months of inactivity in terms of both issuances and redemptions. Revenue may, therefore, be recognised at any time in the future.

25 Other long-term liabilities

€ million	**2024**	2023
Non-current other creditors	**343**	164
Accruals and deferred income	**58**	55
	401	219

26 Long-term borrowings

a Total borrowings

€ million	2024 Current	2024 Non-current	2024 Total	2023 Current	2023 Non-current	2023 Total
Bank and other loans[1]	**601**	**1,294**	**1,895**	113	1,840	1,953
Convertible bond[1]	**1,016**	**–**	**1,016**	735	–	735
Asset financed liabilities	**381**	**5,407**	**5,788**	303	4,124	4,427
Lease liabilities	**1,477**	**7,169**	**8,646**	1,826	7,141	8,967
Interest-bearing long-term borrowings	**3,475**	**13,870**	**17,345**	2,977	13,105	16,082

1 The 31 December 2023 total borrowings include a reclassification to conform with the current basis of presentation, where the non-current portion of the 2028 convertible bond, amounting to €726 million at 31 December 2023, has been reclassified as a current liability. Further information is given in notes 1 and 19.

Long-term borrowings of the Group amounting to €5,853 million (31 December 2023: €4,516 million) are secured on owned fleet assets with a net book value of €5,958 million (31 December 2023: €4,736 million). All asset financed liabilities, included in long-term borrowings, are all secured on the associated aircraft or other property, plant and equipment.

b Bank, other loans and convertible bond

€ million	2024	2023
€825 million fixed rate 1.125% convertible bond 2028[1]	**1,016**	735
€700 million fixed rate 3.75% unsecured bond 2029[2]	**718**	717
€500 million fixed rate 2.75% unsecured bond 2025[2]	**510**	510
€500 million fixed rate 1.50% bond 2027[3]	**501**	500
Floating rate euro mortgage loans secured on aircraft[4]	**66**	114
Fixed rate secured bonds[5]	**56**	56
Fixed rate unsecured US dollar mortgage loan[6]	**35**	46
Fixed rate unsecured euro loans with the Spanish State (Department of Industry)[7]	**9**	10
Total bank, other loans and convertible bond	**2,911**	2,688
Less: current instalments due on bank, other loans and convertible bond	**(1,617)**	(848)
Total non-current bank, other loans and convertible bond	**1,294**	1,840

1 See details of the 2028 convertible bond below.

2 On 25 March 2021, the Group issued two tranches of senior unsecured bonds for an aggregate principal amount of €1.2 billion, €500 million due 25 March 2025 and €700 million due 25 March 2029. The bonds bear a fixed rate of interest of 2.75% and 3.75% per annum, payable in arrears, respectively. The bonds were issued at 100% of their principal amount, respectively, and, unless previously redeemed or purchased and cancelled, will be redeemed at 100% of their principal amount on their respective maturity dates.

3 In July 2019, the Group issued two tranches of senior unsecured bonds for an aggregate principal amount of €1 billion, €500 million due 4 July 2023 and €500 million due 4 July 2027. The 2023 bond bore a fixed rate of interest of 0.5% per annum and was redeemed in full at maturity on 4 July 2023. The 2027 bond bears a fixed rate of interest of 1.5% per annum annually payable in arrears. The 2027 bond was issued at 98.803% of its principal amount, and, unless previously redeemed or purchased and cancelled, will be redeemed at 100% of its principal amount on its maturity date.

4 Floating rate euro mortgage loans are secured on specific aircraft assets of the Group and bear interest of between 4.34% and 4.52%. The loans are repayable in 2027.

5 Fixed rate secured bonds with 3.75% coupon repayable in 2027.

6 Fixed rate unsecured US dollar mortgage loan bearing interest between 1.38% and 2.86%. The loan is repayable between 2025 and 2026.

7 Fixed rate unsecured euro loans with the Spanish State (Department of Industry) bear nil interest and are repayable in 2031.

In addition, on 14 June 2024, the Group entered into a five-year $3.0 billion, sustainability-linked, secured Revolving Credit Facility, with two one-year extension options available subject to the approval of lenders, accessible by British Airways, Iberia and Aer Lingus, each of which has separate limits. At 31 December 2024 no amounts had been drawn under the facility. While the Group does not forecast drawing down on the Revolving Credit Facility, should it do so, the resultant debt would be secured, in the respective operating companies, against: (i) specific landing rights; or (ii) aircraft; or (iii) or a combination of both. Concurrent to entering into the facility, the Group extinguished its $1,755 million secured Revolving Credit Facility, which was due to mature, in part, in March 2025, with the remainder maturing in March 2026.

On 28 June 2024, as a result of securing the aforementioned Revolving Credit Facility, British Airways extinguished its two £1.0 billion Export Development Guarantee Facilities that were partially guaranteed by the UK Export Finance, which were undrawn at the time of extinguishment and were due to mature in equal amounts in November 2026 and September 2028.

Details of the 2028 convertible bond

On 11 May 2021, the Group issued the €825 million fixed rate 1.125% senior unsecured bond convertible into ordinary shares of IAG. The convertible bond raised net proceeds of €818 million and matures in 2028. The Group holds an option to redeem the convertible bond at its principal amount, together with accrued interest, no earlier than two years prior to the final maturity date.

The convertible bond provides bondholders with dividend protection and included a total of 244,850,715 options at inception and following the 2024 interim dividend, includes 248,269,636 options at 31 December 2024 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 bondholders conversion right is currently exercisable.

The convertible bond is recorded at its fair value, which at 31 December 2024 was €1,016 million (2023: €735 million), representing an increase of €281 million since 1 January 2024. Of this increase, the charge recorded in Other comprehensive income arising from credit risk of the convertible bonds was €44 million and a charge recorded within Finance costs in the Income statement attributable to changes in market conditions of €237 million.

Transactions with unconsolidated entities

The Group has entered into asset financing transactions with unconsolidated entities as follows:

- the British Airways Pass Through Certificates, Series 2019-1 were entered into in the third quarter of 2019, recognising Asset financed liabilities of €725 million for eight aircraft that mature between 2029 and 2034;
- the British Airways Pass Through Certificates, Series 2020-1 were entered into in the fourth quarter of 2020, recognising Asset financed liabilities of €472 million for nine aircraft that mature between 2028 and 2032;
- the British Airways Pass Through Certificates, Series 2021-1 were entered into in the third quarter of 2021, recognising Asset financed liabilities of €204 million for seven aircraft that mature between 2031 and 2035;
- the Iberia Pass Through Certificates, Series 2022-1 were entered into in April 2022, recognising Asset financed liabilities of €680 million for five aircraft that mature between 2032 and 2036;
- the British Airways Pass Through Certificates, Series 2022-1 were entered into in October 2022, recognising Asset financed liabilities of €159 million for four aircraft that mature between 2032 and 2036; and
- there have been no asset financing transactions with unconsolidated entities during the years to 31 December 2024 and 31 December 2023.

As at 31 December 2024, Asset financed liabilities include cumulative amounts of €2,956 million (2023: €2,948 million) and the associated assets recorded within Property, plant and equipment include cumulative amounts of €2,076 million (2023: €2,757 million) associated with transactions with unconsolidated structured entities having issued EETCs.

c Total loans, convertible bond, asset financed liabilities and lease liabilities

Million	**2024**	2023
Loans		
Bank:		
US dollar	**$38**	$50
Euro	**€75**	€124
	€110	€170
Fixed rate bonds:		
Euro	**€1,785**	€1,783
	€1,785	€1,783
Convertible bond		
Euro	**€1,016**	€735
	€1,016	€735
Asset financed liabilities		
US dollar	**$3,977**	$3,849
Euro	**€1,730**	€746
Japanese yen	**¥35,051**	¥28,432
	€5,788	€4,427
Lease liabilities		
US dollar	**$6,873**	$7,399
Euro	**€799**	€1,008
Japanese yen	**¥58,881**	¥68,998
Pound sterling	**£696**	£690
	€8,646	€8,967
Total interest-bearing borrowings	**€17,345**	€16,082

27 Provisions

Significant accounting estimate applied – Restoration and handback provisions: key assumptions underlying the carrying value of the provisions

At 31 December 2024, the Group recognised €3,014 million in respect of maintenance, restoration and handback provisions, principally in respect of leased aircraft (31 December 2023: €2,529 million).

The Group has a number of contracts with service providers to replace or repair engine parts and for other maintenance checks. These agreements are complex and generally cover a number of years. Provisions for maintenance, restoration and handback are made based on the best estimate of the likely committed cash outflow. In determining this best estimate, the Group applies significant judgement as to the level of forecast costs expected to be incurred when the major maintenance event occurs. Other assumptions not considered to be significant include aircraft utilisation, expected maintenance intervals and the aircraft's condition. The associated forecast costs are discounted to their present value. While the Group considers that there are no reasonably possible changes to any of the individual assumptions that would have a material impact on the provisions, a combination of changes in several assumptions may. The Group considers that a reasonably possible change in the inflation rate and discount rate assumptions of a 100 basis point increase would give rise to an increase of €62 million (2023: €53 million) and a decrease of €70 million (2023: €59 million), respectively, in the provisions balance when applied in isolation to one another.

Significant accounting judgement applied – Restoration and handback provisions: determination of accounting policy for leased aircraft

IFRS 16 does not address the accounting for maintenance, restoration and handback provisions that arise through the usage of the underlying asset and, accordingly, the Group has applied judgement in applying an accounting policy with regard to the recognition and subsequent measurement of such provisions for leased aircraft. The Group's accounting policy for provisions that arise through usage or through the passage of time is to recognise the associated estimated costs in the Income statement as the underlying asset is used or through the passage of time. The approach applied by the Group is consistent with the majority of major airlines that prepare their financial statements under IFRS. Were the Group to apply an alternative accounting policy, the financial impact would be materially different at the balance sheet date. An alternative accounting policy that the Group could have applied was the components approach, where the Group would capitalise the estimated costs of major maintenance events and depreciate them until the subsequent maintenance event (or to the end of lease term) and providing over the lease term for any expected cash compensation for maintenance obligations at the end of the lease. The Group considers that the current accounting policy for maintenance, restoration and handback activities reflects the obligations under its lease arrangements.

€ million	Restoration and handback provisions	Restructuring provisions	Employee leaving indemnities and other employee related provisions	Legal claims and contractual disputes provisions	Carbon-related obligations[1]	Other provisions	**Total**
Net book value 1 January 2024	2,529	94	735	82	247	53	**3,740**
Provisions recorded during the year	609	162	34	26	314	32	**1,177**
Reclassifications	(18)	–	–	1	–	–	**(17)**
Utilised during the year	(276)	(39)	(42)	(22)	–	(32)	**(411)**
Extinguished during the year	–	–	–	–	(236)	–	**(236)**
Release of unused amounts	(97)	(18)	–	(14)	(13)	–	**(142)**
Unwinding of discount	107	1	22	–	–	–	**130**
Remeasurements	20	–	93	–	–	–	**113**
Exchange differences	140	1	–	2	4	–	**147**
Net book value 31 December 2024	**3,014**	**201**	**842**	**75**	**316**	**53**	**4,501**
Analysis:							
Current	691	63	85	45	307	8	**1,199**
Non-current	2,323	138	757	30	9	45	**3,302**
	3,014	201	842	75	316	53	**4,501**

1 The disaggregation of Carbon-related obligations by underlying scheme is presented in note 4f.

Restoration and handback provisions

Provisions for restoration and handback costs are recognised to meet the contractual major maintenance and return conditions on aircraft held under lease. For those obligations arising on inception of an aircraft lease, the associated estimated cost is capitalised within the ROU asset. For those obligations that arise through usage or through the passage of time, the associated estimated costs are recognised in the Income statement as the associated asset is used or through the passage of time. The provision is long-term in nature, typically covering the leased asset term, which for aircraft is up to 12 years.

The provisions also include an amount relating to leased land and buildings where restoration costs are contractually required at the end of the lease. Such costs are capitalised within ROU assets.

The provisions are determined by discounting the future cash flows using pre-tax risk-free rates specific to the tenor of the provision and the currency in which it arises. The unwinding of the discounting of the provisions is recorded as a Finance cost in the Income statement (see note 9a).

Remeasurements arising from changes in estimates relating to the effects of both discounting and inflation are recorded in the Income statement to the extent they relate to avoidable provisions or are recorded as an adjustment to the right of use asset (see note 14) for those unavoidable provisions.

Where amounts are finalised and the uncertainty relating to these provisions removed, the associated liability is reclassified to either current or non-current Other creditors, dependent on the expected timing of settlement.

Restructuring provisions

The restructuring provision includes provisions for voluntary redundancies including the collective redundancy programme for Iberia's Transformation Plan implemented prior to 2023 and Iberia's ground handling restructuring programme implemented in 2024, which provides for payments to affected employees until they reach the statutory retirement age. The amounts provided for have been determined by actuarial valuations made by independent actuaries and were based on the same assumptions as those made to determine the provisions for obligations to flight crew below, with the exception of the discount rate, which in this case was 3.2% and 2.7%, respectively. The payments related to these provisions are expected to continue through to 2032.

At 31 December 2024, €199 million of this provision related to collective redundancy programmes (2023: €88 million).

Employee leaving indemnities and other employee related provisions

This provision includes employee leaving indemnities relating to staff under various contractual arrangements. As part of these provisions, the Group recognises provisions relating to the Iberia flight crew (both pilots and cabin crew):

- pilots – under the relevant collective bargaining agreement, pilots have the option at the age of 60 to elect to: continue in full-time employment; being placed on reserve and retaining their employment relationship until reaching the statutory retirement age (referred to as 'active'); or, alternatively, taking early retirement (referred to as 'inactive'). Additionally, and in certain cases, those pilots from the age of 55, may apply for retaining their employment relationship, but with reduced activity (referred to as 'special leave'); and
- cabin crew – under the relevant collective bargaining agreement, cabin crew have the option at the age of 62 to elect to: continue in full-time employment; being transferred to active status; or being transferred to inactive status. Additionally, and in certain cases, cabin crew employees from the age of 57, may apply for 'special leave'.

The Group is required to remunerate these employees until they reach the statutory retirement age. In determining the provision to be recognised for the proportion of employees that will elect either special leave or to be inactive, the Group estimates a number of financial assumptions, including, but not limited to: (i) medium- to long-term salary growth and inflation; (ii) the discount rate to apply; (iii) the rate of public social security growth; (iv) mortality rates; and (v) staff turnover.

The provision was re-assessed at 31 December 2024 with the use of independent actuaries using the projected unit credit method, based on a discount rate consistent with the iBoxx index of 3.24% for active employees and 2.80% for inactive employees (2023: iBoxx index of 3.17% and 2.98%, respectively), the PER_Col_2020.1er.orden. mortality tables, and assuming contractual salary increases of up to 2.8% in 2025 and 2.0% in 2026 and then 2.0% per annum thereafter derived from increases in the Consumer Price Index (CPI). At 31 December 2024, there were a total of 5,594 flight crew (31 December 2023: 5,179) eligible for making such elections when they reach the age of 60. At 31 December 2024, there were 638 employees who had not reached the age of retirement, and eligible to elect for early retirement ('special leave') who had elected to become inactive (31 December 2023: 479). In addition, at 31 December 2024, there were 23 employees having reached the age of retirement and had elected to become inactive (31 December 2023: 25).

At 31 December 2024, the average length of employment of the eligible flight crew was 16 years (31 December 2023: 17 years). This is mainly a long-term provision. Remeasurements in the valuation of this provision are recorded in Other comprehensive income. The amount relating to this provision was €780 million at 31 December 2024 (2023: €677 million).

Legal claims and contractual disputes provisions

Legal claims and contractual disputes provisions include:

- amounts for multi-party claims from groups of employees on a number of matters related to their employment, including claims for additional holiday pay and for age discrimination;
- amounts related to ongoing contractual disputes arising from the Group's operations; and
- amounts related to investigations by a number of competition authorities in connection with alleged anti-competitive activity concerning the Group's passenger and cargo businesses.

The final amount required to settle the remaining claims and fines is subject to uncertainty.

Carbon-related obligations

Carbon-related obligations relate to the Emissions Trading Systems/Schemes and the CORSIA scheme for CO_2 equivalent emitted on flights within the EU, Switzerland, the UK and globally and are due to be extinguished in the year subsequent to the balance sheet date through settlement with the relevant authorities. See notes 2 and 4 for further information.

28 Contingent liabilities

There are a number of legal and regulatory proceedings against the Group in a number of jurisdictions, which at 31 December 2024, where they could be reliably estimated, amounted to €42 million (31 December 2023: €58 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.

Included in contingent liabilities is the following:

Vueling commercial hand luggage policy

During 2023, Vueling received a number of information requests from the *Ministerio de Consumo* (Ministry of Consumer Affairs) in Spain, with regard to its commercial hand luggage policy.

On 12 January 2024, the *Ministerio de Consumo* issued Vueling with a List of Charges 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. Subsequently, on 14 May 2024, the *Ministerio de Consumo* issued Vueling with a Sanctioning Resolution, which reconfirmed the details of the List of Charges and fined Vueling €39 million and sought rectification of the alleged infringements. On 14 June 2024, Vueling appealed the Sanctioning Resolution to the *Ministerio de Consumo*. On 1 December 2024, the *Ministerio de Consumo* confirmed the aforementioned Sanctioning Resolution. On 29 January 2025, Vueling filed a contentious administrative appeal, in relation to the Sanctioning Resolution, with the *Audiencia Nacional* (National High Court) in Spain. Concurrently, Vueling filed a precautionary measure to suspend the sanction until such time as a final judgment is issued. The Group expects a resolution of the precautionary measure around mid-2025 and a hearing with the *Audiencia Nacional* in 2026, at the earliest.

The Group, with its advisors, has reviewed the Sanctioning Resolution and considers it has strong legal 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.

Contingent liabilities associated with income taxes, deferred taxes and indirect taxes are presented in note 10.

29 Financial risk management objectives and policies

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

a 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 two years within the approved hedging profile.

The following table demonstrates the sensitivity of the Group's principal exposure to a reasonable possible change in the fuel price, based on current market volatility, with all other variables held constant on the profit before tax and equity[1]. The sensitivity analysis has been performed on fuel derivatives (both those designated in hedge relationships and those not designated in hedge relationships) at the balance sheet date only and is not reflective of the impact had the sensitised rates been applied through the duration of the years to 31 December 2024 and 2023.

2024			2023		
Increase/(decrease) in fuel price %	**Effect on profit before tax € million**	**Effect on equity € million**	Increase/(decrease) in fuel price %	Effect on profit before tax € million	Effect on equity € million
40	**–**	**2,079**	40	–	1,497
(40)	**–**	**(1,865)**	(40)	–	(1,526)

1 The sensitivity analysis on equity excludes the sensitivity amounts recognised in the profit before tax.

During 2024, following a substantial recovery in the global price of crude oil and jet fuel, which continues to be impacted by geopolitical events, the fair value of such net liability derivative instruments was €189 million at 31 December 2024 (2023: net liability of €115 million), representing an increase of €74 million since 1 January 2024. Of the carrying amount of the net liability at 31 December 2024, all (2023: all) of the associated derivatives were designated within hedge relationships.

b 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.

The following table demonstrates the sensitivity of the Group's principal foreign exchange exposure to a reasonable possible change in the US dollar, pound sterling and Japanese yen exchange rates, based on current market volatility, with all other variables held constant on the profit before tax and equity[1]. The sensitivity analysis has been performed on interest-bearing liabilities, lease liabilities and derivatives (both those designated in hedge relationships and those not designated in hedge relationships) denominated in foreign currencies at the balance sheet date only and is not reflective of the impact had the sensitised rates been applied through the duration of the years to 31 December 2024 and 2023.

	Strengthening/ (weakening) in US dollar rate %	Effect on profit before tax € million	Effect on equity € million	Strengthening/ (weakening) in pound sterling rate %	Effect on profit before tax € million	Effect on equity € million	Strengthening/ (weakening) in Japanese yen rate %	Effect on profit before tax € million	Effect on equity € million
2024	**20**	**404**	**975**	**20**	**(13)**	**394**	**20**	**(1)**	**(21)**
	(20)	**(404)**	**(969)**	**(20)**	**13**	**(394)**	**(20)**	**1**	**21**
2023	20	343	1,005	20	6	262	20	(50)	(64)
	(20)	(346)	(1,159)	(20)	(8)	(262)	(20)	50	64

1 The sensitivity analysis on equity excludes the sensitivity amounts recognised in the profit before tax.

At 31 December 2024, the fair value of foreign currency net asset derivative instruments was €505 million (2023: net liability of €357 million), representing an increase of €862 million since 1 January 2024. These comprise both derivatives designated in hedge relationships and those derivatives that are not designated in a hedge relationship at inception. Of the carrying amount of the net asset at 31 December 2024, €191 million (2023: net liability of €151 million) of the associated derivatives were designated within hedge relationships. Those derivatives not designated in a hedge relationship on inception have their mark-to-market movements recorded directly in the Income statement and recognised within Net currency retranslation (charges)/credits.

c 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.

The following table demonstrates the sensitivity of the Group's interest rate exposure to a reasonable possible change in the euro interest rates, based on expectations regarding forward rate movements, on the profit before tax and equity[1]. The sensitivity analysis has been performed on interest rate derivatives (both those designated in hedge relationships and those not designated in hedge relationships) at the balance sheet date only and is not reflective of the impact had the sensitised rates been applied through the duration of the years to 31 December 2024 and 2023.

2024			2023		
Strengthening/ (weakening) in euro interest rate Basis points	**Effect on profit before tax € million**	**Effect on equity € million**	Strengthening/ (weakening) in euro interest rate Basis points	Effect on profit before tax € million	Effect on equity € million
100	**(17)**	**9**	100	(12)	16
(100)	**17**	**(7)**	(100)	12	(16)

1 The sensitivity analysis on equity excludes the sensitivity amounts recognised in the profit before tax.

At 31 December 2024, the fair value of interest rate net asset derivative instruments was €12 million (2023: net asset of €28 million), representing a decrease of €16 million since 1 January 2024. Of the carrying amount of net asset at 31 December 2024, all (2023: all) of the associated derivatives were designated within hedge relationships.

d 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 credits.

e Counterparty risk

The Group is exposed to the non-performance by its counterparties in respect of financial assets receivable. The Group has policies and procedures to monitor the risk by assigning limits to each counterparty by underlying exposure and by operating company. The underlying exposures are monitored on a daily basis and the overall exposure limit by counterparty is periodically reviewed by using available market information.

The financial assets recognised in the financial statements, net of impairment losses (if any), represent the Group's maximum exposure to credit risk, without taking into account any guarantees in place or other credit enhancements.

At 31 December 2024 the Group's credit risk position, allocated by region, in respect of treasury managed cash and derivatives was as follows:

	Mark-to-market of treasury controlled financial instruments allocated by geography	
Region	**2024**	2023
United Kingdom	**39 %**	55 %
Spain	**2 %**	– %
Ireland	**25 %**	16 %
Rest of eurozone	**27 %**	24 %
Rest of world	**7 %**	5 %

f Liquidity risk

The Group invests cash in interest-bearing accounts, time deposits and money market funds, choosing instruments with appropriate maturities or liquidity to retain sufficient headroom to readily generate cash inflows required to manage liquidity risk. The Group has also committed revolving credit facilities.

The Group held the following committed undrawn general and committed aircraft financing facilities:

	2024	
Million	**Currency**	**€ equivalent**
Committed general facilities[1]		
Euro facilities expiring between March and April 2025	**€120**	**120**
Euro facility expiring March 2025[2]	**€350**	**350**
US dollar facilities expiring June 2029[2]	**$3,000**	**2,874**
		3,344
Committed aircraft facilities		
US dollar facilities expiring between May and June 2025[3]	**$140**	**134**
		134

	2023	
Million	Currency	€ equivalent
Committed general facilities[1]		
Euro facilities expiring between March and May 2024	€87	87
Euro facility expiring March 2025[2]	€350	350
US dollar facilities expiring March 2025 and March 2026[2]	$1,755	1,605
Pound sterling facilities expiring November 2026 and September 2028[2]	£2,000	2,317
		4,359
Committed aircraft facilities		
US dollar facilities expiring between June and July 2024[3]	$410	375
		375

1 The general facilities can be drawn at any time at the discretion of the Group subject to the provision of up to three days' notice of the intended utilisation, depending on the facility.

2 Further information regarding these facilities is given in note 26b.

3 At 31 December 2024, the Group had available committed aircraft facilities maturing between May and June 2025 (2023: maturing between June and July 2024) for specific committed aircraft deliveries.

In addition, at 31 December 2024, the Group had undrawn overdraft facilities of €56 million (2023: €53 million).

The following table analyses the Group's (outflows) and inflows in respect of financial liabilities and derivative financial instruments into relevant maturity groupings based on the remaining period at 31 December to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows and include interest.

€ million	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5 years	**Total 2024**
Interest-bearing loans and borrowings:						
Asset financing liabilities	(266)	(262)	(524)	(1,795)	(3,901)	**(6,748)**
Lease liabilities	(801)	(805)	(1,550)	(3,468)	(4,783)	**(11,407)**
Fixed rate borrowings	(576)	(14)	(56)	(2,186)	–	**(2,832)**
Floating rate borrowings	(14)	(13)	(26)	(16)	–	**(69)**
Trade and other payables	(6,149)	–	(401)	–	–	**(6,550)**
Derivative financial instruments (assets):						
Interest rate derivatives	6	3	4	1	–	**14**
Foreign exchange contracts	203	174	201	20	–	**598**
Fuel derivatives	5	9	13	1	–	**28**
Derivative financial instruments (liabilities):						
Interest rate derivatives	(1)	–	(1)	–	–	**(2)**
Foreign exchange contracts	(56)	(12)	(13)	–	–	**(81)**
Fuel derivatives	(64)	(64)	(61)	(36)	–	**(225)**
31 December 2024	**(7,713)**	**(984)**	**(2,414)**	**(7,479)**	**(8,684)**	**(27,274)**

€ million	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5 years	Total 2023
Interest-bearing loans and borrowings:						
Asset financing liabilities	(241)	(230)	(448)	(1,317)	(3,195)	(5,431)
Lease liabilities	(1,303)	(864)	(1,546)	(3,798)	(5,017)	(12,528)
Fixed rate borrowings	(59)	(16)	(588)	(1,513)	(726)	(2,902)
Floating rate borrowings	(15)	(38)	(27)	(42)	–	(122)
Trade and other payables	(5,590)	–	(219)	–	–	(5,809)
Derivative financial instruments (assets):						
Interest rate derivatives	12	9	8	4	1	34
Foreign exchange contracts	35	17	6	–	–	58
Fuel derivatives	5	4	26	–	–	35
Derivative financial instruments (liabilities):						
Interest rate derivatives	(1)	(1)	(1)	(1)	–	(4)
Foreign exchange contracts	(206)	(179)	(38)	–	–	(423)
Fuel derivatives	(42)	(43)	(35)	(39)	–	(159)
31 December 2023	(7,405)	(1,341)	(2,862)	(6,706)	(8,937)	(27,251)

g Offsetting financial assets and liabilities

The Group enters into derivative transactions under ISDA (International Swaps and Derivatives Association) documentation. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding are aggregated into a single net amount that is payable by one party to the other.

The following financial assets and liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements.

31 December 2024

€ million	Gross value of financial instruments	Gross amounts set off in the Balance sheet[1]	Net amounts of financial instruments in the Balance sheet	Related amounts not offset in the Balance sheet[1]	**Net amount**
Financial assets					
Derivative financial assets	679	(55)	624	(6)	**618**
Financial liabilities					
Derivative financial liabilities	351	(55)	296	(6)	**290**

1 The Group has pledged cash and cash equivalents as collateral against certain of its derivative financial liabilities. As at 31 December 2024, the Group recognised €55 million of collateral (2023: €28 million) offset in the balance sheet and €6 million (2023: €2 million) not offset in the Balance sheet.

31 December 2023

€ million	Gross value of financial instruments	Gross amounts set off in the Balance sheet	Net amounts of financial instruments in the Balance sheet	Related amounts not offset in the Balance sheet	Net amount
Financial assets					
Derivative financial assets	151	(28)	123	(2)	121
Financial liabilities					
Derivative financial liabilities	595	(28)	567	(2)	565

h Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, to maintain an optimal capital structure, to reduce the cost of capital and to provide returns to shareholders.

The Group monitors capital on the basis of both the Gross debt to EBITDA before exceptional items ratio and the Net debt to EBITDA before exceptional items ratio. For the year to 31 December 2024, the Gross debt to EBITDA before exceptional items was 2.5 times (2023: 2.9 times) and the Net debt to EBITDA before exceptional items was 1.1 times (2023: 1.7 times). The definition and calculation for these performance measures are included in the Alternative performance measures section.

Further detail on liquidity and capital resources and capital risk management is disclosed in the going concern section in note 2.

30 Financial instruments

a Financial assets and liabilities by category

The detail of the Group's financial instruments at 31 December 2024 and 31 December 2023 by nature and classification for measurement purposes is as follows:

31 December 2024

	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	–	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**

	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	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**

31 December 2023

€ 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	–	188	–	–	188
Derivative financial instruments	–	–	42	–	42
Other non-current assets[1]	211	–	–	551	762
Current assets					
Trade receivables	1,559	–	–	–	1,559
Other current assets[1]	545	–	–	1,276	1,821
Derivative financial instruments	–	–	81	–	81
Other current interest-bearing deposits	1,396	–	–	–	1,396
Cash and cash equivalents	5,441	–	–	–	5,441

€ 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	7,141	–	–	7,141
Interest-bearing long-term borrowings[2]	5,964	–	–	5,964
Derivative financial instruments	–	106	–	106
Other long-term liabilities	151	–	68	219
Current liabilities				
Lease liabilities	1,826	–	–	1,826
Current portion of long-term borrowings[2]	416	735	–	1,151
Trade and other payables	5,198	–	392	5,590
Derivative financial instruments	–	461	–	461

1 The results for 2023 include a reclassification of ETS allowances from Intangible assets to Carbon-related and other assets. Amounts of €330 million and €247 million at 31 December 2023 have been reclassified to Other non-current assets and Other current assets, respectively. Further information is given in notes 2 and 37.

2 The 2023 total borrowings include a reclassification to conform with the current basis of presentation, where the non-current portion of the 2028 convertible bond, amounting to €726 million at 31 December 2023, has been reclassified as a current liability. Further information is given in notes 2 and 37.

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 fair value of the principal derivative financial assets and liabilities is determined as follows, incorporating adjustments for own credit risk and counterparty credit risk:

- commodity reference contracts including swaps and options transactions, referenced to: (i) CIF NWE cargoes jet fuel; (ii) ICE Gasoil; (iii) ICE Brent; (iv) ICE Gasoil Brent crack; (v) Jet Differential; and (vi) Jet fuel Brent crack – the mark-to-market valuation prices are determined by reference to current forward curve and standard option pricing valuation models, values are discounted to the balance sheet date based on the corresponding interest rate;
- currency forward and option contracts – by reference to current forward prices and standard option pricing valuation models, values are discounted to the balance sheet date based on the corresponding interest rate; and
- interest rate swap contracts – by discounting the future cash flows of the swap contracts at market interest rate valued with the current forward curve.

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 other equity investments where cash flow information is not available, an adjusted net asset method is applied. For the methodology in the determination of the fair value of the investment in Air Europa Holdings, see note 19.

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 31 December 2024 are as follows:

	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:					
Interest rate swaps[1]	–	14	–	14	**14**
Foreign exchange contracts[1]	–	583	–	583	**583**
Fuel derivatives[1]	–	27	–	27	**27**
Financial liabilities					
Interest-bearing loans and borrowings:					
Asset financed liabilities	–	5,400	–	5,400	**5,788**
Fixed rate borrowings	2,762	45	–	2,807	**2,845**
Floating rate borrowings	–	66	–	66	**66**
Derivative financial liabilities:					
Interest rate derivatives[2]	–	2	–	2	**2**
Foreign exchange contracts[2]	–	78	–	78	**78**
Fuel derivatives[2]	–	216	–	216	**216**

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

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

The carrying amounts and fair values of the Group's financial assets and liabilities at 31 December 2023 are set out below:

	Fair value				Carrying value
€ million	Level 1	Level 2	Level 3	Total	Total
Financial assets					
Other equity investments	1	–	187	188	188
Other non-current financial assets	–	12	–	12	25
Derivative financial assets:					
Interest rate swaps[1]	–	32	–	32	32
Foreign exchange contracts[1]	–	58	–	58	58
Fuel derivatives[1]	–	33	–	33	33
Financial liabilities					
Interest-bearing loans and borrowings:					
Asset financed liabilities	–	3,900	–	3,900	4,427
Fixed rate borrowings	2,429	53	–	2,482	2,574
Floating rate borrowings	–	111	–	111	114
Derivative financial liabilities:					
Interest rate derivatives[2]	–	4	–	4	4
Foreign exchange contracts[2]	–	415	–	415	415
Fuel derivatives[2]	–	148	–	148	148

1 Current portion of derivative financial assets is €81 million.

2 Current portion of derivative financial liabilities is €461 million.

There have been no transfers between levels of fair value hierarchy during the year.

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	2024	2023
Opening balance for the year	187	55
Additions	20	5
Transfers to Level 1 financial assets	–	(1)
Net (losses)/gains recognised in Other comprehensive income	(19)	128
Exchange movement	1	–
Closing balance for the year	**189**	187

d Hedges

Cash flow hedges

At 31 December 2024, the Group's principal risk management activities that were hedging future forecast transactions were:

- foreign exchange contracts, hedging foreign currency exchange risk on cash inflows and certain operational payments. Remeasurement gains and losses on the derivatives are (i) recognised in equity and transferred to the Income statement, where the hedged item is recorded directly in the Income statement, to the same caption as the underlying hedged item is classified; (ii) recognised in equity and transferred to the Balance sheet, where the hedged item is a non-financial asset or liability, and recorded to the Balance sheet to the same caption as the hedged item is recognised; and (iii) recognised in equity and transferred to the Income statement, where the hedged item is a financial asset or liability, at the same time as the financial asset or liability is recorded in the Income statement. Reclassification gains and losses on derivatives, arising from the discontinuance of hedge accounting, are recognised in the Income statement when the future transaction is no longer expected to occur and recorded in the relevant Income statement caption to which the hedged item is classified;
- crude, gas oil and jet kerosene derivative contracts, hedging price risk on fuel expenditure. Remeasurement gains and losses on the derivatives are: (i) recognised in equity and transferred to the Income statement within Fuel costs and emissions charges to match against the related fuel cash outflow, where the underlying hedged item does not give rise to the recognition of fuel inventory; and (ii) recognised in equity and transferred to the Balance sheet within Inventory, where the underlying hedged item is fuel inventory. Gains and losses recorded within Inventory are recognised in the Income statement when the underlying fuel inventory is consumed, within Fuel, oil costs and emission charges. Reclassification gains and losses on derivatives, arising from the discontinuance of hedge accounting, are recognised in the Income statement within Fuel costs and emissions charges when the future transaction is no longer expected to occur;
- interest rate contracts, hedging interest rate risk on floating rate debt and certain operational payments. Remeasurement gains and losses on the derivatives are recognised in equity and transferred to the Income statement within Interest expense; and
- future loan repayments denominated in foreign currency are designated in a hedge relationship hedging foreign exchange fluctuations on revenue cash inflows. Remeasurement gains and losses on the associated loans are recognised in equity and transferred to the Balance sheet, where the hedged item is a non-financial asset or liability when the loan repayments are made (generally in instalments over the life of the loan).

The amounts included in equity are summarised below:

Losses in respect of cash flow hedges included within equity

€ million	2024	2023
Loan repayments to hedge future revenue	(42)	22
Foreign exchange contracts to hedge future revenue and expenditure[1]	(169)	94
Crude, gas oil and jet kerosene derivative contracts[1]	229	67
Derivatives used to hedge interest rates[1]	11	(1)
Instruments for which hedge accounting no longer applies[1, 2]	40	123
	69	305
Related deferred tax credit	(17)	(75)
Total amount included within equity	**52**	230

1 The carrying value of derivative instruments recognised in assets and liabilities is analysed in parts a and b of this note.

2 Relates to previously terminated hedge relationships for which the underlying forecast transactions remain expected to occur.

Notional amounts of significant financial instruments used as cash flow hedging instruments:

Notional principal amounts € million	Average hedge rate	Hedge range	Within 1 year	1-2 years	2-5 years	5+ years	**Total 31 December 2024**
Foreign exchange contracts to hedge future revenue and expenditure from US dollars to pound sterling[1]	1.26	1.16 to 1.34	3,716	1,352	206	–	**5,274**
Foreign exchange contracts to hedge future revenue and expenditure from US dollars to euros[1]	1.11	1.04 to 1.19	1,907	959	295	–	**3,161**
Foreign exchange contracts to hedge future revenue and expenditure from euros to pound sterling[1]	1.25	1.11 to 1.42	561	386	452	731	**2,130**
Fuel commodity price contracts to hedge future US dollar fuel expenditure[2]	670	489 to 1,200	4,219	1,735	883	–	**6,837**
Interest rate contracts to hedge future interest expenditure[3, 4]	1.87	(0.06) to 3.90	2,052	509	149	–	

Notional principal amounts € million	Average hedge rate	Hedge range	Within 1 year	1-2 years	2-5 years	5+ years	Total 31 December 2023
Foreign exchange contracts to hedge future revenue and expenditure from US dollars to pound sterling[1]	1.21	1.05 to 1.35	3,147	1,239	–	–	4,386
Foreign exchange contracts to hedge future revenue and expenditure from US dollars to euros[1]	1.00	0.86 to 1.24	2,458	939	305	–	3,702
Foreign exchange contracts to hedge future revenue and expenditure from euros to pound sterling[1]	1.21	1.07 to 1.42	479	375	357	124	1,335
Fuel commodity price contracts to hedge future US dollar fuel expenditure[2]	722	489 to 1,200	5,425	1,948	980	–	8,353
Interest rate contracts to hedge future interest expenditure[3, 4]	1.83	(0.06) to 3.90	2,127	912	493	2	

1 Expenditure includes both operating and capital expenditure.

2 Notional amounts of fuel commodity price hedging instruments at 31 December 2024 represent 10.0 million metric tonnes of jet fuel equivalent (31 December 2023: 10.0 million metric tonnes), and the hedge range is expressed as the US dollar price per metric tonne, which for those products typically priced in barrels, has been determined using a conversion factor of 7.88.

3 The hedge range for interest rate contracts is expressed as a percentage.

4 The notional amount of interest rate contracts at 31 December 2024 were €1,742 million (31 December 2023: €1,354 million). Amounts included reflect the notional amortising amounts outstanding at the end of each period and align with the profiles of the underlying hedged items.

Movements recorded in the cash flow hedge reserve

For the year to 31 December 2024 **€ million**	**Amounts recognised in the Income statement**				
	Ineffectiveness[1]	**Reclassified to the Income statement**	**Total recognised movements**	**Fair value movements recognised in Other comprehensive income**[2]	**Amounts transferred to the Balance sheet**
Foreign exchange contracts to hedge future revenue and expenditure	**1**	**(102)**	**(101)**	**(185)**	**21**
Crude, gas oil and jet kerosene derivative contracts	**1**	**(26)**	**(25)**	**190**	**(7)**
Derivatives used to hedge interest rates	**–**	**17**	**17**	**(5)**	**–**
Loan repayments to hedge future revenue	**19**	**–**	**19**	**(72)**	**(10)**
Instruments for which hedge accounting no longer applies	**–**	**–**	**–**	**–**	**(87)**
	21	**(111)**	**(90)**	**(72)**	**(83)**
Related deferred tax			**21**	**19**	**20**
Total movements recorded in the cash flow hedge reserve			**(69)**	**(53)**	**(63)**

For the year to 31 December 2023 € million	Amounts recognised in the Income statement				
	Ineffectiveness[1]	Reclassified to the Income statement	Total recognised movements	Fair value movements recognised in Other comprehensive income[2]	Amounts transferred to the Balance sheet
Foreign exchange contracts to hedge future revenue and expenditure	(1)	31	30	234	3
Crude, gas oil and jet kerosene derivative contracts	9	99	108	71	13
Derivatives used to hedge interest rates	–	48	48	(3)	–
Loan repayments to hedge future revenue	–	–	–	(47)	(18)
Instruments for which hedge accounting no longer applies	–	–	–	–	(92)
	8	178	186	255	(94)
Related deferred tax			(44)	(60)	10
Total movements recorded in the cash flow hedge reserve			142	195	(84)

1 Ineffectiveness recognised in the Income statement is presented as Realised and Unrealised gains and losses on derivatives not qualifying for hedge accounting within non-operating items.

2 Amounts recognised in Other comprehensive income represent gains and losses on the hedging instrument.

Fair value hedges

At 31 December 2024, the Group's principal risk management activities associated with fair value hedging were related to interest rate contracts hedging the fair value risk on fixed rate lease liabilities. Remeasurement gains and losses on both the derivatives and the host financial liability are recognised in Income statement within Other non-operating credits.

The carrying values of the hedged items and hedging instruments of the Group's fair value hedges at 31 December 2024 are as follows:

€ million	**2024**	2023
Carrying value of lease liabilities to which fair value hedging has been applied (hedged items)[1]	**(54)**	(65)
Carrying amount of the interest rate derivatives (hedging instruments)	**(2)**	(4)
Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item	**(3)**	(2)
Change in value used for calculating hedge ineffectiveness	**4**	3

1 Hedged items included in the fair value hedges are presented within Borrowings in the Balance sheet and in note 26.

31 Share capital, share premium and treasury shares

Allotted, called up and fully paid	Number of shares '000s	Ordinary share capital € million	Share premium € million
31 December 2023: Ordinary shares of €0.10 each	4,971,476	497	7,770
31 December 2024: Ordinary shares of €0.10 each	**4,971,476**	**497**	**7,770**

a Treasury shares
During the year to 31 December 2024, the Group acquired treasury shares for IAG's use, which will be applied to employee share scheme requirements. In total, the Group purchased 74.9 million shares at a weighted average share price of €2.82 per share totalling €211 million, which are held as treasury shares.

In addition, during the year to 31 December 2024, the Group commenced a €350 million share buyback programme, with an expected completion date of February 2025. At 31 December 2024, as part of the total of 74.9 million shares purchased, 47.9 million shares, amounting to €156 million, related to the share buyback programme. The treasury shares acquired under the €350 million share buyback programme will be cancelled after approval at the 2025 General Shareholders Meeting.

A total of 13.1 million (2023: 3.3 million) shares were issued to employees during the year as a result of vesting of employee share schemes.

At 31 December 2024 the Group held 117.6 million treasury shares (2023: 55.8 million), which represented 2.37% (2023: 1.12%) of the issued share capital of the Company.

32 Share-based payments

The Group operates share-based payment schemes as part of the total remuneration package provided to employees. These schemes comprise both share option schemes where employees acquire shares at an option price and share award plans whereby shares are issued to employees at no cost, subject to the achievement by the Group of specified performance targets.

a IAG Performance Share Plan
The IAG Performance Share Plan (PSP) was granted to senior executives and managers of the Group who are most directly involved in shaping and delivering business success over the medium to long term. Awards made from 2015 to 2020 were nil-cost options, with a two-year holding period following the three-year performance period, before options can be exercised. All awards had three independent performance measures with equal weighting: Total Shareholder Return (TSR) relative to the STOXX Europe 600 Travel and Leisure Index (2020 awards) or MSCI European Transportation Index (prior to 2020 awards), earnings per share and Return on Invested Capital.

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

c IAG Full Potential Incentive Plan
In 2021, the Group launched the Full Potential Incentive Plan, which was granted to key individuals involved in the delivery of a series of transformation projects that will enable the Group to deliver business success over the medium to long term. The awards have been made as conditional awards, vesting in 2025 and dependent on stretch performance targets for 2024 and the approval of the Board.

d IAG Incentive Award Deferral Plan
The IAG Incentive Award Deferral Plan (IADP) is granted to qualifying employees based on performance and service tests. It will be awarded when an annual incentive award is triggered subject to the employee remaining in employment with the Group for three years after the grant date. The relevant population will receive a proportion of their incentive award up front in cash, and the remaining proportion in shares after three years through the IADP.

e Share-based payment schemes summary

Number of awards '000s	Outstanding at 1 January 2024	Granted number	Lapsed number	Vested number	**Outstanding at 31 December 2024**	Exercisable 31 December 2024
Performance Share Plan	9,132	–	204	4,737	**4,191**	4,191
Restricted Share Plan	59,213	27,237	2,881	13,063	**70,506**	–
Full Potential Incentive Plan	29,600	860	1,429	–	**29,031**	–
Incentive Award Deferral Plan[1]	1,007	465	–	560	**912**	–
	98,952	**28,562**	**4,514**	**18,360**	**104,640**	**4,191**

1 The figures for the Incentive Award Deferral Plan include a restatement at 1 January 2024 to increase the balance by 149 thousand awards.

The weighted average share price at the date of exercise of options exercised during the year to 31 December 2024 was £1.66 (2023: £1.52). The weighted average contractual life for awards outstanding at 31 December 2024 was 1.1 years (2023: 1.6 years).

The Group recognised a share-based payment charge of €72 million for the year to 31 December 2024 (2023: €52 million).

33 Other reserves and non-controlling interests

For the year to 31 December 2024

	Other reserves						
€ million	Unrealised gains and losses[1]	Cost of hedging reserve[2]	Currency translation[3]	Merger reserve[4]	Capital reserves[5]	**Total other reserves**	Non-controlling interest
1 January 2024	(178)	(118)	(100)	(2,467)	867	**(1,996)**	6
Other comprehensive (loss)/income for the year							
Cash flow hedges reclassified and reported in net profit:							
Fuel costs and emission charges	93	–	–	–	–	**93**	–
Currency differences	3	–	–	–	–	**3**	–
Finance costs	(11)	–	–	–	–	**(11)**	–
Ineffectiveness recognised in other non-operating costs	(16)	–	–	–	–	**(16)**	–
Net change in fair value of cash flow hedges	53	–	–	–	–	**53**	–
Net change in fair value of other equity investments	(19)	–	–	–	–	**(19)**	–
Net change in fair value of cost of hedging	–	24	–	–	–	**24**	–
Cost of hedging reclassified and reported in net profit	–	48	–	–	–	**48**	–
Fair value movements on liabilities attributable to credit risk changes	(44)	–	–	–	–	**(44)**	–
Currency translation differences	–	–	118	–	–	**118**	–
Hedges transferred and reported in property, plant and equipment	(6)	(5)	–	–	–	**(11)**	–
Hedges transferred and reported in sales in advance of carriage	59	1	–	–	–	**60**	–
Hedges transferred and reported in inventory	10	–	–	–	–	**10**	–
31 December 2024	(56)	(50)	18	(2,467)	867	**(1,688)**	6

€ million	Other reserves: Unrealised gains and losses[1]	Cost of hedging reserve[2]	Currency translation[3]	Merger reserve[4]	Redeemed capital reserve[5]	Total other reserves	Non-controlling interest
1 January 2023	67	(66)	(118)	(2,467)	867	(1,717)	6
Other comprehensive (loss)/income for the year							
Cash flow hedges reclassified and reported in net profit:							
Fuel costs and emission charges	(81)	–	–	–	–	(81)	–
Currency differences	(20)	–	–	–	–	(20)	–
Finance costs	(35)	–	–	–	–	(35)	–
Ineffectiveness recognised in other non-operating costs	(6)	–	–	–	–	(6)	–
Net change in fair value of cash flow hedges	(195)	–	–	–	–	(195)	–
Net change in fair value of other equity investments	127	–	–	–	–	127	–
Net change in fair value of cost of hedging	–	(120)	–	–	–	(120)	–
Cost of hedging reclassified and reported in net profit	–	82	–	–	–	82	–
Fair value movements on liabilities attributable to credit risk changes	(119)	–	–	–	–	(119)	–
Currency translation differences	–	–	18	–	–	18	–
Hedges transferred and reported in property, plant and equipment	9	(15)	–	–	–	(6)	–
Hedges transferred and reported in sales in advance of carriage	84	1	–	–	–	85	–
Hedges transferred and reported in inventory	(9)	–	–	–	–	(9)	–
31 December 2023	(178)	(118)	(100)	(2,467)	867	(1,996)	6

1 The unrealised gains and losses reserve records fair value changes on equity investments and the portion of the amounts on hedging instruments in cash flow hedges that are determined to be effective hedges. The amounts at 31 December 2024 that relate to the fair value changes on equity instruments and to the cash flow hedge reserve were €119 million credit and €69 million charge, respectively.

2 The cost of hedging reserve records, among others, changes on the time value of options.

3 The currency translation reserve records exchange differences arising from the translation of the financial statements of non-euro functional currency subsidiaries and investments accounted for under the equity method into the Group's reporting currency of euros. The movement through this reserve is affected by the fluctuations in the pound sterling to euro foreign exchange translation rate.

4 The merger reserve originated from the merger transaction between British Airways and Iberia. The balance represents the difference between the fair value of the Group on the transaction date and the fair value of Iberia and the book value of British Airways (including its reserves).

5 Capital reserves include a Redeemed capital reserve of €70 million (2023: €70 million) associated with the decrease in share capital relating to cancelled shares and a Share capital reduction reserve of €797 million (2023: €797 million) associated with a historical reduction in the nominal value of the Company's share capital.

34 Employee benefit obligations

Significant accounting estimate applied - Employee benefit obligations: Airways Pension Scheme (APS) and New Airways Pension Scheme (NAPS) key actuarial assumptions

At 31 December 2024, the Group recognised €19,796 million in respect of employee benefit obligations (2023: €21,239 million), of which €19,275 million related to the APS and NAPS obligations (2023: €20,692 million).

The calculation of the APS and NAPS employee benefit obligations is determined using the valuation requirements of IAS 19. These valuations involve making assumptions about discount rates, mortality rates and future pension increases. Due to the long-term nature of these schemes, such assumptions are subject to significant uncertainty. The Group determines the assumptions to be adopted in discussion with qualified actuaries. Any difference between these assumptions and the actual outcome will impact future net assets and total comprehensive income. The impact of sensitising these assumptions is given below.

The Group operates a variety of post-employment benefit arrangements, covering both defined contribution and defined benefit schemes. The Group also has a scheme for flight crew who meet certain conditions and, therefore, have the option of being placed on reserve and retaining their employment relationship until reaching the statutory retirement age, or taking early retirement (see note 27).

Defined contribution schemes

The Group operates a number of defined contribution schemes for its employees.

Costs recognised in respect of defined contribution pension plans in Spain, the UK and Ireland for the year to 31 December 2024 were €292 million (2023: €279 million).

Defined benefit schemes

The principal funded defined benefit pension schemes within the Group are the APS and the 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 for a small group of active members. 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).

APS and NAPS are governed by separate Trustee Boards. Although APS and NAPS have separate Trustee Boards, certain aspects of the business of the two schemes are common. APS and NAPS have developed certain joint working groups that are attended by the Trustee Board members of each scheme although each Trustee Board reaches its decisions independently. There are sub-committees which are separately responsible for the governance, operation and investments of each scheme. British Airways Pension Trustees Limited holds the assets of both schemes on behalf of their respective Trustees. The Trustees are responsible for administering the pension benefits in line with the pension scheme rules and relevant pensions legislation including applicable case law.

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.

At 31 December 2024, the triennial valuations as at 31 March 2024 for both APS and NAPS had not been finalised and, accordingly, the latest actuarial valuations were performed as at 31 March 2021, which resulted in a technical surplus of €343 million (£295 million) for APS and a technical deficit of €1,887 million (£1,650 million) for NAPS. The actuarial valuations performed for APS and NAPS are different to the valuation performed as at 31 December 2024 under IAS 19 mainly due to timing differences of the measurement dates and to the specific scheme assumptions in the actuarial valuation performed as at 31 March 2021 compared with IAS 19 requirements used in the accounting valuation assumptions as at the balance sheet date. The actuarial valuation of neither APS nor NAPS is updated outside of the triennial valuations, making comparability between the scheme liabilities applying the principles set out in the UK Pension legislation and the requirements of IAS 19 not possible. The principal difference relates to the discount rate applied, which under the triennial actuarial valuation, aligns with a prudent estimate of the future investment returns on the assets of the respective schemes, whereas, under IAS 19, the rates are based on high-quality corporate bond yields, regardless of how the assets are invested.

The triennial valuation as at 31 March 2021 for NAPS supersedes the previous agreements reached in 2020 and 2021 between British Airways and the Trustee of NAPS relating to the deferral of deficit contributions. The deferred deficit contributions have been incorporated into the deficit payment plan agreed as part of the triennial valuation as at 31 March 2021.

As part of the triennial valuation as at 31 March 2021 for NAPS, British Airways agreed to provide certain property assets as security, which will remain in place until 30 September 2028 unless otherwise modified in the 31 March 2024 triennial valuation.

Other plans

British Airways also operates post-retirement schemes in a number of jurisdictions outside of the UK. The principal scheme is the British Airways Plc Pension Plan (USA) based in the United States and referred to as the 'US Plan'. The US Plan is considered to be a defined benefit scheme and is closed to new members and to future accrual.

The majority of British Airways' other plans are fully funded, but there are also a number of unfunded plans, for which the Group meets the benefit payment obligations as they fall due.

In addition, the IAG Loyalty and Aer Lingus operating segments operate certain defined benefit plans, both funded and unfunded.

Risk associated with the defined benefit schemes

The defined benefit schemes expose the Group to a range of risks, with the following being the most significant:

- asset volatility risk – the scheme obligations are calculated using a discount rate set with reference to high-quality corporate bond yields. If scheme assets underperform this yield, this will reduce the surplus/increase the deficit, depending on the scheme. Certain of the schemes hold a significant amount of equities, which are expected to outperform corporate bonds in the long term while creating volatility and risk in the short term;
- longevity risk – the majority of the scheme obligations are to provide benefits over the life of the scheme members. An increase in life expectancy will result in a corresponding increase in the defined benefit obligation;
- interest rate risk – a decrease in interest rates will increase plan liabilities, although this will be partially offset by an increase in the value of certain of the scheme assets;
- inflation risk – a significant proportion of the scheme obligations are linked to inflation, such that any increase in inflation will cause an increase in the obligations. While certain of the scheme assets are indexed to inflation, any expected increase in the scheme assets from inflation would be disproportionately lower than the increase in the scheme obligations; and
- currency risk – a number of scheme assets are denominated in currencies other than the pound sterling. Weakening of those currencies, or strengthening of the pound sterling, in the long term, will have the effect of reducing the value of scheme assets.

a Cash payments and funding arrangements

Cash payments in respect to pension obligations comprise normal employer contributions by the Group and deficit contributions based on the agreed deficit payment plan with NAPS. Total payments for the year to 31 December 2024, net of service costs made by the Group, were €37 million (2023: €48 million) being the employer contributions of €38 million (2023: €49 million) less the current service cost of €1 million (2023: €1 million) (note 34b,c).

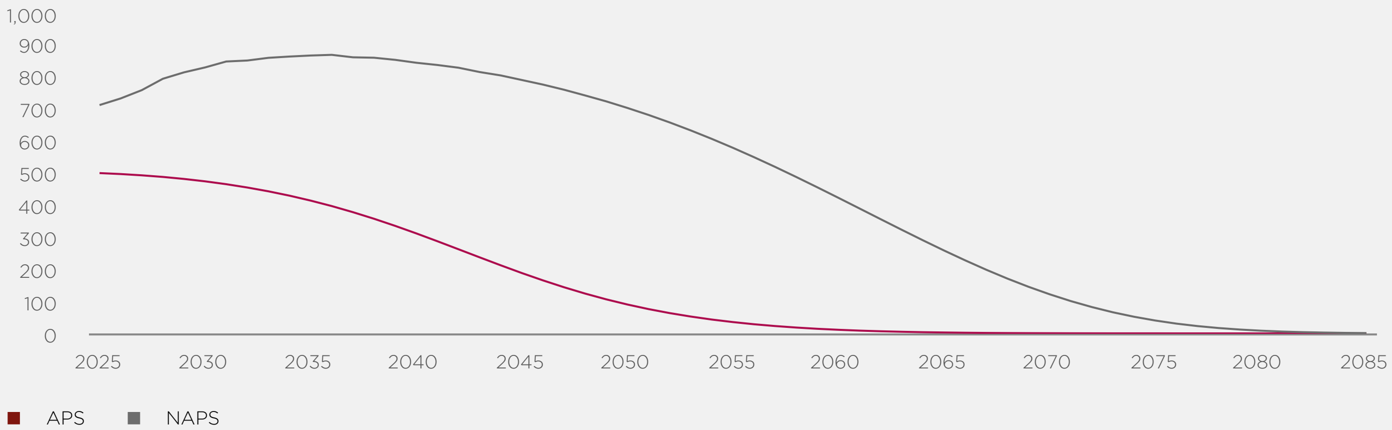
Future funding arrangements

Pension contributions for APS and NAPS were determined by actuarial valuations made at 31 March 2021, using assumptions and methodologies agreed between the Group and Trustee of each scheme.

In total, the Group expects to pay €1 million in employer contributions to APS and NAPS in 2025.

The following graph provides the undiscounted benefit payments to be made by the Trustees of APS and NAPS over the remaining expected duration of the schemes:

Projected benefit payments from the balance sheet date (€ million, unaudited)



The amounts and timing of these projected benefit payments are subject to the aforementioned risks to the schemes.

Deficit contributions

At the date of the actuarial valuation, the actuarial deficit of NAPS amounted to €1,887 million. In order to address the deficit in the scheme, the Group committed to deficit contribution payments through to 30 June 2023, amounting to approximately €58 million per year, increasing by €58 million each year up to 30 June 2026 and subsequently capped at €257 million per year through to 31 May 2032. The deficit contribution plan includes an over-funding protection mechanism, based on the triennial valuation methodology for measuring the deficit, whereby deficit contributions are suspended if the funding position reaches 100%, with a mechanism for contributions to resume if the contribution level subsequently falls below 100%, or until such point as the scheme funding level reaches 100%.

During the year ended and as at 31 December 2024, the NAPS funding position exceeded 100% and, accordingly, deficit contributions were suspended. At 31 December 2024, the valuation of the funding level incorporates significant forward-looking assumptions, such that the Group currently does not expect to make further deficit contributions. Given the long-term nature of the NAPS scheme, these assumptions are subject to uncertainty and there can be no guarantee that deficit contributions will not resume in the future or that additional deficit contributions will not need to be incorporated into future triennial actuarial valuations.

At 31 December 2024, the Group is committed to the following undiscounted deficit payments, which are deductible for tax purposes at the statutory rate of tax:

€ million	NAPS[1]	Other schemes
Within 12 months	–	38
1-2 years	–	33
2-5 years	–	31
Greater than 5 years	–	–
Total expected deficit payments	–	102

1 Committed deficit contributions, agreed as part of the 31 March 2021 actuarial valuation, were suspended at 31 December 2024 as an effect of the over-funding protection mechanism.

Deficit payments in respect of local arrangements outside of the UK have been determined in accordance with local practice.

Under the triennial valuation of NAPS as at 31 March 2021, in the year to 31 December 2023, no dividend payment was permitted from British Airways to IAG. In the year to 31 December 2024, any dividends paid by British Airways were required to be matched by contributions to NAPS of 50% of the value of the dividends paid. In the period from 1 January to 30 September 2025, any dividend payment from British Airways to IAG that exceeds 50% of the pre-exceptional profit after tax will require additional payments to be made to NAPS if the scheme is not at least 100% funded. All dividend restrictions cease from 1 October 2025 onwards. British Airways must maintain a minimum cash level of €1,933 million (£1,600 million) as at the date of the declaration of any dividends as well as immediately following the payment of any dividends to IAG and the associated matching contributions to NAPS. The amount of any deficit contributions and dividend matching contributions in a single financial year is limited to €362 million (£300 million).

b Employee benefit scheme amounts recognised in the financial statements

i Amounts recognised on the Balance sheet

	2024			
€ million	**APS**	**NAPS**	**Other**	**Total**
Scheme assets at fair value[1,2]	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[3]	–	(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[4]				**1,576**

	2023			
€ million	APS	NAPS	Other	Total
Scheme assets at fair value[1]	6,070	16,724	393	23,187
Present value of scheme liabilities[1]	(6,048)	(14,644)	(547)	(21,239)
Net pension asset/(liability)	22	2,080	(154)	1,948
Effect of the asset ceiling[3]	(7)	(728)	–	(735)
Other employee benefit obligations	–	–	(8)	(8)
31 December 2023	15	1,352	(162)	1,205
Represented by:				
Employee benefit asset				1,380
Employee benefit obligation				(175)
Net employee benefit asset[4]				1,205

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 31 December 2024, such assets were €317 million (2023: €322 million) with a corresponding amount recorded in the scheme liabilities.

2 Included within the fair value of scheme assets are €2,395 million of private equities and alternatives at 31 December 2024, where the fair value has been determined based on the most recent third-party valuations. The dates of these valuations typically precede the balance sheet date and have been adjusted for any cash movements between the date of the valuation and the balance sheet date. Typically, the valuation approach and inputs for these investments are not through to the balance sheet date unless there are indications of significant market movements.

3 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.

4 The net deferred tax asset recognised on the net employee benefit asset (2023: asset) was €34 million at 31 December 2024 (2023: €48 million). The defined benefit obligation includes €20 million (2023: €20 million) arising from unfunded plans.

ii Amounts recognised in the Income statement

Pension costs charged to operating result are:

€ million	2024	2023
Defined benefit plans:		
Current service cost	**1**	1
Administrative expenses	**19**	17
	20	18
Defined contribution plans	**292**	279
Pension costs recorded as employee costs	**312**	297

€ million	2024	2023
Interest income on scheme assets	**(1,041)**	(1,117)
Interest expense on scheme liabilities	**951**	955
Interest expense on asset ceiling	**27**	59
Net financing credit relating to pensions	**(63)**	(103)

iii Amounts recognised in the Statement of other comprehensive income

€ million	2024	2023
Return on plan assets excluding interest income	**2,024**	857
Remeasurement of plan liabilities from changes in financial assumptions	**(1,592)**	314
Remeasurement of plan liabilities from changes in demographic assumptions	**(235)**	55
Remeasurement of experience losses	**(208)**	430
Remeasurement of the APS and NAPS asset ceilings	**(220)**	(583)
Pension remeasurements (charged)/credited to Other comprehensive income	**(231)**	1,073
Tax arising on pension remeasurements	**25**	3
Pension remeasurements charged to Other comprehensive income, net of tax	**(206)**	1,076

c Fair value of scheme assets

i Investment strategies

For both APS and NAPS, the Trustee has ultimate responsibility for decision-making on investments matters, including the asset-liability matching strategy. The latter is a form of investing designed to match the movement in pension plan assets with the movement in the projected benefit obligation over time. The Trustees' investment committee adopts an annual business plan which sets out investment objectives and work required to support achievement of these objectives. The committee also deals with the monitoring of performance and activities, including work on developing the strategic benchmark to improve the risk return profile of the scheme where possible, as well as having a trigger-based dynamic governance process to be able to take advantage of opportunities as they arise. The investment committee reviews the existing investment restrictions, performance benchmarks and targets, as well as continuing to develop the de-risking and liability hedging portfolio.

Both schemes use derivative instruments for investment purposes and to manage exposures to financial risks, such as interest rate, foreign exchange, longevity and liquidity risks arising in the normal course of business. Exposure to interest rate risk is managed through the use of Inflation-Linked Swap contracts. Foreign exchange forward contracts are entered into to mitigate the risk of currency fluctuations. Longevity risk is managed through the use of buy-in insurance contracts, asset swaps and longevity swaps.

Along with existing contracts with Rothesay Life (as detailed in note 34c(iii)) and following the completion of a further longevity swap in 2024, APS is 100% protected against all longevity risk and fully protected in relation to all pensions that were already being paid as at 31 March 2018. APS is nearly 90% protected against interest rates and inflation (on a Retail Price Index (RPI) basis). NAPS is 95% protected against interest rates and inflation (on a Consumer Price Index (CPI) basis).

The assets held by APS and NAPS are split between 'return seeking assets' and 'liability matching assets' depending on the maturity of each scheme. At 31 December 2024, the actual asset allocation for NAPS was 20% (2023: 19%) in return seeking assets and 80% (2023: 81%) in liability matching investments. For NAPS, the Trustee agreed an updated investment framework with British Airways as part of the Scheme's 31 March 2021 actuarial valuation agreement. The Trustee aims towards an overall asset allocation with an agreed modest expected return relative to liabilities and sufficient liquidity to manage investment risk appropriately on an ongoing basis. The actual asset allocation for APS at 31 December 2024 was 1% (2023: 1%) in return seeking assets and 99% (2023: 99%) in liability matching investments. NAPS uses Liability Driven Investments (LDIs) to effectively hedge volatility in the scheme liabilities. This is achieved through direct bond holdings as opposed to the use of derivatives and, as such, leverage is low. Accordingly, as at 31 December 2024, NAPS has not been required to raise additional cash or liquidate existing assets in order to fund derivative positions.

ii Movement in scheme assets

A reconciliation of the opening and closing balances of the fair value of scheme assets is set out below:

€ million	2024	2023
1 January	**23,187**	23,668
Interest income	**1,041**	1,114
Administrative expenses	**(18)**	(14)
Return on plan assets excluding interest income	**(2,024)**	(857)
Employer contributions[1]	**38**	49
Employee contributions	**–**	8
Benefits paid	**(1,223)**	(1,065)
Exchange movements	**948**	284
31 December	**21,949**	23,187

1 Includes employer contributions to APS of €1 million (2023: €1 million) and to NAPS of €nil (2023: €nil) of which deficit-funding payments represented €nil for APS (2023: €nil) and €nil for NAPS (2023: €nil).

iii Composition of scheme assets

Scheme assets held by the Group at 31 December comprise:

	2024				
€ million	APS	NAPS	Other	Total	2023
Return seeking investments					
Listed equities – UK	**8**	**120**	**–**	**128**	123
Listed equities – rest of world	**1**	**912**	**160**	**1,073**	602
Private equities	**27**	**625**	**15**	**667**	721
Properties	**–**	**1,307**	**12**	**1,319**	1,591
Alternative investments	**27**	**1,702**	**–**	**1,729**	1,732
	63	**4,666**	**187**	**4,916**	4,769
Liability matching investments					
Government issued fixed bonds	**1,168**	**4,458**	**156**	**5,782**	6,120
Government issued index-linked bonds	**646**	**8,741**	**13**	**9,400**	10,320
Asset and longevity swaps	**872**	**–**	**–**	**872**	899
Insurance contract	**3,224**	**–**	**37**	**3,261**	3,391
	5,910	**13,199**	**206**	**19,315**	20,730
Other					
Cash and cash equivalents	**79**	**671**	**10**	**760**	697
Derivative financial instruments	**(233)**	**(2,852)**	**10**	**(3,075)**	(3,015)
Other investments	**–**	**29**	**4**	**33**	6
	(154)	**(2,152)**	**24**	**(2,282)**	(2,312)
Total scheme assets	**5,819**	**15,713**	**417**	**21,949**	23,187

The fair values of the Group's scheme assets, which are not derived from quoted prices on active markets, are determined depending on the nature of the inputs used in determining the fair values (see note 30b for further details) and using the following methods and assumptions:

- private equities are valued at fair value based on the most recent transaction price or third-party net asset, revenue or earnings-based valuations that generally result in the use of significant unobservable inputs. The dates of these valuations typically precede the balance sheet date and have been adjusted for any cash movements between the date of the valuation and the balance sheet date. Typically, the valuation approach and inputs for these investments are not updated through to the balance sheet date unless there are indications of significant market movements.
- properties are valued based on an analysis of recent market transactions supported by market knowledge derived from third-party professional valuers that generally result in the use of significant unobservable inputs.
- alternative investments fair values, which predominantly include holdings in investment and infrastructure funds, are determined based on the most recent available valuations applying the Net Asset Value methodology and issued by fund administrators or investment managers and adjusted for any cash movements having occurred from the date of the valuation to the balance sheet date. The dates of these valuations typically precede the balance sheet date and have been adjusted for any cash movements between the date of the valuation and the balance sheet date. Typically, the valuation approach and inputs for these investments are not updated through to the balance sheet date unless there are indications of significant market movements.
- other investments predominantly includes: interest receivable on bonds; dividends from listed and private equities that have been declared but not received at the balance sheet date; receivables from the sale of assets for which the proceeds have not been collected at the balance sheet date; and payables for the purchase of assets which have not been settled at the balance sheet date.
- derivative financial instruments are entered into predominantly to mitigate interest rate and inflation rate risks. These derivative financial instruments are stated at their fair value using pricing models and relevant market data as at the balance sheet date.

- asset and longevity swaps - APS has a contract with Rothesay Life, entered into in 2010 and extended in 2013, which covers 25% (2023: 25%) of the pensioner liabilities for an agreed list of members. Under the contract, to reduce the risk of long-term longevity risk, Rothesay Life makes benefit payments monthly in respect of the agreed list of members in return for the contractual return receivable on a portfolio of assets (made up of quoted government debt) held by the scheme and the contractual payments made by APS to Rothesay Life on the longevity swaps. The Group holds the portfolio of assets at their fair value, with the government debt held at their quoted market price and the swaps accounted for at their estimated discounted future cash flows.

  During 2011, APS entered into a longevity swap with Rothesay Life, which covers an additional 21% (2023: 21%) of the pensioner liabilities for the same agreed list of members as the 2010 contract. Under the longevity swap, to reduce the risk of long-term longevity risk, APS makes a fixed payment to Rothesay Life each month reflecting the prevailing mortality assumptions at the inception of the contract, and Rothesay Life makes a monthly payment to APS reflecting the actual monthly benefit payments to members. The cash flows are settled net each month. If pensioners live longer than expected at inception of the longevity swap, Rothesay Life will make payments to the scheme to offset the additional cost of paying pensioners and if pensioners do not live as long as expected, then the scheme will make payments to Rothesay Life. The Group holds the longevity swap at fair value, determined at the estimated discounted future cash flows.
- insurance contract – during 2018, the Trustee of APS secured a buy-in contract with Legal & General. The buy-in contract covers all members in receipt of pensions from APS at 31 March 2018, excluding dependent children, receiving a pension at that date and members in receipt of equivalent pension only benefits, who were alive on 1 October 2018. Benefits coming into payment for retirements after 31 March 2018 are not covered. The contract covers benefits payable from 1 October 2018 onwards. The policy covers approximately 60% of all benefits APS expects to pay out in future.

iv Effect of the asset ceiling

In measuring the valuation of the net defined benefit asset for each scheme, the Group limits such measurement to the lower of the surplus in each scheme and the respective asset ceiling. The asset ceiling represents the present value of the economic benefits available in the form of a refund or a reduction in future contributions after they are paid into the plan. The Group has determined that the recoverability of such surpluses, including minimum funding requirements, will be subject to withholding taxes in the UK, payable by the Trustee.

On 22 November 2023, the UK Government announced that it intended to reduce the withholding tax payable upon winding up of pension schemes from 35% to 25%. This change was substantively enacted on 11 March 2024, and hence, was not reflected in the 2023 figures.

The future committed NAPS deficit contributions, as detailed in note 34a, are treated as minimum funding requirements under IAS 19 and are not recognised as part of the scheme assets or liabilities. The Group has determined that upon the wind up of the scheme, that if the scheme is in surplus, including the incorporation of the minimum funding requirements, then the surplus will be available as a refund or a reduction in future contributions after they are paid into the scheme. The recovery of such amounts is subject to UK withholding tax payable by the Trustee. In measuring the recoverability of the surplus for each scheme, the Group limits such measurement to the lower of the surplus in each scheme and the respective asset ceiling. The asset ceiling represents the present value of the economic benefits available upon wind up of the scheme, less the application of withholding taxes in the UK, payable by the Trustee, at 25%.

A reconciliation of the effect of the asset ceiling used in calculating the IAS 19 irrecoverable surplus in APS and NAPS is set out below:

€ million	**2024**	2023
1 January	**735**	1,248
Interest expense	**27**	59
Remeasurements[1]	**(220)**	(583)
Exchange movements	**24**	11
31 December	**566**	735

1 Included within remeasurements of the asset ceiling is an amount of €215 million (£184 million) that arose as a result of the reduction in the UK rate of withholding tax of 35% to 25%, resulting in an increase in the net employee benefit asset.

d Present value of scheme liabilities

i Movement in scheme liabilities

A reconciliation of the opening and closing balances of the present value of the defined benefit obligations is set out below:

€ million	**2024**	2023
1 January	**21,239**	20,292
Current service cost	**1**	1
Interest expense	**950**	952
Remeasurements – financial assumptions[1]	**(1,592)**	314
Remeasurements – demographic assumptions	**(235)**	55
Remeasurements of experience losses	**(208)**	430
Benefits paid	**(1,223)**	(1,065)
Employee contributions	**–**	8
Exchange movements	**864**	252
31 December	**19,796**	21,239

1 Included in the remeasurements from financial assumptions is an amount of €1,959 million (2023: increase of €670 million) that reduces the scheme liabilities relating to changes in the discount rates and €367 million (2023: reduction of €356 million) that increases the scheme liabilities relating to changes in inflation rates.

ii Scheme liability assumptions

The principal assumptions used for the purposes of the IAS 19 valuations were as follows:

% per annum	2024 APS	2024 NAPS	2024 Other schemes	2023 APS	2023 NAPS	2023 Other schemes
Discount rate[1]	**5.30**	**5.45**	**1.5 - 6.7**	4.50	4.55	1.0 - 7.1
Rate of increase in pensionable pay[2]	**3.30**	**–**	**2.0 - 5.0**	3.20	–	2.0 - 5.0
Rate of increase of pensions in payment[3]	**3.30**	**2.80**	**1.0 - 3.4**	3.20	2.65	0.7 - 3.4
RPI rate of inflation	**3.30**	**3.10**	**2.0 - 2.5**	3.20	3.00	2.2 - 2.9
CPI rate of inflation	**2.85**	**2.80**	**2.0 - 2.5**	2.65	2.65	2.0 - 2.5

1 Discount rate is determined by reference to the yield on high quality corporate bonds of currency and term consistent with the scheme liabilities.

2 Rate of increase in pensionable pay, which reflects inflationary increases, is assumed to be in line with increases in RPI.

3 It has been assumed that the rate of increase of pensions in payment, which reflects inflationary increases, will be in line with CPI for NAPS and RPI for APS as at 31 December 2024.

The current longevities underlying the values of the scheme liabilities were as follows:

Mortality assumptions	2024	2023
Life expectancy at age 60 for a:		
• male currently aged 60	**27.6**	27.5
• male currently aged 40	**29.0**	28.8
• female currently aged 60	**29.2**	29.0
• female currently aged 40	**31.3**	31.2

For APS, the base mortality tables are based on the Agreed Valuation Basis (AVB) as agreed between British Airways and the trustees of APS. For NAPS, the base mortality tables are based on analysis undertaken for the purpose of the triennial valuation dated 31 March 2021. Future mortality improvements reflect the most recent model published by the UK actuarial profession's Continuous Mortality Investigation (CMI), being its 2023 model. These standard mortality tables, for both APS and NAPS, incorporate adjustments specific to the demographics of scheme members, including a long-term improvement parameter of 1.00% per annum (2023: 1.00%).

For schemes in the United States, mortality rates were based on the Agreed Valuation Basis (AVB) mortality tables incorporating adjustments for the long-term impact COVID-19 is expected to have on mortality.

At 31 December 2024, the weighted average duration of the defined benefit obligation was 9 years for APS (2023: 9 years) and 13 years for NAPS (2023: 14 years). The weighted average duration of the defined benefit obligations was 1 to 16 years for other schemes (2023: 2 to 16 years). The weighted average duration represents a single figure for the average number of years over which the employee benefit liability discounted cash flows is extinguished and is highly dependent on movements in the aforementioned discount rates.

iii Sensitivity analysis

Reasonable possible changes at the balance sheet date to significant valuation assumptions, holding other assumptions constant, would have affected the present value of scheme liabilities by the amounts shown:

€ million	2024 Increase in scheme liabilities APS	2024 Increase in scheme liabilities NAPS	2024 Increase in scheme liabilities Other schemes	2023 Increase in scheme liabilities APS	2023 Increase in scheme liabilities NAPS	2023 Increase in scheme liabilities Other schemes
Discount rate (decrease of 50 basis points)[1]	**242**	**858**	**25**	278	1,020	29
Future pension growth (increase of 50 basis points)[1]	**217**	**822**	**2**	243	973	5
Future mortality rate (one year increase in life expectancy)	**290**	**338**	**21**	301	394	22

1 Sensitivities smaller than those disclosed can be approximately interpolated from those sensitivities above.

Although the analysis does not take into account the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

35 Supplemental cash flow information

a Reconciliation of movements of liabilities to cash flows arising from financing activities

€ million	Bank, other loans and asset financed liabilities	Convertible bond	Lease liabilities	Derivatives to mitigate volatility in financial liabilities	Total
Balance at 1 January 2024	6,380	735	8,967	180	16,262
Proceeds from borrowings	1,474	–	–	–	1,474
Repayment of borrowings	(410)	–	–	–	(410)
Repayment of lease liabilities	–	–	(1,737)	–	(1,737)
Settlement of derivative financial instruments	–	–	–	(151)	(151)
Total changes from financing cash flows	**1,064**	**–**	**(1,737)**	**(151)**	**(824)**
Interest paid	(233)	(9)	(472)	23	(691)
Interest expense	255	9	485	–	749
New leases and lease modifications	–	–	988	–	988
Fair value movements	–	281	–	(380)	(99)
Other non-cash movements	–	–	(7)	–	(7)
Exchange movements	217	–	422	2	641
Balance at 31 December 2024	**7,683**	**1,016**	**8,646**	**(326)**	**17,019**

€ million	Bank, other loans and asset financed liabilities	Convertible bond	Lease liabilities	Derivatives to mitigate volatility in financial liabilities	Total
Balance at 1 January 2023	9,760	605	9,619	(71)	19,913
Proceeds from borrowings	1,001	–	–	–	1,001
Repayment of borrowings	(4,268)	–	–	–	(4,268)
Repayment of lease liabilities	–	–	(1,731)	–	(1,731)
Settlement of derivative financial instruments	–	–	–	(119)	(119)
Total changes from financing cash flows	(3,267)	–	(1,731)	(119)	(5,117)
Interest paid	(488)	(9)	(472)	44	(925)
Interest expense	476	9	508	–	993
New leases and lease modifications	–	–	1,315	–	1,315
Fair value movements	–	130	–	322	452
Other non-cash movements	1	–	(13)	(2)	(14)
Exchange movements	(102)	–	(259)	6	(355)
Balance at 31 December 2023	**6,380**	**735**	**8,967**	**180**	**16,262**

b Reconciliation of movement in provisions included within Net cash flows from operating activities

€ million	**2024**	2023
Opening provisions	**3,740**	3,548
Non-cash additions recorded in operating profit	**1,121**	862
Non-cash releases of unused provisions recorded in operating profit	**(142)**	(133)
Other non-cash amounts recorded within operating profit	**18**	4
Cash settlements relating to operating provisions	**(411)**	(496)
Less non-cash carbon-related obligations reported in operating profit (note 35c)	**(304)**	(212)
Movements in provisions recorded within net cash flows from operating activities	**282**	25
Movements in provisions recorded within Other comprehensive income	**93**	24
Movements elsewhere within the Balance sheet	**41**	(6)
Unrealised currency differences arising on provisions recorded within operating profit	**147**	(68)
Non-cash extinguishment of Carbon-related obligations	**(236)**	(98)
Add non-cash carbon-related obligations reported in operating profit (note 35c)	**304**	212
Movements in provisions recorded in the Income statement outside of operating profit	**130**	103
Closing provisions (note 27)	**4,501**	3,740

1 For the year to 31 December 2024, the Group has elected to disaggregate the impact of Carbon-related obligations from the Movement in provisions included within Net cash flows from operating activities within the Cash flow statement. The figures for the comparative year to 31 December 2023 have been updated accordingly.

c Reconciliation of movement in carbon assets and obligations included within Net cash flows from operating activities

€ million	2024	2023
Non-cash carbon-related obligations recorded in operating profit	**304**	212
Purchase of carbon-related assets	**(242)**	(262)
Movements in carbon-related assets and obligations recorded within net cash flows from operating activities	**62**	(50)

d Other items included within Net cash flows from operating activities

€ million	2024	2023
Non-cash equity settled share-based payments	**61**	50
Ineffectiveness arising on hedge accounting	**-**	6
Non-cash movements on derivative and non-derivative financial instruments	**30**	16
Settlement of interest rate derivatives	**22**	44
Other	**(6)**	(5)
	107	111

e Details of Acquisition of property, plant and equipment and intangible assets within Net cash flows from investing activities

€ million	2024	2023
Purchase of property, plant and equipment – fleet	**2,035**	2,715
Purchase of property, plant and equipment – other	**296**	193
Purchase of intangible assets	**485**	374
	2,816	3,282

1 During the year to 31 December 2024, the Group has presented Carbon-related assets separately from Intangible assets and now includes these amounts within Carbon-related and other assets (note 20) with the associated cash flows now presented within Net cash flows from operating activities (see note 35c). The 2023 details have been updated accordingly. Refer to notes 2 and 37 for further information.

36 Related party transactions

The following transactions took place with related parties for the financial years to 31 December:

€ million	2024	2023
Sales of goods and services		
Sales to associates[1]	**6**	5
Sales to significant shareholders[2]	**246**	261
Purchases of goods and services		
Purchases from associates[3]	**76**	72
Purchases from significant shareholders[2]	**181**	131
Receivables from related parties		
Amounts owed by associates[4]	**20**	18
Amounts owed by significant shareholders[5]	**91**	136
Payables to related parties		
Amounts owed to associates[6]	**10**	6
Amounts owed to significant shareholders[5]	**15**	12

1 Sales to associates: Consisted primarily of sales for airline-related services to Dunwoody Airline Services (Holding) Limited ('Dunwoody') of €5 million (2023: €4 million) and €1 million (2023: €1 million) to Serpista, S.A., Multiservicios Aeroportuarios, S.A., Empresa Hispano Cubana de Mantenimiento de Aeronaves, Ibeca, S.A. and Sociedad Conjunta para la Emisión y Gestión de Medios de Pago, EFC, S.A.

2 Sales to and purchases from significant shareholders principally relates to interline services, the purchase of cargo capacity, the provision of maintenance services and the income from licensing of the Avios brand with Qatar Airways (Q.C.S.C.).

3 Purchases from associates: Consisted primarily of €50 million of airport auxiliary services purchased from Multiservicios Aeroportuarios, S.A. (2023: €41 million), €15 million of maintenance services received from Serpista, S.A. (2023: €17 million) and €11 million of handling services provided by Dunwoody (2023: €13 million).

4 Amounts owed by associates: Consisted primarily of €19 million from a long-term loan provided to LanzaJet, Inc. (2023: €17 million) and €1 million of services provided to Multiservicios Aeroportuarios, S.A., Serpista, S.A., Dunwoody, Empresa Hispano Cubana de Mantenimiento de Aeronaves, Ibeca, S.A., Empresa Logística de Carga Aérea, S.A., Sociedad Conjunta para la Emisión y Gestión de Medios de Pago, EFC, S.A., Viajes AME, S.A.U. and Mundiplan Turismo y Ocio, S.L. (2023: €1 million).

5 Amounts owed by and to significant shareholders related to Qatar Airways (Q.C.S.C.).

6 Amounts owed to associates: Consisted primarily of €7 million of auxiliary airport services to Multiservicios Aeroportuarios, S.A. and Dunwoody (2023: €3 million) and €3 million of maintenance of airport equipment to Serpista, S.A. (2023: €2 million).

During the year to 31 December 2024 British Airways met certain costs of administering its retirement benefit plans, including the provision of support services to the Trustees. Costs borne on behalf of the retirement benefit plans amounted to €nil (2023: €1 million) in relation to the costs of the Pension Protection Fund levy.

The Group has transactions with related parties that are conducted in the normal course of the airline and loyalty operating companies, which include the provision of airline and related services and loyalty services. All such transactions are carried out on an arm's length basis.

For the year to 31 December 2024, the Group has not made any provision for expected credit loss arising relating to amounts owed by related parties (2023: €nil).

Significant shareholders

In this instance, significant shareholders are those parties who have the power to participate in the financial and operating policy decisions of the Group, as a result of their shareholdings in the Group, but who do not have control over these policies. At 31 December 2024, the only significant shareholder of the Group was Qatar Airways (Q.C.S.C.).

At 31 December 2024 the Group had no cash deposit balances with shareholders, who were not significant shareholders, holding a participation of more than 3% (2023: none).

Board of Directors and Management Committee remuneration

Compensation received by the Group's Board of Directors and Management Committee, in 2024 and 2023 is as follows:

	Year to 31 December	
€ million	**2024**	2023
Base salary, fees and benefits		
Board of Directors		
Short-term benefits	**5**	4
Share-based payments	**–**	1
Management Committee		
Short-term benefits	**17**	15
Share-based payments	**3**	–

For the year to 31 December 2024, the Board of Directors includes remuneration for one executive director (31 December 2023: one executive director). The Management Committee includes remuneration for 11 members (31 December 2023: 14 members) and excludes remuneration for the one executive director.

The Company provides life insurance for the executive director and all members of the Management Committee. For the year to 31 December 2024, the Company's obligation was €47,000 (2023: €45,000).

At 31 December 2024 the transfer value of accrued pensions covered under defined benefit pension obligation schemes, relating to the current members of the Management Committee, totalled €4 million (2023: €4 million).

No loan or credit transactions were outstanding with directors or officers of the Group at 31 December 2024 (2023: €nil).

37 Change in accounting policies

The Group has applied the amendments to IAS 1 for the first for the year to 31 December 2024 with the year to 31 December 2023 restated to conform with the current presentation of the Balance sheet. Further information is given in note 2.

In addition, while the Group has maintained its accounting policy for emissions allowances, it has, during the year to 31 December 2024, changed how it presents the associated assets and liabilities in the Balance sheet and associated classification in the Cash flow statement. Further information is given in note 2.

The following tables summarise the impacts of these changes on the Balance sheet as at 31 December 2023 and on the Cash flow statement for the year to 31 December 2023:

Consolidated balance sheet (extract as at 31 December 2023)

€ million	As reported	IAS 1 amendments	Carbon-related adjustments	Restated
Non-current assets				
Intangible assets	3,909	–	(577)	3,332
Carbon-related and other non-current assets	432	–	330	762
Other	22,635	–	–	22,635
	26,976	**–**	**(247)**	**26,729**
Current assets				
Carbon-related and other current assets	1,574	–	247	1,821
Other	9,130	–	–	9,130
	10,704	**–**	**247**	**10,951**
Total assets	**37,680**	**–**	**–**	**37,680**
Total equity	**3,278**	**–**	**–**	**3,278**
Non-current liabilities				
Borrowings	13,831	(726)	–	13,105
Other non-current liabilities	3,592	–	–	3,592
	17,423	**(726)**	**–**	**16,697**
Current liabilities				
Borrowings	2,251	726	–	2,977
Other current liabilities	14,728	–	–	14,728
	16,979	**726**	**–**	**17,705**
Total liabilities	**34,402**	**–**	**–**	**34,402**
Total equity and liabilities	**37,680**	**–**	**–**	**37,680**

Consolidated cash flow statement (extract for the year to 31 December 2023)

	Year to 31 December		
€ million	As reported	Carbon-related adjustments	Restated
Cash flows from operating activities			
Operating profit	3,507	–	3,507
Increase in provisions (excluding carbon-related obligations)	237	(212)	25
Purchase of carbon-related assets net of the change in carbon-related obligations	–	(50)	(50)
Other cash flows from operating activities	1,120	–	1,120
Net cash flows from operating activities	**4,864**	**(262)**	**4,602**
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets	(3,544)	262	(3,282)
Other cash flows from investing activities	121	–	121
Net cash flows from investing activities	**(3,423)**	**262**	**(3,161)**
Net cash flows from financing activities	**(5,194)**	**–**	**(5,194)**
Net decrease in cash and cash equivalents	(3,753)	–	(3,753)
Net foreign exchange differences	(2)	–	(2)
Cash and cash equivalents at 1 January	9,196	–	9,196
Cash and cash equivalents at year end	**5,441**	**–**	**5,441**

38 Post balance sheet events

Partial redemption of 2027 and 2029 bonds

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. Further information relating to these two bonds is given in note 26b.

Completion of share buyback programme

As detailed in notes 3 and 31, on 8 November 2024 the Group announced a €350 million share buyback programme, with an expected completion date of February 2025. The shares purchased under the programme will be cancelled at the Annual General Meeting in June 2025.

IAG Loyalty payment of historical VAT to HMRC in the UK

As detailed in note 10g and reported in prior years, HMRC in the UK has been considering the appropriate VAT accounting that should be applied by IAG Loyalty. In October 2024, HMRC issued the Group with its decision letter relating to the appropriate VAT accounting, which differs to the accounting approach applied by IAG Loyalty. Subsequent to 31 December 2024 and prior to the date of this report, the Group appealed this matter to the First-tier Tribunal (Tax) in the UK. In order to advance the case to the First-tier Tribunal (Tax), without admission of liability, the Group paid to HMRC €673 million (£557 million). Of these amounts, the Group expects to recover €260 million (£215 million) through input VAT for certain of its subsidiaries, with the residual €413 million (£342 million), being refunded if the matter is resolved in the Group's favour.

In addition, subsequent to 31 December 2024 and prior to the date of this report, 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.

Final dividend

A final dividend of €0.06 per share was proposed by the Board of Directors on 27 February 2025 (31 December 2023: €nil). It is payable from 30 June 2025 to shareholders who are on the register at 27 June 2025. The final dividend amounting to €288 million, calculated based on the number of shares in issue less treasury shares at the close of trading on 27 February 2025, has not been recognised as a liability in these consolidated financial statements. It will be recognised in total equity in the year to 31 December 2025.

Share buyback programme

On 27 February 2025 the Board approved a share buyback programme of up to €1,000 million (31 December 2023: €nil) to be completed in up to 12 months from the date of this report.

ALTERNATIVE PERFORMANCE MEASURES

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 2024, the Group has introduced the Gross debt to EBITDA before exceptional items measure. This measure is used by the Group, in conjunction with the Net debt to EBITDA before exceptional items measure, in monitoring the Group's leverage and to enable users to supplement their assessment of the Group's financial headroom and performance against its peers. Other than the aforementioned change, 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 2023.

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 four exceptional items recorded in 2024, there were no exceptional items recorded in 2023.

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

	Year to 31 December					
€ million	**Statutory 2024**	**Exceptional items**	**Before exceptional items 2024**	Statutory 2023	Exceptional items	Before exceptional items 2023
Passenger revenue	**28,274**	**-**	**28,274**	25,810	-	25,810
Cargo revenue	**1,234**	**-**	**1,234**	1,156	-	1,156
Other revenue	**2,592**	**-**	**2,592**	2,487	-	2,487
Total revenue	**32,100**	**-**	**32,100**	29,453	-	29,453
Employee costs[1]	**6,356**	**160**	**6,196**	5,423	-	5,423
Fuel costs and emissions charges	**7,608**	**-**	**7,608**	7,557	-	7,557
Handling, catering and other operating costs	**4,135**	**-**	**4,135**	3,849	-	3,849
Landing fees and en-route charges	**2,405**	**-**	**2,405**	2,308	-	2,308
Engineering and other aircraft costs	**2,729**	**-**	**2,729**	2,509	-	2,509
Property, IT and other costs	**1,120**	**-**	**1,120**	1,058	-	1,058
Selling costs	**1,082**	**-**	**1,082**	1,155	-	1,155
Depreciation, amortisation and impairment	**2,364**	**-**	**2,364**	2,063	-	2,063
Net gain on sale of property, plant and equipment	**(14)**	**-**	**(14)**	(2)	-	(2)
Currency differences	**32**	**-**	**32**	26	-	26
Total expenditure on operations	**27,817**	**160**	**27,657**	25,946	-	25,946
Operating profit	**4,283**	**(160)**	**4,443**	3,507	-	3,507
Finance costs	**(917)**	**-**	**(917)**	(1,113)	-	(1,113)
Finance income	**404**	**-**	**404**	386	-	386
Net change in fair value of financial instruments	**(237)**	**-**	**(237)**	(11)	-	(11)
Net financing credit relating to pensions	**63**	**-**	**63**	103	-	103
Net currency retranslation (charges)/credits	**(127)**	**-**	**(127)**	176	-	176
Other non-operating credits[2]	**94**	**(50)**	**144**	8	-	8
Total net non-operating costs	**(720)**	**(50)**	**(670)**	(451)	-	(451)
Profit before tax	**3,563**	**(210)**	**3,773**	3,056	-	3,056
Tax[3]	**(831)**	**140**	**(971)**	(401)	-	(401)
Profit after tax	**2,732**	**(70)**	**2,802**	2,655	-	2,655

€ million	Statutory 2024	Exceptional items	Before exceptional items 2024	Statutory 2023	Exceptional items	Before exceptional items 2023
	Three months to 31 December					
Passenger revenue	**6,961**	**–**	**6,961**	6,293	–	6,293
Cargo revenue	**364**	**–**	**364**	290	–	290
Other revenue	**722**	**–**	**722**	641	–	641
Total revenue	**8,047**	**–**	**8,047**	7,224	–	7,224
Employee costs[1]	**1,841**	**160**	**1,681**	1,438	–	1,438
Fuel costs and emissions charges	**1,740**	**–**	**1,740**	1,978	–	1,978
Handling, catering and other operating costs	**1,034**	**–**	**1,034**	958	–	958
Landing fees and en-route charges	**563**	**–**	**563**	546	–	546
Engineering and other aircraft costs	**725**	**–**	**725**	647	–	647
Property, IT and other costs	**300**	**–**	**300**	270	–	270
Selling costs	**241**	**–**	**241**	304	–	304
Depreciation, amortisation and impairment	**627**	**–**	**627**	555	–	555
Net (gain)/loss on sale of property, plant and equipment	**(13)**	**–**	**(13)**	13	–	13
Currency differences	**28**	**–**	**28**	13	–	13
Total expenditure on operations	**7,086**	**160**	**6,926**	6,722	–	6,722
Operating profit	**961**	**(160)**	**1,121**	502	–	502
Finance costs	**(240)**	**–**	**(240)**	(246)	–	(246)
Finance income	**105**	**–**	**105**	101	–	101
Net change in fair value of financial instruments	**(174)**	**–**	**(174)**	(11)	–	(11)
Net financing credit relating to pensions	**17**	**–**	**17**	26	–	26
Net currency retranslation (charges)/credits	**(183)**	**–**	**(183)**	112	–	112
Other non-operating credits/(charges)	**122**	**–**	**122**	(43)	–	(43)
Total net non-operating costs	**(353)**	**–**	**(353)**	(61)	–	(61)
Profit before tax	**608**	**(160)**	**768**	441	–	441
Tax	**(216)**	**–**	**(216)**	63	–	63
Profit after tax for the period	**392**	**(160)**	**552**	504	–	504

The rationale for each exceptional item is given below.

1 Restructuring costs
The exceptional charge of €160 million is attributable to the Iberia ground handling restructuring programme, which right-sizes the Group's ground handling function for the near term. The exceptional charge has been recorded within Employee costs in the Income statement.

During 2024, the Group incurred cash outflows associated with the Iberia ground handling restructuring programme of €3 million, with the remaining amounts expected to be paid through to 2032, dependent on the age of each individual that is part of the Iberia ground handing restructuring programme.

The related tax credit was €40 million.

2 Termination of the agreement with Globalia to purchase Air Europa Holdings
The exceptional charge of €50 million represents 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 has been recorded within Other non-operating credits in the Income statement. There was no related tax impact in the Income statement. The Group recognised the cash outflow impact of the termination agreement during 2024, recorded within cash flows from investing activities within the Cash flow statement.

3 Changes to Spanish tax legislation
The exceptional tax credit of €100 million recorded in the year to 31 December 2024, relates to the revocation of Royal Decree-Law 3/2016 (RDL 3/2016) amounting to a net credit of €135 million, and the enactment of Law 7/2024 amounting to a charge of €35 million. These two items are described below:

(i) Revocation of RDL 3/2016
RDL 3/2016 for fiscal years 2016 to 2023 was revoked 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, giving rise to the aforementioned net exceptional tax credit. 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 year to 31 December 2024, the Group received €101 million from the Spanish tax authorities relating to fiscal years 2021 to 2023 as a result of a refund of current taxes. During the remainder of 2025, at the earliest, the Group expects to receive a further €88 million of the claims relating to fiscal years 2016 to 2023.

(ii) Enactment of Law 7/2024
On 20 December 2024, the Spanish parliament enacted Law 7/2024, which reinstates the aforementioned tax measures that had been previously declared unconstitutional by the *Tribunal Constitucional* (Constitutional Court). Law 7/2024 is effective from 1 January 2024, whereby the Spanish subsidiaries of the Group are permitted to offset only up to 25% of their taxable profits with historical accumulated losses (to the extent there are sufficient tax losses to do so). In addition to the change in the loss limitation rate, the non-deductibility of historical impairments in subsidiaries that occurred prior to 1 January 2013 has been reintroduced. There was no cash flow impact in 2024 as a result of the enactment of Law 7/2024.

The table below provides a reconciliation of the statutory to pre-exceptional condensed alternative income statement by operating segment for the years to 31 December 2024 and 2023:

	Year to 31 December 2024														
	British Airways (£)			British Airways (€)			Iberia			Vueling			Aer Lingus		
Million	Statutory	Exceptional items	Before exceptional items	Statutory	Exceptional items	Before exceptional items	Statutory	Exceptional items	Before exceptional items	Statutory	Exceptional items	Before exceptional items	Statutory	Exceptional items	Before exceptional items
Passenger revenue	13,466	–	13,466	15,871	–	15,871	5,862	–	5,862	3,244	–	3,244	2,304	–	2,304
Cargo revenue	789	–	789	931	–	931	305	–	305	–	–	–	55	–	55
Other revenue	153	–	153	185	–	185	1,375	–	1,375	17	–	17	17	–	17
Total revenue	**14,408**	**–**	**14,408**	**16,987**	**–**	**16,987**	**7,542**	**–**	**7,542**	**3,261**	**–**	**3,261**	**2,376**	**–**	**2,376**
Employee costs	2,871	–	2,871	3,386	–	3,386	1,618	160	1,458	427	–	427	514	–	514
Fuel costs and emissions charges	3,676	–	3,676	4,328	–	4,328	1,611	–	1,611	895	–	895	638	–	638
Ownership costs	1,134	–	1,134	1,337	–	1,337	461	–	461	279	–	279	164	–	164
Supplier costs	4,679	–	4,679	5,514	–	5,514	2,985	–	2,985	1,260	–	1,260	855	–	855
Total expenditure on operations	12,360	–	12,360	14,565	–	14,565	6,675	160	6,515	2,861	–	2,861	2,171	–	2,171
Operating profit	**2,048**	**–**	**2,048**	**2,422**	**–**	**2,422**	**867**	**(160)**	**1,027**	**400**	**–**	**400**	**205**	**–**	**205**
Operating margin (%)	**14.2%**		**14.2%**				**11.5%**		**13.6%**	**12.3%**		**12.3%**	**8.6%**		**8.6%**

	Year to 31 December 2024					
	IAG Loyalty (£)			IAG Loyalty (€)		
Million	Statutory	Exceptional items	Before exceptional items	Statutory	Exceptional items	Before exceptional items
Passenger revenue	1,247	–	1,247	1,470	–	1,470
Other revenue	1,183	–	1,183	1,392	–	1,392
Total revenue	**2,430**	**–**	**2,430**	**2,862**	**–**	**2,862**
Employee costs	88	–	88	104	–	104
Ownership costs	19	–	19	23	–	23
Supplier costs	1,903	–	1,903	2,240	–	2,240
Total expenditure on operations	2,010	–	2,010	2,367	–	2,367
Operating profit/(loss)	**420**	**–**	**420**	**495**	**–**	**495**
Operating margin (%)	**17.3%**		**17.3%**			

	Year to 31 December 2023														
	British Airways (£)[1]			British Airways (€)[1]			Iberia			Vueling			Aer Lingus		
Million	Statutory	Exceptional items	Before exceptional items	Statutory	Exceptional items	Before exceptional items	Statutory	Exceptional items	Before exceptional items	Statutory	Exceptional items	Before exceptional items	Statutory	Exceptional items	Before exceptional items
Passenger revenue	12,668	–	12,668	14,558	–	14,558	5,262	–	5,262	3,181	–	3,181	2,209	–	2,209
Cargo revenue	757	–	757	869	–	869	275	–	275	–	–	–	55	–	55
Other revenue	141	–	141	161	–	161	1,421	–	1,421	17	–	17	10	–	10
Total revenue	13,566	–	13,566	15,588	–	15,588	6,958	–	6,958	3,198	–	3,198	2,274	–	2,274
						–			–			–			–
Employee costs	2,559	–	2,559	2,939	–	2,939	1,284	–	1,284	399	–	399	471	–	471
Fuel costs and emissions charges	3,825	–	3,825	4,394	–	4,394	1,496	–	1,496	907	–	907	639	–	639
Ownership costs	1,009	–	1,009	1,159	–	1,159	411	–	411	256	–	256	150	–	150
Supplier costs	4,829	–	4,829	5,546	–	5,546	2,827	–	2,827	1,240	–	1,240	789	–	789
Total expenditure on operations	12,222	–	12,222	14,038	–	14,038	6,018	–	6,018	2,802	–	2,802	2,049	–	2,049
Operating profit	1,344	–	1,344	1,550	–	1,550	940	–	940	396	–	396	225	–	225
Operating margin (%)	9.9%		9.9%				13.5%		13.5%	12.4%		12.4%	9.9%		9.9%

	Year to 31 December 2023					
	IAG Loyalty (£)[1]			IAG Loyalty (€)[1]		
Million	Statutory	Exceptional items	Before exceptional items	Statutory	Exceptional items	Before exceptional items
Passenger revenue	844	–	844	961	–	961
Other revenue	1,209	–	1,209	1,395	–	1,395
Total revenue	2,053	–	2,053	2,356	–	2,356
Employee costs	79	–	79	89	–	89
Ownership costs	12	–	12	18	–	18
Supplier costs	1,595	–	1,595	1,828	–	1,828
Total expenditure on operations	1,686	–	1,686	1,935	–	1,935
Operating profit	367	–	367	421	–	421
Operating margin (%)	17.9%		17.9%			

1 During the year 2024, the Group changed its internal organisation, resulting in BA Holidays, a previously fully owned and consolidated subsidiary of British Airways Plc, being transferred from the British Airways segment to the IAG Loyalty segment, which aligns with the revised reporting to the IAG MC. Accordingly, the Group has restated its previously reported segmental information for 2023. There is no change to the total segmental results of the Group.

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.

€ million	Note	2024	2023
Profit after tax attributable to equity holders of the parent	a	**2,732**	2,655
Exceptional items	a	**(70)**	–
Profit after tax attributable to equity holders of the parent before exceptional items		**2,802**	2,655
Income statement impact of convertible bonds	11	**185**	15
Adjusted profit		**2,987**	2,670
Weighted average number of ordinary shares in issue used for basic earnings per share	11	**4,903**	4,933
Weighted average number of ordinary shares used for diluted earnings per share	11	**5,260**	5,277
Basic earnings per share (€ cents)		**55.7**	53.8
Basic earnings per share before exceptional items (€ cents)		**57.1**	53.8
Adjusted earnings per share before exceptional items (€ cents)		**56.8**	50.6

c Ownership costs

Ownership costs represents 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.

€ million	2024	2023
Depreciation, amortisation and impairment	**2,364**	2,063
Net gain on sale of property, plant and equipment	**(14)**	(2)
Ownership costs	**2,350**	2,061

d Airline non-fuel costs per ASK

The Group monitors airline unit costs (per available seat kilometre (ASK), a standard airline measure of capacity) as a means of tracking operating efficiency of the core airline business. As fuel costs can vary with commodity prices, the Group monitors fuel and non-fuel costs individually. Within non-fuel costs are the costs associated with generating Other revenue, which typically do not represent the costs of transporting passengers or cargo and instead represent the costs of handling and maintenance for other airlines, non-flight products in BA Holidays and costs associated with other miscellaneous non-flight revenue streams. Airline non-fuel costs per ASK is defined as total operating expenditure before exceptional items, less fuel costs and emission charges and less non-flight specific costs divided by total ASKs, and is shown on a constant currency basis (abbreviated to 'ccy').

€ million	Note	2024 Reported	Constant currency adjustment	2024 ccy	2023
Total expenditure on operations	a	**27,817**	(326)	**27,491**	25,946
Less: exceptional items in operating expenditure	a	**160**	–	**160**	–
Less: fuel costs and emission charges	a	**7,608**	(78)	**7,530**	7,557
Non-fuel costs		**20,049**	(248)	**19,801**	18,389
Less: non-flight specific costs		**2,232**	(43)	**2,189**	2,141
Airline non-fuel costs		**17,817**	(205)	**17,612**	16,248
ASKs (millions)		**343,253**	–	**343,253**	323,111
Airline non-fuel unit costs per ASK (€ cents)		**5.19**	–	**5.13**	5.03

e 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.

€ million	**2024**	2023[1]
Net cash flows from operating activities	**6,372**	4,602
Acquisition of property, plant and equipment and intangible assets	**(2,816)**	(3,282)
Free cash flow	**3,556**	1,320

1 The 2023 results include reclassifications to conform with the current period presentation for Carbon-related assets. There is no change in the total 2023 reported Free cash flow. Further information is given in notes 2 and 37.

f 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 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 year. It is a measure of the profitability of the Group and of the core operating cash flows generated by the business model.

€ million	Note	**2024**	2023
Gross debt: interest-bearing long-term borrowings	26	**17,345**	16,082
Less: Cash and cash equivalents	22	**8,189**	5,441
Less: Other current interest-bearing deposits	22	**1,639**	1,396
Net debt		**7,517**	9,245
Operating profit	a	**4,283**	3,507
Add: Depreciation, amortisation and impairment	a	**2,364**	2,063
EBITDA		**6,647**	5,570
Add: Exceptional items	a	**160**	–
EBITDA before exceptional items		**6,807**	5,570
Gross debt to EBITDA before exceptional items (times)		**2.5**	2.9
Net debt to EBITDA before exceptional items (times)		**1.1**	1.7

g 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 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	Note	2024	2023
EBITDA before exceptional items	f	**6,807**	5,570
Less: Fleet depreciation multiplied by inflation adjustment		**(2,246)**	(1,976)
Less: Other property, plant and equipment depreciation		**(234)**	(194)
Less: Software intangible amortisation		**(232)**	(185)
		4,095	3,215
Invested capital			
Average fleet value[1]	13	**18,068**	16,919
Less: Average progress payments[2]	13	**(892)**	(993)
Fleet book value less progress payments		**17,176**	15,926
Inflation adjustment[3]		**1.18**	1.18
		20,326	18,811
Average net book value of other property, plant and equipment[4]	13	**2,387**	2,143
Average net book value of software intangible assets[5]	17	**976**	737
Total invested capital		**23,689**	21,691
Return on invested capital		**17.3%**	14.8%

1 The average net book value of aircraft is calculated from an amount of €18,615 million at 31 December 2024 and €17,520 million at 31 December 2023.

2 The average net book value of progress payments is calculated from an amount of €870 million at 31 December 2024 and €914 million at 31 December 2023.

3 Presented to two decimal places and calculated using a 1.5% inflation (31 December 2023: 1.5% inflation) rate over the weighted average age of the fleet at 31 December 2024: 11.6 years (31 December 2023: 11.0 years).

4 The average net book value of other property, plant and equipment is calculated from an amount of €2,517 million at 31 December 2024 and €2,256 million at 31 December 2023.

5 The average net book value of software intangible assets is calculated from an amount of €1,115 million at 31 December 2024 and €837 million at 31 December 2023.

h 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 consolidated financial statements.

The following table represents the main average and closing exchange rates for the reporting periods. Where 2024 figures are stated at a constant currency basis, the 2023 rates stated below have been applied:

Foreign exchange rates

	Weighted average		Closing	
	2024	2023	**2024**	2023
Pound sterling to euro	**1.18**	1.15	**1.21**	1.16
Euro to US dollar	**1.09**	1.09	**1.04**	1.09
Pound sterling to US dollar	**1.28**	1.26	**1.26**	1.27

i 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 general undrawn facilities and Committed aircraft undrawn facilities.

€ million	Note	2024	2023
Cash and cash equivalents	22	**8,189**	5,441
Current interest-bearing deposits	22	**1,639**	1,396
Committed and undrawn general facilities	29f	**3,344**	4,359
Committed and undrawn aircraft facilities	29f	**134**	375
Overdrafts and other facilities	29f	**56**	53
Total liquidity		**13,362**	11,624

GROUP INVESTMENTS

Subsidiaries

British Airways

Name and address	Principal activity	Country of incorporation	Percentage of equity owned
BA and AA Holdings Limited* Waterside, PO Box 365, Harmondsworth, UB7 0GB	Holding company	England	100%
BA Call Centre India Private Limited (callBA) F-42, East of Kailash, New Delhi, 110065	Call centre	India	100%
BA Cityflyer Limited* Waterside, PO Box 365, Harmondsworth, UB7 0GB	Airline operations	England	100%
BA Euroflyer Limited Waterside, PO Box 365, Harmondsworth, UB7 0GB	Airline operations	England	100%
BA European Limited Waterside, PO Box 365, Harmondsworth, UB7 0GB	Holding company	England	100%
BA Excepted Group Life Scheme Limited Waterside, PO Box 365, Harmondsworth, UB7 0GB	Life insurance	England	100%
BA Healthcare Trust Limited Waterside, PO Box 365, Harmondsworth, UB7 0GB	Dormant	England	100%
BA Holdco Limited Waterside, PO Box 365, Harmondsworth, UB7 0GB	Dormant	England	100%
BA Number One Limited Waterside, PO Box 365, Harmondsworth, UB7 0GB	Holding company	England	100%
BA Number Two Limited IFC 5, St Helier, JE1 1ST	Holding company	Jersey	100%
Bealine Plc Waterside, PO Box 365, Harmondsworth, UB7 0GB	Dormant	England	100%
BritAir Holdings Limited* Waterside, PO Box 365, Harmondsworth, UB7 0GB	Holding company	England	100%
British Airways (BA) Limited Waterside, PO Box 365, Harmondsworth, UB7 0GB	Dormant	England	100%
British Airways 777 Leasing Limited* Waterside, PO Box 365, Harmondsworth, UB7 0GB	Aircraft leasing	England	100%
British Airways Associated Companies Limited Waterside, PO Box 365, Harmondsworth, UB7 0GB	Holding company	England	100%
British Airways Avionic Engineering Limited* Waterside, PO Box 365, Harmondsworth, UB7 0GB	Aircraft maintenance	England	100%
British Airways Capital Limited Queensway House, Hilgrove Street, St Helier, JE1 1ES	Aircraft financing	Jersey	100%
British Airways Holdings B.V. Strawinskylaan 3105, Atrium, Amsterdam, 1077ZX	Holding company	Netherlands	100%
British Airways Interior Engineering Limited* Waterside, PO Box 365, Harmondsworth, UB7 0GB	Aircraft maintenance	England	100%
British Airways Leasing Limited* Waterside, PO Box 365, Harmondsworth, UB7 0GB	Aircraft leasing	England	100%
British Airways Maintenance Cardiff Limited* Waterside, PO Box 365, Harmondsworth, UB7 0GB	Aircraft maintenance	England	100%
British Airways Pension Trustees (No 2) Limited Waterside, PO Box 365, Harmondsworth, UB7 0GB	Trustee company	England	100%
British Midland Airways Limited Waterside, PO Box 365, Harmondsworth, UB7 0GB	Dormant	England	100%
British Midland Limited Waterside, PO Box 365, Harmondsworth, UB7 0GB	Holding company	England	100%
Gatwick Ground Services Limited Waterside, PO Box 365, Harmondsworth, UB7 0GB	Ground services	England	100%
Speedbird Insurance Company Limited* Canon's Court, 22 Victoria Street, Hamilton, HM 12	Insurance	Bermuda	100%
British Airways Engineering Gatwick Limited Waterside, PO Box 365, Harmondsworth, UB7 0GB	Aircraft maintenance	England	100%
Avios Group (AGL) Limited* Waterside, PO Box 365, Harmondsworth, UB7 0GB	Management of airline loyalty reward currency	England	86%[1]

Iberia

Name and address	Principal activity	Country of incorporation	Percentage of equity owned
Compañía Operadora de Corto y Medio Radio Iberia Express, S.A.* Calle Alcañiz 23, Madrid, 28006	Airline operations	Spain	100%
Compañía Explotación Aviones Cargueros Cargosur, S.A. Calle Martínez Villergas 49, Madrid, 28027	Cargo transport	Spain	100%
Iberia LAE México SA de CV Xochicalco 174, Col. Narvarte, Alcaldía Benito Juárez, Mexico City, 03020	Aircraft technical assistance	Mexico	100%
Iberia Líneas Aéreas de España, S.A. Operadora* Calle Martínez Villergas 49, Madrid, 28027	Airline operations and maintenance	Spain	100%[2]
Iberia Operadora UK Limited Waterside, PO Box 365, Harmondsworth, UB7 0GB	Holding company	England	100%[1]
Iberia Tecnología, S.A.* Calle Martínez Villergas 49, Madrid, 28027	Aircraft maintenance	Spain	100%
South Europe Ground Services, S.L. Avenida de la Hispanidad 6, Madrid, 28042	Ground handling services	Spain	100%
Iberia Desarrollo Barcelona, S.L.* Avenida de les Garrigues 38-44, Edificio B, El Prat de Llobregat, Barcelona, 08220	Airport infrastructure development	Spain	75%
Fly Level Barcelona LH, S.L. Calle Catalunya 83, Viladecans, Barcelona, 08840	Airline operations	Spain	50%
Avios Group (AGL) Limited* Waterside, PO Box 365, Harmondsworth, UB7 0GB	Management of airline loyalty reward currency	England	14%[1]

Aer Lingus

Name and address	Principal activity	Country of incorporation	Percentage of equity owned
Aer Lingus (Ireland) Limited Dublin Airport, Dublin	Provision of human resources support to fellow group companies	Republic of Ireland	100%
Aer Lingus 2009 DCS Trustee Limited Dublin Airport, Dublin	Trustee	Republic of Ireland	100%
Aer Lingus Beachey Limited Penthouse Suite, Analyst House, Peel Road, Douglas, IM1 4LZ	Dormant	Isle of Man	100%
Aer Lingus Group DAC* Dublin Airport, Dublin	Holding company	Republic of Ireland	100%[3]
Aer Lingus Limited* Dublin Airport, Dublin	Airline operations	Republic of Ireland	100%
Aer Lingus (UK) Limited Victoria House, 15-17 Gloucester Street, Belfast, BT1 4LS	Airline operations	Northern Ireland	100%
ALG Trustee Limited 33-37 Athol Street, Douglas, IM1 1LB	Trustee	Isle of Man	100%
Dirnan Insurance Company Limited Canon's Court, 22 Victoria Street, Hamilton, HM 12	Insurance	Bermuda	100%
Santain Developments Limited Dublin Airport, Dublin	Dormant	Republic of Ireland	100%

IAG Loyalty

Name and address	Principal activity	Country of incorporation	Percentage of equity owned
Avios South Africa Proprietary Limited Block C, 1 Marignane Drive, Bonaero Park, Gauteng, 1619	Dormant	South Africa	100%
IAG Loyalty Limited Waterside, PO Box 365, Harmondsworth, UB7 0GB	Dormant	England	100%
IAG Loyalty Retail Limited Waterside, PO Box 365, Harmondsworth, UB7 0GB	Retail services	England	100%
British Airways Holidays Waterside, PO Box 365, Harmondsworth, UB7 0GB	Tour operator	England	100%
Overseas Air Travel Limited Waterside, PO Box 365, Harmondsworth, UB7 0GB	Flight procurement	England	100%

IAG Cargo

Name and address	Principal activity	Country of incorporation	Percentage of equity owned
Cargo Innovations Limited Carrus Cargo Centre, PO Box 99, Sealand Road, London Heathrow Airport, Hounslow, Middlesex, TW6 2JS	Dormant	England	100%
Zenda Group Limited Carrus Cargo Centre, PO Box 99, Sealand Road, London Heathrow Airport, Hounslow, Middlesex, TW6 2JS	Dormant	England	100%

Vueling

Name and address	Principal activity	Country of incorporation	Percentage of equity owned
Yellow Handling, S.L.U Calle Catalunya 83, Viladecans, Barcelona, 08840	Ground handling services	Spain	100%

LEVEL

Name and address	Principal activity	Country of incorporation	Percentage of equity owned
Fly Level UK Limited Waterside, PO Box 365, Harmondsworth, UB7 0GB	Dormant	England	100%
Openskies SASU 3 Rue le Corbusier, Rungis, 94150	Airline operations	France	100%

International Consolidated Airlines Group, S.A.

Name and address	Principal activity	Country of incorporation	Percentage of equity owned
AERL Holding Limited Waterside, PO Box 365, Harmondsworth, UB7 0GB	Holding company	England	100%
British Airways Plc* Waterside, PO Box 365, Harmondsworth, UB7 0GB	Airline operations	England	100%[4]
Fly Level Barcelona LH, S.L. Calle Catalunya 83, Viladecans, Barcelona, 08840	Airline operations	Spain	100%[5]
Fly Level, S.L. El Caserío, Iberia Zona Industrial 2 (La Muñoza), Camino de la Muñoza s/n, Madrid, 28042	Airline operations	Spain	100%
IAG Cargo Limited* Carrus Cargo Centre, PO Box 99, Sealand Road, London Heathrow Airport, Hounslow, TW6 2JS	Air freight operations	England	100%
IAG Connect Limited Waterside, PO Box 365, Harmondsworth, UB7 0GB	In-flight eCommerce platform	Republic of Ireland	100%
IAG GBS Limited* Waterside, PO Box 365, Harmondsworth, UB7 0GB	IT, finance, procurement services	England	100%
IAG GBS Poland sp z.o.o.* Ul. Opolska 114, Krakow, 31-323	IT, finance, procurement services	Poland	100%
IB Opco Holding, S.L. Calle Martínez Villergas 49, Madrid, 28027	Holding company	Spain	100%[2]
Vueling Airlines, S.A.* Calle Catalunya 83, Viladecans, Barcelona, 08840	Airline operations	Spain	99.5%[6]

* Principal subsidiaries

1 The Group holds 100% of both the nominal share capital and economic rights in Avios Group (AGL) Limited, held directly by British Airways Plc, which owns 86% and Iberia Operadora UK Limited, which owns 14%.

2 The Group holds 49.9% of both the total nominal share capital and the total number of voting rights in IB Opco Holding, S.L. (and thus, indirectly, in Iberia Líneas Aéreas de España, S.A. Operadora), such stake having almost 100% of the economic rights in these companies. The remaining shares, representing 50.1% of the total nominal share capital and the total number of voting rights belong to a Spanish company incorporated for the purposes of implementing the Iberia nationality structure.

3 The Group holds 49.75% of the total number of voting rights and the majority of the economic rights in Aer Lingus Group DAC. The remaining voting rights, representing 50.25%, correspond to a trust established for implementing the Aer Lingus nationality structure.

4 The Group holds 49.9% of the total number of voting rights and 99.65% of the total nominal share capital in British Airways Plc, such stake having almost 100% of the economic rights. The remaining nominal share capital and voting rights, representing 0.35% and 50.1% respectively, are held by a trust established for the purposes of implementing the British Airways nationality structure.

5 The Group holds 100% of both the nominal share capital and economic rights in Fly Level Barcelona LH, S.L., held directly by Iberia, which owns 50.1% and the Company, which owns 49.9%.

6 The Group holds 99.5% of both the nominal share capital and economic rights in Vueling Airlines, S.A., held directly by Iberia, which owns 50.1% and the Company, which owns 49.4%.

Associates

Name and address	Country of incorporation	Percentage of equity owned
Empresa Hispano Cubana de Mantenimiento de Aeronaves, Ibeca, S.A. Carretera Aerocaribbean y Final, Terminal No 5 Jose Martí Airport, Wajay, Municipio Boyeros, Havana	Cuba	50%
Empresa Logística de Carga Aérea, S.A. Carretera de Wajay km 1 ½, Jose Martí Airport, Havana	Cuba	50%
Mundiplan Turismo y Ocio S.L. Calle Hermanos García Noblejas 41, Madrid, 28037	Spain	50%
Multiservicios Aeroportuarios, S.A. Avenida de Manoteras 46, 2ª planta, Madrid, 28050	Spain	49%
Dunwoody Airline Services Limited Building 552 Shoreham Road East, London Heathrow Airport, Hounslow, TW6 3UA	England	40%
Serpista, S.A. Calle Cardenal Marcelo Spínola 10, Madrid, 28016	Spain	39%
Air Miles España, S.A. Avenida de Bruselas 20, Alcobendas, Madrid, 28108	Spain	26.7%
Inloyalty by Travel Club, S.L.U. Avenida de Bruselas 20, Alcobendas, Madrid, 28108	Spain	26.7%
Viajes Ame, S.A.U. Avenida de Bruselas 20, Alcobendas, Madrid, 28108	Spain	26.7%
LanzaJet Inc. 520 Lake Cook Road, Suite 680, Deerfield, Illinois, 60015	USA	12.8%

Joint ventures

Name and address	Country of incorporation	Percentage of equity owned
Sociedad Conjunta para la Emisión y Gestión de Medios de Pago EFC, S.A. Calle de O'Donnell 12, Madrid, 28009	Spain	50.5%

Other equity investments

The Group's principal other equity investments are as follows:

Name and address	Country of incorporation	Percentage of equity owned	Currency	Shareholder's funds (million)	Profit/(loss) before tax (million)
Air Europa Holdings S.L.[1] Carretera Arenal - Llucmajor, km 21.5, Llucmajor, 07620	Spain	20%	€	32	7
Servicios de Instrucción de Vuelo, S.L. El Caserío, Iberia Zona Industrial 2 (La Muñoza), Camino de la Muñoza s/n, Madrid, 28042	Spain	19.9%	€	74	4
The Airline Group Limited 5th Floor, Brettenham House South, Lancaster Place, London, WC2N 7EN	England	16.7%	£	208	–
Travel Quinto Centenario, S.A. Calle Alemanes 3, Sevilla, 41004	Spain	10%	€	–	–
i6 Group Limited Farnborough Airport, Ively Road, Farnborough, Hampshire, GU14 6XA	England	7.4%	£	–	(2)
NAYAKJV1, SL Carrer d'Osona 2, 08820 El Prat de Llobregat	Spain	5.0%	€	1	–
Monese Limited Eagle House 163 City Road, London, EC1V 1NR	England	4.8%	£	8	(31)

1 The Shareholder funds and result before tax of Air Europa Holdings S.L. represent the data for the year to 31 December 2023 and are prepared under Spanish GAAP. The Group does not have access to financial information other than that reported in the statutory financial statements of the company, which are published subsequent to the authorisation of these consolidated financial statements.

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 27 February 2025, the directors of International Consolidated Airlines Group, S.A. state that, to the best of their knowledge, the consolidated financial statements for the year to 31 December 2024 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.

27 February 2025

Javier Ferrán Larraz
Chairman

Luis Gallego Martín
Chief Executive Officer

Peggy Bruzelius

Eva Castillo Sanz

Margaret Ewing

Maurice Lam

Bruno Matheu

Heather Ann McSharry

Robin Phillips

Emilio Saracho Rodríguez de Torres

Lucy Nicola Shaw

AIRCRAFT FLEET

Number in service with Group companies

	Owned	Finance lease	Operating lease	**Total 31 December 2024**	Total 31 December 2023	Changes since 31 December 2023	Future deliveries	Options[1]
Airbus A319ceo	12	–	24	**36**	41	(5)	–	–
Airbus A320ceo	51	8	134	**193**	190	3	7	–
Airbus A320neo	–	46	28	**74**	66	8	47	30
Airbus A321ceo	14	–	28	**42**	43	(1)	–	–
Airbus A321neo	3	9	19	**31**	29	2	35	–
Airbus A321LR	–	–	8	**8**	8	–	–	–
Airbus A321XLR	3	–	–	**3**	–	3	11	14
Airbus A330-200	2	1	19	**22**	19	3	–	–
Airbus A330-300	4	4	12	**20**	20	–	–	–
Airbus A350-900	–	6	16	**22**	21	1	3	13
Airbus A350-1000	–	16	2	**18**	17	1	–	36
Airbus A380	5	7	–	**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	–	–	–	**–**	–	–	18	24
Boeing 787-8	8	2	2	**12**	12	–	–	–
Boeing 787-9	1	8	9	**18**	18	–	–	–
Boeing 787-10	–	9	2	**11**	7	4	7	6
Embraer E190	9	–	11	**20**	20	–	–	–
Group total	**161**	**116**	**324**	**601**	**582**	**19**	**178**	**223**

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. See note 2 in the consolidated financial statements for further information.

As well as those aircraft in service, the Group also holds 11 aircraft (31 December 2023: 9) not in service.