



Iberdrola, S.A. and subsidiaries

**Condensed consolidated interim
financial statements and
Consolidated interim management
report**

Six-month period ended 30 June 2024



Limited
Review Report on
Iberdrola, S.A. and
subsidiaries

(Together with the condensed consolidated interim financial statements and the management report of Iberdrola, S.A. and subsidiaries for the six-month period ended 30 June 2024)

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



KPMG Auditores, S.L.
Torre Iberdrola
Plaza Euskadi, 5
Planta 17
48009 Bilbao

Report on Limited Review of the Condensed Consolidated Interim Financial Statements

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

To the Shareholders of

Iberdrola, S.A., commissioned by the Directors of the Company

REPORT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Introduction

We have carried out a limited review of the accompanying condensed consolidated interim financial statements (the “interim financial statements”) of Iberdrola, S.A. (the “Company”) and subsidiaries (together the “Group”), which comprise the statement of financial position at 30 June 2024, and the income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows for the six-month period then ended, and explanatory notes (all condensed and consolidated). The Directors of the Company are responsible for the preparation of these interim financial statements in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting as adopted by the European Union, pursuant to article 12 of Royal Decree 1362/2007 as regards the preparation of condensed interim financial information. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Review

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



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

Conclusion

Based on our limited review, which can under no circumstances be considered an audit, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2024 have not been prepared, in all material respects, in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting as adopted by the European Union, pursuant to article 12 of Royal Decree 1362/2007 as regards the preparation of condensed interim financial information.

Emphasis of Matter

We draw your attention to the accompanying note 2, which states that these interim financial statements do not include all the information that would be required in a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The accompanying interim financial statements should therefore be read in conjunction with the Group's consolidated annual accounts for the year ended 31 December 2023. This matter does not modify our conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The accompanying consolidated interim management report for the six-month period ended 30 June 2024 contains such explanations as the Directors of the Company consider relevant with respect to the significant events that have taken place in this period and their effect on the interim financial statements, as well as the disclosures required by article 15 of Royal Decree 1362/2007. The consolidated interim management report is not an integral part of the interim financial statements. We have verified that the accounting information contained therein is consistent with that disclosed in the interim financial statements for the six-month period ended 30 June 2024. Our work is limited to the verification of the consolidated interim management report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of Iberdrola, S.A. and subsidiaries.

Other Matter

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

KPMG Auditores, S.L.

On the Spanish Official Register of Auditors ("ROAC") with No. S0702

(Signed on original in Spanish)

David España

26 July 2024

IBERDROLA, S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND

CONSOLIDATED INTERIM MANAGEMENT REPORT

FOR THE SIX-MONTH PERIOD

ENDED 30 JUNE 2024

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Translation of Financial statements originally issued in Spanish and prepared in accordance with accounting principles generally accepted in Spain (see Note 23). In the event of discrepancy, the Spanish-language version prevails.

IBERDROLA, S.A. AND SUBSIDIARIES

Consolidated statement of financial position at 30 June 2024

Millions of euros			
ASSETS	Note	30.06.2024 (unaudited)	31.12.2023 (*) (audited)
Intangible assets		20,255	20,255
Goodwill		8,556	8,375
Other intangible assets		11,699	11,880
Investment property		423	431
Property, plant and equipment	7	91,678	87,821
Property, plant and equipment in use		77,515	73,466
Property, plant and equipment under construction		14,163	14,355
Right-of-use assets		2,575	2,488
Non-current investments		10,081	9,740
Equity-accounted investees	6	1,463	1,306
Non-current equity investments	9	32	29
Other non-current financial assets	9	7,430	7,208
Derivative financial instruments	9	1,156	1,197
Non-current trade and other receivables		3,981	3,343
Current tax assets	17	821	883
Deferred tax assets		1,961	2,009
NON-CURRENT ASSETS		131,775	126,970
Assets held for sale	5.8	267	4,720
Nuclear fuel		304	278
Inventories		2,832	2,550
Current trade and other receivables		10,539	10,039
Current tax assets		672	351
Other tax receivables		817	782
Current trade and other receivables		9,050	8,906
Current financial assets	9	2,678	2,457
Other current financial assets		1,623	1,679
Derivative financial instruments		1,055	778
Cash and cash equivalents	10	5,393	3,019
CURRENT ASSETS		22,013	23,063
TOTAL ASSETS		153,788	150,033

(*) The consolidated statement of financial position at 31 December 2023 is presented for comparative purposes only.

The accompanying Notes are an integral part of the condensed consolidated interim financial statements.

Translation of Financial statements originally issued in Spanish and prepared in accordance with accounting principles generally accepted in Spain (see Note 23). In the event of discrepancy, the Spanish-language version prevails.

IBERDROLA, S.A. AND SUBSIDIARIES

Consolidated statement of financial position at 30 June 2024

Millions of euros			
	Note	30.06.2024 (unaudited)	31.12.2023 (*) (audited)
EQUITY AND LIABILITIES			
Parent		46,658	43,111
Subscribed capital	11	4,817	4,763
Valuation adjustments	11	214	2
Other reserves		41,832	37,699
Treasury shares	11	(2,321)	(1,465)
Translation differences		(2,018)	(2,691)
Net profit for the period and the year		4,134	4,803
Non-controlling interests		17,140	17,181
EQUITY		63,798	60,292
Capital grants		1,127	1,136
Facilities transferred or financed by third parties		5,366	6,021
Non-current provisions		4,689	4,536
Provision for pensions and similar obligations	14	1,395	1,456
Other provisions		3,294	3,080
Non-current financial liabilities		40,444	41,775
Bank borrowings, bonds or other marketable securities	9, 15	34,720	36,319
Equity instruments having the substance of a financial liability	9	535	561
Derivative financial instruments	9	1,389	1,285
Leases		2,475	2,408
Other non-current financial liabilities		1,325	1,202
Other non-current liabilities		1,332	435
Current tax liabilities		401	387
Deferred tax liabilities		7,614	7,379
TOTAL NON-CURRENT LIABILITIES		60,973	61,669
Liabilities linked to assets held for sale	5, 8	136	1,097
Current provisions		906	920
Provision for pensions and similar obligations	14	30	40
Other provisions		876	880
Current financial liabilities		24,096	23,120
Bank borrowings, bonds or other marketable securities	9, 15	13,486	11,959
Equity instruments having the substance of a financial liability	9	102	110
Derivative financial instruments	9	978	1,352
Leases		191	184
Trade payables		5,801	5,112
Other current financial liabilities		3,538	4,403
Other current liabilities		3,879	2,935
Current tax liabilities		1,410	332
Other tax payables		1,570	1,303
Other current liabilities		899	1,300
TOTAL CURRENT LIABILITIES		29,017	28,072
TOTAL EQUITY AND LIABILITIES		153,788	150,033

(*) The consolidated statement of financial position at 31 December 2023 is presented for comparative purposes only.

The accompanying Notes are an integral part of the condensed consolidated interim financial statements.

Translation of Financial statements originally issued in Spanish and prepared in accordance with accounting principles generally accepted in Spain (see Note 23). In the event of discrepancy, the Spanish-language version prevails.

IBERDROLA, S.A. AND SUBSIDIARIES

Consolidated income statement for the six-month period ended 30 June 2024

Millions of euros			
	Note	30.06.2024 (unaudited)	30.06.2023 (*) (unaudited)
Revenue	6,16.1	22,637	26,264
Supplies		(10,148)	(14,140)
GROSS INCOME		12,489	12,124
Personnel expenses		(1,894)	(1,824)
Capitalised personnel expenses		452	408
External services		(2,078)	(1,850)
Other operating income		2,111	361
Net operating expenses		(1,409)	(2,905)
Taxes	16.2	(1,466)	(1,658)
GROSS OPERATING PROFIT (EBITDA)		9,614	7,561
Valuation adjustments, trade and contract assets	6	(261)	(293)
Amortisation, depreciation and provisions	6	(2,494)	(2,357)
OPERATING PROFIT (EBIT)		6,859	4,911
Result of equity-accounted investees	5, 6	10	2
Finance income		1,074	818
Finance expense		(1,922)	(1,945)
Net finance income		(848)	(1,127)
PROFIT BEFORE TAX		6,021	3,786
Income tax	17	(1,609)	(1,016)
NET PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		4,412	2,770
PROFIT/(LOSS) FOR THE YEAR FROM DISCONTINUED OPERATIONS (NET OF TAX)		(9)	(8)
Non-controlling interests		(269)	(241)
NET PROFIT FOR THE PERIOD ATTRIBUTABLE TO THE PARENT		4,134	2,521
EARNINGS PER SHARE IN EUROS FOR CONTINUING OPERATIONS:			
BASIC EARNINGS PER SHARE IN EUROS		0.642	0.374
DILUTED EARNINGS PER SHARE IN EUROS		0.641	0.373
EARNINGS PER SHARE IN EUROS FOR DISCONTINUED OPERATIONS:			
BASIC LOSS PER SHARE IN EUROS		(0.001)	(0.001)
DILUTED LOSS PER SHARE IN EUROS		(0.001)	(0.001)

(*) The consolidated income statement for the six-month period ended 30 June 2023 is presented for comparison purposes only.

The accompanying Notes are an integral part of the condensed consolidated interim financial statements.

Translation of Financial statements originally issued in Spanish and prepared in accordance with accounting principles generally accepted in Spain (see Note 23). In the event of discrepancy, the Spanish-language version prevails.

IBERDROLA, S.A. AND SUBSIDIARIES

Consolidated statement of comprehensive income for the six-month period ended 30 June 2024

Millions of euros	30.06.2024 (unaudited)			30.06.2023(*) (unaudited)		
	Parent	Non-controlling interests	Total	Parent	Non-controlling interests	Total
NET PROFIT FOR THE PERIOD	4,134	269	4,403	2,521	241	2,762
OTHER COMPREHENSIVE INCOME/(LOSS) TO BE RECLASSIFIED TO THE CONSOLIDATED INCOME STATEMENT IN SUBSEQUENT YEARS						
In valuation adjustments (Note 11)	214	(8)	206	951	39	990
Change in value of cash flow hedges	272	(11)	261	1,240	56	1,296
Change in hedging cost	5	—	5	14	—	14
Tax effect	(63)	3	(60)	(303)	(17)	(320)
In translation differences	673	(111)	562	(240)	46	(194)
TOTAL	887	(119)	768	711	85	796
OTHER COMPREHENSIVE INCOME NOT TO BE RECLASSIFIED TO THE CONSOLIDATED INCOME STATEMENT IN SUBSEQUENT YEARS						
In Other reserves	—	—	—	(206)	(28)	(234)
Actuarial deviations for pensions (Note 14)	—	—	—	(281)	(42)	(323)
Tax effect	—	—	—	75	14	89
TOTAL	—	—	—	(206)	(28)	(234)
OTHER COMPREHENSIVE INCOME FROM EQUITY-ACCOUNTED INVESTEEES (NET OF TAXES)						
In valuation adjustments	(2)	—	(2)	(6)	—	(6)
TOTAL	(2)	—	(2)	(6)	—	(6)
TOTAL NET PROFIT RECOGNISED DIRECTLY IN EQUITY	885	(119)	766	499	57	556
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	5,019	150	5,169	3,020	298	3,318

(*) The consolidated statement of comprehensive income for the six-month period ended 30 June 2023 is presented for comparison purposes only.

The accompanying Notes are an integral part of these condensed consolidated interim financial statements.

Translation of Financial statements originally issued in Spanish and prepared in accordance with accounting principles generally accepted in Spain (see Note 23). In the event of discrepancy, the Spanish-language version prevails.

IBERDROLA, S.A. AND SUBSIDIARIES

Consolidated statement of changes in equity for the six-month period ended 30 June 2024

Millions of euros	Subscribed capital	Treasury shares	Other reserves			Retained earnings	Valuation adjustments	Translation differences	Net profit for the year	Non-controlling interests	Total
			Legal reserve	Share premium	Other restricted reserves						
Balance at 01.01.2024	4,763	(1,465)	969	12,434	1,490	22,806	2	(2,691)	4,803	17,181	60,292
Comprehensive income for the period	—	—	—	—	—	—	212	673	4,134	150	5,169
Transactions with shareholders or owners											
Scrip issue (Note 11)	54	—	—	(54)	—	—	—	—	—	—	—
Distribution of dividends (Note 11)	—	—	—	—	—	4,344	—	—	(4,803)	(289)	(748)
Transactions with treasury shares	—	(856)	—	—	—	8	—	—	—	—	(848)
Transactions with non-controlling interests (Note 5)	—	—	—	—	—	—	—	—	—	100	100
Other changes in equity											
Equity instruments-based payments	—	—	—	—	—	(47)	—	—	—	(2)	(49)
Issuance of subordinated perpetual bonds (Note 11)	—	—	—	—	—	—	—	—	—	700	700
Cancellation of subordinated perpetual bonds (Note 11)	—	—	—	—	—	—	—	—	—	(700)	(700)
Interest accrued on perpetual subordinated bonds	—	—	—	—	—	(110)	—	—	—	—	(110)
Other changes	—	—	—	—	—	(8)	—	—	—	—	(8)
Balance at 30.06.2024	4,817	(2,321)	969	12,380	1,490	26,993	214	(2,018)	4,134	17,140	63,798

Millions of euros	Subscribed capital	Treasury shares	Other reserves			Retained earnings	Valuation adjustments	Translation differences	Net profit for the year	Non-controlling interests	Total
			Legal reserve	Share premium	Other restricted reserves						
Balance at 01.01.2023	4,772	(1,756)	969	14,070	1,490	20,310	(932)	(2,143)	4,339	16,995	58,114
Comprehensive income for the period	—	—	—	—	—	(206)	945	(240)	2,521	298	3,318
Transactions with shareholders or owners											
Scrip issue (Note 11)	63	—	—	(63)	—	—	—	—	—	—	—
Distribution of dividends (Note 11)	—	—	—	—	—	4,072	—	—	(4,339)	(683)	(950)
Transactions with treasury shares	—	(872)	—	—	—	(2)	—	—	—	—	(874)
Business combinations (Note 5)	—	—	—	—	—	—	—	—	—	100	100
Transactions with non-controlling interests (Note 5)	—	—	—	—	—	32	—	—	—	93	125
Other changes in equity											
Equity instruments-based payments	—	—	—	—	—	(55)	—	—	—	(1)	(56)
Interest accrued on perpetual subordinated bonds	—	—	—	—	—	(105)	—	—	—	—	(105)
Other changes	—	—	—	—	—	6	—	—	—	4	10
Balance at 30.06.2023 (*) (unaudited)	4,835	(2,628)	969	14,007	1,490	24,052	13	(2,383)	2,521	16,806	59,682

(*) The consolidated statement of changes in equity for the six-month period ended 30 June 2023 is presented for comparison purposes only.

The accompanying Notes are an integral part of these condensed consolidated interim financial statements.

Translation of Financial statements originally issued in Spanish and prepared in accordance with accounting principles generally accepted in Spain (see Note 23). In the event of discrepancy, the Spanish-language version prevails.

IBERDROLA, S.A. AND SUBSIDIARIES

Consolidated statement of cash flows for the six-month period ended 30 June 2024

Millions of euros	Note	30.06.2024 (unaudited)	30.06.2023 (*) (unaudited)
Profit before tax from continuing operations		6,021	3,786
Profit before tax from discontinued operations		(12)	(12)
Adjustments for			
Amortisation, provisions, valuation adjustments of financial assets and personnel		2,860	2,803
Net profit/loss from investments in associates and joint ventures		(10)	(2)
Capital grants applied and other deferred income		(159)	(153)
Finance income and finance costs		848	1,127
Gain/(loss) before tax on disposal of subsidiaries	5	(1,717)	—
Changes in working capital			
Change in trade receivables and other		(665)	169
Change in inventories		(324)	33
Change in trade payables and other liabilities		(249)	(1,337)
Provisions paid		(190)	(230)
Income tax paid		(901)	(574)
Dividends received		17	13
Net cash flows from operating activities		5,519	5,623
Acquisition of intangible assets		(301)	(239)
Acquisition of associates		(185)	(19)
Acquisition of investment property		(4)	—
Acquisition of property, plant and equipment		(4,037)	(2,673)
Capitalised interest paid		(254)	(140)
Capitalised personnel expenses paid		(452)	(408)
Capital grants and other deferred income		1	1
Payments for other investment flows		(749)	(718)
Interest received		152	100
Net proceeds/(payments) for current financial assets		238	769
Proceeds from disposal of non-financial assets		9	6
Proceeds from disposal of subsidiaries	5	5,681	—
Change in cash due to modification of the consolidation scope	5	(243)	—
Net cash flows used in investing activities		(144)	(3,321)
Dividends paid		(459)	(267)
Dividends paid to non-controlling interests		(244)	(774)
Perpetual subordinated bonds			
Instruments issued	11	700	1,000
Redemption	11	(700)	(1,000)
Interest paid		(147)	(157)
Bank borrowings, bonds or other marketable securities			
Issues and disposals		9,377	5,091
Redemption		(9,490)	(5,703)
Interest paid excluding capitalised interest		(980)	(980)
Financial liabilities from leases			
Payment of principal		(86)	(94)
Interest paid excluding capitalised interest		(48)	(32)
Equity instruments having the substance of a financial liability			
Instruments issued		15	66
Payments		(97)	(205)
Acquisition of treasury shares		(932)	(1,573)
Proceeds from disposal of treasury shares		74	94
Proceeds for transactions with non-controlling interests	5	100	80
Net cash flows used in financing activities		(2,917)	(4,454)
Effect of exchange rate fluctuations on cash and cash equivalents		(84)	61
Net increase/(decrease) in cash and cash equivalents		2,374	(2,091)
(-) Cash and cash equivalents from assets and liabilities held for sale		—	(63)
Cash and cash equivalents at the beginning of year		3,019	4,608
Cash and cash equivalents at end of period		5,393	2,454

(*) The consolidated statement of cash flows for the six-month period ended 30 June 2023 is presented for comparison purposes only.

The accompanying Notes are an integral part of these condensed consolidated interim financial statements.

IBERDROLA, S.A. AND SUBSIDIARIES

Notes to the condensed consolidated interim financial statements for the six-month period ended 30 June 2024

1. Group activities

Iberdrola, S.A. (hereinafter, IBERDROLA), a company (sociedad anónima) organised in Spain, with a registered office at Plaza Euskadi 5, in Bilbao, is the parent of a group of companies whose main activities are:

- Production of electricity from renewable and conventional sources.
- Sale and purchase of electricity and gas in wholesale markets.
- Transmission and distribution of electricity.
- Retail supply of electricity, gas and energy-related services.
- Other activities, mainly linked to the energy sector.

The aforementioned activities are performed in Spain and abroad, and totally or partially either directly by IBERDROLA or through the ownership of shares or other equity investments in other companies, subject in all cases to the legislation applicable at any given time and, in particular, to the prevailing laws in the electricity industry.

2. Basis of presentation of the condensed consolidated interim financial statements

a) Accounting standards applied

The Board of Directors of IBERDROLA authorised these condensed consolidated interim financial statements for the six-month period ended 30 June 2024 (the “consolidated financial statements”) for issue on 23 July 2024.

These consolidated financial statements have been prepared in accordance with IAS 34 – Interim financial information, and also include other information not required in that standard, as set forth under Section 12 of Royal Decree 1362/2007. However, they do not include all the information and disclosures required in the consolidated financial statements by the International Financial Reporting Standards adopted in the European Union (hereinafter, IFRS-EU). Therefore, to ensure they are properly interpreted, these financial statements should be read alongside the consolidated financial statements of the IBERDROLA Group for the year ended 31 December 2023.

The accounting policies used to prepare these consolidated financial statements are consistent with those used in the consolidated financial statements for the year ended 31 December 2023. The regulations approved by the European Union for application on 1 January 2024 have had no impact on the consolidated financial statements of the IBERDROLA Group.

Regulations issued but not yet implemented

In addition, at the date of preparation of these condensed consolidated interim financial statements, the following standards, amendments and interpretations had been issued with an effective date on or after 1 January 2025:

Standard		Mandatory application	
		IASB	European Union
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	01.01.2024	1/1/2024
IFRS 18	Presentation of financial statements and disclosures	01.01.2027	(*)
Amendments to IFRS 9 and IFRS 7	Modifications to the classification and measurement of financial instruments	01.01.2026	(*)
Amendments to IAS 21:	Lack of Exchangeability	1.1.2025	(*)

(*) Pending EU approval.

b) Working capital deficit

As of 30 June 2024 the consolidated financial statements show a shortfall in working capital (current liabilities exceed current assets) of EUR 7,004 million. The directors state that this shortfall will be covered by generating funds from the businesses of the IBERDROLA Group. Furthermore, the IBERDROLA Group has undrawn loans and facilities amounting to EUR 15,563 million, as indicated in Note 15.

3. Seasonal variations

The IBERDROLA Group's activity does not exhibit a significant degree of seasonal variation on a half-yearly basis.

4. Sources of uncertainty and use of accounting estimates

The IBERDROLA Group relied on certain assumptions and estimates in drawing up these consolidated financial statements. The criteria used to calculate the estimates contained in these financial statements are the same as those used to draw up the IBERDROLA Group's 2023 consolidated financial statements.

The macroeconomic scenario over the first half of the year, as a result of the geopolitical situation, continues to put pressure on supply chains and raw material prices. Electricity prices are falling amid increased renewable generation. Despite easing inflation and the first interest rate cut by the ECB, a high interest rate environment remains in place due to uncertainties in price developments and the resilience of the major economies. Based on the knowledge available at the date of issue of these consolidated financial statements, the consequences of such a scenario are not expected to have a material adverse effect on the business plans and, therefore, on the recoverable amount of the Group's non-current non-financial assets.

Although these estimates were made on the basis of the best information available on the facts analysed at the issue date of these financial statements, future events may require adjustments (upwards or downwards) in coming years. Any such changes would be applied prospectively, recognising the effects of the change in estimates for future periods.

5. Changes in the scope of consolidation and other significant transactions

Sale of subsidiaries

In April 2023, IBERDROLA signed a Memorandum of Understanding (MoU) between subsidiaries of Iberdrola México and México Infrastructure Partners FF, S.A.P.I. de C.V. (MIP), whereby IBERDROLA undertook to divest a portfolio of 13 power generation assets in the country, including combined cycle plants and an onshore wind farm. IBERDROLA retains 13 plants, all the private customer activity and the portfolio of renewable energy projects to be developed.

In June 2023, Iberdrola Generación México, S.A. de C.V., Iberdrola Renovables México, S.A. de C.V. and certain subsidiaries thereof, all fully owned, directly or indirectly, by the IBERDROLA Group's country subholding company in Mexico, Iberdrola México, S.A. de C.V., executed the sale and purchase agreement envisaged in the MoU for the sale of their shares.

The spin-off to other subsidiaries of Iberdrola Mexico of certain generation projects and other assets excluded from the transaction was complete as at 31 December 2023, and all necessary regulatory approvals had been obtained, except for that of the Federal Economic Competition Commission (COFECE).

At 31 December 2023, the IBERDROLA Group reported the assets and liabilities subject to sale in these transactions in the consolidated statement of financial position under “Assets held for sale” and “Liabilities linked to assets held for sale”, which break down as follows (Note 8):

Millions of euros	
Intangible assets	2
Property, plant and equipment	3,383
Right-of-use asset	27
Non-current financial investments	2
Non-current trade and other receivables	586
Deferred tax assets	165
NON-CURRENT ASSETS	4,165
Current trade and other receivables	355
Current financial assets	2
CURRENT ASSETS	357
TOTAL ASSETS	4,522
Non-current provisions	102
Non-current financial liabilities	144
Other non-current liabilities	56
Deferred tax liabilities	384
TOTAL NON-CURRENT LIABILITIES	686
Current financial liabilities	156
Other current liabilities	108
TOTAL CURRENT LIABILITIES	264
TOTAL LIABILITIES	950

In February 2024, after receiving authorisation from the Mexican Federal Economic Competition Commission (COFEC) and having fulfilled the remaining conditions precedent agreed between the parties, the sale was successfully closed. Total proceeds from the sale amounted approximately to USD 6,200 million. This resulted in a gross gain of EUR 1,717 million, recognised in “Other operating income” in the consolidated income statement for the six-month period ended 30 June 2024.

Transactions with non-controlling interests

Baltic Eagle capital increases

Baltic Eagle GmbH completed capital increases totalling EUR 205 million in the first half of 2024, subscribed for by both of its members (Masdar Baltic Eagle Germany GmbH and Iberdrola Renovables Deutschland GmbH) in proportion to their percentages of ownership. This resulted in a credit of EUR 100 million to “Equity – Non-controlling interests” in the consolidated statement of financial position as at 30 June 2024.

Co-investment framework agreement with NBIM Iberian Reinfra AS

In January 2024, a number of IBERDROLA Group companies entered into a co-investment framework agreement with NBIM Iberian Reinfra AS (NBIM Iberian), a company belonging to the group of which Norges Bank is the holding company. The agreement constitutes a new arrangement as part of the ongoing collaboration between the parties for the joint development of renewable assets in the Iberian peninsula undertaken pursuant to the co-investment framework agreement with NBIM Iberian announced by Iberdrola, S.A. on 17 January 2023.

The agreement envisages the acquisition by NBIM Iberian of a 49% stake in the share capital of several IBERDROLA Group companies operating onshore wind and solar photovoltaic projects in Spain and Portugal. The total project portfolio of these companies amounts, initially, to 673.6 MW of projects under development. In subsequent phases, a project under operation of 327.5 MW and another project under development of 316 MW may be added, with the operation totalling 1,316 MW if carried out in its entirety.

At a later date, the IBERDROLA Group and NBIM Iberian will contribute their respective stakes in the companies owning the projects to a holding company owned by both companies in the same proportion of 51% and 49%, respectively, of their share capital. The IBERDROLA Group will retain control of the companies that own the projects and will manage the development of the non-operational projects until they enter commercial operation, and the IBERDROLA Group will continue to provide them with corporate, management, operation and maintenance services needed to run their operations.

This portfolio of renewable energy projects, valued at 100%, is worth EUR 627 million for the projects in the initial phase. Therefore, NBIM Iberian's investment for its 49% stake in this portfolio will be approximately EUR 307 million, which may be subject to adjustments that are customary in these types of transactions. This amount excludes any additional margins arising from the provision by the IBERDROLA Group of the aforementioned services to these companies. Completion of the transaction is conditional upon NBIM Iberian obtaining the mandatory authorisations for foreign direct investment. Therefore, it has had no effect on the consolidated interim financial statements as at 30 June 2024.

Resolution to acquire the common shares of Avangrid, Inc. not owned by IBERDROLA

In March 2024, IBERDROLA submitted to the Board of Directors of Avangrid, Inc. (AVANGRID) a non-binding preliminary expression of interest whereby IBERDROLA proposed to acquire, through a merger or as otherwise agreed between the parties, all of the ordinary shares of Avangrid not already owned by IBERDROLA.

In May 2024, IBERDROLA entered into a merger agreement with AVANGRID and IBERDROLA's investee Arizona Merger Sub, Inc. ("Merger Sub"), pursuant to which IBERDROLA will acquire all of the Avangrid ordinary shares not already owned by IBERDROLA for USD 35.75 per share in cash. Following completion of the merger of Merger Sub into Avangrid, IBERDROLA will hold 100% of AVANGRID's share capital.

The aggregate consideration payable by IBERDROLA to existing holders of Avangrid shares other than IBERDROLA as a result of the transaction would amount to around USD 2,551 million, equivalent to roughly EUR 2,348 million (assuming a euro/dollar exchange rate of 1.0866). The consideration offered will not be subject to future adjustments in the event that AVANGRID distributes dividends in accordance with its usual policy prior to the completion of the transaction.

Although the merger agreement is binding, completion of the transaction is subject to the satisfaction of several conditions that are customary for deals of this nature. These include, among others, obtaining all required regulatory approvals and the favourable vote of (1) the shareholders holding a majority of the issued and outstanding ordinary shares of AVANGRID; (2) the shareholders of AVANGRID holding a majority of the issued and outstanding shares of AVANGRID that are not held by Iberdrola, its subsidiaries or entities controlled by Iberdrola; and (3) shareholders holding a majority of the issued and outstanding ordinary shares of AVANGRID other than Iberdrola, Merger Sub, subsidiaries or entities controlled by IBERDROLA, members of the board of directors of AVANGRID who are employees of IBERDROLA or its subsidiaries or related entities and executives of AVANGRID and family members or related parties of the foregoing.

The merger agreement entitles IBERDROLA and AVANGRID to terminate the contract if the transaction is not completed on or before 30 June 2025. However, an extension of three months is available, exercisable unilaterally by both AVANGRID and IBERDROLA, if, by that date, the only conditions outstanding are the authorisations from the regulatory authorities mentioned earlier. The foregoing does not affect other early termination rights provided for in the merger agreement in favour of IBERDROLA or AVANGRID, respectively.

The execution of the transaction is subject to the fulfilment of certain requirements. Therefore, it has had no effect on the consolidated interim financial statements as at 30 June 2024.

6. Segment information

The IBERDROLA Group groups its segments according to a dual structure of geographical areas and business areas. This matrix structure with segments by geographical areas and by business areas is as follows:

Geographical areas:

- Spain;
- United Kingdom;
- United States;
- Mexico;
- Brazil; and
- Iberdrola Energía Internacional (IEI), with the main countries being Germany, France and Australia.

Business areas:

- Networks business: comprises activities related to the transmission and distribution of energy, primarily involving gas and electricity, along with other regulated operations.
- Renewable Energy and Sustainable Generation business: includes the generation of electricity from renewable sources (onshore and offshore wind, photovoltaic and hydro) and from other energy sources, conventional nuclear generation and combined cycle plants in Spain.
- Customers business: covers activities related to energy retail supply, primarily involving gas and electricity, as well as the provision of other products and services, including hydrogen. It also includes non-renewable generation in Mexico, with a significant portion serving third-party customers.
- Other businesses: other non-energy businesses.

Corporation includes the costs of the Group's structure (Single Corporation), and of the administration services of the corporate areas that are subsequently invoiced to the other companies through specific service agreements.

The transactions between the different segments are generally executed on an arm's-length basis.

The key figures of the operating segments identified are shown below. For the sake of comparison, the balances for the consolidated income statement are shown at 30 June 2023, while the balances for the consolidated statement of financial position are shown at 31 December 2023.

The key figures for the identified segments are as follows:

Segmentation by country

30.06.2024								
	Spain	United Kingdom	United States	Mexico	Brazil	IEI	Corporation and adjustments	Total
Millions of euros								
REVENUE (NOTE 16.1)	8,155	4,230	4,017	952	4,640	858	(215)	22,637
RESULTS								
Segment operating profit - EBIT	2,589	1,211	309	1,883	890	174	(197)	6,859
Result of equity-accounted investees - net of taxes	(6)	—	6	—	15	(1)	(4)	10
ASSETS								
Segment assets	34,297	31,813	47,589	3,752	10,790	9,554	(2,426)	135,369
Equity-accounted investees	158	12	827	—	341	38	87	1,463
LIABILITIES								
Segment liabilities	11,183	7,843	14,386	1,584	4,052	1,373	(4,443)	35,978
OTHER INFORMATION								
Total cost incurred during the period in the acquisition of property, plant and equipment, intangible assets and right-of-use assets (*)	945	1,143	1,616	36	17	529	63	4,349
Valuation adjustments, trade receivables and other assets (Expense)/income	22	96	88	—	54	1	—	261
Depreciation and amortisation	862	443	633	57	299	133	23	2,450
Charges/(reversals) for other provisions	7	3	29	—	6	(1)	—	44
Expenses for the period other than depreciation and amortisation not resulting in cash outflows	17	(3)	60	3	6	4	18	105

(*) Includes the amount related to interest and personnel expenses capitalised during the six-month period ended 30 June 2024.

30.06.2023								
	Spain	United Kingdom	United States	Mexico	Brazil	IEI	Corporation and adjustments	Total
Millions of euros								
REVENUE (NOTE 16.1)	9,327	6,689	3,816	1,511	4,540	441	(60)	26,264
RESULTS								
Segment operating profit - EBIT	2,417	1,316	239	340	874	121	(396)	4,911
Result of equity-accounted investees - net of taxes	6	1	(1)	—	5	(4)	(5)	2
OTHER INFORMATION								
Total cost incurred during the period in the acquisition of property, plant and equipment, intangible assets and right-of-use assets (*)	1,020	886	1,173	42	73	595	33	3,822
Valuation adjustments, trade receivables and other assets (Expense)/income	55	85	90	(1)	64	—	—	293
Depreciation and amortisation	628	449	616	79	267	89	182	2,310
Charges/(reversals) for other provisions	6	7	27	6	2	(1)	—	47
Expenses for the period other than depreciation and amortisation not resulting in cash outflows	19	26	52	3	6	3	19	128

(*) Includes the amount related to interest and personnel expenses capitalised during the six-month period ended 30 June 2023.

Segmentation by country at 31 December 2023

31.12.2023								
	Spain	United Kingdom	United States	Mexico	Brazil	IEI	Corporation and adjustments	Total
Millions of euros								
ASSETS								
Segment assets	33,545	29,984	44,695	2,918	11,649	8,992	(1,686)	130,097
Equity-accounted investees	150	11	635	—	373	46	91	1,306
LIABILITIES								
Segment liabilities	10,174	7,849	13,437	775	4,281	1,338	(3,388)	34,466

In addition, the amount of non-current assets is broken down below according to their geographical location, excluding non-current financial assets, deferred tax assets and non-current trade and other receivables.

Millions of euros	30.06.2024	31.12.2023
Non-current assets		
Spain	27,259	27,073
United Kingdom	28,660	27,142
United States	42,427	39,969
Mexico	2,349	2,285
Brazil	4,978	5,711
IEI	8,580	8,153
Corporation and adjustments	678	662
Total	114,931	110,995

Segmentation by business

30.06.2024					
Millions of euros	Networks	Renewable Energy and Sustainable Generation	Customers	Other business, Corporation and adjustments	Total
REVENUE (NOTE 16.1)	9,696	4,904	11,706	(3,669)	22,637
RESULTS					
Segment operating profit - EBIT	2,011	1,643	3,413	(208)	6,859
Result of equity-accounted investees - net of taxes	23	(4)	(3)	(6)	10
ASSETS					
Segment assets	66,237	54,449	9,028	5,655	135,369
Equity-accounted investees	373	914	89	87	1,463
LIABILITIES					
Segment liabilities	23,411	11,695	6,716	(5,844)	35,978
OTHER INFORMATION					
Total cost incurred during the period in the acquisition of property, plant and equipment, intangible assets and right-of-use assets (*)	1,957	1,994	315	83	4,349
Valuation adjustments, trade receivables and other assets (Expense)/income	144	1	116	—	261
Depreciation and amortisation	1,089	1,037	251	73	2,450
Charges/(reversals) for other provisions	27	10	7	—	44
Expenses for the period other than depreciation and amortisation not resulting in cash outflows	75	25	9	(4)	105

(*) Includes the amount related to interest and personnel expenses capitalised during the six-month period ended 30 June 2024.

30.06.2023					
Millions of euros	Networks	Renewable Energy and Sustainable Generation	Customers	Other business, Corporation and adjustments	Total
REVENUE (NOTE 16.1)	9,340	4,490	16,418	(3,984)	26,264
RESULTS					
Segment operating profit - EBIT	1,873	1,286	2,053	(301)	4,911
Result of equity-accounted investees - net of taxes	9	(13)	11	(5)	2
OTHER INFORMATION					
Total cost incurred during the period in the acquisition of property, plant and equipment, intangible assets and right-of-use assets (*)	1,486	1,965	255	116	3,822
Valuation adjustments, trade receivables and other assets (Expense)/income	160	(5)	138	—	293
Depreciation and amortisation	1,073	925	252	60	2,310
Charges/(reversals) for other provisions	23	15	9	—	47
Expenses for the period other than depreciation and amortisation not resulting in cash outflows	65	24	10	29	128

(*) Includes the amount related to interest and personnel expenses capitalised during the six-month period ended 30 June 2023.

Segmentation by business at 31 December 2023

31.12.2023 Millions of euros	Networks	Renewable Energy and Sustainable Generation	Customers	Other business, Corporation and adjustments	Total
ASSETS					
Segment assets	63,769	52,596	7,745	5,987	130,097
Equity-accounted investees	380	754	81	91	1,306
LIABILITIES					
Segment liabilities	22,210	11,407	5,303	(4,454)	34,466

In addition, the amount of non-current assets is broken down below by business activity, excluding non-current financial assets, deferred tax assets and non-current trade and other receivables:

Millions of euros	30.06.2024	31.12.2023
Networks	55,346	53,115
Renewable Energy and Sustainable Generation	47,344	45,897
Customers	2,781	2,726
Other business, Corporation and adjustments	9,460	9,257
Total	114,931	110,995

The reconciliation between segment assets and liabilities and the total assets and liabilities of the consolidated statement of financial position is as follows:

Millions of euros	30.06.2024	31.12.2023
Segment assets	135,369	130,097
Non-current investments	10,081	9,740
Current investments	2,678	2,457
Cash and cash equivalents	5,393	3,019
Assets held for sale	267	4,720
Total Assets	153,788	150,033

Millions of euros	30.06.2024	31.12.2023
Segment liabilities	35,978	34,466
Equity	63,798	60,292
Non-current financial liabilities	39,119	40,573
Bank borrowings, bonds or other marketable securities	34,720	36,319
Equity instruments having the substance of a financial liability	535	561
Derivative financial instruments	1,389	1,285
Leases	2,475	2,408
Current financial liabilities	14,757	13,605
Bank borrowings, bonds or other marketable securities	13,486	11,959
Equity instruments having the substance of a financial liability	102	110
Derivative financial instruments	978	1,352
Leases	191	184
Liabilities linked to assets held for sale	136	1,097
Total Liabilities and Equity	153,788	150,033

7. Property, plant and equipment

The following table displays the total cost incurred in the acquisition of property, plant and equipment, as well as the depreciation and impairment charge made in the six-month periods ended 30 June 2024 and 2023, broken down for each of the IBERDROLA Group's operating segments and business units:

Millions of euros	30.06.2024		30.06.2023	
	Cost incurred in property, plant and equipment ⁽¹⁾	Charge for depreciation and impairment allowances	Cost incurred in property, plant and equipment ⁽¹⁾	Charge for depreciation and impairment allowances
Customers business	127	81	149	98
Renewable Energy and Sustainable Generation Business	2,052	963	1,728	861
Networks business	1,844	731	1,406	741
Other business, Corporation and adjustments	13	15	15	15
Total	4,036	1,790	3,298	1,715

⁽¹⁾ Includes the amount relating to interest and personnel expenses capitalised during the six-month period ended 30 June 2024 and 2023, respectively.

Investment commitments at 30 June 2024 and 2023 amounted to EUR 9,309 million and EUR 8,056 million, respectively.

During the six-month periods ended 30 June 2024 and 2023, the IBERDROLA Group did not make significant disposals of property, plant and equipment in relation to these consolidated financial statements.

Supplementary information on foreclosed assets

The Chamber of the High Court of Justice of Extremadura with jurisdiction over adversary proceedings involving public law entities has partially upheld the appeal filed by one of the three owners of the land on which the Usagre Núñez de Balboa (Badajoz) photovoltaic plant is located, against the expropriation resolution passed by the Provincial Board of Compulsory Purchases of Badajoz. The judgment finds that the request for compulsory purchase lacked cause or justification and recognises the right to reinstatement of the affected land. IBERDROLA lodged an appeal before the Supreme Court in 2022, which was ultimately admitted for processing by the court on 14 December 2023. A notice of appeal in cassation was lodged on 16 February 2024. The cumulative investment to date is approximately EUR 242 million.

An analysis of the impact of the current status of these proceedings on the recoverability of the amounts capitalised has been carried out and no indication of impairment has been detected at the date of authorisation for issue of these financial statements.

8. Assets and liabilities held for sale

At 30 June 2024, certain transactions met the requirements of IFRS 5 – “Non-current Assets Held for Sale and Discontinued Operations” for classification as such in the consolidated statement of financial position, in that (i) a sale is planned at prices that are reasonable in comparison to the fair value of the assets to be sold and (ii) the sale is expected to be completed within 12 months.

Reclassification of asset and liability items in the consolidated statement of financial position to a separate line item is performed after eliminating intercompany balances.

In 2023 the IBERDROLA Group’s stake in Neoenergia Itabapoana Transmissão de Energia, S.A. was classified as “Assets held for sale” and “Liabilities held for sale”, for a total of EUR 197 million and EUR 147 million, respectively, at 31 December 2023. The balance at 30 June 2024 amounted to EUR 189 million and EUR 135 million, respectively.

In April 2024, the IBERDROLA Group reached an agreement with Premier Renewable Invest Co S.R.L., a subsidiary of the Premier Energy Group, for the sale of 100% of Eólica Dobrogea One, S.A., which owns the Mihai Viteazu wind farm (80MW). The bid for the company’s shares amounts to EUR 88 million. At 30 June 2024, the IBERDROLA Group reported the assets and liabilities within the scope of that transaction in the consolidated statement of financial position under “Assets held for sale” and “Liabilities linked to assets held for sale”, in the amounts of EUR 78 million and EUR 1 million, respectively.

In addition, at 31 December 2023 the balance of “Assets held for sale” and “Liabilities held for sale” included EUR 4,522 million and EUR 950 million, respectively, relating to the sale of the 13 generation plants in Mexico that took place in the six-month period ended 30 June 2024 (Note 5).

9. Disclosures relating to financial assets and liabilities

The carrying amounts of each category of financial assets and liabilities are shown below, except for assets included under “Non-current trade and other assets” and “Current trade and other receivables” and liabilities included under “Other non-current financial liabilities”, “Other current financial liabilities”, “Leases” and “Trade payables”:

Millions of euros	Non-current financial assets							
	Equity instruments		Other financial assets		Derivatives		Total	
	30.06.24	31.12.23	30.06.24	31.12.23	30.06.24	31.12.23	30.06.24	31.12.23
Assets at fair value through the consolidated income statement	32	29	—	—	324	381	356	410
Assets at amortised cost	—	—	7,430	7,208	—	—	7,430	7,208
Hedging derivatives	—	—	—	—	832	816	832	816
Total	32	29	7,430	7,208	1,156	1,197	8,618	8,434

Millions of euros	Current financial assets							
	Equity instruments		Other financial assets		Derivatives		Total	
	30.06.24	31.12.23	30.06.24	31.12.23	30.06.24	31.12.23	30.06.24	31.12.23
Assets at fair value through the consolidated income statement	—	—	—	—	576	403	576	403
Assets at amortised cost	—	—	1,623	1,679	—	—	1,623	1,679
Hedging derivatives	—	—	—	—	479	375	479	375
Total	—	—	1,623	1,679	1,055	778	2,678	2,457

Millions of euros	Non-current financial liabilities									
	Bank borrowings		Bonds and other marketable securities		Other financial liabilities		Derivatives		Total	
	30.06.24	31.12.23	30.06.24	31.12.23	30.06.24	31.12.23	30.06.24	31.12.23	30.06.24	31.12.23
Liabilities at fair value through the consolidated income statement	—	—	—	—	—	—	273	286	273	286
Liabilities at amortised cost	13,217	13,181	21,503	23,138	535	561	—	—	35,255	36,880
Hedging derivatives	—	—	—	—	—	—	1,116	999	1,116	999
Total	13,217	13,181	21,503	23,138	535	561	1,389	1,285	36,644	38,165

Millions of euros	Current financial liabilities									
	Bank borrowings		Bonds and other marketable securities		Other financial liabilities		Derivatives		Total	
	30.06.24	31.12.23	30.06.24	31.12.23	30.06.24	31.12.23	30.06.24	31.12.23	30.06.24	31.12.23
Liabilities at fair value through the consolidated income statement	—	—	—	—	—	—	447	583	447	583
Liabilities at amortised cost	3,008	3,254	10,478	8,705	102	110	—	—	13,588	12,069
Hedging derivatives	—	—	—	—	—	—	531	769	531	769
Total	3,008	3,254	10,478	8,705	102	110	978	1,352	14,566	13,421

The IBERDROLA Group's general risk policy described in its consolidated financial statements for the year ended 31 December 2023 is the same policy applied at the date of issuance of these condensed consolidated interim financial statements, having completed the review and approval process for 2024. The hedging instruments and types of hedges described herein have the same characteristics as those described in the 2020 consolidated financial statements.

The fair value of "Bank borrowings, bonds or other marketable securities" under current and non-current liabilities in the IBERDROLA Group's consolidated statement of financial position at 30 June 2024 and 31 December 2023 amounts to EUR 47,614 and 48,016 million, respectively. The carrying amount is EUR 48,206 and 48,278 million, respectively. Said value is classified in Level 2 of the valuation hierarchy. The fair value of the remaining financial instruments does not differ significantly from their carrying amount.

The IBERDROLA Group recognises derivative financial instruments at fair value and classifies them into three levels:

- Level 1: assets and liabilities quoted in liquid markets.
- Level 2: assets and liabilities whose fair value is determined using valuation techniques that rely on observable market assumptions.
- Level 3: assets and liabilities whose fair value is determined using valuation techniques that do not rely on observable market assumptions.

Details of financial instruments measured at fair value by level are as follows:

Millions of euros	Value at 30.06.2024	Level 1	Level 2	Level 3
Derivatives financial instruments (financial assets)	2,211	–	1,650	561
Derivative financial instruments (financial liabilities)	(2,367)	(9)	(1,551)	(807)
Total	(156)	(9)	99	(246)

Millions of euros	Value at 31.12.2023	Level 1	Level 2	Level 3
Derivatives financial instruments (financial assets)	1,975	3	1,520	452
Derivative financial instruments (financial liabilities)	(2,637)	–	(2,036)	(601)
Total	(662)	3	(516)	(149)

The reconciliation between initial and final balances for derivative financial instruments classified as Level 3 in the fair-value hierarchy is as follows:

Millions of euros	2024	2023
Balance at 1 January	(149)	324
Income and expense recognised in the consolidated income statement	(29)	(318)
Income and expense recognised in equity	(71)	159
Purchases	11	37
Sales and settlements	(2)	(21)
Translation differences	(6)	10
Balance at 30 June	(246)	191

Income recorded in the consolidated income statement in the six months ended 30 June 2023 from Level 3-classified derivative financial instruments is mainly due to the valuation of commodity derivatives, the effect of which has been offset in the consolidated income statement for the six months ended 30 June 2023 by the valuation of Level 2-classified derivative financial instruments.

The fair value of Level 3-classified financial instruments has been determined using the discounted cash flow method. Projections of these cash flows are based on assumptions not observable in the market, and mainly correspond to purchase and sale price estimates that the Group normally uses, based on its experience in the markets in which it operates.

None of the possible foreseeable scenarios of the assumptions given would result in a material change in the fair value of the financial instruments classified at this level.

To measure derivatives not traded on an organised market, the IBERDROLA Group uses assumptions based on market conditions at year end. In particular,

- the fair value of interest rate swaps is calculated as the value discounted at market interest rates of the interest rate swap contract spread;
- in the case of currency futures, it is measured discounting the future cash flows calculated using the forward exchange rates at year end; and
- the fair value of contracts to trade non-financial items falling under the scope of IFRS 9 “Financial Instruments” is calculated on the basis of the best estimate of future price curves for the underlying non-financial items at the year-end, using, wherever possible, prices established on futures markets.

These measurement models take into account the risks of the asset or liability, including the credit risk of both the counterparty (Credit Value Adjustment) and the entity itself (Debit Value Adjustment). The credit risk is calculated according to the following parameters:

- Exposure at default: the amount of the risk arising at the time of non-payment by a counterparty, taking into account any collateral or compensation arrangements connected to the transaction.
- Probability of default: the probability that a counterparty will breach its obligations to pay the principal and/or interest, depending mainly on the nature of the counterparty and its credit rating.
- Loss given default: the estimated loss in the event of default.

10. Cash and cash equivalents

The breakdown of this heading of the consolidated statements of financial position is as follows:

Millions of euros	30.06.2024	31.12.2023
Cash	1,820	922
Other equivalent liquid assets	3,573	2,097
Total	5,393	3,019

Other cash equivalents mature or expire within a period of less than three months and bear market interest rates. There are no restrictions on cash withdrawals for significant amounts.

11. Equity

Subscribed capital

Changes in the share capital of IBERDROLA over the six-month period ended 30 June 2024 and in the year 2023 are as follows:

	Date of filing at the Commercial Registry	% Capital	Number of shares	Par value	Euros
Balance at 01.01.2023			6,362,094,000	0.75	4,771,570,500
Scrip issue	1 February 2023	1.325 %	84,270,000	0.75	63,202,500
Reduction in share capital	6 July 2023	3.201 %	(206,364,000)	0.75	(154,773,000)
Scrip issue	1 August 2023	1.767 %	110,278,000	0.75	82,708,500
Balance at 31.12.2023			6,350,278,000	0.75	4,762,708,500
Scrip issue	6 February 2024	1.150 %	73,021,000	0.75	54,765,750
Balance at 30.06.2024			6,423,299,000	0.75	4,817,474,250

On 30 January 2024, the second application of the scrip issue took place, having been approved by the shareholders at the General Shareholders' Meeting of IBERDROLA on 28 April 2023, under item 9 on the agenda, and used to implement the *Iberdrola Retribución Flexible* optional dividend system.

During the established period, the holders of 2,115,059,909 shares opted to receive the Interim dividend (EUR 0.202 gross per share). Thus, the gross amount paid out under the Interim Dividend was EUR 427 million. As a result, those shareholders have expressly waived 2,115,059,909 free-of-charge allocation rights and, therefore, the right to receive 36,466,550 new shares.

The shareholders acting at the General Shareholders' Meeting held on 17 May 2024 approved, under item 10 of the agenda, the engagement dividend in the general meeting and its payment to all shareholders entitled to participate in the meeting (i.e. with shares registered in their name on 10 May), having fulfilled all conditions to which payment of the dividend was subject, i.e. the approval of the dividend itself (under item 10 of the agenda), and that a quorum of 70% of share capital was reached. The dividend amounted to EUR 31 million (EUR 0.005 gross per share) and was paid out on 21 May 2024.

There were no changes to IBERDROLA's share capital other than those resulting from the transactions described above. There are no claims on IBERDROLA's share capital other than those established by the Spanish Companies Act (*Ley de Sociedades de Capital*).

Valuation adjustments

Changes during the periods ended 30 June 2024 and 2023 are as follows:

Millions of euros	01.01.2024	Modification of the consolidation scope (Note 5)	Change in fair value and other	Allocation to the values of hedged assets	Amounts allocated to the income statement	30.06.2024
Valuation adjustments of equity-accounted investees (net of tax):	17	—	(2)	—	—	15
Cash flow hedging:						
Interest rate swaps	360	—	218	—	(11)	567
Commodities derivatives	4	7	(66)	—	225	170
Currency forwards	(64)	(5)	(49)	4	14	(100)
Other	(281)	—	(76)	—	11	(346)
	19	2	27	4	239	291
Hedging costs:	(3)	—	(35)	—	40	2
Tax effect:	(31)	—	5	(1)	(67)	(94)
Total	2	2	(5)	3	212	214

Millions of euros	01.01.2023	Change in fair value and other	Amounts allocated to the income statement	30.06.2023
Valuation adjustments of equity-accounted investees (net of tax):	17	(3)	(3)	11
Cash flow hedging:				
Interest rate swaps	423	109	29	561
Commodities derivatives	(1,282)	(737)	1,920	(99)
Currency forwards	(20)	(49)	(32)	(101)
Other	(341)	(5)	5	(341)
	(1,220)	(682)	1,922	20
Hedging costs:	(4)	(29)	43	10
Tax effect:	275	164	(467)	(28)
Total	(932)	(550)	1,495	13

Treasury shares

The IBERDROLA Group buys and sells treasury shares in accordance with prevailing law and the resolutions of the shareholders at a General Shareholders' Meeting. Such transactions include purchases and sales of company shares and derivatives thereon.

At 30 June 2024 and 31 December 2023, the balances of the various instruments were as follows:

	30.06.2024		31.12.2023	
	Number of shares	Millions of euros	Number of shares	Millions of euros
Treasury shares held by IBERDROLA	185,487,034	2,098	105,786,997	1,211
Treasury shares held by SCOTTISH POWER	671,505	8	639,668	8
Total return swaps	3,120,644	24	6,997,405	55
Put options sold	17,500,000	191	17,500,000	191
Total	206,779,183	2,321	130,924,070	1,465

Physically settled derivatives

The IBERDROLA Group recognises these transactions directly in equity under the "Treasury shares" heading and records a liability for the obligation to purchase said shares under the "Current financial liabilities–Bank borrowings, bonds or other marketable securities" and "Non-current financial liabilities–Bank borrowings, bonds or other marketable securities" headings of liabilities of the consolidated statement of financial position.

- Total return swap

The IBERDROLA Group has swaps on treasury shares in which it pays the financial entity the three-month Euribor plus a spread on the underlying notional and will receive the corresponding dividends with respect to the shares paid out to the financial entity over the life of the contract. On the expiration date IBERDROLA buys the shares at the strike price set out in the contract.

The key features of these contracts at 30 June 2024 and 31 December 2023 are as follows:

30.06.2024	Number of shares	Strike price	Maturity date	Interest rate	Millions of euros
Total Return Swap	3,120,644	7.6916	15.11.2024	Euribor 3M + 0.49%	24
Total	3,120,644				24

31.12.2023	Number of shares	Strike price	Maturity date	Interest rate	Millions of euros
Total Return Swap	6,997,405	7.824	15.11.2024	Euribor 3M + 0.50%	55
Total	6,997,405				55

- Sold put with physical settlement

The Group has sold put options on treasury shares that grant the counterparty the option to sell these shares on the exercise date at the strike price set in the contract.

The key features of these contracts at 30 June 2024 and 31 December 2023 are as follows:

	Number of shares	Average strike price	Maturity date	Millions of euros
Put option	17,500,000	10.9360	19.07.2024 to 28.02.2025	191

Perpetual subordinated bonds

In January 2024, Iberdrola Finanzas, S.A. determined the price, terms and conditions for the issuance of subordinated perpetual bonds. These bonds carry the subordinated guarantee of Iberdrola, S.A. and have a total value of EUR 700 million. The issue has been structured in a single tranche. The unit nominal amount of each bond is EUR 100,000. The bonds were issued at a price equivalent to 99.997% of nominal value. The proceeds were used to repurchase another issue of subordinated perpetual bonds, made in 2018 by Iberdrola International B.V. (also with the subordinated guarantee of Iberdrola, S.A.) for the same amount (EUR 700 million). The repurchase took place on 22 March 2024.

The bonds bear interest at a fixed annual rate of 4.871% from (and including) the issue date to (but excluding) 16 April 2031 (the “first review date”), payable annually.

From the first review date (inclusive), interest will accrue at a rate equal to the applicable five-year swap rate plus a margin of:

- 2.281% per annum for the five years following the first review date;
- 2.531% per annum for each of the five-year review periods commencing on 16 April 2036, 16 April 2041 and 16 April 2046;
- and 3.281% per annum for subsequent five-year review periods.

The issuer will have the option to defer interest payments on the bonds, without this amounting to a default event. Interest deferred in this way will be cumulative and must be paid on certain assumptions defined in the terms and conditions of the bonds.

The issuer will also be entitled to redeem the bonds on certain specified dates or in certain events provided for in the terms and conditions thereof.

The issuance of the bonds was closed, and the disbursement took place on 16 January 2024.

These bonds have no contractual maturity date. After analysing the conditions of these issues, the IBERDROLA Group recognises the cash received with a credit to “Non-controlling interests” included in equity in the consolidated statement of financial position, as it considers that they do not meet the conditions for consideration as financial liabilities, since the IBERDROLA Group does not have a contractual commitment to deliver cash and the circumstances that oblige it to do so –delivery of dividends and exercise of its early redemption option– are entirely under its control.

The balance of subordinated perpetual bonds at 30 June 2024 and 31 December 2023 amounted to EUR 8,250 million.

12. Long-term remuneration plans

Share-based long-term compensation plans

Share-based long-term remuneration plans in the settlement period

The key features of the plans are summarised below:

Long-term remuneration programme	Settled in shares	Assessment period	Settlement period	Maximum number of beneficiaries	Maximum number of shares	Level of achievement
IBERDROLA 2020-2022	Iberdrola	2020-2022	2023-2025	300	14,000,000 ⁽¹⁾	100% ⁽²⁾
NEOENERGIA 2020-2022	Neoenergia	2020-2022	2023-2025	125	3,650,000	80% ⁽³⁾
AVANGRID 2020-2022	Avangrid	2021-2022	2023-2025	125	1,500,000	65% ⁽⁴⁾

⁽¹⁾ Includes shares relating to executives who are also directors.

⁽²⁾ On 21 February 2023, the Board of Directors, at the proposal of the Remuneration Committee, resolved to settle the 2020-2022 Strategic Bond with level of achievement of 100%. As a result, during the first half of 2024, the second of the three annual settlements was made, which involved the delivery of 4,179,313 shares.

⁽³⁾ On 15 February 2023, the Board of Directors of Neoenergia, at the proposal of the Remuneration Committee, resolved to settle the NEOENERGIA Long-Term Incentive Programme 2020-2022 with a level of achievement of 80%. As a result, during the first half of 2024, the second of the three annual settlements was made, which involved the delivery of 964,696 shares.

⁽⁴⁾ On 16 February 2023, the Board of Directors of Avangrid, at the proposal of the Remuneration Committee, resolved to settle the Avangrid Long-Term Incentive Programme 2020-2022 with a level of achievement of 65%. As a result, the first of three annual settlements was made in the second half of 2024, in which 217,634 shares were delivered.

Share-based long-term compensation plans in the measurement period

The key features of the plans are as follows:

Long-term remuneration programme	Settled in shares	Assessment period	Settlement period	Maximum number of beneficiaries	Maximum number of shares	Expected shares ⁽⁴⁾
IBERDROLA 2023-2025 ⁽¹⁾	IBERDROLA	2023-2025	2026-2028	300	14,000,000 ⁽²⁾	8,989,800 ⁽²⁾
AVANGRID 2023-2025 ⁽³⁾	Avangrid	2023-2025	2026-2028	125	1,500,000	1,016,796

⁽¹⁾ Approval by the shareholders at the General Shareholders' Meeting of Iberdrola, S.A. in 2023.

⁽²⁾ Includes shares relating to executives who are also directors.

⁽³⁾ Approval by the AVANGRID Board of Directors in 2023, within the scope of the Omnibus Plan.

⁽⁴⁾ Foreseeable number of shares to be delivered, depending on the level of success in attaining the related targets.

Cash-based long-term compensation plans

Cash-based long-term compensation plan in the evaluation period

The key features of the plan are summarised below:

Long-term compensation programme	Measurement period	Settlement period	Maximum number of beneficiaries
NEOENERGIA 2023-2025 ⁽¹⁾	2023-2025	2026-2028	70

⁽¹⁾ Approval by the shareholders at the Neoenergia General Meeting in 2023.

13. Litigation payments

During the six-month periods ended 30 June 2024 and 2023, payments of EUR 51 million and EUR 2 million, respectively, were made for litigation settlements.

14. Provision for pensions and similar obligations

At 30 June 2024, the IBERDROLA Group concluded that, at that date, there were no significant changes in the assumptions previously used to measure pension obligations at 31 December 2023.

At 30 June 2023, the IBERDROLA Group concluded that, at that date, there were significant changes in the assumptions previously used to measure pension obligations at 31 December 2022 in the United Kingdom and Brazil. Notably, there were significant changes in the market value of the assets subject to those obligations.

The changes in the pension obligation for the above countries during the six-month period ended 30 June 2023 are detailed below:

Millions of euros	United Kingdom	Brazil	Total
Balance at 01.01.2023	3,621	794	4,415
Ordinary cost	12	—	12
Financial cost	83	37	120
Actuarial deviations in reserves	(8)	111	103
Payments	(116)	(38)	(154)
Translation differences	68	51	119
Balance at 30.06.2023	3,660	955	4,615

Changes in the fair value of the affected assets in the six-month period ended 30 June 2023 as follows:

Millions of euros	United Kingdom	Brazil	Total
Fair value at 01.01.2023	3,893	671	4,564
Revaluation	90	32	122
Actuarial deviations in reserves	(240)	13	(227)
Company contributions	70	10	80
Payments	(121)	(38)	(159)
Translation differences	70	39	109
Fair value at 30.06.2023	3,762	727	4,489

Following the non-recognition of the surplus, the actuarial gains and losses to reserves were adjusted upwards at 30 June 2023 by EUR 7 million, in accordance with IFRIC 14 – IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

15. Bank borrowings, bonds or other marketable securities

The detail of bank borrowings, bonds or other marketable securities outstanding, once foreign exchange hedges are considered, is as follows:

Millions of euros	30.06.2024	31.12.2023
In euros		
Long-term and medium term bonds	9,273	10,462
Commercial paper	3,657	3,610
Loans and drawdowns of credit facilities	7,573	6,932
Other financing transactions	226	254
Unpaid accrued interest	200	196
	20,929	21,454
Foreign currency		
US dollars	13,224	13,038
Pounds sterling	4,816	4,697
Brazilian reais	8,546	8,443
Other	397	359
Unpaid accrued interest	294	287
	27,277	26,824
Total	48,206	48,278

The most significant financing transactions carried out by the IBERDROLA Group during the six months ended 30 June 2024 were as follows:

Borrower	Transaction	Arranged	Amount (millions)	Currency	Interest rate	Maturity
First quarter						
Iberdrola Financiación (2)	Green BEI loan	Mar-24	500	EUR	— %	To be determined
Iberdrola Financiación	Sustainable bilateral loan	Mar-24	50	EUR	— %	Mar-29
Iberdrola Financiación	Sustainable bilateral loan	Mar-24	100	EUR	— %	Mar-34
Celpe	Green public bond (debenture)	Mar-24	500	BRL	CDI+1.18%	Mar-29
Elektro	Green public bond (debenture)	Mar-24	200	BRL	CDI + 1.15%	Mar-29
Neoenergia Distribucao Brasilia	Green public bond (debenture)	Mar-24	200	BRL	CDI + 1.35%	Mar-29
Itapebi	Green public bond (debenture)	Mar-24	150	BRL	CDI + 1.25%	Mar-29
Second quarter						
Iberdrola International (3)	Sustainable commercial paper	Apr-24	1,000	EUR		
Iberdrola Finanzas (4)	Green public bond	Jun-24	145	CHF	1.380%	Jul-28
Iberdrola Finanzas (4)	Green public bond	Jun-24	190	CHF	1.563%	Jul-31
Iberdrola Finanzas	Private Bond	Jun-24	70	EUR	3.350%	Jun-31
Cosern	Green public bond (debenture)	Apr-24	450	BRL	CDI + 0.96%	Mar-31
Cosern	Green public infrastructure bond (debenture)	Apr-24	200	BRL	IPCA + 6.07%	Mar-34
Elektro	Green public bond (debenture)	May-24	900	BRL	CDI + 0.98%	May-31
Elektro	Green public infrastructure bond (debenture)	May-24	300	BRL	IPCA + 6.26%	May-34
Neonergía Alto do Parnaíba	Green public infrastructure bond (debenture)	May-24	1,100	BRL	IPCA + 6.42%	May-38
Neonergía Alto do Parnaíba	Green public infrastructure bond (debenture)	May-24	1,000	BRL	IPCA + 6.42%	May-38
Coelba	Green public bond (debenture)	Jun-24	500	BRL	CDI + 0.95%	Jun-29
Coelba	Green public bond (debenture)	Jun-24	500	BRL	CDI + 1.10%	Jun-31
Coelba (1)	Green loan 4131	Apr-24	39	USD	— %	Apr-27
Elektro (1)	Loan 4131	Jun-24	37	USD	— %	Jun-27
Coelba (2)	Green BNDES loan	Jun-24	794	BRL	— %	Jun-34
Iberdrola Financiación (2)	Green ICO loan	Jun-24	29	EUR	— %	To be determined

- (1) Currency swap contracts for the company's currency.
(2) Financing expected to be drawn down in 2024-2025.
(3) Raising the ceiling of the ECP programme from EUR 5 billion to EUR 6 billion.
(4) The disbursement will take place in July 2024.

The most significant extensions arranged by the IBERDROLA Group during the six months ended 30 June 2024 were as follows:

Borrower	Transaction	Extension signature date	Millions	Currency	Option to extend	Maturity
Neoenergia Lagoa dos Patos	Loan 4131	Mar-24	350	BRL	—	Mar-25
Iberdrola Financiación	Bilateral credit facility	May-24	125	EUR	6 months ⁽¹⁾	Jan-26

⁽¹⁾ Three six-month extension options.

At 30 June 2024 and at the date of authorisation for issue of these condensed consolidated interim financial statements, the IBERDROLA Group was fully up to date on all its financial debt payments and there had been no circumstances affecting the change of control or adverse changes in its credit quality or other similar circumstances. Therefore, it had not been necessary to meet the early maturity of the debt or modify the cost related to the loans held by it, or to change the classification of current and non-current payables as set out in the consolidated statement of financial position.

At 30 June 2024, the IBERDROLA Group had undrawn loans and credit facilities amounting to EUR 15,563 million. Additionally, at 30 June 2024 there were current cash deposits which, due to their contractual terms, the IBERDROLA Group included in its liquidity position as at that date. The following table provides a breakdown by maturity of the liquidity position at 30 June 2024, based on the balance of the “Cash and cash equivalents” heading of the consolidated statement of financial position and current financial assets (between 3 and 12 months):

Millions of euros	Available
Available maturity	
2024 – first half of 2025	370
Second half of 2025 – 2026	3,393
2027 and beyond	11,800
Total	15,563
Short-term financial investments (between 3 and 12 months)	11
Cash and cash equivalents	5,393
Liquidity position	20,967

16. Income and expenses

16.1 Revenue

The table below shows details of this caption in the consolidated income statement for the six-month periods ended 30 June 2024 and 2023, by category and segment (Note 6):

30.06.2024								
	Spain	United Kingdom	United States	Mexico	Brazil	IEI	Corporation and adjustments	Total
Millions of euros								
In regulated markets	1,686	875	3,225	328	3,699	—	(1)	9,812
Electricity	1,686	875	2,416	328	3,699	—	(1)	9,003
Gas	—	—	809	—	—	—	—	809
In non-regulated markets	6,341	3,355	775	624	172	827	(226)	11,868
Electricity	5,573	2,172	643	624	168	809	(222)	9,767
Gas	403	992	—	—	—	2	(2)	1,395
Other	365	191	132	—	4	16	(2)	706
Income from construction contracts	1	—	—	—	769	—	—	770
Income from lease contracts	—	—	—	—	—	—	13	13
Valuation and inefficiencies of commodities derivatives	127	—	17	—	—	31	(1)	174
Total	8,155	4,230	4,017	952	4,640	858	(215)	22,637

30.06.2023 (restated)								
	Spain	United Kingdom	United States	Mexico	Brazil	IEI	Corporation and adjustments	Total
Millions of euros								
In regulated markets	1,676	753	3,088	854	3,581	—	(3)	9,949
Electricity	1,676	753	2,167	854	3,581	—	(3)	9,028
Gas	—	—	921	—	—	—	—	921
In non-regulated markets	7,613	5,911	673	657	177	412	(70)	15,373
Electricity	6,580	3,848	541	657	174	412	(49)	12,163
Gas	665	1,912	—	—	—	—	—	2,577
Other	368	151	132	—	3	—	(21)	633
Income from construction contracts	4	—	—	—	782	—	—	786
Income from lease contracts	—	—	—	—	—	—	13	13
Valuation and inefficiencies of commodities derivatives	34	25	55	—	—	29	—	143
Total	9,327	6,689	3,816	1,511	4,540	441	(60)	26,264

30.06.2024	Networks	Renewable Energy and Sustainable Generation	Customers	Other business, Corporation and adjustments	Total
Millions of euros					
Supplies In regulated markets	8,919	255	1,090	(452)	9,812
Electricity	8,110	255	1,090	(452)	9,003
Gas	809	—	—	—	809
Supplies and other revenues in non-regulated markets	7	4,604	10,487	(3,230)	11,868
Electricity	—	3,996	8,590	(2,818)	9,768
Gas	—	—	1,530	(135)	1,395
Other	7	608	367	(277)	705
Income from construction contracts	770	—	—	—	770
Income from lease contracts	—	—	—	13	13
Valuation of commodities derivatives	—	45	129	—	174
Total	9,696	4,904	11,706	(3,669)	22,637

30.06.2023 (restated)	Networks	Renewable Energy and Sustainable Generation	Customers	Other business, Corporation and adjustments	Total
Millions of euros					
Supplies In regulated markets	8,545	204	1,812	(612)	9,949
Electricity	7,624	204	1,812	(612)	9,028
Gas	921	—	—	—	921
Supplies and other revenues in non-regulated markets	8	4,198	14,556	(3,389)	15,373
Electricity	—	3,697	11,309	(2,842)	12,164
Gas	—	—	2,871	(295)	2,576
Other	8	501	376	(252)	633
Income from construction contracts	787	—	—	—	787
Income from lease contracts	—	—	—	12	12
Valuation of commodities derivatives	—	88	50	5	143
Total	9,340	4,490	16,418	(3,984)	26,264

Comparative information

In the detail of "Revenue" by category and segment at year-end 2023, the IBERDROLA Group changed the presentation of the amounts associated with commodity hedging derivatives included in the "Valuation of commodity derivatives" category to "Supplies and other revenues in unregulated markets". For comparative purposes, the breakdowns for the six-month period ended 30 June 2023 have been modified.

16.2 Taxes other than income tax

The following significant events occurred in the six-month period ended 30 June 2024:

16.2.1 Spain

- Tax on the Value of Electricity Production, regulated in Law 15/2012.

Royal Decree-Law 12/2021 introduced a temporary suspension of the tax. This suspension was extended through several renewals during 2022 and 2023. Royal Decree Law 8/2023 ended the suspension with effect from 1 January 2024, applying a reduction of 50% in the first quarter and 25% in the second quarter.

The amount recognised by the IBERDROLA Group in the six-month period ended 30 June 2024 totalled EUR 94 million.

- Charge for the use of inland waters for the production of electricity, regulated by Royal Legislative Decree 1/2001.

The application of this charge was overturned by the Supreme Court in several judgments in 2021. Following a reform of rules by Law 7/2022, it was reintroduced with effect from 2022. However, doubts were raised from the outset as to its effective implementation in that period, due to the absence of transitional provisions for its reintroduction. Therefore, the IBERDROLA Group appealed the application of the charge for 2022.

The expense recognised for this item in the six months ended 30 June 2024 and 2023 amounts to EUR 164 million and EUR 84 million, respectively.

However, in relation to 2024, following a succession of administrative rulings in favour of not applying the charge in 2022, a positive effect has also been recorded in the amount of EUR 79 million, corresponding to the right to a refund of the amounts paid for that year.

- Tax on the production of spent nuclear fuel and radioactive waste resulting from the generation of nuclear electricity, included in Law 15/2012.

This tax cost EUR 61 million and EUR 60 million for the six months ended 30 June 2024 and 2023, respectively.

- Fees for the financing of the costs corresponding to the management by ENRESA of radioactive waste and spent fuel generated at nuclear power plants, regulated in Law 54/1997 (as provided for in Royal Decree-Law 6/2009).

For the six-month periods ended 30 June 2024 and 2023, these fees have resulted in an expense of EUR 86 million and EUR 104 million, respectively, as the best available estimate.

- Temporary energy levy under Law 38/2022.

This mechanism is statutorily configured as a property payment outside the tax system. The amount payable is calculated by applying a percentage of 1.2% to the revenue generated by the activity in Spain in the calendar year preceding the year in which the obligation arises. The amount recognised by the IBERDROLA Group in the six-month periods ended 30 June 2024 and 2023 totalled EUR 157 million and EUR 216 million, respectively.

Other relevant amounts recorded under “Taxes other than income tax” in the consolidated income statement are as follows:

- Financing the costs of the “*bono social*”.

Royal Decree-Law 6/2022 regulated a new distribution of the financing of the “*bono social*” among all agents in the electricity sector according to their turnover, which came into force on 31 March 2022. The cost to the Group in the first half of 2024 and 2023 amounted to EUR 20 million and EUR 122 million., respectively.

The Supreme Court judgment of 31 January 2022 found that the system of financing the *Bono Social* charged to retailers or the parent companies of groups that include retailers was unenforceable on the grounds that it was discriminatory. The judgment requires that the financing companies be compensated for the amounts not passed on to customers, but excluding free market distributors. In the first half of 2024, however, a new Supreme Court ruling on the execution of the judgment recognised the right of the free market suppliers to recover the amounts financed. As a result, the Group recognised income of EUR 183 million of principal and EUR 25 million of late-payment interest under “Taxes” and “Finance income” in the six-month period ended 30 June 2024.

- Financing of energy saving and efficiency plans.

Since 2014, the financing of energy saving and efficiency plans has been borne by the retail supply companies. These energy saving obligations, energy saving certificates and the minimum contribution to the National Energy Efficiency Fund for the years 2024 and 2023 are set out in orders TED/268/2024 and TED/296/2023. This has resulted in the recognition of an expense for this item in the six-month periods ended 30 June 2024 and 2023 of EUR 31 million and EUR 15 million, respectively.

- Royal Decree-Law 17/2021 of 14 September introduced certain measures to respond to the economic and social consequences of the war in Ukraine and to address situations of social and economic vulnerability. These include the gas price deduction with a cap on fixed-price electricity sales contracts above EUR 67/MWh (+ commercial margin + charges). This measure was extended by Royal Decree-Law 18/2022 until 31 December 2023 and amounted to EUR 133 million in the six months ended 30 June 2023. The measure ceases to be in force in 2024.

16.2.2 United Kingdom

- In the United Kingdom, energy efficiency programmes in the domestic sector through the ECO, Fuel Poverty and WHD programmes such as ECO 3 ending in March 2022 and replaced by the ECO 4 Programme, which will run until March 2026, accounted for EUR 125 million and EUR 102 million, respectively, in the six-month periods ending 30 June 2024 and 2023;
- In the United Kingdom, a windfall tax on generation was introduced in the second half of 2023, levying a 45% charge on unit revenue from generation exceeding £75/MWh. The amount recognised for this item in the six-month period ended 30 June 2024 totalled EUR 91 million.

16.2.3 United States

- In the United States, an amount of EUR 461 million and EUR 455 million was recognised in the first half of 2024 and 2023 respectively, mainly corresponding to the local State Property Tax, State Gross Receipts Tax and State Use Tax.

17. Income tax expense

Pursuant to IAS 34 – Interim Financial Reporting, the amount included under “Income tax” in the consolidated income statement for the six-month periods ended 30 June 2024 and 2023 has been calculated on the basis of the best estimate of the expected tax rate for the corresponding annual periods.

Iberdrola, S.A. is the parent of two tax consolidation groups in Spain: group 2/86, in the common territory, and group 02415BSC, in the tax region of Biscay, and is currently part of the second of such groups.

The table below shows how the accrued income tax expense was determined for the six months ended 30 June 2024 and 2023:

Millions of euros	30.06.2024	30.06.2023
Consolidated profit/(loss) for the year from continuing operations before tax	6,021	3,786
Consolidated profit/(loss) for the year from discontinued operations before tax	(12)	(12)
Consolidated profit/(loss) before tax	6,009	3,774
Non-deductible expenses and non-computable income	(212)	(75)
Profit of equity-accounted investees	(10)	(2)
Adjusted accounting profit (a)	5,787	3,697
Gross tax calculated at the tax rate in force in each country (b)	1,596	936
Tax deductions due to reinvestment of extraordinary profits and other tax credits (c)	(84)	(60)
Adjustment of prior years' income tax expense	2	18
Adjustment of deferred tax assets and liabilities (*)	54	104
Other	38	14
Income tax (income)/expense	1,606	1,012
Accrued income tax from continuing operations (income)/expense	1,609	1,016
Accrued income tax from discontinued operations (income)/expense	(3)	(4)
Effective tax rate (b + c)/a	26.13%	23.69%

(*) At June 2023, this mainly includes the tax effect of the difference between the book value of the assets held for sale of the Mexican subsidiaries and the tax value of the investments held by the Group in these subsidiaries and arising as a result of their sale. This effect is offset by those arising from devaluations of the exchange rate of the US dollar against the Mexican peso in determining the difference between the tax value and book value of assets and liabilities at all of the Group's Mexican subsidiaries.

Minimum Global Tax – Supplementary Tax

As a large multinational group, the IBERDROLA Group is subject to model rules against base erosion of Pillar II (also known as GloBE rules) approved by the Inclusive Framework of the Organisation for Economic Cooperation and Development (OECD)/G20 on Base Erosion and Profit Shifting of 14 December 2021, which were signed by the Member States of the European Union, among many other signatories.

Pursuant to these model rules, the Group is required to pay, as applicable, a supplementary tax on profit earned in any tax jurisdiction in which its effective tax rate is less than the 15% minimum, calculated according to the rules at a jurisdictional level.

The legislation implementing the model rules has been passed in almost all European Union countries, in the United Kingdom and in some countries in which Iberdrola does not have a significant presence. In the specific case of Spain, the implementing legislation is under consideration (Bill 121/000023 published on 14 June 2024).

The new regulations on minimum global taxation for the Iberdrola Group will be effective as of 2024, in accordance with Directive (EU) 2022/2523 of the Council, of 15 December 2022.

There are currently widespread uncertainties about the impact of the GloBE rules on the deferred tax assets and liabilities of entities subject to the rules, so the amendments to IAS 12 issued in May 2023 by the IASB to bring it into line with the model rules provide for a temporary exception to the new requirements of IAS 12 in this respect. IBERDROLA has applied this temporary exception in its 2024 financial statements.

The Group has made a preliminary assessment of the potential impact of the global minimum tax based on its most recent tax returns, its country-by-country report and the financial statements of Group entities. As a result of this assessment, IBERDROLA expects no significant impact on its equity from the application of the model rules owing to any one, or a combination, of the following circumstances in each of the jurisdictions where it operates: an effective tax rate of around 15% or more; a substantial presence of personnel and property, plant and equipment that involves an exclusion of income subject to minimum tax; or negligible amounts of income or profit.

Administrative proceedings

Among its principles, IBERDROLA seeks to build stronger ties with the tax authorities, based on the respect for the law, loyalty, trust, professionalism, collaboration, reciprocation and good faith, notwithstanding any legitimate disputes that may arise due to the interpretation of tax rules. When such disputes do arise, IBERDROLA strives to ensure cooperative dealings with the authorities, in accordance with the principles of transparency and mutual trust.

All IBERDROLA actions have been analysed by its internal and external advisers, both for this year and for preceding years, and these advisers have determined that these actions have been carried out in accordance with the Law and are based on the reasonable interpretation of tax law. The existence of contingent liabilities is also scrutinised. IBERDROLA's general approach is to recognise provisions for tax litigation when it is likely that IBERDROLA will be handed an unfavourable decision or ruling, while no recognition is required when the risk is possible or remote.

Ongoing tax inspections at the reporting date in June 2024 depend on the tax law applicable in each country, but no material impacts arising therefrom not already included in these financial statements are expected.

Administrative proceedings in Spain

In March 2023, assessments in agreement or in protest were signed in the limited inspection process undertaken by the Spanish tax agency pursuant to rectification applications presented by the Company in February 2022 for the VAT of 2018 and 2019 and, consequently, of the Group of entities subject to that tax.

Through these submissions, Iberdrola, S.A. requested the pro rata calculation for those years of the gains obtained in the settlement of derivative financial instruments to be excluded, a request that was upheld. The limited audit procedure has also been expanded to the company's income tax for 2018 and 2019, and consequently that of the Tax Group, for the purpose of transferring to this tax the implications derived from the request upheld in relation to VAT.

In the same procedure, assessments were signed in protest with regard to VAT group 0220/08 relating to requests for the refund of VAT payments on unpaid debts, mainly by individuals, more than one year old and with a tax base of less than EUR 300, corresponding to Curenergía Comercializador de Último Recurso, S.A.U. and Iberdrola Clientes, S.A.U., for 2018 and 2019, on the grounds that the Spanish rules on the application of VAT on unpaid invoices are contrary to EU law.

These applications were rejected. At the beginning of 2024, assessment decisions were notified confirming the said assessments signed under protest. The relevant administrative claims against those assessments have been lodged with the Central Tax Appeals Board (TEAC).

On 25 January 2024, the tax and customs control unit of the central office for large taxpayers of the *Agencia Estatal de Administración Tributaria* (State Tax Administration Agency) notified IBERDROLA, S.A. of the commencement of verification and investigation proceedings for the Temporary Energy Tax for 2023, in its capacity as a main operator in the energy sector, in accordance with the provisions of the resolutions of the Spanish National Markets and Competition Commission (CNMC) of 10 December 2020, 16 December 2021 and 9 June 2020, as referred to in Article 1.1 of Law 38/2022.

The actions, of general scope, were conducted during the first half of 2024 and are still pending at the reporting date.

Furthermore, in May 2024, Iberdrola S.A. was notified by the Tax and Customs Control Unit of the Central Office for Large Taxpayers of the *Agencia Estatal de Administración Tributaria* of the initiation of general verification and investigation proceedings in relation to corporate income tax for tax years 2018 and 2019, and VAT for tax years 2018 to 2020, in its capacity as an individual company and representative of VAT Group 0220/08, of which it is also the parent company. The investigation is currently under way.

Administrative proceedings in other countries

- In the United States, as a large taxpayer both at federal and state level the AVANGRID Group is currently undergoing various tax audits on other taxes.
- In the United Kingdom, Scottish Power has been assigned low risk taxpayer status by HM Revenue and Customs (HMRC). There are currently no general inspection procedures in progress, aside from specific tax notifications received in relation to one of the companies (East Anglia One, Ltd.).
- In Mexico, in 2020 and subsequent years, the Mexican tax authority (SAT) initiated numerous audit procedures in relation to several Group companies.

On 26 February 2024, after receiving authorisation from the Mexican Federal Economic Competition Commission (COFECCE) and having fulfilled the remaining conditions precedent agreed between the parties, the transfer of electricity generation assets (12 combined cycle plants and a wind farm with an installed capacity of 8,539 MW) to Grupo Financiero Actinver, in its capacity as trustee, was completed under the Irrevocable Trust Agreement, administered by Mexico Infrastructure Partners FF, S.A.P.I. de C.V.

The purchaser has assumed the outcome of ongoing (and future) tax audits associated with the transferred companies.

The status of the tax audits of the companies that remain within the Group's scope of consolidation is as follows:

- With respect to the inspection relating to income tax for 2018 at Iberdrola México, S.A. de C.V., in February 2023 the SAT notified the tax credit, which was challenged via a motion for reversal that remains to be resolved.
- With respect to the inspection relating to income tax for 2017 at Iberdrola Ingeniería y Construcción, S.A. de C.V., in April 2024 the SAT notified the tax credit, which was challenged via a motion for reversal that remains to be resolved. In addition, the opening of a new inspection procedure relating to the company's income tax for the 2018 tax year has been notified.
- The inspection proceedings concerning sales tax for 2020 at Iberdrola Energía Noroeste SA de CV were completed in May 2024. The assessment order has been challenged by means of an application for reversal.

- The income tax audit of Iberdrola Clientes, S.A. de C.V. for the year 2020 is still ongoing. In February 2024, the observations were notified and answered in due time, and a request was made to the Procuraduría de la Defensa del Contribuyente (PRODECÓN) for the opening of the Conclusive Agreement procedure.

Brazil is notable for being a highly litigious jurisdiction and multiple tax inspections are ongoing, reflecting the country's tax and administrative structure and the usual conduct of the tax authorities. However, in general, very few of these proceedings are settled in favour of the tax administrations.

The IBERDROLA Group's directors and tax advisers believe that the matters described above will not give rise to further material liabilities for the Group beyond those already recognised at 30 June 2024.

Tax litigation

Tax litigation in Spain

Tax litigation in respect of 2008 to 2011

In June 2020, IBERDROLA was notified of the rulings of the Central Tax Appeals Board (TEAC) regarding the claims filed in relation to the assessments signed in protest in 2016, corresponding to the general audit procedure carried out on the tax consolidation group in the common territory in Spain (no. 2/86) for 2008 to 2011, relating both to corporate income tax and value-added tax.

In the Value Added Tax ruling, the TEAC ruled in favour of IBERDROLA's interests (which led to the annulment of the tax inspection assessments and settlements), while in the income tax rulings, the TEAC ruled against.

On 7 July 2020, IBERDROLA lodged judicial review appeals against the rulings before the Spanish National High Court (*Audiencia Nacional*). The relevant arguments were presented in the proceedings throughout 2021, which remain ongoing at the present date, with the court yet to set the dates for the issuance of opinions and judgment.

The main adjustments included in the settlement decisions arising from the corporate income tax assessments signed in protest relate to the quantification of financial goodwill subject to tax amortisation due to the acquisition of SCOTTISH POWER, the elimination of the exemption for dividends of SCOTTISH POWER due to the audit finding it incompatible with an adjustment in portfolio value due to hedging of net investment, differences in tax consolidation criteria and possible existence of a transaction involving a change of debtor in certain bond issues, due to the circumstances set out in Section 15.1 of the General Tax Act. These proceedings are pending before the *Audiencia Nacional*.

Tax litigation in respect of 2012 to 2020

In December 2020 Iberdrola was notified of the decision of the TEAC relating to claims filed arising from assessments signed in protest in limited verification proceedings regarding income tax for financial years 2012 to 2014. The dispute with the Tax Administration essentially had to do with the applicability or inapplicability of the rules on timing of accounting recognition as established in a large number of rulings of the Supreme Court, in relation to the income received by the Group based on payments unlawfully made.

The December 2020 ruling partially upheld IBERDROLA's claims, accepting its criteria insofar as the taxes declared to be unconstitutional are concerned. On 25 January 2021, IBERDROLA appealed the remaining disputed assessments to the *Audiencia Nacional*. The corresponding arguments were presented in the proceedings throughout 2021. The *Audiencia Nacional* has yet to render a judgment.

On the same matter, on 6 September 2021 IBERDROLA lodged a claim with the TEAC against the enforcement by the Technical Office of the Central Large Taxpayers Unit of the TEAC's aforementioned partially favourable decision, which not only recognised the effects of the favourable decision in the pertinent years (2012 to 2014), but also extended its effects to the previous years. Said years had already undergone general verification proceedings, with a final ruling rendered in some cases, thus constituting *res judicata*. On 3 January 2024, IBERDROLA was notified of the TEAC's decision rejecting the Company's claims. The relevant administrative appeal was filed in due time before the *Audiencia Nacional*.

Tax claims were lodged in December 2021 and July 2022 before the TEAC against the assessment decisions on income tax notified to Iberdrola Energía España, S.A. as representative of Tax Group 2/86, in relation to the tax assessments signed in protest by the Group in 2021 and 2022 for financial years 2012 to 2014 and 2015 to 2020, respectively. The adjustments in dispute are substantially the same as those discussed in relation to the years 2008 to 2011. On 5 June 2024, the decision of the *Tribunal Económico-Administrativo*, the administrative tribunal concerned with tax review, was notified in relation to appeals filed in relation to financial years 2012 to 2014. The Group's submissions were partially upheld, to the extent that directors' remuneration was deemed deductible. The other claims were dismissed. As regards the arguments that were dismissed by the tribunal, the Company intends to apply to the *Audiencia Nacional* for judicial review. The claim relating to financial years 2015 to 2020 is still, as at today's date, awaiting a decision by the tax tribunal. The relevant arguments were submitted in the second quarter of 2023.

A tax claim was also lodged before the TEAC in July 2022 against the settlement decision on VAT for financial years 2015 to 2017 and notified to Iberdrola, S.A. as representative of Tax Group 0220/08BVA. The main adjustment in dispute arises from the inclusion by the tax authorities, in the denominator of Iberdrola, S.A.'s VAT pro rata, of the gains on portfolio transfers and/or corporate restructuring transactions, reducing the input VAT deductible in 2015 and its effect in subsequent years due to the adjustment of the input VAT on the acquisition of investment assets. The relevant submissions were submitted in the last quarter of 2022 and further submissions were presented in the first quarter of 2023, although a decision has yet to be delivered.

Tax disputes regarding the temporary energy levy

Lastly, in relation to tax disputes relevant to IBERDROLA, on 21 February 2023 the Asociación de Empresas de Energía Eléctrica (AELEC) filed a judicial review appeal against Ministerial Order HFP/94/2023 approving the self-assessment forms for the new temporary energy levy, created by Law 38/2022. IBERDROLA also filed a judicial review appeal against the same Ministerial Order, in similar terms to the one filed by AELEC, on 23 February 2023.

This law imposes a temporary energy levy for the years 2023 and 2024 on those entities qualifying as the main operator in the energy sectors, with the legal status of a non-tax public levy.

The amount payable is calculated by applying a percentage of 1.2% to the revenue generated by the activity in Spain in the calendar year preceding the year in which the obligation arises. The levy paid by IBERDROLA in 2023 amounted to EUR 213 million. In addition, in February 2024, 50% of the levy for 2024 was paid in the amount of EUR 157 million. The judicial review appeals lodged both by AELEC and by IBERDROLA and which are currently pending resolution are based on defects in the ordinary legality of the Ministerial Order under appeal as well as on defects of unconstitutionality and infringement of Council Regulation (EU) 2022/1854 of 6 October 2022, found in Law 38/2022, which creates the levy.

Tax litigation in other countries

In the United States, the most significant process is the appeal brought before the Appeals Tribunal in relation to the income tax inspection for years 2012 to 2014 in the State of New York. Efforts are ongoing to reach an agreement with the State and settle the matter before the tribunal delivers a decision, with no significant impact on the AVANGRID Group's results.

In the United Kingdom, the only significant matter under discussion concerns the deductibility of certain payments made as required by the electric regulator (OFGEM). The relevant pleadings were submitted in 2021 in relation to the claims brought before the First Tier Tax Tribunal. The Tax Tribunal gave its ruling in February 2022, and disagreeing with it, an appeal was lodged with the Upper Tribunal in May 2022. In September 2023, notice was served of the judgment, which was favourable to HMRC, and in January 2024 Scottish Power was granted leave to appeal to the Court of Appeal. The case is scheduled to be heard in late November 2024.

As a general rule, no significant tax litigation is currently undergoing in the other jurisdictions where the Group operates, except for Brazil, where a large number of litigation and administrative and judicial proceedings are ongoing. The Group considers it probable that the final rulings will be favourable (Note 19).

The IBERDROLA Group's directors and their tax advisers consider that the proceedings described in the above paragraphs will not give rise to further material liabilities for the Company beyond those already recognised at 30 June 2024.

Further developments in relation to financial goodwill (Section 12.5 of the consolidated text of the Income Tax Law)

In previous years, the Spanish authorities applied the aid and grants reimbursement procedure established in the General Tax Act, thus recovering from the IBERDROLA Group, in accordance with Section 12.5 of the Income Tax Law, the sum of EUR 665 million (EUR 576 million as principal and EUR 89 million as late payment interest) in years 2002 to 2015. IBERDROLA settled the required amount by (i) offsetting part of it against the EUR 363 million received under the 2016 income tax rebate; and (ii) paying EUR 302 million in February 2018. All the foregoing by virtue of Decision Three of the European Commission.

Meanwhile, in May 2021 IBERDROLA received notice of a tax settlement agreement under state aid retrieval proceedings for the years 2016 to 2018 for a total of EUR 13 million, which the Company paid on 2 July 2021.

These amounts, together with the additional late payment interest due, were recognised in "Current tax assets" under non-current assets in the consolidated statement of financial position at 31 December 2023 and 2022.

Moreover, the application of the incentive provided in Section 12.5 of the Income Tax Law generated a taxable temporary difference, resulting in the subsequent recognition of the deferred tax liability.

Therefore, if the outcome is ultimately contrary to the Company's interests (something considered unlikely based on the information currently available), the impact on equity would be substantially mitigated.

The Judgment of the General Court of the European Union (GCEU) of 27 September 2023 (joined cases T-256/15 and T-260/15) rendered null and void Commission Decision (EU) 2015/314 of the European Commission of 15 October 2014 (Third Decision), as it upheld all the arguments submitted by the affected entities, among them the IBERDROLA Group.

Although this judgment of the GCEU has been appealed against, it is enforceable and mandatory from the day it was rendered, as the recovery order in the Third Decision is null and void. In any event, the IBERDROLA Group and its internal and external advisors consider that no further risks should arise in relation to the application of the financial goodwill, and that the sums recovered by the tax agency should be refunded, as the payment made by the Group was undue.

18. Charges and reversals for asset impairment

As indicated in the consolidated financial statements of the IBERDROLA Group for 2023, the IBERDROLA Group analyses its assets for indications of impairment at least annually. If such indications are found, an impairment test is conducted. The IBERDROLA Group also conducts a systematic analysis of the impairment of cash-generating units (or groups of cash-generating units) that include goodwill or intangible assets in progress or with an indefinite useful life. Recoverable amount is defined as the higher of fair value less costs to sell and value in use, which is the present value of estimated future cash flows.

As a result of the sensitivity analysis conducted in 2023 on the key assumptions of the different cash-generating units or groups of cash-generating units, no material risk of impairment was detected.

In addition to the above, the impairment indicators of the different units or groups of cash-generating units have been reviewed, and no additional impairment has been detected to date.

19. Contingent assets and liabilities

IBERDROLA Group companies are party to court and out-of-court disputes arising as part of the ordinary course of their business (disputes with suppliers, customers, administrative or tax authorities, individuals, environmental activists or employees). The IBERDROLA Group's legal advisers believe that the outcome of these disputes will have no material impact on its financial position.

In relation to said disputes, the IBERDROLA Group's main contingent assets and liabilities not recognised in these consolidated financial statements because the pertinent accounting criteria are not met, are as follows:

Contingent liabilities

- In 2022, the remuneration for 2017, 2018 and 2019 was approved by Order TED/749/2022, of 27 July. The Company has proceeded to file an appeal against the Order for relying on the results of inspection procedures on regulatory information from 2015 to 2017, which reduced the remuneration for those years by failing to recognise, contrary to current regulations, investments and expenses incurred in running the business. The proceedings are being heard by the judicial review chamber of the *Audiencia Nacional*. No final decision is expected until 2025.

- Appeals for judicial review lodged on 7 July 2020 before the National High Court against unfavourable decisions of which IBERDROLA was notified by the Central Tax Appeals Board in June in connection with the assessments signed on a contested basis by the Group in 2016, pertaining to the years 2008 to 2011. The main disputes relate to the elimination of the tax exemption on dividends received because the tax office believes that this exemption is incompatible with an adjustment in portfolio value due to hedging of net investment, differences in tax consolidation criteria and possible existence of a transaction involving a change of debtor in certain bond issues, due to the circumstances set out in Section 15.1 of the General Tax Act. All appeals brought in the *Audiencia Nacional*, Spain's National Court, are expected to be resolved in the course of 2024.
- Appeals for judicial review lodged on 17 December 2021 and 29 July 2022 before the TEAC against the settlement decisions on income tax notified to Iberdrola Energía España, S.A. as representative of Tax Group 2/86, in relation to the income tax assessments signed on a contested basis by the Group in 2021 and 2022 for financial years 2012 to 2014 and 2015 to 2020, respectively. The adjustments in dispute are substantially the same as those discussed in relation to the years 2008 to 2011. On 5 June 2024, the decision of the *Tribunal Económico-Administrativo*, the administrative tribunal concerned with tax review, was notified in relation to appeals filed in relation to financial years 2012 to 2014. The Group's submissions were partially upheld. As regards the arguments that were dismissed by the tribunal, the Company intends to apply to the *Audiencia Nacional* for a decision at judicial review. The claim relating to financial years 2015 to 2020 is still, as at today's date, awaiting a decision by the tax tribunal. The relevant arguments were submitted in the second quarter of 2023. The date of the TEAC's decision cannot be reliably estimated.
- Appeal for judicial review lodged before the TEAC on 29 July 2022 against the settlement decision on VAT for financial years 2015 to 2017 and notified to Iberdrola, S.A. as representative of Tax Group 0220/08BVA. The main adjustment in dispute arises from the inclusion by the tax authorities, in the denominator of Iberdrola, S.A.'s VAT pro rata, of the gains on portfolio transfers and/or corporate restructuring transactions, reducing the input VAT deductible in 2015 and its effect in subsequent years due to the adjustment of the input VAT on the acquisition of investment assets. The relevant submissions were submitted in the last quarter of 2022 and further submissions were presented in the first quarter of 2023, although a decision has yet to be delivered. The date of such decision cannot be reliably estimated.
- Appeal for judicial review lodged on 25 January 2021 before the National High Court against the decision of the Central Tax Appeals Board notified to IBERDROLA in December 2020. The claim, which was filed against the tax settlement decisions upholding the disputed tax assessments delivered to the Company under limited tax inspection proceedings in relation to income tax for the years 2012 to 2014, was partially upheld. The dispute with the Tax Administration essentially had to do with the applicability or inapplicability of the rules on timing of accounting recognition as established in a large number of rulings of the Supreme Court, in relation to the income received by the Group based on payments unlawfully made. This ruling partially upheld IBERDROLA's claims, accepting its criteria insofar as the taxes declared to be unconstitutional were concerned. The company has lodged an appeal with the National High Court in respect of the other tax matters in dispute. The date of the decision cannot be reliably estimated.

- Appeal lodged by IBERDROLA, S.A. on 6 September 2021 before the *Tribunal Económico-Administrativo Central* (TEAC) against the enforcement by the Technical Office of the Central Large Taxpayers Delegation of the aforementioned decision of the TEAC partially upholding its interests, which not only recognised the effects of the favourable decision in the pertinent years (2012 to 2014), but also extended its effects to the previous years. Said years had already undergone general inspection proceedings, with a final ruling rendered in some cases, thus constituting *res judicata*. On 3 January 2024, the *Tribunal Económico-Administrativo Central* notified its decision rejecting the Company's claims. An application for judicial review has been lodged with the *Audiencia Nacional* against this decision. The date of the Court's judgment cannot be reliably estimated.
- An appeal for judicial review was lodged on 23 February 2024 with the *Tribunal Económico-Administrativo Central* against the settlement decision confirming the contested assessment issued to Iberdrola, S.A., as the representative of VAT Group 0220/08. The decision rejected the requested rebates made by two of the companies in that group of entities, Curenergía Comercializador de Último Recurso, S.A.U. and Iberdrola Clientes, S.A.U., in relation to applications for rebates of VAT charges pertaining to unpaid debts owed mainly by individuals, which were more than one year old and had a taxable base of less than EUR 300. It is argued that the Spanish legislation in relation to the treatment of VAT corresponding to unpaid invoices is contrary to EU law.
- On 24 November 2015, the CNMC, Spain's markets and competition regulator, imposed a fine of EUR 25 million on Iberdrola Generación (now Iberdrola Energía España) for a very serious infringement contrary to Article 60(a)15 of *Ley 54/1997, de 27 de noviembre, del Sector Eléctrico* (Electricity Sector Act). The fine was challenged in judicial review proceedings before the *Audiencia Nacional*. After the application was received, proceedings were suspended due to the existence of a preliminary matter at criminal law, as a case was being heard in Court of Instruction No. 4 of the *Audiencia Nacional* concerning the same facts. On 4 January 2024, the *Juzgado Central de lo Penal de la Audiencia Nacional* (central criminal court) handed down a verdict of acquittal in fast-track proceedings no. 11/2022, which was being pursued, among others, against Iberdrola Energía España. By order handed down by the *Juzgado Central de lo Penal de la Audiencia Nacional* on 1 February 2024, the judgment was declared final. Once the criminal proceedings were concluded, the suspension of the judicial review proceedings before the *Audiencia Nacional* was lifted. The Company argued against the penalty as no law had been violated, as acknowledged in the acquittal decision of the criminal chamber of the *Audiencia Nacional* itself. Execution of the penalty is suspended as its payment has been secured by means of a bank guarantee.

- Iberdrola Castilla y León (IBERCYL) has been summoned as a party subsidiarily liable alongside the Regional Government of Castilla y León in the proceedings taking place before Valladolid Preliminary Examining Court no. 4 in relation to alleged irregularities in awarding certain wind power operating permits in Castilla y León. The order stated that IBERCYL was to guarantee payment of an amount of EUR 11.2 million in this respect. In addition, the same Court has requested certain defendants to furnish security for a total and joint amount of EUR 130 million to guarantee the financial penalties sought by the prosecution. These defendants have posted a corporate guarantee provided by Iberdrola Renovables Energía, S.A.U., unconditionally and irrevocably as a corporate personal guarantee enforceable on first demand and amounting to EUR 390 million, and in October 2022 the Court agreed to declare the bond posted as security for the pecuniary responsibilities as sufficient. On 4 December 2023, the Court decided to cancel the request for security for the sanctions being sought. As a result, the corporate guarantee of EUR 390 million enforceable on first demand was released and cancelled. We are currently awaiting a trial date from the Provincial Court of Valladolid.
- On 19 April 2024, Pavilion Energy Spain, S.A.U. (PESSA), in the framework of the arbitration proceedings brought against Iberdrola Energía España S.A.U. regarding the contract entered into between PESSA and Iberdrola in 2019 whereby PESSA was to supply natural gas to Iberdrola. Although the contract at issue in the arbitration does not contain a price review clause, PESSA made a claim in reliance on the exceptional doctrine of *clausula rebus sic stantibus*, arguing that the presence of exceptional circumstances warrant the application of the Spanish Supreme Court's special doctrine on this matter. Iberdrola argues that such doctrine does not apply and that the agreement between the parties as set out in the contract must prevail. In its statement of claim, PESSA seeks compensation from Iberdrola in an amount equivalent to the estimated loss, which it establishes at between USD 233.4 million and USD 534.9 million, to be specified during the evidentiary phase of the proceedings, plus interest. The arbitration is ongoing in Madrid, under CIMA rules and subject to Spanish law.
- Collective damages (individual and common rights) caused by the Baixo Iguazu consortium, with the complicity of the IAT (on the grounds of deficient oversight), are being sought due to failure to provide redress for the material damages and pain and suffering caused to 34 families affected by the construction of the Baixo Iguazu power plant and failure to implement the PACUERA (Environmental Plan for the Conservation and Use of the Artificial Reservoir Environment).
- Various labour, civil and tax claims are ongoing against several companies of the NEOENERGIA Group in Brazil in relation to their ordinary course of business. The IBERDROLA Group considers that the risk of potential losses at such companies has been assessed by them in line with the opinions of the authorities and the external tax advisers, and the relevant provisions have been made based on the likelihood of loss as per the available evidence, the position adopted by the courts and the most recent case law.

- The labour claims relate to actions brought by former employees of NEOENERGIA Group companies or former employees of service provider companies (subcontractors) with requests for overtime, wage equalisation and other labour rights. Of particular note is the class action ongoing at the company Neoenergia Cosern brought by the trade union SINTERN on behalf of employees to preserve and ensure immediate compliance with the Jobs, Careers and Wages Plan approved in 1991. Under those proceedings, the claimants are seeking payment of wage differences for the last five years and past-due social security contributions. Meanwhile, the civil proceedings involve commercial claims and actions for economic or non-economic damages, arbitration proceedings on issues related to engineering and energy contracts, and various environmental actions and actions for condemnation of real property associated with the performance of projects.

The most significant tax disputes in Brazil are those brought against the claims upholding the infringement proceedings instituted in relation to:

- amortised gain/goodwill expense (agio) is not tax deductible for the purpose of calculating income tax (both for corporate income tax and employee contribution tax) applicable to the subsidiaries Neoenergia Pernambuco, Neoenergia Coelba, Neoenergia Cosern, Neoenergia Elektro, Itapebi and Termopernambuco. In recent years, several favourable decisions on this matter [EFP2] have been handed down in the first and second judicial instances in connection with several of the financial years questioned by the Brazilian tax office to the companies Neoenergia Pernambuco and Neoenergia Cosern. A final decision on the merits of the case has yet to be delivered by the Supreme Court;
- failure to make income tax withholdings on the payment of interest on own capital between companies belonging to the same group;
- requirement for income tax withholding on the alleged taxable capital gain accruing to Iberdrola Energía, S.A. following the incorporation of Elektro Holding by Neoenergia;
- questions concerning tax credits related to consumption tax (ICMS) at NC Energia, Termopernambuco, Neoenergia Pernambuco and Neoenergia Elektro; and
- questions concerning federal taxes –corporate income tax and employee contribution tax– from dismissal of expenses with payment of regulatory compensation at Neo Pernambuco and Neo Coelba.

Turning to regulatory proceedings, distribution companies Neoenergia Pernambuco, Neoenergia Coelba, Neoenergia Cosern, Neoenergia Elektro and Neoenergia Brasília are party to various suits and claims, notably: (i) proceedings to calculate individual and collective technical service continuity indicators; (ii) trade matters; (iii) financial compensation and recovery of global indicators; (iv) matters related to the collection or legality of tariff-related items or matters; and (v) matters related to the legality of administrative action instituted by ANEEL. Regarding Neoenergia Transporte, key events in the period included the economic and financial rebalancing requests made to ANEEL, due to delays and economic-financial impacts in the construction of the transport lots (2018 and 2019 auctions). Among said actions, the following are particularly noteworthy:

- Elektro's Energy Social Tariff (for low-income consumers), for which the Consumers Association intends to increase the number of eligible customers from 2002 to 2010, imposing on ANEEL and Elektro the obligation to restore tariff differences, the cost of which should ultimately be met by the CDE sector fund;
- The free or for-consideration use of right-of-way areas in roads for the electricity grid, the merits of which are being discussed before the Supreme Court;
- Several matters regarding over or under subscription of energy, currently under discussion at the administrative level;
- The possibility of ANEEL including, in the tariff tax, tax income resulting from the favourable outcome obtained by suppliers in the legal dispute concerning the exclusion of the ICMS tax from the federal contributions calculation base for PIS/COFINS (currently undergoing preliminary discussions at the administrative level);
- Action brought by Neoenergia Brasília to annul ANEEL's act that captured, for tariff purposes, the surplus income obtained between May 2002 and October 2004, and between July 2005 and August 2008, accumulated according to the criteria for classifying low-income consumers.
- Administrative request on the recognition of exclusion of liability and reduction of the scope of Concession Contract No. 014/2019-ANEEL (Neoenergia Lagoa dos Patos), following a finding of unfeasibility by the environmental agency (IBAMA) of the route specified in lot 01/2018. The ANEEL Directorate rejected the request and Neoenergia filed legal action 5015470-37.2024.4.04.7100.

- Court application 5015470-37.2024.4.04.7100 was formally recorded in April 2024 against ANEEL. The applicant sought to be excused from fulfilling the obligations of the Concession Contract relating to section 1 of the project – LT 525kV Capivari do Sul – Siderópolis 2,Cl. The application for injunctive relief was rejected because there was no preparatory act by ANEEL to apply sanctions or penalties. The judge ordered that the case be referred to the Mediation Centre for the designation of a hearing between the parties. Due to the environmental catastrophe that affected the State of Rio Grande do Sul (floods), the Court of Justice building is flooded and procedural deadlines have been suspended. Administrative request for the economic-financial rebalancing of Concession Contract No. 09/2020-ANEEL (Neoenergia Rio Formoso), due to certain impacts relating to the term of the concession (environmental licenses and COVID-19 pandemic) and extraordinary costs arising from changes in the layout of the facilities. There were no further developments and the claim has yet to be considered.
- Administrative request on exclusion of liability and application for injunctive relief regarding Concession Contract no. 03/2019-ANEEL (Neoenergia Itabapoana) to suspend any administrative penalty proceedings until a decision on the merits of the case has been delivered. The injunction was refused by ANEEL on 4 April 2024 and the complaint is awaiting investigation and subsequent decision on the merits.
- In relation to the Power Purchase Agreement (PPA) signed between Avangrid Renovables and Nike, Nike has filed a claim against the supply invoices for March-April 2021, the settlement of which was influenced by the storm in Texas. As no agreement was reached, Nike lodged a claim with the Oregon State Courts on 16 June 2023 seeking USD 31 million plus interest from Avangrid Renovables. The Company will contest the claim as it considers it groundless.
- Avangrid Renewables, through a number of subsidiaries, has engineering, procurement and construction (EPC) contracts in effect with Sterling and Wilson Solar Solutions, Inc. (SWSS) for the construction of two solar power plants: Lund Hill in Klickitat, WA (Lund Hill), and Pachwaywit Fields in Gillam County, OR (Montague). Avangrid Renewables believes that SWSS has breached several of its obligations under the respective EPC contracts, including construction defects and non-payment to certain subcontractors. As a result, Avangrid Renewables had to rely on letters of credit for both Montague and Lund Hill. In response, SWSS filed for liens on both projects totalling approximately USD 105 million, claiming that this amount is due under the EPC contracts. Avangrid Renewables has posted bonds on the liens on both properties. SWSS subsequently initiated foreclosure actions in Oregon on the Montague lien, and added claims for breach of contract and *quantum meruit*, seeking up to USD 111.8 million. SWSS has also initiated mortgage foreclosure proceedings in Washington State. On 26 February 2024, SWSS filed suit against the Lund Hill project company and Avangrid Renewables in a New York State court, based on the same facts as the previously filed foreclosure case and seeking USD 59.9 million in damages. We cannot predict the outcome of these lawsuits.

- Encon Monterrey, a company of the Iberdrola Group and current owner of the Dulces Nombres II Combined Cycle Thermal Power Plant, located in the municipality of Pesquería, State of Nuevo León, in northern Mexico, initiated arbitration proceedings against General Electric Global Services GmbH, Mexico branch, for breach of financial commitments arising from a settlement of a previous dispute between the parties and claiming damages for being responsible for an unscheduled shutdown of the plant. Within the arbitration proceedings, the respondent has filed a defence and counterclaim seeking USD 16.5 million from the claimant for: (i) work performed during the forced shutdown; (ii) reconditioning of materials; (iii) cost of personnel; (iv) import duties; and (v) payment of customs agents. Iberdrola believes that the claim is flawed and has filed an objection to the counterclaim.

Additionally, the following contingent liabilities have arisen as part of the ordinary course of business of the IBERDROLA Group:

- US gas companies own, or have owned, land on which they operated gas production plants. This land was polluted as a result of these activities. In some cases, the soil has been cleaned, while in others the soil has been assessed and classified, but has yet to be cleaned. In some other cases, the extent of the pollution has yet to be determined. Where the extent of the pollution cannot be determined, no provisions have been recognised at 30 June 2024 because the cost cannot reasonably be estimated as the matter requires the regulators' involvement and approval. In the past, the gas companies have received authorisation to recover cleaning expenses from customers through tariffs and they expect to recover such expenses for the remaining soil.

Contingent assets

- AVANGRID initiated legal proceedings against the former owners of certain sites in order to recover the costs of environmental restoration work it was forced to pay.

Other information

No significant appeals have been lodged regarding the regulation-related proceedings commenced by third parties that could affect the remunerative or financial situation of the IBERDROLA Group.

Contingent assets and liabilities at 31 December 2023 are described in the IBERDROLA Group's consolidated financial statements for that year.

20. Remuneration of the Board of Directors and of executive officers

a) Remuneration of the Board of Directors

Remuneration and other benefits received by directors in the six-month periods ended 30 June 2024 and 2023 are presented in the following table, by item:

Millions of euros	30.06.2024	30.06.2023
Remuneration for membership of the Board and/or Board Committees	3.9	3.2
Other items	0.1	0.1
Total	4.0	3.3

b) Remuneration of executive officers

Executive officers who are also directors or not

Senior management includes those members of the Company's senior management who perform global functions – except when these are support, advisory or staffing functions – and who report directly to the Board of Directors, the Chairman or the Chief Executive Officer of the Company, as well as any other person to whom the Board of Directors, at the proposal of the Chairman, grants such status and, in all cases, the Head of Internal Audit. At 30 June 2024, there were 4 members of senior management.

Remuneration paid to and earned by executive officers who are also directors and senior management during the first half of 2024 and 2023 is as follows.

Executive officers who are also directors	30.06.2024	30.06.2023
Fixed remuneration	1.7	1.7
Variable remuneration (*)	4.7	4.2
Pension plans (savings and risk)	0.5	0.4
Other items (**)	0.4	0.4
Total	7.3	6.7

Other executives	30.06.2024	30.06.2023 (***)
Fixed remuneration	1.1	1.0
Variable remuneration (*)	1.9	1.6
Pension plans (savings and risk)	0.8	1.5
Other items (**)	0.5	0.5
Total	4.3	4.6

(*) Includes the amount accrued by executives who also are directors for the entire financial year 2023.

(**) This includes the remuneration of executives who are directors and senior executives who have held the position of director at companies that are not wholly owned, directly or indirectly, by the Company, which amounted to EUR 0.3 million and EUR 0.4 million in the first half of 2024 and EUR 0.3 million and EUR 0.3 million in the first half of 2023.

(***) For comparison purposes, this includes information on employees who have been senior officers since 30 June 2024 (six fewer members).

The second of the three annual payments under the 2020-2022 Strategic Bonus was completed in the first half of 2024, involving the delivery of 941,665 shares, once the level of continuing achievement of the relevant targets had been confirmed. The first of the three annual settlements under the 2020-2022 Strategic Bonus was completed in the first half of 2023, involving the delivery of 941,665 shares.

In the first half of 2024 and in 2023, no related-party transactions concluded with the executive team.

21. Related-party transactions and balances

The following transactions have taken place within the ordinary course of business and have been carried out at arm's length.

The most significant transactions carried out with the IBERDROLA Group during the six months ended 30 June 2024 and 2023 were as follows:

Millions of euros	Six-month period ended 30.06.2024				Total
	Significant shareholders ⁽¹⁾	Directors and executive officers ⁽²⁾	Group persons, companies or entities	Other related parties	
Expenses and income					
Finance expenses	–	–	(1)	–	(1)
Services received	–	–	(1)	–	(1)
Purchases ⁽³⁾	–	–	(103)	–	(103)
Total expenses	–	–	(105)	–	(105)
Finance income	–	–	2	–	2
Services rendered	–	–	8	–	8
Sales	–	–	24	–	24
Total income	–	–	34	–	34

Millions of euros	Six-month period ended 30.06.2023				Total
	Significant shareholders ⁽¹⁾	Directors and executive officers ⁽²⁾	Group persons, companies or entities	Other related parties	
Expenses and income					
Finance expenses	–	–	(1)	–	(1)
Services received	–	–	–	–	–
Purchases ⁽³⁾	–	–	(17)	–	(17)
Total expenses	–	–	(18)	–	(18)
Finance income	–	–	1	–	1
Services rendered	–	–	4	–	4
Sales	–	–	5	–	5
Total income	–	–	10	–	10

Balances with related parties were as follows at 30 June 2024 and 2023:

Millions of euros	30 June 2024				Total
	Significant shareholders ⁽¹⁾	Directors and executive officers ⁽²⁾	Group persons, companies or entities	Other related parties	
Trade and other receivables	—	—	24	—	24
Loans and credits granted	—	—	99	—	99
Other receivables	—	—	—	—	—
Total receivables	—	—	123	—	123
Trade and other payables	—	—	(43)	—	(43)
Loans and credits received	—	—	(83)	—	(83)
Other payment obligations	—	—	—	—	—
Total payables	—	—	(126)	—	(126)

Millions of euros	30 June 2023				Total
	Significant shareholders ⁽¹⁾	Directors and executive officers ⁽²⁾	Group persons, companies or entities	Other related parties	
Trade and other receivables	—	—	10	—	10
Loans and credits granted	—	—	92	—	92
Other receivables	—	—	—	—	—
Total receivables	—	—	102	—	102
Trade and other payables	—	—	(2)	—	(2)
Loans and credits received	—	—	(116)	—	(116)
Other payment obligations	—	—	(18)	—	(18)
Total payables	—	—	(136)	—	(136)

⁽¹⁾ At 30 June 2024 and 2023, there were no significant shareholders who met the definition of Section 529 *vicies* of the Spanish Companies Act because they did not hold 10% of the voting rights or were not represented on the Board of Directors.

⁽²⁾ Refers to transactions other than those disclosed in Note 20.

⁽³⁾ Relates mainly to electricity purchases.

22. Events occurring after 30 June 2024

The significant events that have occurred after 30 June 2024 and up to the date of authorisation for issue of these consolidated financial statements are described below:

Reduction in share capital

On 1 July 2024, the reduction in capital approved at the General Shareholders' Meeting of the Company held on 17 May 2024, under item 14 on the agenda, was implemented through the redemption of own shares.

Details of the reduction in share capital are as follows:

	Date of filing at the Commercial Registry	% Capital	Number of shares	Par value	Euros
Reduction in share capital	3 July 2024	2.854%	183,299,000	0.75	137,474,250

Following the capital reduction, share capital stands at EUR 4,680,000,000, represented by 6,240,000,000 shares, each having a par value of EUR 0.75.

Iberdrola Retribución Flexible

On 2 July 2024, the following terms were established in relation to the implementation of the first increase in capital by means of a scrip issue (*Iberdrola Retribución Flexible*), as approved at the General Shareholders' Meeting of IBERDROLA held on 17 May 2024 under item 12 on the agenda:

- The maximum number of new shares to be issued under the increase in capital is 183,529,411.
- The number of free-of-charge allocation rights required to receive one new share is 34.
- The maximum par value of the increase in capital is EUR 137,647,058.
- The gross interim dividend per share amounts to EUR 0.351.

Sale of Kitty Hawk

In July 2024, the IBERDROLA Group signed an alliance with Dominion Energy for the development of the Kitty Hawk offshore wind farm in the United States. The deal, which includes the lease area of the Kitty Hawk North offshore wind farm and associated assets, is valued at USD 160 million (approximately EUR 150 million). The transaction is expected to be completed in the fourth quarter of 2024.

Banking market and bond issues in the Euromarket

The most significant financing arranged by the IBERDROLA Group after 30 June 2024 in the interbank and capital markets is as follows:

Borrower	Transaction	Amount (millions)	Currency	Interest rate	Maturity
Iberdrola Finanzas	Public green bond	750	EUR	3.625 %	July 2034

The following financing extension was also arranged after 30 June 2024:

Borrower	Transaction	Amount (millions)	Currency	Option to extend	Maturity
Iberdrola Financiación	Sustainable syndicated credit facility	2,500	EUR	—	July 2029

The IBERDROLA Group's liquidity position, taking into account financing operations signed after 30 June 2024, amounts to EUR 21,717 million (Note 15).

23. EXPLANATION ADDED FOR TRANSLATION INTO ENGLISH

These Financial statements are presented on the basis of accounting principles generally accepted in Spain. Consequently, certain accounting practices applied by the Company may not conform with generally accepted accounting principles in other countries.

APPENDIX

INDUSTRY REGULATION AND OPERATION OF THE ELECTRICITY AND GAS SYSTEM

Various new rules and regulations affecting the energy sector were enacted in the first half of 2024. This Schedule addresses the most significant changes and developments.

Spain

The first half of 2024 witnessed a progressive stabilisation and reduction in energy prices.

Although the Spanish government has maintained many of the intervention measures applied since 2022 to alleviate the effects of the crisis, some values have been relaxed:

- VAT on electricity: increase in the tax from 5% to 10% until the end of the year, unless the average market price falls below EUR 45/MWh, in which case VAT will be raised to 21%.
- Special tax on electricity (IEE): increase in the tax compared to the previous 0.5%. From 1 January to 31 March: 2.5%; from 1 April to 30 June: 3.8%; and from 1 July the IEE will be restored to the initial value of 5.11%.
- Tax on the Value of Electricity Production (IVPEE): the tax rate was 3.5% up until March, 5.25% from April to June and 7% from 1 July.
- End of the extension of the limit on the sale price of electricity of EUR 67/MWh to inframarginal production and the Iberian mechanism (or “gas cap”).
- Maintenance of the extension of the scope and discount of the discounted rate for electricity (Bono Social) for vulnerable consumers until 31 June 2025 (RDL 18/2022).
- The temporary levy on the revenues earned by energy companies remains in place, with the possibility of tax relief for strategic investments in transition (RDL 04/2024).
- The 2024 call for aid to compensate electro-intensive workers for the bill charges borne in 2023 (charges related to renewables, cogeneration and extra-peninsular waste) has been published in the Official State Gazette. The budget for 2024 is EUR 32 million, to offset between 75-85% of the cost of the charges.

Cost reduction and social protection measures have also been maintained in other energy subsectors: limiting the increase in the Last Resort Tariff for natural gas, Special gas tariff for homeowners' associations, measures to reduce energy demand, etc.

The most relevant regulations to have been approved outside the price crisis are:

- Royal Decree 589/2024, of 25 June, has been published, amending the fixed unit rate relating to the non-tax public charge used to finance the services provided by Empresa Nacional de Residuos Radioactivos, S.A., S.M.E. (Enresa) to those nuclear power plants still in operation. This Royal Decree sets the rate that nuclear power plants pay for future costs of decommissioning and waste management at EUR 10.36/MWh as of 1 July. The proposed rate responds to the cost update set out in the 7th Nuclear Waste Management Plan, which materializes the decision to cancel the Centralised Temporary Storage Facility. This new rate represents an increase of 29.8%, which is in addition to the 19.9% increase in 2019 following the signing of the Protocol for the orderly closure of plants with ENRESA.
- The modification of the Electricity Planning (MAPs) with a horizon of 2026 was approved, which includes 73 actions, with an associated investment of EUR 489 million, to execute strategic projects under the energy transition and the industrial value chain. It is financed with EUR 931 million from the addendum to the Recovery Plan for transmission grid infrastructures.
- The Resolution of 4 April 2024, of the National Commission on Markets and Competition, establishing the remuneration of companies owning electricity transmission facilities for the year 2021, was published. Transmission remuneration is set at EUR 1,488 million, EUR 62.5 million less (-4%) than in 2020.

Meanwhile, further measures related to electric mobility were approved (Royal Legislative Decree 4/24):

- Mandate to Red Eléctrica de España (REE) to implement the map of public charging stations, with information on their characteristics, location, prices and availability in real time. It is a map that was planned to be developed by the Ministry itself since 2021 but had not been completed due to lack of IT resources.
- Extension of MOVES III until 31 December 2024: The deadline for applying for aid is extended, though not the budget of the programme, of which some EUR 130 million of the EUR 1,200 million budgeted remains to be spent.
- Increase of EUR 50 million in the aid programme for heavy vehicles (MOVES MITMA), to transform fleets of trucks and buses. In this case, the budget is almost increased, compared to the initial EUR 400 million that had been exhausted.
- It includes the freedom to depreciate electric vehicles and charging infrastructure during 2024 and 2025 for companies and the self-employed. Until now, accelerated depreciation was allowed subject to a pre-established rule.

Promotion of renewable energies

Royal Decree 203/2024, of 27 February, has been published in the Official State Gazette, which develops aspects relating to the free allocation of emission allowances for the years 2026-2030 and other aspects related to the system of exclusion of facilities from 2026. As Iberdrola expected, existing facilities with less than 2,500 tCO₂ of the CO₂ market obligations have not been excluded.

Likewise, the Ministerial Order has been published in the Official State Gazette that establishes the energy efficiency obligations for 2024. The obligations are incumbent on all energy sectors in proportion to their final sales, thus avoiding any distortion in competition between companies and between sectors. The energy savings certificates system is voluntary and an alternative to the contribution to the National Energy Efficiency Fund (FNEE).

United Kingdom

Contracts for Difference: Contracts for Difference: as part of its programme of annual Contracts for Difference (CfD) auctioning for renewable generation, the UK Government has been progressing this year with CfD Allocation Round 6 (AR6). Having set administrative strike prices for AR6 in November 2023 – including a much higher administrative strike price (ASP) of £73/MWh (2012 prices) for fixed bottom offshore wind participating in Pot 3 – the Government published the initial budget and auction parameters for AR6 on 6 March 2024.

The Department for Energy Security and Net Zero (DESNZ) set an overall budget of GBP 1,025 million (in 2011/12 prices). This has been allocated as follows (all based on 2011/12 prices):

- GBP 120 million for Pot 1 (with three separate caps, each totalling GBP 120 million, for application to onshore wind, remote island wind and solar);
- GBP 105 million for Pot 2 (with a minimum of GBP 10 million for tidal stream energy and a maximum of GBP 8 million for geothermal energy); and
- GBP 800 million for Pot 3 (for offshore wind with fixed foundations, with separate caps for RA4 projects of “allowable reduction” and RA6 projects of GBP 800 million).

These budgets are all subject to possible upwards revision (though not reduction) with decisions to be taken by the new Government after the General Election on 4 July 2024. The AR6 eligibility window ran from 27 March to 19 April 2024, with confirmation of the final budget for AR6 expected by 1 August and the sealed bid window then expected to run from 5-9 August. CfD contracts are expected to be awarded on 3/4 September 2024.

Green Industries Growth Accelerator: Following the announcement in the 2023 Autumn Statement of a GBP 960 million ‘Green Industries Growth Accelerator’ (GIGA) to support investment in supply chains for clean energy sectors, the Chancellor announced a GBP 120 million funding increase for the scheme, taking the total funding to over GBP 1,000 million.

The Treasury also provided further information on how the funding will be allocated between sectors, with GBP 390 million to expand UK-based supply chains for electricity networks and offshore wind, and around GBP 390 million for carbon capture, utilisation and storage, and hydrogen. The funding support is planned to fully commence in April 2025.

Hydrogen Production Business Model support: Following Hydrogen Production Business Model contracts being awarded under the first Hydrogen Allocation Round (HAR1) at the end of last year (amounting to 125MW of hydrogen production capacity, including our Whitelee and Cromarty projects), DESNZ launched the second Hydrogen Allocation Round (HAR2), with the deadline for applications being on 19 April 2024. This second Allocation Round is expected to conclude in early 2025.

Carbon pricing: At the 2023 Autumn Statement the Treasury extended the existing Carbon Price Support (CPS) tax for another year to 2025-26, maintaining this at a level equivalent to the current rate of £18/tCO₂. No further changes were announced on the CPS tax at the Spring Budget on 6 March 2024 and so this continues to run alongside the UK Emissions Trading Scheme (ETS). The Government continues to progress its plans to implement a UK Carbon Border Adjustment Mechanism (CBAM) to be introduced in 2027, and the Treasury consulted on the design of the CBAM in Q2 2024. The current plan is for the UK CBAM to broadly cover the same sectors as the EU CBAM, with the exception of electricity, which is not currently covered within the scope of the UK CBAM.

Electricity Generator Levy: The Electricity Generator Levy (EGL) came into effect on 1 January 2023, implementing a 45% levy on merchant electricity generation revenues from renewable (and nuclear) generation above an annual benchmark of £75/MWh (with inflation indexation based on CPI) until 31 March 2028. At the 2023 Autumn Statement, the Chancellor announced a new exemption under the EGL, covering ‘new projects’ for which the substantive decision to proceed is made on or after 22 November 2023. This new exemption was legislated for in the Finance Act 2024.

Reform of Capital Allowances regime: In the 2023 Spring Budget, the Chancellor introduced “full expensing” under the capital allowances regime on a time-limited basis, running from 1 April 2023 to 31 March 2026. This support for investment was further extended at the 2023 Autumn Statement, with the Chancellor announcing that “full expensing” would now be put on a permanent basis. This was legislated for in the Finance Act 2024.

Accelerated Transmission Infrastructure: Ofgem decided in December 2022 to launch a new Accelerated Strategic Transmission Investment (ASTI) framework. The framework assesses, funds and incentivises the accelerated delivery of close to GBP 20 billion of large, strategic onshore transmission projects (GB-wide) required to deliver on the Government's ambition to connect up to 50 GW of offshore wind generation to the network by 2030. The aim is to remove regulatory barriers and accelerate delivery of these projects, including provisionally exempting projects from competition models, subject to operators' ability to meet delivery dates. In March 2024 Ofgem consulted on its intended position on Eastern Green Link 1 (EGL1), a JV between NGET and SPT, and the first project to undergo assessment under the ASTI framework. Following the project assessment, Ofgem is proposing to set the overall funding allowance at GBP 2,000 million (2018/19 prices).

Grid connections: In November 2023, Ofgem and DESNZ jointly launched the Connections Action Plan (CAP), which sets out actions that aim to reduce grid connection timescales to support the transition towards a Net Zero economy. In May 2024, Ofgem provided an update on the reform of the electricity connections process, following proposals from the electricity system operator (ESO) to move towards a 'First Ready, First Connected' approach. These proposals are currently being developed through the formal industry code change process, with a target implementation date of January 2025.

Retail tariff cap: as required under the Domestic Gas and Electricity (Tariff Cap) Act 2018, Ofgem implemented a new price cap for default tariffs, including Standard Variable Tariffs (SVTs), on 1 January 2019. The price cap was originally updated every six months, but in order to mitigate the impact of market volatility Ofgem moved to a quarterly update cycle in October 2022.

The Government's Energy Price Guarantee (EPG), which capped prices paid by customers, expired at the end of March 2024. In April 2024, Ofgem implemented a levelisation/reconciliation mechanism to equalise the standing charge element of Direct Debit and Prepayment Meter tariffs and is considering further levelisation/reconciliation for debt-related charges across Direct Debit and Standard Credit tariffs. Ofgem included an additional GBP 28 allowance in the tariff cap from April 2024 to March 2025 for additional debt-related costs incurred between April 2022 and March 2024. Ofgem also launched a review of the operating costs allowance in the price cap in May 2023 which is ongoing.

United States

Biden Administration: The Department of the Treasury continues to issue guidance and rulemaking to implement the new tax provisions included in the USD 369 billion Inflation Reduction Act (IRA). This is an iterative process. To date, Treasury has released final rules for the labour and apprenticeship requirements and transferability. Additionally, Treasury has issued preliminary guidance or proposed rulemaking for other provisions, including the technology neutral production tax credit/investment tax credit (PTC/ITC), which will take effect in 2025. The PTC/ITC bonus grants credits for energy communities and domestic content, book minimum accounting tax, and clarification that OSW export cables, substations, and transformers qualify for the ITC.

On 24 April, several solar manufacturers filed a petition to launch an anti-dumping (AD) and countervailing duties (CVD) investigation applicable to manufacturers of solar cells and modules operating in four Southeast Asian countries (Cambodia, Malaysia, Thailand and Vietnam). The petitioners are citing high possible tariff rates, ranging from 70.4% to 271.5%. On 7 June, the International Trade Commission voted to continue the investigation finding that there is a “reasonable indication” that the U.S. industry is being harmed. A preliminary resolution is not expected until Q3/Q4.

The two-year moratorium for duties under the Auxin Solar AD/CVD case ended on 5 June. Producers found to be circumventing are now subject to the duties. Panels imported before 6 June 2024 that entered under the moratorium must be “used or installed” by 3 December 2024. Additionally, two companies recently filed a complaint with the Court of International Trade (CIT) challenging the moratorium. However, the current assessment from our trade association ACP is that there is very little chance that this challenge will succeed.

In May, the Department of Commerce also announced it would be ending the 201 Tariff Exemption for bifacial solar modules. Affected solar modules, which make up the majority of the imported market, will face a 14.25% tariff until February 2025 and 14% from then until February 2026. Commerce outlined a number of developing countries, notably including Indonesia, that are not subject to the tariffs.

FERC: In June, FERC issued a new transmission and cost allocation rule, Order No. 1920. This rule adopts specific requirements addressing how transmission providers must conduct long-term planning for regional transmission facilities and sets the default method for cost allocation. Order No. 1920 requires transmission providers to plan transmission on a 20-year horizon, with multiple transmission needs scenarios, and thorough, long-term consideration of the benefits of a proposed regional transmission project. The order will be effective 12 August 2024 but is currently subject to re-hearing.

Three new FERC members have been confirmed by the Senate and two are already sworn in, with the third expected to be sworn in late July, after which the commission will be fully staffed.

Inflation Reduction Act (IRA): in September, the Department of the Treasury (Treasury) announced its priorities for Inflation Reduction Act guidance through mid-2024. Treasury is in the process of issuing guidance on hydrogen production tax, regulations on the ITC for undersea cables and onshore substations, and offshore with bonus tax credits for “energy communities” and “domestic content”, which are expected to become final sometime before mid-2024.

On 22 March, the IRS released updated guidance for the IRA’s 10% Energy Communities bonus tax credit that broadens the applicability of the credit. It clarifies that certain project operations located within energy communities will now qualify for the bonus, as well as projects with multiple points of interconnection, and introduces two new classifications to the list of qualified communities.

Connecticut – UI: On 25 August 2023, UI received a final decision for a term of one year with new rates commencing on 1 September 2023. CT PURA determined that the appropriate allowed return on equity is 9.10% but reduced the allowed ROE by an aggregate of 47 basis points to 8.63%, subject to certain conditions and timelines, to address performance and management issues. The common equity ratio is 50% as requested. The final decision includes 50% earnings sharing for annual earnings in excess of the allowed ROE.

On 18 September 2023, UI filed an appeal at the Superior Court of Connecticut. We cannot predict the outcome of this matter.

On 1 November 2023, Connecticut Natural Gas (CNG) and Southern Connecticut Gas (SCG) filed rate cases with CT PURA seeking revenue increases of USD 20 million and USD 41 million, respectively. CNG and SCG premised their requests on 55% and 53% equity layers, respectively, and both requested a 10.2% ROE. They used calendar-2022 test years with adjustments through the rate year ending 31 October 2025.

The main drivers of the request include the recovery of capital investments and higher costs since the last rate case, including O&M, depreciation, and property tax. They also request to continue their revenue decoupling and earnings-sharing mechanisms. Records have been closed and a final decision is expected by 18 October 2024, with new rates expected to go into effect 1 November 2024. We cannot predict the outcome of this matter.

Mexico

Reform of the Electricity Industry Act (LIE)

On 31 January 2024, the Second Chamber of the Mexican Supreme Court of Justice (*Suprema Corte de Justicia de la Nación*) (SCJN) upheld the injunction with general effects against the Reform of the Electricity Industry Act (LIE) published in March 2021, the main purpose of which is to prioritise the energy generated by the Federal Electricity Commission (*Comisión Federal de Electricidad*) (CFE) over that of other producers.

This decision will serve as a guide for the courts in deciding on the remaining actions for injunctive relief brought by each company.

SENER informed the members of the electricity industry that the modification of the 2019 Guidelines for awarding Clean Energy Certificates (CELS) was void

On 12 March 2024, the Energy Secretariat (*Secretaría de Energía*) (SENER) published a notice in the Official Federal Gazette (*Diario Oficial de la Federación*) (DOF) to inform the members of the electricity industry that a modification to the Guidelines for awarding Clean Energy Certificates (CELS) was void.

The purpose of this modification was to award CELs to Clean Power Plants of the CFE regardless of their operating start-up date. The original 2014 Guidelines limited the award of CELs to plants that had commenced operations after the publication of the Electricity Industry Act in August 2014 and were challenged by way of appeals resolved with general effects in June 2022.

As a result of the appeals, the modification was suspended with general effects and not implemented. In June 2022, the presiding court granted an injunction with general effects, which was upheld on appeal in February 2024.

Pursuant to the foregoing, the court instructed SENER to reintroduce the 2014 Guidelines, rendering the 2019 modification void.

Public consultation on storage regulation plan

In May, the Energy Regulatory Commission (*Comisión Reguladora de Energía*) (CRE) submitted an electricity storage regulation plan to the National Commission for Regulatory Improvement (*Comisión Nacional de Mejora Regulatoria*) (CONAMER) for public consultation. The consultation process is ongoing.

The proposal is intended to establish the conditions for integrating storage systems into the National Electricity System. It also contemplates storage schemes for both systems linked to power plants and stand-alone systems (not linked to plants or load centres).

Brazil

Regulatory Rate of Return on Capital: The Regulated Rates of Return on Capital for the Distribution, Transmission and Generation segments that are applied to tariff processes instituted by technical areas from 1 March 2024 to 28 February 2025 were updated on 25 April. A new publication was required (the previous one dated from 25 March 2024) owing to the discovery of a material error. As a result, the real rate after taxes was adjusted from 7.56% to 7.72% for distribution and from 7.54% to 7.56% for transmission and generation. The real rate before taxes was 11.70% for distribution and 11.45% for transmission and generation.

Provisional Measure no. 1,212/2024: Provisional Measure 1,212 was published on 10 April, and mainly covered the extension of the term for the right to discount on the TUST (Tariffs on the Use of Electric Power Transmission and Distribution Systems) and the reduction in tariffs. Participants applying to ANEEL (the Brazilian Electricity Regulatory Agency) for subsidies up to 2 March 2022 will be able to apply for an extension of 36 months (in addition to the 48 months already granted under Law 14,120/21) for the start-up of all generating units (as from the date of the subsidy), retaining the right to a 50% discount on the TUST, subject to: submission of the application to ANEEL within a period of 60 days; provision of a Performance Bond (5% of the value of the project) within a period of 90 days, which must be in force until six months after the final generating unit has started commercial operation; and commencement of works within a period of 18 months (periods to run from the date of publication).

The reduction in rates will take the following into account:

- a) R&D and Energy Efficiency funds not allocated to projects contracted or initiated by 1 September 2020 and failed/untested projects (40% of funds allocated to R&D projects, 80% of Energy Efficiency funds);
- b) Authorisation to the Brazilian Chamber of Electricity Commercialization (Câmara de Comercialização de Energia Elétrica) (CCEE) to negotiate the advance payment of CDE credits, provided there is a benefit for the consumer, prioritising the early discharge of the Covid Account and of the Water Scarcity Account;
- c) Provision of funds from Eletronorte (Law 14,182/21) in the amount of BRL 295 million for the structural reduction of energy generation costs in Brazil's Legal Amazon (amounts allocated to distributors for the states located in the Legal Amazon region) and initiatives to secure the navigability of the Madeira and Tocantins rivers (20% and 10%, respectively).

R&D and energy efficiency resources for purposes of tariff adjustment. Regulatory Ordinance no. 75/2024 was published in April 2024, authorising the use of R&D and energy efficiency resources for purposes of tariff adjustment in distributor adjustment and review processes, as provided for in Provisional Measure no. 1,212/2024. The determination applies to uncommitted funds in projects contracted or started by 1 September 2020 and those relating to failed projects whose implementation has not been tested by the companies in the sector.

Tariff adjustments at Neoenergia Coelba, Neoenergia Cosern and Neoenergia Pernambuco. In April 2024, the ANEEL Board of Directors published Periodic Tariff Adjustments for 2024 for Neoenergia Cosern, Neoenergia Coelba and Neoenergia Pernambuco, which came into force on 22 April (for Coelba and Cosern) and on 29 April (for Pernambuco).

The average impact was 1.53% for Neoenergia Coelba consumers (1.28% for high and medium voltage and 1.62% for low voltage), 7.84% for Neoenergia Cosern consumers (7.05% for high and medium voltage and 8.08% for low voltage), and -2.69% for Neoenergia Pernambuco consumers (-2.85% for high and medium voltage and -2.63% for low voltage).

Calculation of energy surpluses – MMGD: Published in May, Regulatory Resolution no. 1,094/2024 regulated Sections 21 and 24 of Law no. 14,300 (which establishes the legal framework for distributed microgeneration and minigeneration (MMGD)). It regulated the calculation of involuntary contracting relating to the sale of surplus energy arising from the MMGD regime, to be calculated as from 2022, covering all existing MMGD facilities and the regulations for consumers with MMGD to be able to sell energy to the distributor.

Extension of licences: On 21 June 2024, Decree no. 12,068 was published, regulating the extension of electricity distribution concessions without the need for bidding. Advance extensions are permitted for distributors provided they demonstrate that the service is being properly provided and expressly accept the established conditions. Neoenergia's distributors are eligible and comply with the minimum standards for the extension.

European Union

The effective implementation of the proposals set out in the Fit for 55 legislative package was completed in the first half of 2024, following the publication of the rules in the Official Journal of the European Union (OJEU). This “package”, which was presented in July 2021, aims to define objectives and tools in the field of climate looking ahead to 2030, and which are also consistent with the goal of achieving emissions neutrality by 2050.

Key texts published during the first half of 2024 are as follows, sorted into the main themes addressed:

Market Design

The approved texts look to promote voluntary long-term power purchases agreements (PPAs), facilitate and simplify the adoption of the capacity mechanism and recognize the importance of grids for the energy transition, envisioning the realization of investments in good time.

- Regulation (EU) 2024/1747 of the European Parliament and of the Council of 13 June 2024 amending Regulations (EU) 2019/942 and (EU) 2019/943 as regards improving the Union's electricity market design.
- Directive (EU) 2024/1711 of the European Parliament and of the Council of 13 June 2024 amending Directives (EU) 2018/2001 and (EU) 2019/944 as regards improving the Union's electricity market design.

Renewable energies and energy efficiency

- Council Regulation (EU) 2024/223 of 22 December 2023 extending the measures to accelerate the deployment of the energies covered by Council Regulation (EU) 2022/2577 of 22 December 2022. It ensures the fast-track processing of renewable energy investment projects in the period prior to the transposition of the Renewables Directive, a regulation that guarantees a favourable framework for such projects in the future.

- Directive (EU) 2024/1275 of the European Parliament and of the Council of 24 April 2024 on the energy performance of buildings, which aims to decarbonise the building stock by 2050 by transforming buildings into zero-emission buildings. Countries will need to set minimum standards and national pathways for renovating buildings. Notably, from 2030 all new buildings must be zero-emission buildings (public buildings from 2028).

Lastly, without prejudice to the texts already published in 2023 of the Renewable Energy and Energy Efficiency Directives, the Commission has published recommendations to harmonise the interpretation of certain aspects, and speed up their implementation:

- Commission Recommendation (EU) 2024/1343 of 13 May 2024 on speeding up permit-granting procedures for renewable energy and related infrastructure projects.
- Commission Recommendation (EU) 2024/1722 of 17 June 2024 setting out guidelines for the interpretation of Article 4 [National and European targets] of Directive (EU) 2023/1791 of the European Parliament and of the Council as regards energy efficiency targets and national contributions.

Technological resilience for the energy transition

- Regulation (EU) 2024/1735 of the European Parliament and of the Council of 13 June 2024 on establishing a framework of measures for strengthening Europe's net-zero manufacturing ecosystem and amending Regulation (EU) 2018/1724. This Regulation aims to ensure the EU's access to a secure and sustainable supply of net-zero technologies (i.e. those necessary for the energy transition) in order to safeguard the EU's technological resilience and contribute to achieving the 2030 and 2050 energy and climate targets.

It also establishes provisions to promote the award of Union-made technologies in public tenders and auctions for renewables. Commission Recommendation (EU) 2024/1344 of 13 May 2024 concerning auction design for renewable energy sets out initial proposals for consultation, which will subsequently need to be developed in a Commission Implementing Act.

Sustainable economy and consumer protection

- Directive (EU) 2024/825 of the European Parliament and of the Council of 28 February 2024 amending Directives 2005/29/EC and 2011/83/EU as regards empowering consumers for the green transition through better protection against unfair practices and through better information. This regulation, which falls within the scope of consumer protection, aims to prevent greenwashing practices. The Directive establishes that commercial offers that refer to the alleged environmental content of a product or service, either in generic terms or insufficiently substantiated, are misleading and, therefore, prohibited, and sanctionable.

- Regulation (EU) 2024/1781 of the European Parliament and of the Council of 13 June 2024 establishing a framework for the setting of ecodesign requirements for sustainable products, amending Directive (EU) 2020/1828 and Regulation (EU) 2023/1542 and repealing Directive 2009/125/EC. It sets out requirements that products must meet before being placed on the market or put into service, to make sustainable products the norm and to reduce the carbon footprint and overall environmental footprint of products throughout their life cycle.
- EC Delegated Regulation (EU) 2023/2772 of 31 July 2023, supplementing the Corporate Sustainability Reporting Directive, which establishes the necessary standards for its application as of 1 January 2024.
- Regulation (EU) 2024/573 of the European Parliament and of the Council of 7 February 2024 on fluorinated greenhouse gases, amending Directive (EU) 2019/1937 and repealing Regulation (EU) 517/2014. The standard aims to completely and gradually eradicate the use of hydrofluorocarbon gases by 2050 and minimise their production from 2036. This affects, among others, certain equipment associated with electricity distribution and transmission networks, and domestic and commercial refrigeration appliances.

Mobility and infrastructure

- Regulation (EU) 2024/1679 of the European Parliament and of the Council of 13 June 2024 on Union guidelines for the development of the trans-European transport network, amending Regulation (EU) 2021/1153 and Regulation (EU) No 913/2010 and repealing Regulation (EU) No 1315/2013. The regulation aims to build a reliable transport network that ensures sustainable connectivity across Europe and boosts the electrification of transport. It includes new binding targets for countries for rail infrastructure, river ports, seaports, roads, air, multimodal and urban.

**CONSOLIDATED INTERIM MANAGEMENT REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

1. SIGNIFICANT EVENTS IN THE FIRST HALF OF 2024

1.1 Currency performance

During the first half of 2024, the average exchange rates of IBERDROLA's main reference currencies, the US dollar and the Mexican peso have depreciated by 0.4% and 7.3% respectively, while the pound sterling and the Brazilian real have appreciated against the euro by 2.8% and 0.9%, respectively. The impact of the exchange rate on the income statement for the period was EUR 55 million positive on EBITDA and EUR 37 million negative on net profit.

1.2 Demand

With regard to the evolution of demand in the period in the company's main areas of activity:

- In Spain, the Energy Balance of the mainland system in the first half of 2024 saw an increase in hydroelectric (+51%) and solar photovoltaic (+16%) production compared to the same period of the previous year, along with a decrease in wind (-0.3%), nuclear (-9.6%), natural gas combined cycle (-41%) and coal (-32%) production.

In the first half of 2024, demand increased by 0.6% compared to the previous year. In labour and temperature-adjusted terms, this translates into a 1.3% increase.

The first half of 2024 ended with a hydro producer index of 1.3 and hydro reserves at 73.5%, compared to 0.7 and 49.3% respectively for the same period in 2023.

- In the UK, electricity demand increased by 0.5% and conventional gas demand fell by 5.7% in the first half of 2024 compared to the same period in 2023.
- Demand for electricity in AVANGRID's area of operation on the east coast of the United States increased by 2.4% in the period compared to the first half of 2022, while gas demand was up by 2.9% on 2023.
- Demand in Neoenergia's areas of operation in Brazil remained steady compared to 2023, rising by 6.6% in the first half of 2024.

1.3 Progress made towards key projects in the first half of the year

Sale of generation assets in Mexico (Note 5)

The sale of assets in Mexico, signed between subsidiaries of Iberdrola Mexico and Mexico Infrastructure Partners ("MIP") and completed on 26 February 2024, represents an extraordinary contribution of EUR 1,166 million to net profit and EUR 1,717 million to EBITDA.

1.4 Key operating figures

• Installed capacity

At the end of the first half of 2024, the IBERDROLA Group had 53,638 MW of installed capacity, a net 7,368 MW less than at year-end 2023. At 30 June 2024, IBERDROLA's emission-free capacity reached 83.7% of total capacity (44,878 MW on a consolidated basis), compared to 71.7% at the end of 2023.

Installed capacity by technology and geographic region is as follows:

By technology	30.06.2024			31.12.2023			Chg. Consolidated MW
	Consolidated in EBITDA terms	Managed by investees (*)	Total	Consolidated in EBITDA terms	Managed by investees (*)	Total	
Renewables	41,701	1,722	43,423	40,564	1,624	42,188	1,137
Onshore wind	20,378	450	20,828	20,435	450	20,885	(57)
Offshore wind	2,030	137	2,167	1,754	39	1,793	276
Hydroelectric	11,977	1,123	13,100	11,980	1,123	13,103	(3)
Mini hydroelectric	234	—	234	244	—	244	(10)
Solar and other ^{(1) (2)}	6,871	12	6,883	5,940	12	5,952	931
Batteries	211	—	211	211	—	211	—
Thermal	11,937	255	12,192	20,442	255	20,697	(8,505)
Nuclear	3,177	—	3,177	3,177	—	3,177	—
Gas combined cycles	7,637	204	7,841	16,131	204	16,335	(8,494)
Cogeneration	1,123	51	1,174	1,134	51	1,185	(11)
Total power (MW)	53,638	1,977	55,615	61,006	1,879	62,885	(7,368)

By countries	30.06.2024			31.12.2023			Chg. Consolidated MW
	Consolidated in EBITDA terms	Managed by investees (*)	Total	Consolidated in EBITDA terms	Managed by investees (*)	Total	
Spain	31,084	250	31,334	30,559	250	30,809	525
United Kingdom	2,987	15	3,002	2,987	15	3,002	—
United States ⁽²⁾	9,554	589	10,143	9,182	491	9,673	372
Mexico	2,600	—	2,600	11,197	—	11,197	(8,597)
Brazil	3,272	1,123	4,395	3,272	1,123	4,395	—
IEI	4,141	—	4,141	3,809	—	3,809	332
Total power (MW)	53,638	1,977	55,615	61,006	1,879	62,885	(7,368)

⁽¹⁾ Includes the proportional part of MW.

⁽¹⁾ Solar/photovoltaic capacity is reported in MWdc.

⁽²⁾ In the United States, there are 13 MW of installed fuel cell capacity included in solar and other technologies.

Changes in installed capacity are as follows:

- In Spain the net change was 525 MW:
 - new capacity in solar photovoltaic plants of 549 MW; and
 - reduction due to sale or disposal: 24 MW in total, 10 MW mini-hydro, 3 MW hydro and 11 MW cogeneration.
- In the United States, 372 MW of solar power was installed at the Bakeoven (27 MW), Daybreak (120 MW), Montague (5 MW), True North (218 MW) and Powel Creek (2 MW) plants.
- The disposal of power plants in Mexico (Note 5) corresponds to a total installed capacity of 8,597 MW, of which 8,494 MW corresponds to gas-fired combined cycle power plants and 103 MW to an onshore wind farm.
- Iberdrola Energía Internacional increased capacity by 332 MW, 10 MW solar in Italy at Tarquinia, 46 MW in Australia at the Flyers Creek wind farm and 276 MW in Germany at the Baltic Eagle offshore wind farm.

• Production

In the first half of 2024, the IBERDROLA Group's total production was down 14% to 68,365 GWh (79,094 GWh in the first half of 2023).

Production by technology and geographic region is as follows:

By technology	30.06.2024			30.06.2023			Chg. (%) - consolidated
	Consolidated in EBITDA terms	Managed by investees (*)	Total	Consolidated in EBITDA terms	Managed by investees (*)	Total	
Renewables	42,694	2,528	45,222	36,980	5,812	42,792	15.5
Onshore wind	22,404	436	22,840	22,006	528	22,534	1.8
Offshore wind	2,776	38	2,814	2,406	—	2,406	15.4
Hydroelectric	14,325	2,041	16,366	9,445	5,270	14,715	51.7
Mini hydroelectric	273	—	273	212	—	212	28.8
Solar and other	2,916	13	2,929	2,911	14	2,925	0.2
Thermal	25,671	107	25,778	42,114	160	42,274	(39.0)
Nuclear	10,089	—	10,089	12,155	—	12,155	(17.0)
Gas combined cycles	12,370	1	12,371	27,538	—	27,538	(55.1)
Cogeneration	3,212	106	3,318	2,421	160	2,581	32.7
Total production (GWh)	68,365	2,635	71,000	79,094	5,972	85,066	(13.6)

By countries	30.06.2024			30.06.2023			Chg. (%) – consolidated
	Consolidated in EBITDA terms	Managed by investees (*)	Total	Consolidated in EBITDA terms	Managed by investees (*)	Total	
Spain	30,865	237	31,102	30,533	397	30,930	1.1
United Kingdom	3,765	8	3,773	3,483	5	3,488	8.1
United States	12,885	349	13,234	11,988	300	12,288	7.5
Mexico	12,637	–	12,637	26,831	–	26,831	(52.9)
Brazil	4,386	2,041	6,427	3,414	5,270	8,684	28.5
IEI	3,827	–	3,827	2,845	–	2,845	34.5
Total production (GWh)	68,365	2,635	71,000	79,094	5,972	85,066	(13.6)

(1) Includes the proportional part of MW.

(2) In the United States, there is 38 GWh of fuel cell production included in solar and other technologies.

• Retail supply

– Spain

The IBERDROLA Group's electricity sales in Spain were down 6.4% in the first half of 2024, as a result of lower sales in the spot and futures markets, and are distributed as follows:

Spain	30.06.2024	30.06.2023	Change (%)
Free market	31,786	34,428	(7.7)
PVPC	3,302	3,188	3.6
Other markets	6,192	6,474	(4.4)
Electricity sales (GWh)	41,280	44,090	(6.4)

– United Kingdom

In the period ended 30 June 2024, 6,395 GWh of electricity (8,235 GWh in H1 2023) and 10,702 GWh of gas (12,548 GWh in H1 2023) were supplied to customers, down 22.3% and 14.7%, respectively, compared to the same period in 2023, owing to lower average demand (due to milder weather), fewer customers and the discontinuation of the I&C (Industrial & Commercial) business.

– Mexico

Electricity sales in the first half of 2024 fell to 14,237 GWh, 46.7% lower than in the same period of 2023, largely due to the sale of power plants to MIP, with the following breakdown:

Mexico	30.06.2024	30.06.2023	Change (%)
CFE	6,154	18,829	(67.3)
Private	8,083	7,887	2.5
Electricity sales (GWh)	14,237	26,716	(46.7)

– Brazil

Electricity sales in the first half of 2024 declined to 6,951 GWh, down 17.9% on the same period of 2023, with the following breakdown:

Brazil	30.06.2024	30.06.2023	Change (%)
PPA	4,278	5,805	(26.3)
Free market	2,673	2,658	0.6
Electricity sales (GWh)	6,951	8,463	(17.9)

• **Networks**

In the first half of 2024, electricity distributed by the Group amounted to 118,364 GWh, up 3% on the same period of 2023. Gas distribution increased by 2.9% to 34,909 GWh.

The breakdown by geographic region is as follows:

	30.06.2024	30.06.2023	Change (%)
Spain	43,593	43,195	0.9
United Kingdom	15,479	15,377	0.7
United States	18,426	18,010	2.3
Brazil ⁽²⁾	40,866	38,356	6.5
Total electricity distribution (GWh) ⁽¹⁾	118,364	114,938	3.0
United States	34,909	33,941	2.9
Total gas distribution (GWh)	34,909	33,941	2.9

⁽¹⁾ Reported in power station busbars.

⁽²⁾ The units in Brazil are based on the energy injected into the grid, on which each licence receives its tariffs.

Electricity and gas supply points increased 1% compared to June 2023 to number over 34 million, thanks to organic growth across all geographies.

Millions	30.06.2024	30.06.2023	Change (%)
Spain	11.48	11.40	0.7
United Kingdom	3.56	3.55	0.3
United States	2.25	2.32	(3.0)
Brazil	16.50	16.19	1.9
Total electricity	33.79	33.46	1.0
United States	1.04	1.04	–
Total gas	1.04	1.04	–
Total supply points managed	34.83	34.50	1.0

1.5 Key figures of the consolidated income statement

Key figures for the first half of 2024 are as follows:

Millions of euros	30.06.2024	30.06.2023	Change (%)
Gross income	12,489	12,124	3.0
Gross operating profit – EBITDA	9,614	7,561	27.2
Net operating profit – EBIT	6,859	4,911	39.7
Net profit for the period attributable to the parent	4,134	2,521	64.0

1.5.1 Gross income

Gross income stood at EUR 12,489 million, up 3% on the same period in 2023 (EUR 12,124 million). The average exchange rate effect reduced this item by EUR 71 million; stripping out this impact, gross income would have improved by 2.4%.

Millions of euros	30.06.2024	30.06.2023	Change (%)
Spain	4,654	4,581	1.6
United Kingdom	2,505	2,466	1.6
United States	2,817	2,512	12.1
Brazil	1,695	1,667	1.7
Mexico	373	585	(36.2)
IEI	442	307	44.0
Other business, Corporation and adjustments	3	6	(50.0)
Total gross income	12,489	12,124	3.0

- In Spain, gross income was up EUR 73 million (+1.6%) to reach EUR 4,654 million.
 - In the Networks business, the contribution decreased by EUR 23 million. The comparison is affected by the positive impact of the investment adjustment recognised in the first quarter of 2023.
 - The Customers business's contribution to gross income decreased by EUR 78 million, mainly due to lower prices compared to the first half of 2023.
 - The Renewables and Sustainable Generation business increased its contribution by EUR 174 million compared to the first half of 2023. The improvement is explained by the significant increase in hydro production (+49%; +4 TWh), which made up for the decline in other technologies.
- The United Kingdom increased its contribution by 1.6%, or EUR 39 million, to EUR 2,505 million.
 - The Networks business increased its contribution by EUR 150 million, with a positive exchange rate effect of EUR 25 million, thanks to the higher contribution from transmission due to higher tariffs and asset base, as well as the new ED2 regulatory framework in distribution and higher demand.

- The Customers business decreased its contribution by EUR (416) million, which includes a positive exchange rate effect of EUR 20 million. Most of the impact affecting the comparison stems from the amount recovered in relation to the deficit generated by the 2022 SVT regulated tariff in the first quarter of 2023.
 - The Renewables and Sustainable Generation business increased its contribution by EUR 300 million, including a positive exchange rate effect of EUR 24 million. The increase mainly reflects the higher contribution of the offshore wind fleet, which increased its offshore production by 24.4%, and the higher price captured, offsetting the 7.1% reduction in offshore wind production.
 - Variations in inter-business eliminations improved the UK's contribution by EUR 5 million.
- The United States' contribution in the period increased by EUR 305 million (12.1%) to EUR 2,817 million.
 - The Networks business increased its contribution by EUR 237 million, including a EUR 9 million negative exchange rate effect. The improved contribution is a consequence of the “rate cases”, especially in New York.
 - The Renewables and Sustainable Generation business contributed EUR 68 million more than in the first half of 2023, with a negative effect of EUR 3 million due to exchange rate fluctuations. The improvement is due to the entry into operation of new photovoltaic projects and greater solar resources.
 - Gross income in Brazil amounted to EUR 1,695 million, increasing its contribution by EUR 28 million (+1.7%).
 - The Networks business improved by EUR 30 million, on the back of the positive effect of distributor tariff adjustments, but also favoured by the exchange rate performance, which accounted for EUR 14 million of that improvement. The trend is explained by the higher contribution from the Distribution business, mainly due to tariff reviews and readjustments, which was partially offset by a lower contribution from the Transmission business due to the deconsolidation of the transmission assets following the agreement reached with GIC (Singapore's sovereign wealth fund).
 - Gross income from the Customers business contributed EUR 14 million less than in the previous year. The gross income reduction is explained by the effect of the end of the power purchase agreement (PPA) for the Termopernambuco power plant.
 - The Renewables and Sustainable Generation business reported an improvement of EUR 12 million due to increased wind resources and higher average operating capacity at Oitis and a higher solar resources.
 - Gross income in Mexico stood at EUR 373 million, down 36.2% compared to the same period in 2023, i.e. EUR 212 million and with a negative exchange rate effect of EUR 9 million.

- The Customers business was down EUR 216 million, with a negative exchange rate effect of EUR 1 million. The higher production of the assets retained following the transaction in Mexico failed to offset the loss on disposal of assets, as in 2024 they only contributed income up to the time of sale (26 February 2024).
 - The Renewables business increased its gross income by EUR 4 million, mainly due to the return to operation of the Santiago wind farm and an improved wind resource.
- Iberdrola Energía Internacional contributed EUR 442 million to gross income, up 44.0% year-on-year, equivalent to EUR 135 million.
- The Customers business improved gross income by EUR 7 million compared to the same period of 2023, mainly due to the negative effect of the measurement of derivatives in the previous year.
 - The Renewables business increased its gross income by EUR 128 million compared with 2023 due to the increase in average operating capacity following the gradual start-up of the Saint Brieuc offshore wind farm and higher average operating capacity in Poland, Australia and Greece (+35 MW).

1.5.2 Gross operating profit – EBITDA

Gross operating profit (EBITDA) for the first half of 2024 was up EUR 2,053 million (27.2%) to reach EUR 9,614 million (H1 2023: EUR 7,561 million). The exchange rate effect was negative at EUR 53 million.

Gross operating profit (EBITDA) by country is as follows:

Millions of euros	30.06.2024	30.06.2023	Change (%)
Spain	3,480	3,106	12.0
United Kingdom	1,753	1,857	(5.6)
United States	1,059	972	9.0
Brazil	1,249	1,207	3.5
Mexico	1,940	424	357.5
IEI	307	209	46.9
Other business, Corporation and adjustments	(174)	(214)	(18.7)
Total EBITDA	9,614	7,561	27.2

In addition to the performance in gross income explained above, net operating expenses were down EUR (1,496) million, or 51.5%, to EUR 1,409 million, while the exchange rate effect was not significant (EUR 4 million).

Net operating expenses per country are as follows:

Millions of euros	30.06.2024	30.06.2023	Change (%)
Spain	647	681	(5.0)
United Kingdom	454	433	4.8
United States	1,296	1,085	19.4
Brazil	441	455	(3.1)
Mexico	(1,573)	158	(1,095.6)
IEI	128	92	39.1
Other business, Corporation and adjustments	16	1	1,500.0
Total net operating expenses	1,409	2,905	(51.5)

Taxes other than income tax fell by EUR 192 million to reach EUR 1,466 million, compared to EUR 1,658 million in the same period of 2023. The decrease was mainly due to the lower temporary energy levy and to the fact that the reduction in the remuneration for the price of gas (RDL 17/2021), both of which are applicable in Spain, ceased to be in force in 2024.

Taxes other than income tax by country are as follows:

Millions of euros	30.06.2024	30.06.2023	Change (%)
Spain	527	794	(33.6)
United Kingdom	298	176	69.3
United States	462	455	1.5
Brazil	5	5	—
Mexico	6	3	100.0
IEI	7	6	16.7
Other business, Corporation and adjustments	161	219	(26.5)
Total taxes other than income tax	1,466	1,658	(11.6)

1.5.3 Net operating profit – EBIT

Net operating profit – EBIT came to EUR 6,859 million, up 39.7% on the first half of 2023 (EUR 4,911 million). The exchange rate effect under this heading is negative at EUR 43 million.

Net operating profit (EBIT) by country is as follows:

Millions of euros	30.06.2024	30.06.2023	Change (%)
Spain	2,589	2,417	7.1
United Kingdom	1,211	1,316	(8.0)
United States	309	239	29.3
Brazil	890	874	1.8
Mexico	1,883	340	453.8
IEI	174	121	43.8
Other business, Corporation and adjustments	(197)	(396)	(50.3)
Total EBIT	6,859	4,911	39.7

Amortisation, depreciation and provisions and impairment losses on trade receivables and contract assets increased by EUR 105 million. The exchange rate effect had a positive impact of EUR 10 million on these items:

- impairment losses on trade receivables and contract assets were down EUR (32) million to EUR 261 million; and
- amortisation, depreciation and provisions was up EUR 137 million to EUR 2,494 million, compared to EUR 2,357 million in 2023.

Amortisation, depreciation and provisions and valuation adjustments by country are as follows:

Millions of euros	30.06.2024	30.06.2023	Change (%)
Spain	891	689	29.3
United Kingdom	542	541	0.2
United States	750	733	2.3
Brazil	359	333	7.8
Mexico	57	84	(32.1)
IEI	133	88	51.1
Other business, Corporation and adjustments	23	182	(87.4)
Total amortisation, depreciation and provisions	2,755	2,650	4.0

1.5.4 Net finance expense

Net financial expense decreased by EUR 279 million to reach EUR 848 million (H1 2023: EUR 1,127 million), with the following itemised breakdown of this change:

Millions of euros	30.06.2024	30.06.2023	Change
Gains/(losses) on debt	(1,122)	(1,130)	8
Derivatives and other	274	3	271
Total	(848)	(1,127)	279

The change can be largely explained by:

- Gains on debt were down EUR 8 million to reach EUR 49 million, due to lower interest rates, partially offset by EUR 36 million due to a higher average balance, and EUR 5 million due to foreign currency appreciation against the euro.
- The other items showed an improvement of EUR 271 million due to higher capitalised financial expenses and a better result from exchange rate hedges, mainly in MXN.

Adjusted average cost of net financial debt fell by 16 basis points to 4.89%, compared to 5.05% in the same period of the previous year. This lower cost was mainly due to lower interest rates in Brazil. In that country, the impact of inflation on debt costs was partly offset by the distributors' operating profit, which is also tied to inflation. The cost (ex Brazil) was unchanged compared to the first half of 2023, despite the rise in interest rates, mainly short-term, thanks to the optimisation of cash surpluses.

1.5.5 Results of equity-accounted investees

The results of equity-accounted investees showed a profit of EUR 10 million, compared to profits of EUR 2 million in the same period of 2023, due to the contribution of companies within the scope of the transaction with GIC (Brazil networks).

1.5.6 Profit before tax

Profit before tax amounted to EUR 6,021 million, compared to EUR 3,786 million in the first half of 2023.

1.5.7 Taxes

Income tax expense from continuing operations was up EUR 593 million to EUR 1,609 million, mainly due to the effect of the gain arising in Mexico, which resulted in additional taxes of EUR 552 million.

The effective tax rate for the six months ended 30 June 2024 was 26.13%, compared to 23.69% for the six months ended 30 June 2023.

1.5.8 Net profit for the period attributable to the parent

Net profit for the period attributable to the parent amounted to EUR 4,134 million, up 64.0% on the figure reported in the same half of 2023 (EUR 2,521 million).

Net profit increased by EUR 1,613 million. Stripping out the gain arising in Mexico, EUR 1,165 million, the increase was EUR 448 million, an improvement of 17.8%.

1.6 Key figures of the consolidated statement of financial position

The IBERDROLA Group's statement of financial position at 30 June 2024 showed total assets of EUR 153,788 million, confirming its strong financial position.

- **Investments in Property, plant and equipment**

Total net investments in property, plant and equipment from January to June 2024, as disclosed in Note 7, amounted to EUR 4,036 million.

Investments were concentrated on the Renewable Energy and Networks businesses, with the following breakdown:

30.06.2024	Millions of euros	% of total invested
Customers business	127	3.2
Renewable Energy and Sustainable Generation Business	2,052	50.8
Networks business	1,844	45.7
Other business, Corporation and adjustments	13	0.3
Total	4,036	100.0

Investments in the period were concentrated on the Networks and Renewables businesses, in line with the Group's strategy. These two businesses accounted for approximately 96.5% of gross investment in the first half of 2024.

Investment by country was as follows:

30.06.2024	Millions of euros	% of total invested
Spain	831	20.6
United Kingdom	1,001	24.8
United States	1,630	40.4
Mexico	21	0.5
Brazil	12	0.3
Iberdrola Energia Internacional	522	12.9
Other business, Corporation and adjustments	19	0.5
Total	4,036	100.0

- Spain (EUR 831 million), mainly in networks and photovoltaic, hydro and wind projects;
- United Kingdom (EUR 1,001 million), mainly in networks, the East Anglia 3 offshore wind complex and onshore wind power projects;
- United States (EUR 1,630 million), primarily in networks, the Vineyard Wind offshore project and photovoltaic and onshore wind power projects;
- IEI (EUR 522 million), in the construction of offshore wind projects in France (St Brieuc) and Germany (Baltic Eagle and Windanker) and in photovoltaic and wind projects, mainly in Greece, Italy, Portugal and Australia.

• Capital

Following completion of the scrip issue capital increase on 5 February 2024 as part of the *Iberdrola Retribución Flexible* optional dividend programme, the Company's share capital at 30 June 2024 amounted to 6,423,299,000 bearer shares, each with a par value of EUR 0.75 (Note 11).

In keeping with the announced commitment to keep the number of shares stable at 6,240 million, the shareholders at the General Shareholders' Meeting approved a share capital reduction through the redemption of 183,299,000 treasury shares, representing 2.854% of the Company's share capital. The capital reduction took place on 1 July 2024 (Note 22).

• Debt structure

Adjusted net financial debt at 30 June 2024 was down EUR 2,679 million compared to 31 December 2023 and EUR 137 compared to the same period in the previous year, standing at EUR 45,153 million, due mainly to collection of proceeds on the sale of generation assets in Mexico (EUR 47,832 million at 31 December 2023 and EUR 45,290 million at 30 June 2023).

Millions of euros	30.06.2024	31.12.2023	30.06.2023
Parent	46,658	43,111	42,876
Non-controlling interests	17,140	17,181	16,806
Equity	63,798	60,292	59,682
Derivatives of treasury stock with physical settlement that at this date are not expected to be executed.	83	82	470
Adjusted equity	63,881	60,374	60,152
Bank borrowings, bonds or other marketable securities (Note 15).	48,206	48,278	45,476
CSA derivatives value guarantee deposits	83	76	116
Derivative financial liabilities	913	1,034	1,267
Leases	2,666	2,592	2,597
Gross financial debt (A)	51,868	51,980	49,456
Derivatives of treasury stock with physical settlement that at this date are not expected to be executed (B)	82	82	470
Adjusted gross financial debt (C=A-B)	51,786	51,898	48,986
Derivative financial assets	1,027	804	1,024
CSA derivatives value guarantee deposits	90	101	115
Non-current financial deposits	112	128	91
Short-term financial investments (between 3 and 12 months)	11	14	12
Cash and cash equivalents (Note 10)	5,393	3,019	2,454
Total cash assets (D)	6,633	4,066	3,696
Net financial debt (A-D)	45,235	47,914	45,760
Adjusted net financial debt (C-D)	45,153	47,832	45,290
Adjusted net leverage	41.40 %	44.20 %	42.95 %

The derivative financial instruments shown in the table above do not include those related to the price of commodities.

The structure by currency of the debt classified under “Bank borrowings, bonds or other marketable securities” after hedging is shown in Note 15.

In accordance with the policy of minimising the Group’s financial risks, foreign currency risk has continued to be mitigated by financing the international businesses in their local currency (pound sterling, Brazilian real, US dollar, etc.) or functional currency (US dollar, in the case of Mexico). Interest rate risk is mitigated by the issuance of fixed rate debt, derivatives and hedging future financing.

The breakdown of adjusted gross financial debt by source of financing is as follows:

	30.06.2024	31.12.2023
Bond market – EUR	20.7%	20.8%
Bond market – USD	20.0%	20.1%
Bond market – GBP	3.9%	6.1%
Bond market – BRL	7.3%	6.0%
Commercial paper	10.9%	9.5%
Multilateral and development banks	19.3%	16.5%
Structured financing	0.1%	0.5%
Leases and other	5.6%	5.5%
Bank loans and credit facilities	12.2%	15.0%
Total	100.0%	100.0%

During the six months ended 30 June 2024, ESG (Environmental, Social and Governance) financing amounted to EUR 3,916 million (Notes 11 and 15). If we include transactions signed after 30 June 2024, which came to EUR 750 million (Note 22), it makes a total of EUR 4,666 million. The breakdown by product is as follows:

Millions of euros	Note	Green financing	Sustainable financing	Total
Perpetual subordinated bonds	11	700	—	700
Bank borrowings, bonds or other marketable securities				
Long-term and medium term bonds	15 and 22	2,118	—	2,118
Bank loans	15	34	150	184
Multilateral loans	15	500	—	500
Development bank and ECA loans	15	164	—	164
Commercial paper programmes	15	—	1,000	1,000
Total		3,516	1,150	4,666

The portfolio of ESG financing transactions as at 30 June 2024 amounted to EUR 55,856 million, including sustainable credit facilities and the sustainable ECP programme, as well as the Green Tax Equity Investment financing deal and the project finance of Vineyard Wind 1, which is accounted for using the equity method. Considering the financing transactions signed after 30 June (Note 22), this amounts to EUR 56,606 million. The IBERDROLA Group is the world's leading private-sector corporate group when it comes to green bonds issued.

The IBERDROLA Group exhibits a comfortable debt maturity profile. Adjusted gross financial debt has an average maturity of six years.

- **Liquidity**

The IBERDROLA Group had a strong liquidity position of EUR 20,967 million at 30 June 2024 (Note 15). Counting the financing operations signed after 30 June, this figure rises to EUR 21,717 million (Note 22).

This liquidity mainly arises from syndicated credit facilities arranged with relationship banks, loans provided by multilateral lenders, development banks and export credit agencies, in addition to cash and cash equivalents and short-term financial investments (maturing at 3 to 12 months). These liquidity transactions were arranged with counterparties that have high credit ratings.

This liquidity position covers 24 months of financing needs in the base case and 18 months in the risk scenario.

1.7 Financial solvency

• Credit ratings of IBERDROLA's senior debt

Agency	Long-term ⁽¹⁾	Outlook
Moody's	Baa1 (15/06/2012)	Stable (14/03/2018)
Fitch	BBB+ (02/08/2012)	Stable (25/03/2014)
Standard & Poor's	BBB+ (22/04/2016)	Stable (22/04/2016)

⁽¹⁾ The above ratings may be reviewed, suspended or withdrawn by the rating agency at any time.

• Financial solvency ratios

The calculation of the financial solvency ratios is shown below ⁽²⁾:

		30.06.2024	30.06.2023
Adjusted FFO / Adjusted net financial debt	%	25	24,9
Adjusted RCF / Adjusted net financial debt	%	20,8	20,8
Adjusted net financial debt/Adjusted EBITDA	Times	3.06x	3.15x

⁽²⁾ Ratio calculations based on the last four quarters.

The IBERDROLA Group relies on the following main measures to assess cash generation for the period:

- Funds from Operations (FFO).
- Retained Cash Flow (RCF). FFO – Own dividend payments and to non-controlling interests – net flows from perpetual subordinated bonds.

These measures are calculated as follows:

Millions of euros	30.06.2024	30.06.2023
Net profit for the period attributable to the parent	6,416	4,785
Net profit for the year from discontinued operations	22	15
Impairment losses, trade and other receivables	586	532
Amortisation, depreciation and provisions	4,963	4,840
Result of equity-accounted investees	(247)	77
Discounting to present value of provisions	188	131
Non-controlling interests	619	570
Dividends received	76	59
Amounts allocated to the Income statement – capital grants	(85)	(86)
Adjustment for tax-deductible items	16	140
Tax deductibility of goodwill	71	71
Social Bonus ruling	(169)	79
Nuclear fuel ruling	–	81
Funds from operations (FFO)	12,456	11,294
Sale of Mexico assets	(1,166)	–
Adjusted funds from operations (FFO)	11,290	11,294
Dividends paid	(1,909)	(1,858)
Adjusted retained cash flow (RCF)	9,381	9,436

Dividends paid = Dividends paid out of cash + Dividends paid to non-controlling interests + Interest on hybrid debt

Millions of euros	30.06.2024	30.06.2023
EBITDA	16,470	14,345
Sale of Mexico assets	(1,717)	—
Adjusted EBITDA	14,753	14,345

2. MAIN RISKS AND UNCERTAINTIES IN THE FIRST HALF OF 2024

The IBERDROLA Group's activities are structurally subject to various risks, essentially the same as those described in section 4 of the Management Report of the Iberdrola Group's Annual Financial Report for 2023, the most significant of which are as follows:

- a. Market: exposure to volatility in variables such as electricity and other energy commodities prices, emission allowances, exchange rates, interest rates, liquidity, inflation, raw materials, etc.
- b. Business: uncertainty linked to the behaviour of intrinsic business variables, including nature of demand, competitor strategy and the performance of hydro, wind and solar resources.
- c. Credit: contractual counterparty default, resulting in economic or financial losses, including settlement and replacement cost risks.
- d. Regulatory: changes in standards set by regulators that may affect the remuneration of regulated businesses, environmental or tax regulations, market design, network access, introduction of interventionist measures, tariffs, etc.
- e. Operational: notably those associated with the construction and operation of facilities, health and safety, supply chain, cyber security, extreme natural phenomena, etc.

Compared to year-end 2023, there were no significant changes in the Group's overall risk profile. Only the announcement of the intention to control 100% of Avangrid and the effective closing of already announced corporate transactions (disposal of a substantial portion of our generation assets in Mexico) are worth noting.

As described in Note 3 to the financial statements, the Group's activities show no significant degree of seasonal variation on a half-yearly basis and the main sources of uncertainty are as described in Note 4.

3. STOCK MARKET DATA – THE IBERDROLA SHARE

Stock market data:

		30.06.2024	30.06.2023
Stock market capitalisation	Millions of euros	77,818	77,034
Price / Book value (Stock market capitalisation / Equity of the Parent at the end of the period)	Times	1.7	1.8
Number of shares outstanding	no.	6,423,299,000	6,446,364,000
Share price at period end	Euros	12.115	11.950
Average share price for the period	Euros	11.483	11.268
Average daily volume	no.	12,041,559	12,574,169
High at 31/05/2024 and 21/04/2023, respectively	no.	51,401,917	44,284,813
Low at 27/05/2024 and 08/05/2023, respectively	no.	4,429,664	4,459,476
Dividends paid (euros) ⁽¹⁾ :	Euros/share	0.558	0.501
- Gross interim dividend (31/01/2024 and 31/01/2023)	Euros/share	0.202	0.180
- Final, gross (29/07/2024 (provisional) and 28/07/2023)	Euros/share	0.351	0.316
- Engagement dividend (21/05/2024 and 03/05/2023)	Euros/share	0.005	0.005
Dividend yield ⁽²⁾	%	4.61%	4.19%

⁽¹⁾ Amount paid on account of the dividend under the *Iberdrola Retribución Flexible* system.

⁽²⁾ Interim dividend, final dividend and engagement dividend / period-end share price.

The IBERDROLA share:

Stock market performance of IBERDROLA versus the indexes:



4. ALTERNATIVE PERFORMANCE MEASURES

In addition to the financial information prepared in accordance with IFRS standards, this financial information includes certain Alternative Performance Measures (“APMs”) for the purposes of Commission Delegated Regulation (EU) 2019/979 of 14 March 2019 and as defined in the Guidelines on Alternative Performance Measures published by the European Securities and Markets Authority on 5 October 2015 (ESMA/2015/1415en). APMs are measures of financial performance based on the financial information of Iberdrola, S.A. and the companies of its group but which are not defined or detailed in the applicable financial reporting framework. These APMs are used to give a better understanding of Iberdrola, S.A.’s financial performance, but should be viewed as additional information only and in no case do they replace the financial information prepared in accordance with IFRS. Furthermore, the way in which Iberdrola, S.A. defines and calculates these APMs may differ from how other entities apply similar measures and, therefore, they may not be directly comparable.

For more information on these topics, including their definition or the correlation between the corresponding performance indicators and the consolidated financial information reported in accordance with IFRS, please refer to the information available on the corporate website in relation to Alternative Performance Measures via the following links:

- Definitions of Alternative Performance Measures

<https://www.iberdrola.com/documents/20125/42337/alternative-performance-measures-definitions.pdf>

- Alternative Performance Measures for the quarter

<https://www.iberdrola.com/documents/20125/4371226/medidas-alternativas-rendimiento-24IS.pdf>

AUTHORISATION FOR ISSUE

2024 – FIRST HALF

AUTHORISATION FOR ISSUE OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND CONSOLIDATED INTERIM MANAGEMENT REPORT OF IBERDROLA, S.A. AND ITS SUBSIDIARIES

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