Annual financial information
Iberdrola, S.A. and subsidiaries

Financial Year 2024

Auditor’s report

KPMG

Auditor's Report on Iberdrola, S.A. and subsidiaries

(Together with the consolidated annual accounts and consolidated directors' report of Iberdrola, S.A. and subsidiaries for the year ended 31 December 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

Independent Auditor's Report on the Consolidated Annual Accounts

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

To the Shareholders of Iberdrola, S.A.

REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

Opinion

We have audited the consolidated annual accounts of Iberdrola, S.A. (the "Parent") and subsidiaries (together the “Group”), which comprise the consolidated statement of financial position at 31 December 2024, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and consolidated notes.

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of the Group at 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts* section of our report.

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

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

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Key Audit Matters

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

Impairment of non-current non-financial assets
See Notes 3.i, 9, 11, 14 and 42 to the consolidated annual accounts

Key audit matter	*How the matter was addressed in our audit*
IFRS-EU require the entity to assess at each reporting date whether there are any indications that its assets or cash-generating units may be impaired and, if so, to estimate the recoverable amount thereof. Indications of impairment were identified in 2024 in the onshore renewable energies cash-generating unit in the United States, due to the reasons set forth in note 14 to the consolidated annual accounts. In this regard, an impairment analysis was performed on the non-current assets of this cash-generating unit, which revealed that their recoverable amount at the date of the analysis, estimated by determining the fair value less costs to sell, was lower than their carrying amount, and therefore a valuation adjustment of Euros 1,323 million has been recognised in 2024 (see note 14 to the consolidated annual accounts). IFRS-EU require that goodwill and intangible assets with indefinite useful lives be tested for impairment annually, irrespective of whether there is any indication that the assets or cash-generating units may be impaired. As a result of the acquisitions made in recent years, the consolidated annual accounts include goodwill and intangible assets with indefinite useful lives of Euros 8,618 million and Euros 6,440 million, respectively, allocated to the corresponding cash-generating units (CGUs). The recoverable amount of the CGUs subject to impairment testing, defined as the higher of fair value less costs of disposal and value in use, is calculated using methodologies based on discounted cash flows, the estimation of which requires the use of a high degree of judgement	Our audit procedures included the following: ▪ Evaluating the design and implementation of the key controls related to the impairment testing process and, in particular, to the process of identifying indications of impairment. ▪ Assessing the design and implementation of the key controls related to the process of determining recoverable amount. ▪ Assessing the reasonableness of the methodology used to calculate the recoverable amount and the main assumptions considered, with the involvement of our valuation specialists. ▪ Comparing the information considered in the model with the sector, economic and financial information available through external sources. ▪ In the case of determining value in use, additionally: - Analysing the consistency of the estimated growth in future cash flows with the business plans approved by the governing bodies, including their consistency with the Group's strategy to address climate change and the Paris Agreement. - Performing a comparative analysis of the cash flow forecasts estimated in the prior year with the actual cash flows obtained (retrospective analysis). ▪ Evaluating the sensitivity of the recoverable amount to changes in certain assumptions that can be considered reasonable.

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Impairment of non-current non-financial assets See Notes 3.i, 9, 11, 14 and 42 to the consolidated annual accounts	
Key audit matter	*How the matter was addressed in our audit*
and the use of assumptions and estimates. Due to the high level of judgement required, the uncertainty associated with these estimates and the significance of the amount of non-current assets, this has been considered a key audit matter.	▪ Assessing whether the disclosures in the consolidated annual accounts meet the requirements of the applicable financial reporting framework.

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Revenue recognition: Unbilled energy supplied **See Note 5 to the consolidated annual accounts**	
Key audit matter	*How the matter was addressed in our audit*
The Group's businesses that carry out energy supply activities must make estimates of unbilled energy supplies to end customers in the period between the last meter reading and the end of the fiscal year. Estimated unbilled energy supplied at 31 December 2024 amounts to Euros 2,508 million. Unbilled energy supplied is estimated based on internal and external information that is compared with the readings contained in the management systems used by the businesses. Revenue is calculated by multiplying estimated unbilled energy consumption, a process which involves high levels of uncertainty, by the tariff agreed with each customer. Determining revenue from unbilled energy supplied requires the use of estimates by Group management with the application of criteria, judgements and assumptions in its calculations, so this has been considered a key audit matter.	Our audit procedures included the following: ▪ Analysing the design, implementation and operating effectiveness of the key controls related to the process of estimating unbilled revenue. ▪ Evaluating the reasonableness of the calculation model used. ▪ Comparing the estimates made at the close of the previous period and actual invoicing data (retrospective analysis). ▪ Assessing the reasonableness of the volume of unbilled energy through an analysis of historical information and other available internal and external data. ▪ Evaluating a selected sample of the tariffs applied by comparing them with the data contained in the customer contract databases. ▪ Assessing whether the disclosures in the consolidated annual accounts meet the requirements of the applicable financial reporting framework.

Other Information: Consolidated Directors' Report

Other information solely comprises the 2024 consolidated directors' report, the preparation of which is the responsibility of the Parent's Directors and which does not form an integral part of the consolidated annual accounts.

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

a) Determine, solely, whether the consolidated non-financial information statement and certain information included in the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration, as specified in the Spanish Audit Law, have been provided in the manner stipulated in the applicable legislation, and if not, to report on this matter.

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

Based on the work carried out, as described above, we have observed that the information mentioned in section a) above has been provided in the manner stipulated in the applicable legislation, that the rest of the information contained in the consolidated directors' report is consistent with that disclosed in the consolidated annual accounts for 2024, and that the content and presentation of the report are in accordance with applicable legislation.

Directors' and Audit Committee's Responsibility for the Consolidated Annual Accounts

The Parent's Directors are responsible for the preparation of the accompanying consolidated annual accounts in such a way that they give a true and fair view of the consolidated equity, consolidated financial position and consolidated financial performance of the Group in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, the Parent's Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent's audit committee is responsible for overseeing the preparation and presentation of the consolidated annual accounts.

Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual accounts.

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As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's Directors.

– Conclude on the appropriateness of the Parent's Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

– Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.

– Plan and execute the audit of the Group to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units of the Group as the basis to form an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and review of the work performed for the Group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee of the Parent regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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From the matters communicated to the audit committee of the Parent, we determine those that were of most significance in the audit of the consolidated annual accounts of the current period and which are therefore the key audit matters.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

European Single Electronic Format

We have examined the digital files of Iberdrola, S.A. and its subsidiaries for 2024 in European Single Electronic Format (ESEF), which comprise the XHTML file that includes the consolidated annual accounts for the aforementioned year and the XBRL files tagged by the Parent, which will form part of the annual financial report.

The Directors of Iberdrola, S.A. are responsible for the presentation of the 2024 annual financial report in accordance with the format and mark-up requirements stipulated in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (hereinafter the "ESEF Regulation"). In this regard, they have incorporated the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration by means of a reference thereto in the consolidated directors' report.

Our responsibility consists of examining the digital files prepared by the Directors of the Parent, in accordance with prevailing legislation regulating the audit of accounts in Spain. This legislation requires that we plan and perform our audit procedures to determine whether the content of the consolidated annual accounts included in the aforementioned digital files fully corresponds to the consolidated annual accounts we have audited, and whether the consolidated annual accounts and the aforementioned files have been formatted and marked up, in all material respects, in accordance with the requirements of the ESEF Regulation.

In our opinion, the digital files examined fully correspond to the audited consolidated annual accounts, and these are presented and marked up, in all material respects, in accordance with the requirements of the ESEF Regulation.

Additional Report to the Audit Committee of the Parent

The opinion expressed in this report is consistent with our additional report to the Parent's audit committee dated 28 February 2025.

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

Contract Period

We were appointed as auditor by the shareholders at the ordinary general meeting on 17 May 2024 for a period of two years, from the year ended 31 December 2023.

Previously, we had been appointed for a period of two years, by consensus of the shareholders at their general meeting, and have been auditing the annual accounts since the year ended 31 December 2017.

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

(Signed on original in Spanish)

On the Spanish Official Register of Auditors ("ROAC") with No. 22,690

This report corresponds to stamp number 03/25/00295 issued by the Spanish Institute of Registered Auditors (ICJCE)

Consolidated financial statements and consolidated management report for the year ended 31 December 2024

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Consolidated financial statements

Translation of Annual accounts originally issued in Spanish and prepared in accordance with IFRS as adopted by the European Union (see Note 55). In the event of a discrepancy, the Spanish-language version prevails.

Consolidated statement of financial position at 31 December 2024

Set out below is the consolidated statement of financial position at 31 December 2024 and 2023, in millions of euros:

Assets	Note	31.12.2024	31.12.2023 (*)
Intangible assets	**9**	**20,255**	**20,255**
Goodwill		8,618	8,375
Other intangible assets		11,637	11,880
Investment property	**10**	**420**	**431**
Property, plant and equipment	**11**	**94,461**	**87,821**
Property, plant and equipment in use		79,355	73,466
Property, plant and equipment under construction		15,106	14,355
Right-of-use asset	**12**	**2,630**	**2,488**
Non-current investments		**13,032**	**9,740**
Equity-accounted investees	15.a	4,315	1,306
Non-current equity investments		40	29
Other non-current financial assets	15.b	7,499	7,208
Derivative financial instruments	30	1,178	1,197
Non-current trade and other receivables	**16**	**3,876**	**3,343**
Current tax assets	**35**	**832**	**883**
Deferred tax assets	**35**	**1,952**	**2,009**
Total non-current assets		**137,458**	**126,970**
Assets held for sale	**18**	**404**	**4,720**
Nuclear fuel	**19**	**318**	**278**
Inventories	**20**	**2,987**	**2,550**
Current trade and other receivables		**10,777**	**10,039**
Current tax assets	36	692	351
Other tax receivables	36	923	782
Current trade and other receivables	16	9,162	8,906
Current financial assets		**2,267**	**2,457**
Other current financial assets	15.b	1,265	1,679
Derivative financial instruments	30	1,002	778
Cash and cash equivalents	**21**	**4,082**	**3,019**
Total current assets		**20,835**	**23,063**
Total assets		**158,293**	**150,033**

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

Notes 1 to 55 to the accompanying consolidated financial statements and the Appendices are an integral part of the consolidated statement of financial position at 31 December 2024.

Translation of Annual accounts originally issued in Spanish and prepared in accordance with IFRS as adopted by the European Union (see Note 55). In the event of a discrepancy, the Spanish-language version prevails.

Consolidated statement of financial position at 31 December 2024

Equity and liabilities	Note	31.12.2024	31.12.2023 (*)
Parent		**47,125**	**43,111**
Subscribed capital		4,773	4,763
Valuation adjustments		374	2
Other reserves		39,603	37,699
Treasury shares		(2,318)	(1,465)
Translation differences		(919)	(2,691)
Net profit for the year		5,612	4,803
Non-controlling interests		**13,926**	**17,181**
Total equity	**22**	**61,051**	**60,292**
Capital grants	**25**	**1,305**	**1,136**
Facilities transferred or financed by third parties	**26**	**6,683**	**6,021**
Non-current provisions		**4,624**	**4,536**
Provision for pensions and similar obligations	27	1,302	1,456
Other provisions	28	3,322	3,080
Non-current financial liabilities		**46,094**	**41,775**
Bank borrowings, bonds or other marketable securities	29	40,585	36,319
Equity instruments having the substance of a financial liability	24	485	561
Derivative financial instruments	30	1,124	1,285
Leases	32	2,619	2,408
Other non-current financial liabilities	33	1,281	1,202
Other non-current liabilities	**34**	**434**	**435**
Current tax liabilities		**418**	**387**
Deferred tax liabilities	**35**	**7,545**	**7,379**
Total non-current liabilities		**67,103**	**61,669**
Liabilities linked to assets held for sale	**18**	**197**	**1,097**
Current provisions		**795**	**920**
Provision for pensions and similar obligations	27	22	40
Other provisions	28	773	880
Current financial liabilities		**25,528**	**23,120**
Bank borrowings, bonds or other marketable securities	29	13,805	11,959
Equity instruments having the substance of a financial liability	24	103	110
Derivative financial instruments	30	867	1,352
Leases	32	180	184
Trade payables		6,183	5,112
Other current financial liabilities	33	4,390	4,403
Other current liabilities		**3,619**	**2,935**
Current tax liabilities	36	1,137	332
Other tax payables	36	1,454	1,303
Other current liabilities	34	1,028	1,300
Total current liabilities		**30,139**	**28,072**
Total equity and liabilities		**158,293**	**150,033**

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

Notes 1 to 55 to the accompanying consolidated financial statements and the Appendices are an integral part of the consolidated statement of financial position at 31 December 2024.

Translation of Annual accounts originally issued in Spanish and prepared in accordance with IFRS as adopted by the European Union (see Note 55). In the event of a discrepancy, the Spanish-language version prevails.

Consolidated income statement for the year ended 31 December 2024

Set out below is the income statement at 31 December 2024 and 2023, in millions of euros:

	Note	2024	2023 (*)
Revenue	38	44,739	49,335
Supplies	39	(20,863)	(26,033)
Gross income		**23,876**	**23,302**
Personnel expenses	40	(3,941)	(3,824)
Capitalised personnel expenses	40	947	864
External services		(4,159)	(4,000)
Other operating income	7	2,691	824
Net operating expenses		(4,462)	(6,136)
Taxes	41	(2,566)	(2,749)
Gross operating profit - EBITDA		**16,848**	**14,417**
Impairment losses, trade and other receivables	16	(471)	(618)
Amortisation, depreciation and provisions	42	(6,648)	(4,826)
Operating profit - EBIT		**9,729**	**8,973**
Result of equity-accounted investees	15.a	(37)	239
Finance income	43	2,377	1,535
Finance expense	44	(3,952)	(3,722)
Net finance income/(expense)		(1,575)	(2,187)
Profit before tax		**8,117**	**7,025**
Income tax	35	(2,150)	(1,610)
Net profit for the year from continuing operations		**5,967**	**5,415**
Net profit/(loss) for the year from discontinued operations (net of taxes)		**(19)**	**(21)**
Non-controlling interests	22	(336)	(591)
Net profit for the period attributable to the parent		**5,612**	**4,803**
Basic earnings per share in euros from continuing operations	**53**	**0.840**	**0.697**
Diluted earnings per share in euros from continuing operations	**53**	**0.838**	**0.695**
Basic and diluted earnings per share in euros from discontinued operations	**53**	**(0.003)**	**(0.003)**

(*) The consolidated income statement at 31 December 2023 is presented for comparison purposes only.

Notes 1 to 55 to the accompanying consolidated financial statements and the Appendices are an integral part of the consolidated income statement for the year ended 31 December 2024.

Translation of Annual accounts originally issued in Spanish and prepared in accordance with IFRS as adopted by the European Union (see Note 55). In the event of a discrepancy, the Spanish-language version prevails.

Consolidated statement of comprehensive income for the year ended 31 December 2024

Set out below is the consolidated statement of comprehensive income at 31 December 2024 and 2023, in millions of euros:

	Note	2024			2023 (*)		
		Parent	Non-controlling interests	Total	Parent	Non-controlling interests	Total
Net profit/(loss) for the year		**5,612**	**336**	**5,948**	**4,803**	**591**	**5,394**
Other comprehensive income/(loss) to be reclassified to the consolidated income statement in subsequent years							
In valuation adjustments		**346**	**28**	**374**	**934**	**70**	**1,004**
Change in value of cash flow hedges	22	456	38	494	1,239	96	1,335
Change in hedging cost		0	0	0	1	0	1
Tax effect	35	(110)	(10)	(120)	(306)	(26)	(332)
In translation differences		**948**	**(257)**	**691**	**(548)**	**(23)**	**(571)**
Total		**1,294**	**(229)**	**1,065**	**386**	**47**	**433**
Other comprehensive income not to be reclassified to the consolidated income statements in subsequent years							
In other reserves		**(14)**	**21**	**7**	**(294)**	**(25)**	**(319)**
Actuarial gains and losses on pension schemes	27	(15)	30	15	(395)	(37)	(432)
Tax effect	35	1	(9)	(8)	101	12	113
Total		**(14)**	**21**	**7**	**(294)**	**(25)**	**(319)**
Other comprehensive income from equity-accounted investees (net of taxes)							
In valuation adjustments		**1**	0	**1**	0	0	0
Total	**15.a**	**1**	0	**1**	0	0	0
Total net profit recognised directly in equity		**1,281**	**(208)**	**1,073**	**92**	**22**	**114**
Total comprehensive income for the period		**6,893**	**128**	**7,021**	**4,895**	**613**	**5,508**

(*) The consolidated statement of comprehensive income for 2023 is presented for comparison purposes only.

Notes 1 to 55 to the accompanying consolidated financial statements and the Appendices are an integral part of the consolidated statement of comprehensive income for the year ended 31 December 2024.

Translation of Annual accounts originally issued in Spanish and prepared in accordance with IFRS as adopted by the European Union (see Note 55). In the event of a discrepancy, the Spanish-language version prevails.

Consolidated statement of changes in equity for the year ended 31 December 2024

Set out below is the consolidated statement of changes in equity at 31 December 2024 and 2023, in millions of euros:

	Other reserves										
	Subscribed capital	Treasury shares	Legal reserve	Share premium	Other restricted reserves	Retained earnings	Valuation adjustments	Translation differences	Net profit for the year	Non-controlling interests	Total
Balance at 01.01.2024	**4,763**	**(1,465)**	**969**	**13,924**	**1,645**	**21,161**	**2**	**(2,691)**	**4,803**	**17,181**	**60,292**
Comprehensive income for the period	**0**	**0**	**0**	**0**	**0**	**(14)**	**347**	**948**	**5,612**	**128**	**7,021**
Transactions with shareholders or owners											
Share capital increase (Note 22)	147	0	0	(147)	0	0	0	0	0	0	0
Capital reduction (Note 22)	(137)	2,072	0	0	137	(2,072)	0	0	0	0	0
Distribution of 2023 profit	0	0	0	0	0	3,637	0	0	(4,803)	(459)	(1,625)
Transactions with non-controlling interests (Notes 7 and 22)	0	0	0	0	0	565	25	824	0	(3,716)	(2,302)
Transactions with treasury shares (Note 22)	0	(2,925)	0	0	0	10	0	0	0	0	(2,915)
Other changes in equity											
Equity instruments-based payments (Note 23)	0	0	0	0	0	(29)	0	0	0	(4)	(33)
Issuance of subordinated perpetual bonds (Note 22)	0	0	0	0	0	0	0	0	0	1,500	1,500
Cancellation of subordinated perpetual bonds (Note 22)	0	0	0	0	0	0	0	0	0	(700)	(700)
Interest accrued on perpetual subordinated bonds (Note 22)	0	0	0	0	0	(221)	0	0	0	0	(221)
Other changes	0	0	0	0	0	38	0	0	0	(4)	34
Balance at 31.12.2024	**4,773**	**(2,318)**	**969**	**13,777**	**1,782**	**23,075**	**374**	**(919)**	**5,612**	**13,926**	**61,051**

Translation of Annual accounts originally issued in Spanish and prepared in accordance with IFRS as adopted by the European Union (see Note 55). In the event of a discrepancy, the Spanish-language version prevails.

	Other reserves									
	Subscribed capital	Treasury shares	Legal reserve	Share premium	Other restricted reserves	Retained earnings	Valuation adjustments	Translation differences	Net profit for the year	Non-controlling interests	Total
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	0	0	0	0	0	**(294)**	**934**	**(548)**	**4,803**	**613**	**5,508**
Transactions with shareholders or owners											
Share capital increase (Note 22)	146	0	0	(146)	0	0	0	0	0	0	0
Capital reduction (Note 22)	(155)	2,112	0	0	155	(2,112)	0	0	0	0	0
Distribution of 2022 profit	0	0	0	0	0	3,390	0	0	(4,339)	(945)	(1,894)
Business combinations (Notes 8 and 22)	0	0	0	0	0	0	0	0	0	100	100
Transactions with non-controlling interests (Notes 7 and 22)	0	0	0	0	0	91	0	0	0	410	501
Transactions with treasury shares (Note 22)	0	(1,821)	0	0	0	18	0	0	0	0	(1,803)
Other changes in equity											
Equity instruments-based payments (Note 23)	0	0	0	0	0	(38)	0	0	0	1	(37)
Interest accrued on perpetual subordinated bonds (Note 22)	0	0	0	0	0	(205)	0	0	0	0	(205)
Other changes	0	0	0	0	0	1	0	0	0	7	8
Balance at 31.12.2023 (*)	**4,763**	**(1,465)**	**969**	**13,924**	**1,645**	**21,161**	**2**	**(2,691)**	**4,803**	**17,181**	**60,292**

(*) The consolidated statement of changes in equity for 2023 is presented for comparison purposes only.

Notes 1 to 55 to the accompanying consolidated financial statements and the Appendices are an integral part of the consolidated statement of changes in equity for the year ended 31 December 2024.

Translation of Annual accounts originally issued in Spanish and prepared in accordance with IFRS as adopted by the European Union (see Note 55). In the event of a discrepancy, the Spanish-language version prevails.

Consolidated statement of cash flows for the year ended 31 December 2024

Set out below is the consolidated statement of cash flows at 31 December 2024 and 2023, in millions of euros:

	Note	2024	2023 (*)
Profit before tax from continuing activities		8,117	7,025
Loss before tax from discontinued operations		(24)	(28)
Adjustments for			
Amortisation, deprecation, provisions, valuation adjustments of financial assets and personnel expenses for pensions	40, 42	7,412	5,810
Net profit/loss from investments in associates and joint ventures	15.a	37	(239)
Capital grants applied and other deferred income	25	(337)	(310)
Finance income and finance expense	43, 44	1,589	2,197
Profit/(loss) from the disposal of non-current assets	7	(1,717	0
Changes in working capital			
Change in trade and other receivables		(1,760	314
Change in inventories		(620)	(168)
Change in trade payables and other liabilities		1,262	(517)
Provisions paid		(430)	(534)
Income tax paid		(1,665	(1,492)
Dividends received		61	72
Net cash flows from operating activities		**11,92**	**12,130**
Acquisition of subsidiaries	7	0	(53)
Proceeds from disposal of subsidiaries	7	5,680	206
Change in cash due to modification of the consolidation scope	7	(243)	33
Acquisition of intangible assets	9	(710)	(541)
Acquisition of associates	15.a	(3,123	(330)
Acquisition of investment property	10	(8)	(3)
Acquisition of property, plant and equipment	11	(7,665	(7,336)
Capitalised interest paid	43	(544)	(381)
Capitalised personnel expenses paid	40	(947)	(863)
Capital grants and other deferred income		87	9
Proceeds/(payments) for securities portfolio		(10)	0
Proceeds/(payments) for other investments		(1,667	(1,513)
Proceeds/(payments) for current financial assets		460	785
Interest received		334	201
Income taxes	36	(275)	0
Proceeds from disposal of non-financial assets		234	93
Net cash flows used in investing activities		**(8,397**	**(9,693)**
Dividends paid		(1,166	(949)
Dividends paid to non-controlling interests		(459)	(930)
Perpetual subordinated bonds	22		
Instruments issued		1,500	1,000
Redemption		(700)	(1,000)
Interest paid		(207)	(193)
Bank borrowings, bonds or other marketable securities	31		
Issues and disposals		17,54	10,662
Redemption		(12,41	(8,197)
Interest paid excluding capitalised interest		(1,614	(1,988)
Financial liabilities from leases	32		
Payment of principal		(182)	(163)
Interest paid excluding capitalised interest		(96)	(85)
Equity instruments having the substance of a financial liability	24		
Instruments issued		19	184
Payments		(186)	(195)
Acquisition of treasury shares	22	(2,076	(2,787)
Proceeds from disposal of treasury shares	22	79	110
Payments for transactions with non-controlling interests	22	(2,517	(19)
Proceeds from transactions with non-controlling interests	22	215	462
Net cash flows used in financing activities		**(2,267**	**(4,088)**
Effect of exchange rate fluctuations on cash and cash equivalents		**(198)**	**62**
Net increase/(decrease) in cash and cash equivalents		**1,063**	**(1,589)**
Cash and cash equivalents at beginning of year		**3,019**	**4,608**
Cash and cash equivalents at end of year		**4,082**	**3,019**

(*) The consolidated statement of cash flows for 2023 is presented for comparison purposes only.

Notes 1 to 55 to the accompanying consolidated financial statements and the Appendices are an integral part of the consolidated statement of cash flows for the year ended 31 December 2024.

Notes to the consolidated financial statements for the year ended 31 December 2024

1. Group activities

Iberdrola, S.A. (hereinafter, IBERDROLA), a company incorporated in Spain and with registered address 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. The IBERDROLA Group carries out its activities mainly in five countries in the Atlantic region: Spain, the United Kingdom (UK), the United States of America (USA), Mexico and Brazil.

2. Basis of presentation of the consolidated financial statements

2.a) Accounting legislation applied

The IBERDROLA Group's 2024 consolidated financial statements were authorised for issue by the directors on 25 February 2025, in accordance with International financial reporting standards (hereinafter, IFRS), as adopted by the European Union, pursuant to Regulation (EC) No 1606/2002 of the European Parliament and of the Council, and the electronic reporting format requirements set out in Commission Delegated Regulation (EU) 2018/815. The directors of IBERDROLA expect these consolidated financial statements to be approved by the shareholders at the General Meeting without modification.

The IBERDROLA Group's 2023 consolidated financial statements were approved by shareholders at the General Meeting held on 17 May 2024.

At 31 December 2024, the consolidated financial statements presented negative working capital of EUR 9,304 million. The directors state that this shortfall will be covered by generating funds from the businesses of the IBERDROLA Group. As indicated in Note 4, the IBERDROLA Group has undrawn borrowings amounting to EUR 15,206 million.

These consolidated financial statements have been prepared on a historical cost basis, except for equity instruments and derivative financial instruments, which have been measured at fair value. The carrying amounts of assets and liabilities that are hedged at fair value are adjusted to reflect variations in their fair value arising from the hedged risk.

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 following amendments approved by the European Union for application in Europe entered into force on 1 January 2024:

- Amendments to IFRS 16: “Leases — Lease Liability in a Sale and Leaseback”.
- Amendments to IAS 1: “Presentation of Financial Information — Classification of Liabilities as Current or Non-current and Liabilities with Covenants”.
- Amendments to IAS 7: “Statement of Cash Flows” and IFRS 7: “Financial Instruments: Disclosures - Supplier Finance Arrangements”.

These amendments have had no impact on the consolidated financial statements of the IBERDROLA Group, except for those disclosures relating to supplier finance agreements (Note 33).

2.b) Standards issued pending application

At the date of these consolidated financial statements, the following standards, amendments and interpretations had been issued, effective for annual periods beginning on or after 1 January 2025:

Standard		Mandatory application	
		IASB	European Union
Amendments to IAS 21:	Lack of Exchangeability	1/1/2025	1/1/2025
Amendments to IFRS 9 and IFRS 7	Modifications to the classification and measurement of financial instruments	1/1/2026	(*)
Amendments to various standards		1/1/2026	(*)
Amendments to IFRS 9 and IFRS 7	Electricity forward contracts	1/1/2026	(*)
IFRS 18	Presentation of financial statements and disclosures	1/1/2027	(*)

(*) Pending EU approval.

With the implementation of IFRS 18, the IBERDROLA Group will adjust the structure of the consolidated income statement to align with the disclosure categories and subtotals specified by the new standard. The financial statements will also include a specific note addressing the information requirements related to Management Performance Measures (MPM).

Furthermore, the amendments to IFRS 7 and IFRS 9 concerning “Electricity Forward Contracts” will, on a prospective basis, remove the recording of inefficiencies in the consolidated income statement that pertain to energy volumes where production is not deemed highly probable in cash flow hedges. This applies in cases where the hedging instrument is a virtual or financial PPA that does not involve the physical delivery of energy (see Note 3.k).

The IBERDROLA Group believes that the application of the other amendments would not have resulted in significant changes to these consolidated financial statements.

The IBERDROLA Group has not applied in advance of the authorisation for issue of these consolidated financial statements any published standard, interpretation or amendment that has not yet come into force.

3. Accounting policies

3.a) Goodwill

Goodwill acquired on or after 1 January 2004 is measured at acquisition cost and that acquired earlier is measured at the carrying amount at 31 December 2003 in accordance with Spanish accounting standards in effect on that date, as provided in IFRS 1 — “First-time Adoption of International Financial Reporting Standards”.

3.b) Other intangible assets

Concessions, patents, licenses, trademarks and others

The electricity distribution and transmission concessions held in the UK by SCOTTISH POWER and those linked to the activities of AVANGRID, are not subject to any legal or other nature limits. Accordingly, as they are intangible assets with an indefinite useful life they are not amortised by the IBERDROLA Group, although they are assessed for indications of impairment each year, as described in Note 3.i.

Intangible assets under IFRIC 12

IFRIC 12 affects only the electricity distribution activities carried out by the IBERDROLA Group in Brazil (Note 13). Remuneration for network construction and upgrade work carried out by the IBERDROLA Group in this country consisted, on the one hand, of an unconditional right to receive cash and, on the other hand, of the right to charge certain amounts to consumers. As a result, by applying IFRIC 12, two different assets were recognised for the two types of consideration received:

- A financial asset, which is recognised under “Other non-current financial assets” in the consolidated statement of financial position (Note 15.b).
- An intangible asset, amortisable in the concession period, which is recognised under “Other intangible assets” in the consolidated statement of financial position (Note 9).

Since the IBERDROLA Group performs more than one service (i.e. operation services and construction or upgrade services), the consideration received under the agreement for the provision of services is recognised separately in the consolidated income statement, in accordance with IFRS 15 "Revenues from Contracts with Customers".

Computer software

Computer software is amortised on a straight-line basis over a period of between three and five years from the entry into service of each software asset.

Customer acquisition costs

The IBERDROLA Group recognises incremental costs from customer contracts related mainly to commissions for the implementation of purchase agreements as intangible assets which are amortised on a systematic basis according to the average expected life of contracts with customers that are associated with such costs.

3.c) Investment property

Investment property is recognised at acquisition cost net of accumulated depreciation. It is depreciated on a straight-line basis, minus material residual value, over each asset's estimated useful life, which ranges between 37.5 and 75 years based on the features of each asset concerned.

3.d) Property, plant and equipment

Items of property, plant and equipment are measured at acquisition or production cost less accumulated depreciation and value adjustments.

Acquisition cost includes, where applicable, the following:

1. Prior to the transition to IFRS (1 January 2004), the IBERDROLA Group updated certain Spanish assets under the "Property, plant and equipment" heading of the consolidated statement of financial position as permitted by prevailing legislation, including Royal Decree-Law 7/1996, and considered the amount of these revaluations as part of the cost of the assets, in accordance with IFRS 1.

2. Finance expense related to external funding accrued exclusively during the construction period (Note 43).

3. Personnel expenses related directly or indirectly to construction in progress (Note 40).

4. If the IBERDROLA Group is required to decommission its facilities or renovate the place where they are located, the current value of said costs is included in the carrying amount of assets for their present value, with a credit to the sub-heading "Non-current provisions — Other provisions" of the consolidated statement of financial position (Note 3.q).

The IBERDROLA Group transfers property, plant and equipment in progress to property, plant and equipment in use at the end of the related trial period.

3.e) Depreciation of property, plant and equipment in use

Every year, the IBERDROLA Group reviews the useful life of its assets based on internal and external information sources.

The cost of property, plant and equipment in use is depreciated on a straight-line basis, less any material residual value, at annual rates based on the years of estimated useful life, which for most assets are as follows:

	Average years of estimated useful life
Combined cycle power plants	40
Nuclear power plants	44-47
Onshore wind farms	
Less than 1 MW	30
More than 1 MW:	
Structural components	40
Non-structural components	25
Offshore wind farms	25
Photovoltaic power plants	30
Gas storage facilities	27-35
Transmission facilities	40
Distribution facilities	40-60
Conventional meters and measuring devices	10-40
Electronic or smart meters	10-15
Buildings	40-50
Dispatching centres and other facilities	4-50

The important components of property, plant and equipment that maintain different useful lives are considered separately.

3.f) Lease contracts

The IBERDROLA Group has classified the right-of-use assets and the lease liabilities under the headings “Right-of-use assets”, “Non-current financial liabilities — Leases”, and “Current financial liabilities — Leases” respectively, in the consolidated statement of financial position.

Contingent rents subject to the occurrence of a specific event and the variable fees dependent on revenues or the use of the underlying asset are recorded at the time when they are incurred under the “External services” heading of the consolidated income statement, rather than forming part of the lease liability.

The IBERDROLA Group has opted not to apply the exemption when recognising current leases (those with lease terms of 12 months or less). Contracts may include lease elements as well as non-lease elements. The IBERDROLA Group chooses not to separate such elements for accounting purposes and to recognise them as a single lease element.

3.g) Nuclear fuel

Nuclear fuel costs include the financial expenses accrued during construction (Note 43).

The nuclear fuel consumed is recognised under the “Supplies” heading of the consolidated income statement from when the fuel loaded into the reactor starts to be used, based on the cost of the fuel and the degree of burning in each reporting period.

3.h) Inventories

Energy resources

Energy resources are measured at acquisition cost, calculated using the average weighted price method, or net realisable value, if the latter is lower. No adjustments to the value of energy sources that are part of the production process are made if it is expected that the finished products into which they will be incorporated will be sold at above cost.

Real estate inventories

Real estate inventories are measured at cost of acquisition or production, which includes both the acquisition cost of the land and plot and the costs of urban planning and construction of the real estate developments incurred until the year end. These costs include project-related expenses, licenses, permits and certificates evidencing construction work filed at the pertinent registries.

The acquisition cost also includes finance expenses to the extent that such expenses relate to the period of town planning permits, urbanisation or construction up until the time at which the land or plot is ready for operation (Note 43).

The IBERDROLA Group periodically compares the cost of acquisition of real estate inventories with their net realisable value, recognising the necessary impairment losses with a charge to the consolidated income statement when the latter is lower. If the circumstance leading to the impairment loss no longer exists, it is reversed, and the corresponding income is recognised, with the limit being the lower of cost and the new net realisable value of the inventories. This comparison is based on the value estimates made by external experts qualified for this purpose (mainly Knight Frank España, S.A.) in accordance with the Valuation Standards published by the Royal Institution of Chartered Surveyors (RICS) of Great Britain, in their January 2014 edition and confirmed in the 2020 edition.

For land, construction in progress and unsold units, net realisable value is the estimated selling price of an asset in the ordinary course of business, less the estimated costs to finish the production and the necessary costs to carry on with the sale of the element.

For other land and plots, value is determined using the residual method, where the costs of the proposed development are deducted from the gross value of the development, adding the profit margin which the developer would need taking into account the risk of the development. The key variables of the residual method are:

- Expected income: consists of the estimated price at which each of the development units may be sold, in accordance with a sales rate that is based on estimates from independent experts.

- The cost of the development, including all disbursements to be made by the developer of the work depending on the type (e.g. government-sponsored or private single-family dwellings) and quality of the construction. In addition to the cost of the works, it includes the cost of projects and licenses (10%-12% of the physical construction project), legal fees (1%-1.5% of the material implementation project), marketing and promotional expenses (2%-4% of income) and unforeseen contingencies (3%).

- Development time: time required for the different planning, management and urban discipline stages, as well as expected construction and promotional periods.

- The developer profit considered for each asset, depending on the zoning status of the land, size and complexity of the development, ranging from 6% to 36% of total costs.

For land with licences, construction in progress and unsold units, the main difference with regard to unlicensed land is the developer's profit, which in this case is lower given the stage of completion of the work and the decrease in risk as the completion of construction nears.

Emission allowances and renewable energy certificates

Inventories of emission allowances and renewable energy certificates are measured at acquisition cost, calculated using the average weighted price method, or production cost if generated through the energy produced by own facilities that make use of renewable resources. Subsequently, they are measured at either cost or net realisable value, whichever is lower. No valuation adjustments are made to emission allowances or renewable energy certificates to be delivered to governmental agencies in compliance with environmental obligations.

Emission allowances and renewable energy certificates acquired for the purpose of benefiting through fluctuations in their market price are measured at fair value with a credit or debit to the consolidated income statements.

Certain Group companies are required to deliver to governmental agencies emission allowances – in accordance with CO_2 emissions throughout the year in Europe – and renewable obligation certificates (ROCs) in accordance with the MWh of electricity supplied to customers in the United Kingdom under the Renewables Obligation mechanism. This obligation is recorded by recognising a provision under “Supplies” in the consolidated income statement and its amount is calculated (i) as the carrying amount for allowances and certificates held at the end of the reporting period and (ii) the closing listed price for allowances and certificates not held at the end of the period and that must be acquired in order to comply with the aforementioned obligations.

Emission allowances and renewable energy certificates are derecognised from the consolidated statement of financial position when they are sold to third parties, have been delivered or expire. When the emission allowances are delivered, they are derecognised with a charge to the provision made when the CO_2 emissions with no impact on the consolidated income statement were generated.

Income and expense from trading of inventories are recognised in the consolidated income statement under “Revenue” and “Supplies”, respectively, with the resulting change in the inventories.

3.i) Impairment of non-financial assets

At least at the close of each financial year, the IBERDROLA Group reviews the value of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss.

In the case of goodwill and other intangible assets which have not come into use or which have an indefinite useful life, the IBERDROLA Group performs the recoverability analysis systematically every year, except when there are indications of impairment at another time, in which case the recoverability analysis is performed at the same time.

For the purposes of this recoverability analysis, goodwill is allocated to the cash generating units or groups of cash-generating units that benefit from the synergies arising from the business combination (Note 9).

Assumptions used in the value in use calculation include discount rates, growth rates and expected changes in selling prices and direct costs. Discount rates reflect the value of money over time and the risks associated with each cash-generating unit. Growth rates and variations in prices and direct costs are based on contractual commitments already in place, publicly available information, as well as industry forecasts and the IBERDROLA Group's experience (Note 14).

For the sake of simplicity, an amount substantially similar to the lease liabilities is deducted from both the carrying amount and the recoverable amount of the CGUs. International standards also require consistency of cash flows and discount rates. However, the application of IFRS 16 — Leases has had only a minor impact on the composition of assets and liabilities and cash flows related to CGUs.

If the recoverable amount of an asset is less than its carrying amount, the difference is registered as a charge to the “Amortisation, depreciation and provisions” heading of the consolidated income statement. Impairment losses recognised for an asset are reversed with a credit under the “Amortisation, depreciation and provisions” heading of the consolidated income statement when there is a change in the estimates concerning the recoverable amount of the asset, increasing the carrying amount of the asset, but so the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

The IBERDROLA Group distinguishes between impairment allowances and write-offs depending on whether the impairment is reversible or not reversible. A write-off involves a decrease in the carrying amount of assets, either because the impairments are considered definitive and non-reversible, or because it is stipulated that this is the case under the accounting standards, such as the case of goodwill, or when considering that the value of the asset is not going to be recovered for its use or disposal.

3.j) Associates and joint ventures

Investments in associates and joint ventures are accounted for using the equity method. The result of measuring investments in associates using the equity method is recognised under the “Other reserves” and “Result of equity-accounted investees - net of taxes” headings of the consolidated statement of financial position and income statement, respectively.

The IBERDROLA Group regularly observes for signs of impairment at its associates and joint ventures by comparing the total carrying amount of the associate or joint venture, (including goodwill), to its recoverable amount. If the carrying amount exceeds the recoverable amount, the IBERDROLA Group recognises the related impairment with a debit to the consolidated income statement within the "Results of equity-accounted investees — net of taxes" heading.

3.k) Financial instruments

Classification and measurement of financial assets

The IBERDROLA Group measures its current and non-current financial assets in accordance with the criteria described below:

1. Assets at amortised cost

   Financial assets that meet the following conditions are included in this category:

   - The assets are held within a business model whose objective is to hold the assets to obtain the contractual cash flows, and
   - The contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

   These assets are initially recognised at fair value plus transactions costs and are subsequently measured at amortised cost. Interest accrued is recognised in the consolidated income statement using the effective interest rate method. However, financial assets maturing in less than a year that do not have a contractual interest rate are measured both initially and subsequently at their nominal amount when the impact of not discounting cash flows is immaterial.

2. Financial assets at fair value through profit or loss

   The IBERDROLA Group includes in this category derivative financial instruments that do not satisfy the conditions necessary for hedge accounting based on the requirements established for this purpose in IFRS 9: "Financial Instruments" (Note 30).

   Assets at fair value through profit or loss are initially recognised at fair value. The transaction costs directly attributable to purchase or issuing are recognised as an expense in the consolidated income statement insofar as they are incurred. The changes that occur in their fair value are allocated to the consolidated income statement for the period in the "Finance expense" and "Finance income" of the consolidated income statement, as may be applicable.

The IBERDROLA Group determines the most appropriate classification for each asset on acquisition and reviews the classification at each year end date.

Impairment of financial assets at amortised cost and contract assets

The IBERDROLA Group recognises valuation changes resulting from expected credit losses on financial assets and contract assets at amortised cost.

The IBERDROLA Group will apply the general model for calculation of expected loss on financial assets other than contract assets and trade receivables without a significant financial component, for which the simplified model will be applied.

Under the general model, credit losses expected in the next 12 months are considered unless the credit risk of financial instruments has significantly increased from the initial recognition. In that case, the expected credit losses over the life of the asset will be considered. The IBERDROLA Group recognises that the credit risk of a financial instrument has not significantly increased since its initial recognition if it is determined that at the reporting date it has a low credit risk.

Under the simplified approach, they qualify as expected credit losses over the life of the asset. The IBERDROLA Group has adopted the practical expedient whereby it calculates the expected credit loss on trade receivables by using a matrix of provisions based on its experience of historical credit losses adjusted for available forward-looking information.

Allocations and reversals of valuation adjustments due to impairment of trade receivables and contract assets are recognised under the “Valuation adjustments, trade and other receivables” heading of the consolidated income statement. Valuation changes and reversals of financial assets due to impairment of the other financial assets at amortised cost are recognised under the “Finance expense” heading of the consolidated income statement (Note 44).

Derecognition of financial assets

Financial assets are derecognised when the rights to receive cash flows in relation thereto have extinguished or have been transferred or when the risks and profits are considered to have been substantially assigned arising from their ownership.

The derecognition of a financial asset implies the recognition in the consolidated income statement of the difference between its carrying amount and the sum of the consideration received less directly attributable transaction costs, including assets obtained or liabilities assumed and any deferred loss or gain in other comprehensive income.

Classification and measurement of financial liabilities

The IBERDROLA Group classifies all financial liabilities measured at amortised cost using the effective interest method, except for derivative financial instruments, which are recognised at fair value.

Derecognition of financial liabilities

Financial liabilities are derecognised when they are extinguished, i.e., when the obligation under the liability is discharged or cancelled or expires. Moreover, when a debt instrument between IBERDROLA and the counterparty is replaced by another, on substantially different terms, the original financial liability is derecognised and the new financial liability is recognised.

The IBERDROLA Group considers that the terms are substantially different if the present value of the discounted cash flows under the new terms, including any fees paid net of any fees received from the lender, and discounted using the original effective interest rate, differs at least 10 per cent from the discounted present value of the remaining cash flows of the original financial liability.

The difference between the carrying amount of the financial liability or of the part of it that has been derecognised and the paid consideration, including the attributable transaction costs, and in which every transferred asset different from the assumed cash or liability is also included, is recognised in the consolidated income statement of the year in which it takes place.

When there is an exchange of debt instruments that do not have substantially different terms, changed flows are discounted at the original effective interest rate, and every difference with the previous carrying amount is recognised in the consolidated income statement. In addition, costs or commissions adjust the carrying amount of financial liabilities and are amortised using the amortised cost method during the rest of the life of the changed liability.

Contracts to buy or sell non-financial items

The IBERDROLA Group performs a detailed analysis of all its contracts to buy or sell non-financial items to ensure they are classified correctly for accounting purposes.

As a general rule, those contracts that are settled for the net amount in cash or in another financial instrument are classified as derivative financial instruments and are recognised and measured as described in this note, except for contracts entered into and held for the purpose of the receipt or delivery of a non-financial item in accordance with the IBERDROLA Group´s purchase, sale, or usage requirements.

Contracts for the sale and purchase of non-financial items to which IFRS 9: “Financial Instruments” does not apply qualify as own-use contracts and are recognised as the IBERDROLA Group receives or delivers the rights or obligations originating thereunder.

The Iberdrola Group enters into power purchase agreements (PPAs) for the sale of energy and renewable energy certificates to certain customers. PPAs that involve the physical delivery of energy are usually classified as own-use contracts and fall outside the scope of IFRS 9. Meanwhile, virtual or financial PPAs that do not involve the physical delivery of energy and are settled for the cash difference between the contract price and the market price are classified as derivatives that fall within the scope of IFRS 9. For such financial contracts, the IBERDROLA Group applies cash flow hedge accounting and recognises, in the consolidated income statement, any inefficiencies relating to the volume of energy whose production is not deemed to be highly probable (Note 2.b).

Derivative financial instruments and hedge accounting

Financial derivatives are initially recognised at acquisition cost in the consolidated statement of financial position and the required value adjustments are subsequently made to reflect their fair value at all times. Gains and losses arising from these changes are recognised in the consolidated income statement, under “Revenue” in the case of derivative financial instruments in commodities, or “Finance income” and “Finance expense” for all other derivative financial instruments, unless the derivative has been designated as a cash flow hedge or a hedge of a net investment in foreign countries.

At the inception of the hedge, the hedging relationships are designated and formally documented, together with the risk management objective and strategy. It is also assessed at the beginning of the hedging relationship and on an ongoing basis, whether the relationship meets the effectiveness requirements prospectively.

The accounting treatment for hedging transactions is as follows:

1. Fair value hedges:

   Changes in the fair value of derivative financial instruments designated as hedges and changes in the fair value of the hedged item arising from the hedged risk are recognised with a charge or credit to the same heading in the consolidated income statement.

2. Cash flow hedges:

   The IBERDROLA Group recognises, under "Valuation adjustments" in the consolidated statement of financial position, gains or losses arising from the fair value measurement of the hedging instrument corresponding to the portion identified as an effective hedge. The hedging portion considered ineffective is recognised under the "Finance income" and "Finance expense" headings of the consolidated income statement.

   Accumulated losses or gains in "Valuation adjustments" are taken to the heading of the consolidated income statement affected by the hedged item to the extent that it has an impact on the consolidated income statement. If a hedge of a future transaction results in a non-financial asset or liability, this balance is taken into account when determining the initial value of the asset or liability generating the hedging transaction.

3. Hedging of net investment abroad:

   The IBERDROLA Group recognises the profit or loss arising from the measurement at fair value of the hedge instrument that corresponds to the part identified as an effective hedge under "Translation differences" in the consolidated statement of financial position. The hedging portion considered ineffective is recognised under the "Finance income" and "Finance expense" headings of the consolidated income statement.

Discontinuation of hedge accounting

The IBERDROLA Group prospectively discontinues the fair value hedge accounting in the cases in which the hedging instrument matures, is sold, let go of or exercised, the goal of the risk management has changed, there is no financial relation between the hedge element and the hedged item, the credit risk effect prevails over value changes, the hedge instrument matures or is liquidated or the underlying hedge ceases to exist.

When hedge accounting is discontinued, the cumulative amount at that date is recognised under the "Valuation adjustments" and "Translation differences" headings in cash flow hedges and net investment hedges, respectively, is retained under those headings until the hedged transaction occurs, at which time the gain or loss on the transaction will be adjusted. If a hedged transaction is no longer expected to occur, the gain or loss recognised under the aforementioned headings is transferred to the consolidated income statements.

Embedded derivatives

Derivatives embedded in financial liabilities and transactions whose host contract falls outside the scope of IFRS 9: “Financial Instruments” are recognised separately when the IBERDROLA Group considers that their risks and characteristics are not closely related to the host contract in which they are embedded, providing the entire contract is not measured at fair value recording the changes in that value through the consolidated income statement.

With respect to financial liabilities whose cost is related to the achievement of sustainable objectives (Note 6), the IBERDROLA Group deems embedded derivatives to be closely related to the host contract since the underlying variables are not financial in nature, but rather specific to the company as conditions and objectives that are specially designed for IBERDROLA and related to its business.

Fair value of derivative financial instruments

The fair value of derivative financial instruments is calculated as follows (Note 17):

- The fair value of derivatives quoted on an organised market corresponds to their quoted price at year end.
- 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;
    - currency futures are measured by 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 is calculated on the basis of the best estimate of future price curves for the underlying non-financial items at the year end of the consolidated financial statements, 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 features of the counterparty and its credit rating.
- Loss given default: the estimated loss in the event of default.

3.l) Treasury shares

At year end, the IBERDROLA Group's treasury shares are included under the "Equity - Treasury shares" heading of the consolidated statement of financial position and are measured at acquisition cost.

The gains and losses obtained on disposal of treasury shares are recognised under the "Other reserves" heading of the consolidated statement of financial position.

3.m) Capital grants

This heading includes any non-repayable government grants for financing property, plant and equipment, including the grants received from the US Government in the form of Investment Tax Credits as a result of setting up wind power facilities.

All capital grants are taken to "Other operating income" in the consolidated income statement as the subsidised facilities are depreciated.

3.n) Facilities transferred or financed by third parties

According to the regulation applicable to electricity distribution in the countries in which IBERDROLA operates, the Group occasionally receives cash payments from third parties to build electricity grid connection facilities or direct assignment of such facilities. Both the cash received and the fair value of the facilities received are credited to the "Facilities transferred or financed by third parties" heading of the consolidated statement of financial position.

These amounts are subsequently recognised under the "Other operating income" heading of the consolidated income statement as the facilities are depreciated.

3.o) Post-employment and other employee benefits

Contributions to defined contribution post-employment benefit plans are registered as an expense under "Personnel expenses" in the consolidated income statement on an accrual basis.

In the case of the defined benefit plans, the IBERDROLA Group recognises the expenditure relating to these obligations on an accrual basis over the working life of the employees by commissioning the appropriate independent actuarial studies using the projected unit credit method to measure the obligation accrued at the year end. The provision recognised for this item represents the present value of the defined benefit obligation reduced by the fair value of the plan assets.

New measurements of net liabilities corresponding to defined benefit commitments including positive or negative actuarial differences, the performance of the plan assets, excluding amounts included in the net interest on assets or liabilities and any changes impacting the limit of assets, are recognised under the "Other reserves" heading of the consolidated statement of financial position.

If the fair value of the assets exceeds the present value of the obligation, the net asset is recognised in the consolidated statement of financial position up to the limit of the present value of future economic benefits to be received in the form of refunds from the plan or reductions in future contributions to the plan.

The IBERDROLA Group determines the net financial expense (income) related to its pension commitments by applying the discount rate used in its measurement of their value at the beginning of the period once considering the changes in the net pension commitments made during the period in terms of contributions and repayments made. The net interest and the amount corresponding to other expenses related with the commitments undertaken are recorded in the consolidated income statement.

The IBERDROLA Group determines the discount rate with reference to the market yields at the end of the reporting period, corresponding to the high-quality corporate bonds or debentures (the IBERDROLA Group considers a rating equivalent to AA/Aa). In countries which do not have such a deep market for such bonds and debentures, the discount rate is determined by reference to Government bonds.

For the Eurozone, United Kingdom and the United States of America, there is a deep bond market with a sufficient period of maturity to cover all payments expected. For Eurozone countries, the depth of the bond or debenture market is evaluated at the level of the monetary union and not for the particular country. In the case of Brazil and Mexico, the discount rate has been determined taking into account the sovereign credit rating as there is no deep market for corporate bonds which meet the credit rating criteria indicated above.

The IBERDROLA Group applies a weighted average discount rate that reflects the estimated timing and amount of the defined benefit payments, and also the currency in which the benefits are to be paid.

The calculation methodology is mainly based on the following principles:

- The universe and spectrum of the outstanding bonds that meet the criteria of an AA/Aa rating is generated. The source of the information used is Bloomberg. The IBERDROLA Group has adopted the notional issuances that are higher than EUR 50 million or its equivalent in local currency as the selection criteria.

- Once the bonds' database is obtained, the result is screened and the bonds that show any information deficiencies are eliminated.

- The sample is grouped based on the bonds' duration and the return on each duration and outstanding nominal amount of the issuance is shown.

- The benefit payment is calculated using a mathematical formula, i.e., the discrete minimum approximation of the quadratic function, resulting in a market return curve based on the duration. The market curve result will provide the discount factors for each future maturity date of the bonds.

For markets where the term of the corporate bonds or government bonds issued does not match the term of the obligations, such maturities will be estimated by combining the sovereign benchmark rates together with the spreads of AA-rated corporate credit at liquid maturities. If there is no reference whatsoever to the term, the yield of the maximum existing term will be considered along with the slope derived from shorter maturities.

The discount rate reflects the time value of money and estimated schedule for the benefit payments. However, it does not reflect the actuarial, investment or credit risk or the risk of deviation in compliance with the actuarial assumptions.

3.p) Termination benefits

IBERDROLA recognises termination benefits when the Group can no longer withdraw the offer or when the expenses of restructuring are recognised from which the payment of severance payments arises, in the case that said recognition is made previously.

The payments related with restructuring processes are recognised when the IBERDROLA Group has an implicit obligation, i.e., at the time that there is a detailed formal plan to perform the restructuring (identifying, at least, the company activities involved, or part of them, the main locations affected, the location, function and approximate number of employees that will be paid for the termination of their contracts, the disbursements that will be made, and the dates on which the plan will be implemented) and a valid expectation has been expected amongst the affected personnel that the restructuring will be carried out, either because the plan has begun to be executed or because its main characteristics have been announced.

The IBERDROLA Group recognises the full amount of the expenditure relating to these plans when the obligation is incurred by performing the appropriate actuarial studies to calculate the present value of the actuarial obligation at year end. The resulting actuarial gains and losses in termination benefits are recognised in the consolidated income statement.

3.q) Production facility closure costs

The IBERDROLA Group must meet the corresponding decommissioning costs for its production plants, including those arising from necessary tasks to prepare the land where they are located. Additionally, in accordance with the current legislation, the Group must perform certain tasks prior to the decommissioning of its nuclear plants, all of which are in Spain. Empresa Nacional de Residuos Radioactivos, S.A. will be responsible for such work. (ENRESA).

The estimated present value of these costs is capitalised with a credit to “Provisions — Other provisions” at the beginning of the useful life of the asset (Note 28).

The IBERDROLA Group applies a risk-free rate to financially update the provision because the estimated future cash flows to satisfy the obligation reflect the specific risks of the corresponding liability. The risk-free rate used corresponds to the yield at the end of the year which is being reported, government bonds with enough depth and solvency, in the same currency and similar due date to the obligation.

Any change in the provision as a result of its discounting is recognised under the “Finance expense” heading of the consolidated income statement.

3.r) Other provisions

The IBERDROLA Group recognises provisions to cover present obligations, whether these are legal or implied, which arise as a result of past events, provided that it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation (Note 28).

A provision is recognised when the liability or obligation arises, with a charge to the heading in the income statement in accordance with the nature of the obligation, for the present value of the provision when the effect of discounting the value of the obligation to present value is material. The change in the provision due to its discounting each year is recognised under the “Finance expense” heading of the consolidated income statement.

These provisions include those recorded to cover environmental damage, which were determined on the basis of a case-by-case analysis of the situation of the polluted assets and the cost of decontaminating them.

3.s) Recognition of revenue

Revenue from ordinary activities is recognised in such a manner that it represents the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Given the nature of the Group's electricity and gas marketing activities, the recognition of revenue is subject to a certain degree of estimation, which corresponds to the units supplied to customers between the date of the last meter reading and the end of the period (Note 5).

Income estimates are calculated on the basis of information on outstanding metering periods, historical trends, weighted average tariffs applicable to each of the customers, the volume of energy purchased by the group's retail supply companies to meet demand and other data. The Company can use its experience it has developed over the years, plus it has sufficiently developed information systems to ensure the accuracy of the estimates recorded in the net sales accounts and compliance with the requirements of accounting regulations.

In the case of contracts with customers with several performance obligations, income is assigned to each performance obligation based on its individual sale price at the beginning of the contract. The individual sale price is estimated based on the observable price of sale of goods of services transactions when they are sold separately under similar circumstances to similar customers. If there are no observable prices in the market, the price is estimated using the most adequate method based on the information available.

Revenue from ordinary activities beyond the scope of IFRS 15 “Revenue from Contracts with Customers” related to lease contracts (Note 3.f) and financial hedging derivatives (Note 3.k) is recognised in accordance with applicable accounting rules.

3.t) Adjustments for market price deviations

Under the provisions of the regulatory framework applicable to the renewable energy generation facilities owned by the Group in Spain, such facilities receive certain incentives (specific remuneration scheme) according to the methodology set out in Royal Decree 413/2014, of 6 June, which governs electricity production activity from renewable energy sources, cogeneration and waste (the “Royal Decree”). The Royal Decree provides that certain remuneration parameters will be updated by means of an order for each regulatory semi-period.

The Royal Decree sets out the procedure to be followed in the event that the real market prices corresponding to the different semi-periods of the regulatory useful life of the asset are lower (positive adjustments) or higher (negative adjustments) than the prices estimated by the regulator at the beginning of the regulatory semi-period that were used to determine the incentives to be received for the investments within the scope of the regulation.

The accounting treatment of deviations in the market price applied by the Group, as adapted to the “Criteria for accounting for the ‘value of adjustments for deviations in the market price’, in accordance with Section 22 of Royal Decree 413/2014”, as published by the CNMV on 21 October 2021, and pursuant also to the 2021 financial statements oversight report, is as follows:

- In general, each positive and negative market deviation is recognised in the statement of financial position.
- The amount of the liabilities will be limited to the amount of the deviations from the price that would have allowed the minimum return guaranteed under the Royal Decree to be obtained.
- However, where an analysis of the qualitative and quantitative aspects corresponding to each of the facilities owned by the Group reveals that leaving the remuneration regime would not have significantly more adverse economic consequences than remaining there, then the general approach described above is not followed.

In relation to the Group’s facilities that do not receive operating remuneration, at 31 December 2024, liabilities amounting to EUR 8 million were not recognised in respect of the negative price deviations established by the aforementioned Royal Decree that had occurred since 2014, since, according to the remuneration parameters of Order TED/741/2023, of 30 June 2023, and the Group’s estimates at year-end, the effect of leaving the feed-in tariff regime, were this to occur, would not have a material adverse effect on the IBERDROLA Group’s financial statements.

When the asset reaches the end of its regulatory life, positive adjustments net of negative adjustments arising in the last regulatory half-period are recognised, based on their balance, in asset or liability accounts with a balancing entry in net revenue.

3.u) Transactions in foreign currency

Transactions carried out in currencies other than the functional currency of the group companies are recorded at the exchange rates prevailing at the transaction date.

The monetary assets and liabilities denominated in foreign currency have been converted to euros applying the existing rate at the close of the financial year, while the non-monetary ones measured at historical cost are converted applying the exchange rates applied on the date on which the transaction took place.

During the year, the differences arising between the exchange rates at which the transactions were recorded and those in force at the date on which the related proceeds are received or payments are made, are recorded, being charged to the “Finance expense” heading or credited to the “Finance income” heading, as appropriate, of the consolidated income statement.

Those foreign currency transactions in which the IBERDROLA Group has decided to mitigate currency risk through the use of financial derivatives or other hedging instruments are recorded as described in Note 3.k.

3.v) Income tax

IBERDROLA files consolidated tax returns in two tax consolidation groups in Spain, one in the common territory and the other in the province of Biscay, with certain Group companies. Foreign companies are taxed according to the current legislation of their respective jurisdiction.

The expense or income for Corporate income tax includes both the current and deferred tax. The tax on the current or deferred earnings is recognised in the consolidated income statement, unless arising from a transaction or economic event that has been recognised in the same year or in a different one, against equity or from a business combination.

Current income tax assets or liabilities are measured at the amounts expected to be paid to or recovered from the tax authorities, using tax regulations and rates that are enacted or substantively enacted at the close date.

Prepaid and deferred taxes are accounted based on the differences between the carrying amount of the assets and liabilities and the tax base, using the tax rates objectively expected to be in force when the assets and liabilities are realised.

Tax deductions to avoid double taxation and other tax credits, as well as tax relief earned as a result of economic events occurring in the year, are deducted from Income tax expense, unless there are doubts as to whether they can be realised.

Taxable income, tax loss carryforwards or deductions applied are calculated taking into account any uncertainties regarding the treatment of transactions for tax purposes. In those cases, in which the tax asset or liability exceeds the amount in the self-assessments, this is presented as current or non-current on the consolidated statement of financial position taking into account the expected recovery or settlement date, considering, where applicable, the amount of the corresponding past-due interest on the liability as they accrue in the income statement. The IBERDROLA Group records the changes in facts and circumstances regarding tax uncertainties as a change in the estimate.

3.w) Share-based employee compensation

The delivery of IBERDROLA shares to employees as compensation for their services is recognised under the “Personnel expenses” heading of the consolidated income statement as the employees perform the remunerated services, with a credit to equity under “Equity —

Other reserves" of the consolidated statement of financial position at the fair value of the equity instruments on the grant date, defined as the date the IBERDROLA Group and its employees reach an agreement establishing the terms of the share delivery.

Fair value is determined by reference to the market value of shares at the award date deducting estimated dividends to which employees are not entitled, during the vesting period. Market conditions and other factors that have no effect on vesting are taken into consideration on the date of the initial valuation and are not subject to subsequent adjustment. The rest of the conditions are considered adjusting the number of equity instruments included in the determination of the transaction amount, so that finally, the amount recognised for the services received, is based on the number of equity instruments that will prospectively be consolidated.

If remuneration based on equity instruments is paid in cash, the amount booked as "Personnel expenses" in the consolidated income statement is credited to "Non-current financial liabilities — Other non-current financial liabilities" or "Current financial liabilities — Other current financial liabilities" on the liabilities side of the consolidated statement of financial position, as appropriate. The fair value of the cash-settled compensation is remeasured at each reporting date.

Equity instruments withheld to meet the employee's tax obligations do not alter the plan's classification as equity-settled.

3.x) Business combinations and transactions with non-controlling interests

In each business combination, non-controlling interests are initially recognised at fair value, or at an amount equivalent to their proportionate interest in the net identifiable assets of the acquired company on the takeover date. The value of non-controlling interests in equity and in the results of fully consolidated subsidiaries is presented under "Equity — Non-controlling interests" on the liabilities side of the consolidated statement of financial position and under "Non-controlling interests" in the consolidated income statement, respectively.

When there is a loss of control of a group company, its assets, liabilities, any other equity items and anon-controlling interests are derecognised. The resulting gains or losses are recognised under "Other operating income/expense" in the income statement. Holdings maintained in the subsidiaries whose control has been lost will be measured by their fair value on the date when this loss of control occurred.

Generally speaking, the acquisition of an asset or group of assets at the initial development stage where no products are generated is not deemed to meet the conditions for being classified as a business under the scope of IFRS 3 unless employees capable of carrying out a substantive process are incorporated. In transactions involving the acquisition and/or loss of control of an asset or group of assets that do not constitute a business in which a previous/remaining interest exists, or is otherwise retained, the IBERDROLA Group has elected to revalue such previous/remaining interest at fair value with a balancing entry in the consolidated income statement.

The income obtained in stock purchase transactions with minority shareholders in controlled companies and the sale of stock without loss of control will be charged or credited to reserves.

4. Financing and Financial Risk Policy

The IBERDROLA Group is exposed to various financial market risks inherent to the different countries, industries and markets in which it operates and to the businesses it carries out. Were they to materialise, these risks could prevent the Group from accomplishing its objectives and successfully pursuing its strategies. Section 4 of the consolidated Management report contains additional information on the Group's risks.

In particular, the Financing and Financial Risk Policy, the Corporate Market Risk Policy and the Corporate Credit Risk Policy of the IBERDROLA Group approved by the Board of Directors identify the risk factors described below. The IBERDROLA Group has an organisation and systems in place to identify, measure, control, and manage its financial risks.

Interest rate risk

The IBERDROLA Group is exposed with regards to its financial liabilities to the risk of fluctuations in interest rates affecting cash flows and fair value.

To effectively manage and limit these risks, IBERDROLA annually sets a target debt structure between fixed and variable interest rates, based on its EBITDA structure. After defining the target structure, the company employs dynamic management to decide on actions throughout the year. This may involve taking on new financing at fixed or variable rates and/or using interest rate derivatives. These derivatives can help stabilise the interest rate of variable rate debt, limit its variability, or convert fixed rate debt to variable rate. Derivatives are also used to lock in the costs of future financing operations, as long as these operations are highly likely according to the existing budget or strategic plan.

Bank borrowings, bonds and other marketable securities arranged at floating interest rates and cash placements of the IBERDROLA Group are largely pegged to market rates (mainly Euribor, SONIA, SOFR and the IPCA CDI for the debt of the Brazilian subsidiaries).

Currency risk

IBERDROLA Group is exposed to currency exchange rate variations used in the different financing and operating transactions compared to the operating currencies used by the different group companies. Said operating currencies are mainly the Euro, the US dollar, Pound sterling and the Brazilian Real.

IBERDROLA Group is also exposed to currency risks as a result of net investments in foreign companies (mainly Scottish Power, Avangrid, Iberdrola México and Neoenergia) arising from fluctuations in cash exchange rate differences of operating non-euro currencies.

Currency exchange variations imply a risk affecting the valuation of net assets and the translation of profit, possibly impacting IBERDROLA Group’s equity situation.

The IBERDROLA Group mitigates currency risks by ensuring that all its economic flows are carried out in the currency of each Group company, maintaining an adequate percentage of debt in foreign currency and/or through derivatives.

Commodity price risk

The IBERDROLA Group's activities require the acquisition and sale of commodities (natural gas, coal, fuel oil, gas oil, emission allowances, etc.), whose price is subject to the volatility of international markets (global and regional) where those commodities are traded.

To reduce uncertainty, mainly linked to expected margin of scheduled IBERDROLA Group transactions, as a result of the volatility of said markets, the Group subscribes financial derivatives to establish the cost of own generation and purchase of energy associated with the expected sales of gas and electricity to customers.

Risk posed by other indexing processes

Risks may also arise from other indexing processes (inflation, industrial metal prices, etc.), which are often included in contracts for the acquisition of equipment or construction materials for projects or new facilities, and where fluctuations in the reference or other index may affect the total cost of supply.

In a bid to mitigate this effect, the IBERDROLA Group may make use of market risk hedging mechanisms and/or arrange financial derivatives.

Derivatives for risk management purposes

Generally, the derivatives contracted are intended solely for hedging and not for speculative purposes.

In accordance with the risk management policies drawn up by the IBERDROLA Group, the critical terms of the hedging instruments, i.e. the derivatives arranged to mitigate the aforementioned interest rate, exchange rate risk, commodity price risk, and indexing risk, are established in terms equivalent to those of the hedged item, among others:

- The notional value of the hedging instrument is equal to or less than that of the hedged item.
- The underlying currency of the hedging instrument is the same as that of the hedged item.
- The term of the hedging instrument is equal to or less than that of the hedged item.
- The variable benchmark interest rate applicable to the hedging instrument is the same as that of the hedged transaction, if appropriate.

- The interest frequency of the hedging instrument is the same as that of the hedged item.

Derivatives arranged for interest rate hedges, exchange rate hedges and commodity hedges are described in Note 30.

Liquidity risk

Exposure to adverse situations in the debt or capital markets or the IBERDROLA Group´s economic and financial situation can hinder or prevent the IBERDROLA Group from obtaining the financing required to properly carry out its business activities.

The IBERDROLA Group’s liquidity policy is designed to ensure that it can meet its payment obligations without having to rely on financing under unfavourable terms. To achieve this, various management strategies are employed, including maintaining a strong cash position and ensuring access to adequate committed credit facilities in terms of amount, duration, and flexibility. The company also diversifies its financing sources by accessing different markets and geographical regions, and it spreads out the maturities of its issued debt.

Looking ahead to 2025, the IBERDROLA Group expects to cover is planned ordinary investments with cash on hand and with the cash flow generated from its operations and access to the interbank financial markets, capital markets and supranational lenders (such as the EIB, Development Banks and Export Credit Agencies – ECAs), even though the Group has sufficient credit facilities and loans in place with which to cover these investments.

At 31 December 2024 and 2023, the IBERDROLA Group had undrawn loans and credit facilities totalling EUR 15,206 and 17,162 million, respectively. Additionally at 31 December 2024 there were current cash deposits that, due to their contractual conditions, the IBERDROLA Group includes in its liquidity position as of that date. The following table provides a breakdown by maturity of the liquidity position at 31 December 2024 and 2023, expressed in millions of euros, based on the balance of the “Cash and cash equivalents” heading of the consolidated statement of financial position and current financial assets (between three and 12 months).

	2024	2023
Available maturity		
2024	0	233
2025	261	127
2026	3,597	3,884
2027 and beyond	11,348	12,918
Total	**15,206**	**17,162**
Short-term financial investments (between 3 and 12 months) (Note 15.b)	15	14
Cash and cash equivalents (Note 21)	4,082	3,019
Liquidity position	**19,303**	**20,195**

Credit risk

The IBERDROLA Group is exposed to the credit risk arising from the possibility that counterparties (customers, financial institutions, partners, insurers, etc.) might fail to comply with contractual obligations.

Risk is properly managed and limited, depending on the type of transaction and the creditworthiness of counterparties. In particular, there is a Corporate Credit Risk Policy setting the framework and action principles for proper risk management, which are further developed at business and country level (admission criteria, approval flows, authority levels, rating tools, exposure measurement methodologies, etc.) through procedures.

Below is a breakdown by country of balances at 31 December 2024 and 2023 of financial assets and contract assets (in millions of euros):

	Other non-current financial assets (Note 15.b)		Other current financial assets (Note 15.b)		Non-current trade and other receivables (Note 16)		Current trade and other receivables (Note 16)	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Spain	162	153	60	69	498	323	3,502	3,181
United Kingdom	246	284	312	539	3	5	1,317	1,554
United States	1,292	957	602	648	92	97	1,579	1,485
Mexico	89	71	2	0	24	33	641	394
Brazil	5,601	5,645	132	214	3,248	2,868	1,700	1,949
Iberdrola Energía Internacional (IEI)	83	92	4	7	3	5	392	306
Corporation and adjustments	26	6	153	202	8	12	31	37
Total	**7,499**	**7,208**	**1,265**	**1,679**	**3,876**	**3,343**	**9,162**	**8,906**

Balances of "Other current and non-current financial assets" and "Non-current trade and other receivables" correspond mainly to concession agreements signed with Brazilian public administrations (Note 13) and receivables related to regulated activities in Spain and the United States.

With regard to credit risk on trade receivables from electricity and gas retail supply activity in the liberalised market, the historical cost of defaults has remained close to 1% of total turnover of this activity across all countries in which it is carried out.

With regard to the "Cash and cash equivalents" heading of the consolidated statement of financial position, the average credit rating of the counterparties is BBB+, according to the scale used by Standard and Poor's.

Sensitivity analysis

The following sensitivity analyses show, for each type of risk (without reflecting the interdependence among risk variables), how income for the year and equity might be affected by reasonably possible changes in each risk variable at 31 December 2024 and 2023.

- Interest rates:

To calculate the sensitivity of consolidated profit or loss to changes in interest rates, an increase or decrease of 50 basis points (equally in all currencies) is applied to the average balance of net floating interest rate debt, after taking into account hedges with derivatives. To calculate the sensitivity of equity, an increase or decrease of 50 basis points (equally across all currencies) is applied to the fair value of the outstanding cash flow hedges at year-end, the change in fair value of which is recognised in equity.

The sensitivity of consolidated profit or loss and equity to interest rate fluctuations is as follows (in millions of euros):

	Increase/decrease in interest rate (basis points)	Impact on profit before tax Income/(Expense)	Direct impact on equity before tax	Impact on equity before tax
2024	Increase 50 bp	(76)	259	183
	Decrease 50 bp	76	(259)	(183)
2023	Increase 50 bp	(83)	238	155
	Decrease 50 bp	83	(238)	(155)

- Exchange rates:

To calculate the sensitivity of consolidated profit to variations in exchange rates, a depreciation or appreciation of 5% is applied mainly on the profit of foreign subsidiary companies whose operating currency is different to the Euro (net of economic hedges arranged), given that the risk originated from other transactions in foreign currency, either due to financing or business operations, is covered by exchange rate hedges. The sensitivity of equity to exchange rates is calculated by applying an appreciation or depreciation of 5% on net translation differences and on cash flow derivative hedges whose variation in fair value is recognised in equity.

The sensitivity of consolidated profit or loss and equity to changes in the dollar/euro, pound/euro and Brazilian real/euro exchange rates is as follows (in millions of euros):

	Change in the dollar/euro exchange rate	Impact on profit before tax Income/(Expense)	Direct impact on equity before tax	Impact on equity before tax
2024	Depreciation of 5%	(16)	(1,100)	(1,116)
	Appreciation of 5%	7	1,216	1,223
2023	Depreciation of 5%	(2)	(1,110)	(1,112)
	Appreciation of 5%	1	1,227	1,228

	Change in the pound sterling/euro exchange rate	Impact on profit before tax Income/(Expense)	Direct impact on equity before tax	Impact on equity before tax
2024	Depreciation of 5%	(20)	(698)	(718)
	Appreciation of 5%	4	772	776
2023	Depreciation of 5%	(13)	(489)	(502)
	Appreciation of 5%	8	541	549

	Change in the Brazilian real/euro exchange rate	Impact on profit before tax Income/(Expense)	Direct impact on equity before tax	Impact on equity before tax
2024	Depreciation of 5%	(6)	(261)	(267)
	Appreciation of 5%	4	288	292
2023	Depreciation of 5%	(5)	(292)	(297)
	Appreciation of 5%	3	323	326

- Commodities:

The sensitivity of consolidated profit and equity to changes in the market prices of the main commodities is as follows (in millions of euros):

2024	Variation in price	Impact on profit/(loss) before tax	Direct impact on equity before tax	Impact on equity before tax
Gas	+5%	(5)	21	16
	-5%	5	(21)	(16)
Electricity	+5%	5	(75)	(70)
	-5%	(5)	75	70

2023	Variation in price	Impact on profit/(loss) before tax	Direct impact on equity before tax	Impact on equity before tax
Gas	+5%	(4)	8	4
	-5%	4	(8)	(4)
Electricity	+5%	6	1	7
	-5%	(7)	(1)	(8)

5. Use of accounting estimates

The most significant estimates made by the IBERDROLA Group in these consolidated financial statements are as follows:

- Climate change:

  The IBERDROLA Group's strategy takes into account the Paris Agreement objectives of limiting the global temperature increase to 2ºC and of achieving climate neutrality by 2050.

  The objectives of the Paris Agreement (Note 6) have been taken into account in drawing up the consolidated financial statements for 2024 and 2023. The effect of the commitments assumed by the Group has been considered when preparing the statements and estimating the useful lives of assets and the costs of closing and decommissioning electrical power plants and when analysing the impairment of non-financial assets.

- Unbilled power supplied:

  The revenue figure for each year includes an estimate of the power supplied to customers of liberalised markets but not yet billed because it had not been measured at year-end for reasons relating to the regular meter-reading period (Note 3.s). Fully depreciated property, plant and equipment still in use at 31 December 2024 and 2023 amounted to EUR 2,508 and 2,569 million, respectively. This amount is included under "Current trade and other receivables" in the consolidated statements of financial position at 31 December 2024 and 2023 (Note 16).

- Settlements relating to regulated activities in Spain:

  Revenue for each year includes an estimate of the income pending collection derived from the application of the methodology set out in the remuneration model in force for the distribution activity, which establishes that facilities commissioned in year "n" begin to be remunerated from year "n+2". (Note 38).

- Provisions for contingencies and expenses:

  As indicated in Note 3.r, the IBERDROLA Group recognises provisions to cover present obligations arising from past events. For this purpose, it must assess the outcome of certain legal or other procedures that are ongoing at the date of authorisation for issue of these consolidated financial statements based on the best information available.

- Useful lives:

  The IBERDROLA Group's property, plant and equipment is used over very prolonged periods of time. The Group estimates the useful lives for accounting purposes (Note 3.e) based on each asset's technical characteristics, the period over which it is expected to generate economic benefits and applicable legislation in each case.

- Costs incurred in closing down and decommissioning electrical power facilities:

  The IBERDROLA Group periodically revises the estimates made concerning the costs to be incurred in the dismantling of its facilities.

- Provision for pensions and similar commitments and restructuring plans:

  At each year end, the IBERDROLA Group estimates the current actuarial provision required to cover obligations relating to restructuring plans, pensions and other similar obligations to its employees. This process involves an independent valuation of the obligations and assets.

  In calculating these values, the IBERDROLA Group relies on advice from independent actuaries and expert financial appraisers (Notes 3.o, 3.p and 27).

  When valuing obligations, the independent expert proceeds as follows:

  - Estimation of accrued liability, total cost for the year and payments in future years.

  - Analysis of actuarial gains and losses, of the resulting surplus or deficit and sensitivity to relevant assumptions.

  When valuing assets, the independent expert proceeds as follows:

  - Identification of the managing entities, depositories of the pension funds and Managed Accounts and the degree of aptitude of each manager and Managed Account

  - Operational Due Diligence of the managing entities: financial strength, solvency, organisational structure, resources, processes run by the Risk Control and Compliance functions, best execution policy, order placement, quality and reputation, etc.

  - Quantitative and qualitative analysis of each of the Managed Accounts in which the financial investments are materialised and classification, in terms of liquidity, of each asset and/or investment vehicle, on the following basis:

Level	Description	Practical assessment criteria
1	Quoted prices for similar instruments	- Cash - Equity & Preferred stocks - Listed Derivatives - U.S. government and U.S. agencies – The fair values of US Treasury bonds based on quoted market prices in active markets. The US Treasury bond market is considered to be an actively traded market, given the high level of daily trading volume.

Level	Description	Practical assessment criteria
2	Directly observable market inputs other than level 1 inputs	- U.S. government and U.S. agencies – The fair values of US agency bonds are determined using the spread over the risk-free yield curve. The risk-free yield curve returns and spreads on these securities are observable market data. - Non-U.S. government and supranational bonds – These securities are usually appraised by independent pricing services. The pricing service may use current market transactions for securities of similar quality, maturity and coupon. If such transactions are unavailable, the pricing service typically uses analytical models that may combine spreads, interest rate data and market/sector news. The significant data used to price non-US government and supranational bonds are observable market data. - Asset-backed securities – These securities comprise CMBS and CLOs originated by a variety of financial institutions that at the time of acquisition are rated BBB-/Baa3 or higher. These securities are priced by independent pricing services and brokers. The pricing provider applies dealer quotes and other available commercial information, prepayment speeds, yield curves and credit spreads to the valuation. The significant data used to price CMBSs and CLOs are observable market data. - Government and Corporate Bonds – Bonds issued by corporate issuers that at the time of acquisition are rated BBB-/Baa3 or higher. These securities are usually priced by independent pricing services. The significant data used to price corporate bonds are observable market data. - Municipal bonds – Bonds issued by US state and municipal institutions or agencies. The fair values of municipal bonds are usually appraised by independent pricing services. Pricing services typically use spreads obtained from brokers, trading prices and the new issuance market. The significant data used to price municipal bonds are observable market data. - Mutual Funds & Commingled Funds - OTC Derivatives - Longevity swap, based on an independent report.
3	Inputs not based on observable market data.	- Closed-ended Funds - Real Estate

- Fair value of real estate investments and inventories:

  The IBERDROLA Group engages external experts to appraise its real estate investment property and investments each year (Notes 3.h and 10).

- Impairment of assets:

  As described in Notes 3.i and 14, the IBERDROLA Group, in accordance with applicable accounting regulations, tests the cash-generating units that require testing for impairment each year. Specific tests are also conducted if indications of impairment are detected. These impairment tests require estimating the future cash flows of the businesses and the most appropriate discount rate in each case. The IBERDROLA Group believes its estimates in this respect are appropriate and consistent with the current economic climate and the commitments assumed under the Paris Agreement (Note 6) and reflect its investment plans and the best available estimate of its future expense and income. It is also confident that its discount rates adequately reflect the risks to which each cash-generating unit is exposed.

- Determining the term of a lease:

  In the event that a significant event or a significant change in circumstances occurs that may affect the term, the IBERDROLA Group reviews the valuations made in the determination of the lease term. Renewal or termination options are only included in the determination of the lease term if it is reasonably certain that the contract will be extended or will not be cancelled. In the event that a significant event or a significant change in circumstances occurs that may affect the term, the IBERDROLA Group reviews the valuations made in the determination of the lease term.

6. Climate change and the Paris Agreement

In its commitment to the Paris Agreement and the energy transition, IBERDROLA's Climate Action Plan sets out an ambitious roadmap with the aspiration of achieving carbon neutrality for Scope 1 and 2 (direct emissions, own and other generation and indirect emissions from grid losses and own consumption) carbon equivalent emissions by 2030 and aims to achieve zero net CO_2 equivalent emissions for all scopes, including Scope 3 (other indirect emissions over which the Group has no direct control or influence, such as the sale of gas, purchase of electricity for sale to end customers, generation of electricity for third parties, suppliers), by 2040. To achieve this aspirational goal, levers and associated actions are also being defined which, in turn, will contribute to the decarbonisation of the economy as a whole, as well as the values, tools and indicators for the achievement thereof.

One of the levers for achieving this aspirational commitment to reduce emissions, is that IBERDROLA will continue to promote and lead a business model and investment plan that is fully integrated into a decarbonised future. The company is moving forward with its investment plan to cement its business model, based on more renewable energies, more grids and networks, increased storage and a wider range of smart solutions for customers.

6.a) Energy scenario

In preparing the consolidated financial statements for financial year 2024, the directors have taken into account the strategic plan presented to the markets on 21 March 2024, which provides the framework of the IBERDROLA Group's strategy and business model and is fully aligned with the Paris Agreement and the 2030 Agenda in the fight against climate change.

The projections of the IBERDROLA Group align with the Paris Agreement goals and are primarily based on the International Energy Agency's Announced Pledges Scenario (IEA – APS) as outlined in WEO 2023, alongside other specific assumptions for the regions where the group operates. The scenarios employed in our climate transition risk assessments (STEPS, APS, and NZE) are consistent with the key climate assumptions reflected in the financial statements.

6.b) Strategic vision

IBERDROLA'S strategic vision for the coming years fits within the energy scenario described in the preceding section.

The IBERDROLA Group plans to invest EUR 47,000 million during 2024–2026, as announced at the Capital Markets Day presentation.

The investment plan of EUR 41,000 million (gross) includes acquiring an 18.4% stake in the US subsidiary Avangrid and EUR 5,000 million in investments with strategic partners. Consequently, the company has assigned EUR 36,000 million net to investment. Of this figure, 70% will target growth.

By region, IBERDROLA will direct 85% of its investments to regions with a high credit rating (A rating). The United States emerges as the primary market for expansion over the next three years, receiving 35% of the total investment. Following are the United Kingdom with 24%, and Spain and Latin America, with 15% each, while the rest of the EU countries and Australia will receive 11%.

With this strategy, the company aims to ensure that 70% of its gross operating income (EBITDA) will not be linked to the wholesale electricity market price by 2026.

Growth will focus on electricity networks and selective investments in renewables.

- Growth driven by electricity networks will account for 60% of investments, with EUR 21,500 million allocated to expanding and strengthening networks in the United States, the United Kingdom, Brazil and Spain.
  - There will be increased investment in electricity transmission networks, a growth vector, with over EUR 6,500 million invested.
  - The assets of electricity networks are expected to increase by 38% to EUR 54,000 million, with EUR 15,000 million in transmission networks.
  - Investment based on stable and predictable frameworks: 85% of the asset base will operate under secured frameworks for the coming years.
  - Eighty per cent of the network's EBITDA is shielded from inflation and interest rate fluctuations.
- Selective investment in renewables: a gross total of EUR 15,500 million, with EUR 5,000 million coming from partners in ongoing projects.
  - Over 50% of this will be directed towards offshore wind in the United States, the United Kingdom, France and Germany.
  - All investments will go into projects already under construction.

- Strengthening leadership in storage: EUR 1,500 million in investment, increasing capacity to 120 million kWh (+20%) to enhance system stability and minimise margin volatility.
  - Additional portfolio of 150 million kWh.
- Focus on customers: EUR 2,500 million in investment.
  - Between 70% and 80% of energy will be sold to industrial customers through PPAs and regulated generation with long-term contracts.
  - Eighty-five per cent of sales will have secured margins until 2026, when they are expected to reach between 140,000 and 150,000 GWh.

6.c) Preparation of the financial statements

In preparing these financial statements, the impact of climate change has been considered in a number of key estimates, including:

- estimated useful lives of assets, their residual values and decommissioning provisions; and
- impairment tests.

Useful lives:

As described in Note 3.e) “Depreciation of property, plant and equipment in use”, the IBERDROLA Group reviews the useful lives of its assets on an annual basis. In 2024, the IBERDROLA Group did not alter the useful life of its assets. This decision is based on the fact that, as of the preparation date of these financial statements, a specific roadmap for achieving carbon neutrality for Scope 1 and 2 equivalent emissions by 2030 has not yet been established. Different options for achieving this goal exist without impacting the Company's financial statements.

Moreover, the long-term ambition to achieve the “net zero” target before 2040 (Scopes 1, 2 and 3) depends as much on the actions taken by the Group as on the decisions of third parties. These measures could affect not only the Group’s thermal generation business, mainly cogeneration and combined cycle plants, but also its gas transmission, distribution and retail supply activities. However, as mentioned earlier, a decision has yet to be made on the matter.

The IBERDROLA Group has pledged not to build any new thermal power stations beyond those currently in existence. It anticipates that this form of generation will continue to operate only on a residual basis. This approach is primarily justified by the need to supply energy to populations without access and to ensure the effective integration of renewable energy sources.

It should also be borne in mind that some of the Group's businesses, such as gas transmission and distribution in the United States and the United Kingdom, as well as part of gas retail supply in Spain and the United Kingdom, for example, are regulated businesses. Any possible withdrawal from these activities would require regulatory authorisation. In addition, the role of these assets in each country's energy transition is uncertain and depends on the future policies and measures adopted by governments or regulators. Should any decisions be taken by the regulator, such as shortening the useful life of these assets, the IBERDROLA Group considers that the economic effects would not have a material impact, as the regulation assures a positive return on investment and would compensate the Group through tariffs.

Consequently, in general, the IBERDROLA Group considers it unnecessary to accelerate the depreciation of emitting assets, either because they are required as back-up or because their useful life depends on actions by third parties beyond the IBERDROLA Group's control. Nor has it accelerated the timing of provisions for the closure or decommissioning of facilities as a result of climate change. However, it will continue to monitor the system's needs and the decisions of governments and regulators to determine whether it will need to accelerate the depreciation of these assets in the future.

Impairment test

The projections used in the impairment tests of non-financial assets (Note 14) are aligned with the energy scenario described in 6.a) and the strategic vision included in 6.b). The aforesaid projections match the best forward-looking statements available to the IBERDROLA Group and include the investment plans for each country prevailing at that time. These plans align with the IBERDROLA Group's strategy and have been formulated considering the scenarios outlined in section 6a.

Climate risks

Section 4.5 Climate change, describes the climate risks, including physical and transition risks, considered by the Group for its various businesses.

6.d) Financing

The IBERDROLA Group once again confirms its commitment to a sustainable financial strategy and business model. This dedication to sustainable finance is evident in the various regions where the group operates and the diverse instruments and formats it uses for financing. The group aims to achieve three main objectives: (i) to implement its ambitious strategic plan, with financial strength and stability as key foundations; (ii) to align and integrate its financing model with a sustainability-focused investment plan; and (iii) to assure lenders and investors, in every transaction, that their involvement will contribute to generating a positive environmental impact responsibly.

Green and sustainable financing signed by the IBERDROLA Group in 2024 amounts to EUR 9,643 million. The breakdown by product is as follows (in millions of euros):

	Note	Green financing	Sustainable financing	Total
Perpetual subordinated bonds	22	1,500	0	1,500
Bank borrowings, bonds or other marketable securities	29			
Long-term and medium term bonds		4,295	0	4,295
Multilateral loans		1,100	0	1,100
Development bank and ECA loans		652	0	652
Bank loans		249	600	849
Credit facilities		0	247	247
Commercial paper programmes		0	1,000	1,000
Total		**7,796**	**1,847**	**9,643**

Green financing arrangements

- **Obligations and Bonds**

In the capital market, the IBERDROLA Group is the leading private entity globally in green bond issuance.

In 2024, the IBERDROLA Group increased its volume of green bonds issued for a combined amount of EUR 5,795 million; At the Corporation, EUR 1,500 million in perpetual subordinated bonds and EUR 2,155 million in public bonds across multiple currencies. For Avangrid, the figures stand at USD 955 million (EUR 915 million), and for Neoenergia, BRL 7,922 million (EUR 1,225 million)

- **Bank loans**

In the banking sector, Neoenergia secured five green bank loans in 2024, maturing in 2027 and 2029, totalling USD 262 million (EUR 249 million), aimed at construction projects and the automation of distribution networks.

- **Multilateral loans**

In 2024, the Corporation secured three green loans totalling EUR 1,100 million with the European Investment Bank (EIB), of which EUR 500 million came from the Recovery and Resilience Mechanism. These funds are intended to support a multi-year programme from 2024 to 2026 for distribution networks in Spain and to partially fund solar projects in Italy.

- **Loans with development banks and export credit agencies (ECAs)**

The IBERDROLA group has continued to diversify its sources of financing, establishing new commercial relationships with export credit agencies (ECAs). These credit agencies have insurance policies that cover significant percentages of the financial risks assumed by banks, thus enabling IBERDROLA to diversify its sources of financing and reduce risk consumption by banks.

In July 2024, IBERDROLA secured a EUR 500 million loan backed by the green policy of the Spanish Export Credit Agency (CESCE), aimed at funding the development of renewable assets in Italy, Australia, and the United States.

In June 2024, IBERDROLA also agreed on a EUR 29 million loan with the Instituto de Crédito Oficial (ICO) to partly finance the investment in fast and ultra-fast charging networks.

Meanwhile, Neoenergia, formalised a loan with BNDES for BRL 794 million (EUR 123 million) in June 2024.

Financing linked to the achievement of sustainability goals (SDGs)

The IBERDROLA Group has also entered into other financial arrangements categorised as sustainable where the cost or other structural characteristics are linked to compliance with a range of sustainable targets, one of which is always of an environmental nature.

- **Credit facilities linked to sustainable goals**

Over the course of 2024, the maturity dates for sustainable syndicated credit lines (KPI-Linked) were extended. These include EUR 2,500 million and EUR 5,300 million lines extended by an additional year to 2029, and a EUR 1,500 million line extended by six months to 2026.

In 2024, Neoenergia converted existing credit lines worth BRL 1,600 million (EUR 247 million) into sustainable operations by introducing an environmental and a social indicator.

- **Bank loans linked to sustainable objectives**

In 2024, IBERDROLA secured three bank loans from commercial entities, totalling EUR 500 million, which include environmental and social indicators. Additionally, another loan of EUR 100 million from a commercial entity was formalised, incorporating an environmental KPI.

- **Commercial paper**

On 11 April 2024, IBERDROLA renewed its commercial paper programme in the Euromarket (ECP), with major updates including an increase in the maximum outstanding balance limit to EUR 6,000 million, up from the previous EUR 5,000 million. The programme also adopted a sustainable label by committing to achieving two objectives from the Group's sustainable strategy, which are linked to environmental and social indicators.

At 31 December 2024, the total composition of the IBERDROLA Group’s green and sustainable financial transactions portfolio is as follows:

	Note	Green financing	Sustainable financing	Total
Perpetual subordinated bonds	22	5,250	0	5,250
Bank borrowings, bonds or other marketable securities	29			
Long-term and medium term bonds		17,645	0	17,645
Multilateral loans		5,473	0	5,473
Development bank and ECA loans		3,932	0	3,932
Bank loans		272	1,725	1,997
Credit facilities		0	15,570	15,570
Commercial paper programmes		0	6,000	6,000
Structured financing		1,026	0	1,026
Total		**33,598**	**23,295**	**56,893**

These transactions, along with the Tax Equity Investment Verde financing agreement and the Project Finance for Vineyard Wind 1, accounted for using the equity method (Note 15.a), were formalised for a total of USD 3,297 million (EUR 3,160 million). This raised the sustainable financial transaction portfolio to EUR 60,053 million as of 31 December 2024.

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

Sale of Group companies

DIVESTMENT IN MEXICO

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, in millions of euros (Note 18):

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 (COFECE) and having fulfilled the remaining conditions precedent agreed between the parties, the sale was successfully closed. The total proceeds from the sale amounted to approximately USD 6,200 million, resulting in a gross capital gain of EUR 1,717 million, which was recorded under “Other operating income” in the 2024 consolidated income statement.

DIVESTMENT IN ROMANIA

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 transaction closed on 30 July 2024. The total proceeds from the sale were approximately EUR 92 million, resulting in a gross loss of EUR 9 million, which was recorded under “Other operating income” in the consolidated income statement for the 2024 financial year.

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 transaction includes the lease area of the Kitty Hawk North offshore wind farm and its associated assets.

The deal was finalised in October 2024. The total amount received from the sale was approximately EUR 146 million, leading to a gross capital gain of EUR 77 million, recorded under "Other operating income" in the 2024 consolidated income statement.

SALE OF TRANSMISSION ASSETS IN BRAZIL (Note 15.a)

On 25 April 2023, the IBERDROLA Group's subsidiary in Brazil, NEOENERGIA, entered into an agreement with Warrington Investment Pte. Ltd, a company controlled by the Government of Singapore Investment Corporation (GIC), to sell 50% of the share capital of its subsidiary Neoenergia Transmissora 15 SPE S.A. (now Neoenergia Transmissão S.A.), which owns eight transmission assets (1,865 km of lines).

On 30 September 2023, following approval by the Brazilian regulatory authorities, ANEEL and CADE, of the transaction between the IBERDROLA Group and GIC, the strategic agreement was entered into for BRL 1,111 million, which generated a loss of EUR 23 million, as recognised under "Other operating income" in the 2023 consolidated income statement.

Business combinations

The IBERDROLA Group did not carry out any significant business combinations in 2024. In 2023, the IBERDROLA Group carried out the following business combinations:

IBERDROLA RENOVABLES IBERMAP

On 31 March 2023, IBERDROLA and MAPFRE, S.A. signed an agreement to add 150 MW of operational photovoltaic capacity from IBERDROLA ESPAÑA to Energías Renovables Ibermap (IBERMAP), supplementing those included in the 2021 agreement. With these additional assets, IBERMAP's total capacity will reach 445 MW, comprising 295 MW of wind power and 150 MW of photovoltaic capacity. The 150 MW of new capacity corresponds to the operational PV parks of Almaraz, Olmedilla and Romeral, with 50 MW each, located in Castilla-La Mancha and Extremadura.

The transaction was completed on 27 May 2023, making IBERDROLA ESPAÑA the majority shareholder of IBERMAP, with a 51% stake, with MAPFRE retaining the remaining 49%.

Given that the IBERDROLA Group already had control over the contributed PV parks, the deal was recorded as a transaction with non-controlling interests, resulting in an increase of EUR 40 million in "Non-controlling interests" and a credit of EUR 24 million to "Other reserves" in the consolidated statement of financial position at 31 December 2023.

Value of acquired assets and liabilities

The fair value of the assets and liabilities acquired at the date of taking control and their carrying amounts at that date are as follows (in millions of euros):

	Carrying amount	Fair value
Intangible assets	120	34
Property, plant and equipment	362	362
Right-of-use assets	34	34
Non-current investments	17	17
Deferred tax assets	2	2
Current trade and other receivables	5	5
Current investments	3	3
Cash and cash equivalents	43	43
Total	**586**	**500**

	Carrying amount	Fair value
Non-current provisions	10	10
Non-current financial liabilities	215	215
Other non-current liabilities	9	9
Deferred tax liabilities	63	49
Current financial liabilities	36	36
Other current liabilities	3	3
Total	**336**	**322**

Goodwill

Details of goodwill arising from the business combination, expressed in millions of euros, are as follows:

Fair value of consideration provided	64
Recognition of non-controlling interests	100
Fair value of previous holding	41
Total consideration provided	**205**
Fair value of net acquired assets	178
Goodwill arising on the acquisition	**27**

The resulting goodwill consisted primarily of future economic benefits arising from the acquired company’s own activities that did not meet the conditions for separate accounting recognition at the time of the business combination.

SWAP OF POWER PLANTS IN BRAZIL

In December 2022, NEOENERGIA entered into a share swap agreement with Eletronorte whereby NEOENERGIA would sell, to Eletronorte, its stakes of 50.56% in Teles Pires Participaçoes, 0.9% in Companhia Hidrelétrica Teles Pires and 100% in Baguari I Geraçao de Energia Elétrica, while in return Eletronorte would transfer, to NEOENERGIA, its stakes of 49% in Energética Águas da Pedra (EAPSA), 0.04% in Neoenergia Coelba, 0.04% in Neoenergia Cosern and 0.04% in Afluente Transmissão de Energia Elétrica, which together were valued at the same amount. On 26 September 2023, the IBERDROLA Group, through its subsidiary NEOENERGIA, completed the above asset swap agreement.

As a result of the transaction, a total of EUR 225 million was recognised under "Result of equity-accounted investees" in the 2023 consolidated income statement as the difference between the fair value and the carrying amount of the stakes delivered as consideration in the swap (Note 15.a).

Value of acquired assets and liabilities

The fair value of the assets and liabilities acquired at the date of taking control and their carrying amounts at that date are as follows (in millions of euros):

	Carrying amount	Fair value
Intangible assets	14	228
Property, plant and equipment	95	244
Non-current investments	5	5
Current trade and other receivables	11	11
Cash and cash equivalents	37	37
Total assets	**162**	**525**

	Carrying amount	Fair value
Non-current provisions	0	2
Non-current financial liabilities	18	18
Deferred tax liabilities	4	127
Current financial liabilities	11	11
Other current liabilities	9	9
Total liabilities	**42**	**167**

Goodwill

Details of goodwill arising from the business combination, expressed in millions of euros, are as follows:

Fair value of consideration provided	481
Fair value of net acquired assets	358
Goodwill arising on the acquisition	**123**

The resulting goodwill consisted primarily of future economic benefits arising from the acquired company's own activities that did not meet the conditions for separate accounting recognition at the time of the business combination.

POLAND

In Poland, the Company completed the acquisition of two onshore wind farms in 2023, namely Podlasek and Wólka Dobryńska, with a total capacity of 50 MW. The transaction yielded goodwill of EUR 17 million, broken down as follows:

Fair value of consideration provided	49
Fair value of net acquired assets	32
Goodwill arising on the acquisition	**17**

Transactions with non-controlling interests (Note 22)

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.

AVANGRID's General Shareholders' Meeting was held on 26 September 2024, at which the merger resolution was passed. The transaction had been previously approved by AVANGRID's Board of Directors.

After receiving the necessary clearance, the merger between AVANGRID and Merger Sub was completed on 23 December 2024, whereupon IBERDROLA became the holder of 100% of AVANGRID's share capital.

The total consideration Iberdrola paid to AVANGRID shareholders, excluding those of IBERDROLA, was USD 2,551 million, equivalent to approximately EUR 2,454 million.

As the IBERDROLA Group already controlled the company, this transaction was recorded as involving non-controlling interests. This resulted in a reduction of EUR 3,902 million under "Non-controlling interests" and credits of EUR 564 million, EUR 824 million, and EUR 25 million under "Other reserves", "Translation differences", and "Adjustments for change in value", respectively, in the consolidated statement of financial position as at 31 December 2024. Transaction costs amounted to EUR 35 million.

Baltic Eagle capital increases

In 2024, Baltic Eagle GmbH effected capital increases, which were subscribed by its two shareholders (Masdar Baltic Eagle Germany GmbH and Iberdrola Renovables Deutschland GmbH) in proportion to their respective ownership interests. This process resulted in a credit of EUR 194 million to "Equity – Of non-controlling interests" in the consolidated statement of financial position as at 31 December 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 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.

Since the IBERDROLA Group already controlled the contributed project portfolio, the transaction was recorded as involving non-controlling interests. This resulted in a credit of EUR 18 million under "Non-controlling interests" and a further credit of EUR 3 million under "Other reserves" in the consolidated statement of financial position as at 31 December 2024.

Public tender offer (PTO) for Neoenergia Cosern shares

In September 2024, NEOENERGIA, a subsidiary of the IBERDROLA Group in Brazil, completed a public tender offer for Neoenergia Cosern on the São Paulo Stock Exchange, increasing its stake from 93.09% to 100% in the distributor operating in Rio Grande do Norte.

Since the IBERDROLA Group already controlled the company, this transaction was recorded as involving non-controlling interests. This resulted in a charge of EUR 26 million under "Non-controlling interests" and a charge of EUR 2 million under "Other reserves" in the consolidated statement of financial position as at 31 December 2024.

Sale of a non-controlling stake in the capital of the company that owns the Windanker offshore wind farm

In December 2024, the IBERDROLA Group signed an agreement for the sale to Windanker Investco B.V. (a company belonging to the group of which Kansai Electric Power Company, Incorporated is the parent) of a 49% stake in the share capital of Windanker GmbH (Windanker), which owns the Windanker offshore wind farm in Germany, with an installed capacity of 315 MW and currently under construction.

The price to be paid upon completion of the transaction, which is subject to possible adjustments that are customary in this type of transaction, is an estimated EUR 150 million.

Following completion of the transaction, the purchaser must contribute, in proportion to its share in Windanker's capital, to the costs of building the wind farm through to its completion. In addition, certain entities belonging to the IBERDROLA Group will continue to provide construction oversight, operation and maintenance and wind farm management services.

Completion of the transaction is conditional upon the purchaser obtaining the approval of the German FDI authorities, as well as the fulfilment, or otherwise the waiver, of other conditions precedent customary in such transactions.

The effective completion of the transaction had no effect on the consolidated financial statements as at 31 December 2024.

<u>2023</u>

- On 25 July 2023, Iberdrola Renovables Deutschland GmbH signed an agreement to sell a 49% stake in the share capital of Baltic Eagle GmbH, the owner of the Baltic Eagle offshore wind farm under Baltic Eagle located in Germany and with an installed capacity of 476 MW, to Masdar Baltic Eagle Germany GmbH. The transaction was completed on 2 November 2023.

  The closing price of the transaction was EUR 387 million. Since the IBERDROLA Group already controlled the company, the transaction was recognised as a transaction in non-controlling interests, thus generating an increase of EUR 318 million in "Non-controlling interests" and a credit of EUR 64 million under the "Other reserves" heading of the consolidated statement of financial position at 31 December 2023.

- In January 2023, Iberdrola Renovables Energía, S.A., together with its subsidiary Iberenova Promociones, S.A., signed a framework agreement to co-invest in renewable assets in Spain.

Under the terms of the agreement, NBIM Iberian Reinfra AS (NBIM Iberian), an affiliate of the group of which Norges Bank is the parent company, was to acquire a 49% ownership interest in several IBERDROLA ESPAÑA Group companies that hold various onshore wind and solar photovoltaic projects in Spain. The total project portfolio of these companies amounted to 1,265 MW. Following the acquisition by NBIM Iberian, both Iberenova Promociones, S.A. and NBIM Iberian contributed their respective ownership interests in the project-holding companies to a jointly owned holding company 51% owned by Iberenova Promociones, S.A. and 49% owned by NBIM Iberian, proportional to their respective stakes in the share capital.

This portfolio of renewable energy projects, valued at 100%, was worth an estimated EUR 1,225 million. Therefore, NBIM Iberian's investment for its 49% stake in this portfolio is approximately EUR 600 million, which may be subject to adjustments that are customary in these types of transactions. NBIM Iberian made an initial payment upon completion as consideration for the stakes acquired in the companies that own the projects already up and running. The remaining price is being made by NBIM Iberian as the projects under development become commercially operational and the non-controlling interests in the project-holding companies are acquired by it.

The three operational wind power facilities with an installed capacity of 137 MW were contributed in 2023. Given that the IBERDROLA Group already had control over the contributed project portfolio, the transaction resulted in an increase of EUR 53 million in "Non-controlling interests" and a credit of EUR 26 million to "Other reserves" in the consolidated statement of financial position at 31 December 2023.

Other significant transactions

On 2 August 2024, IBERDROLA entered into certain agreements with all the shareholders of North West Electricity Networks (Jersey) Limited (ENW Holding)—a company that indirectly holds 100% of the share capital of Electricity North West Limited (ENW), a British electricity distribution company operating in the United Kingdom—for the acquisition of 88% of the share capital of ENW Holding and, indirectly, of ENW (Note 15.a).

8. Segment information

The Iberdrola Group's organisation is based on a dual structure of geographic areas and businesses. 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:

- 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.
- Networks business: comprises activities related to the transmission and distribution of energy, primarily involving gas and electricity, along with other regulated operations.
- 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.

In addition, the Corporation reflects the costs of the IBERDROLA Group's structure, derived mainly from the corporate functions, whether at global or local level, which provide services to the companies and businesses on the basis of intra-group service contracts entered into with Iberdrola, S.A. or with the corresponding country subholding company.

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

The key figures for the identified segments are as follows (in millions of euros):

2024	Spain	United Kingdom	United States	Mexico	Brazil	IEI	Corporation and adjustments	Total
Revenue	16,982	7,718	7,752	1,721	9,139	1,875	(448)	**44,739**
Profit/(Loss)								
Segment operating profit	4,317	2,257	(579)	2,028	1,591	317	(202)	**9,729**
Result of equity-accounted investees - net of taxes	(2)	49	(22)	0	23	(42)	(43)	**(37)**
Assets								
Segment assets	34,603	33,527	48,930	3,899	9,884	9,996	(2,331)	**138,508**
Equity-accounted investees	175	2,739	1,036	2	285	36	42	**4,315**
Liabilities								
Segment liabilities	11,045	8,005	14,728	2,039	3,776	1,565	(3,881)	**37,277**
Other information								
Total cost incurred during the period in the acquisition of property, plant and equipment and intangible assets	2,019	2,713	3,698	117	52	1,253	131	**9,983**
Impairment losses, trade and other receivables	55	129	189	2	95	1	0	**471**
Depreciation and amortisation	1,803	894	1,276	115	572	300	52	**5,012**
Charges for asset impairment	72	31	1,341	0	0	88	0	**1,532**
Reversal for asset impairment	0	0	0	0	0	0	0	**0**
Charges/(reversals) for other provisions	20	21	54	2	7	1	0	**105**
Expenses for the period other than depreciation and amortisation not resulting in cash outflows	133	21	85	2	12	0	40	**293**

2023	Spain	United Kingdom	United States	Mexico	Brazil	IEI	Corporation and adjustments	Total
Revenue	18,334	10,814	7,351	3,011	8,995	1,007	(177)	**49,335**
Profit/(Loss)								
Segment operating profit	4,494	2,169	595	651	1,436	214	(586)	**8,973**
Result of equity-accounted investees - net of taxes	11	1	5	0	237	(6)	(9)	**239**
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	0	373	46	91	**1,306**
Liabilities								
Segment liabilities	10,174	7,849	13,437	775	4,281	1,338	(3,388)	**34,466**
Other information								
Total cost incurred during the period in the acquisition of property, plant and equipment and intangible assets	2,221	2,209	2,866	144	120	1,889	87	**9,536**
Impairment losses, trade and other receivables	90	236	171	3	117	1	0	**618**
Depreciation and amortisation	1,437	919	1,236	134	562	221	198	**4,707**
Charges for asset impairment	23	17	10	0	0	2	1	**53**
Reversal for asset impairment	0	(1)	0	0	0	0	0	**(1)**
Charges/(reversals) for other provisions	(22)	12	55	9	7	(1)	7	**67**
Expenses for the period other than depreciation and amortisation not resulting in cash outflows	140	49	95	3	5	0	34	**326**

Additionally, the breakdown of non-current assets by geographical area is as follows (in millions of euros):

	31.12.2024	31.12.2023
Non-current assets (*)		
Spain	27,488	27,073
United Kingdom	30,307	27,142
United States	43,750	39,969
Mexico	2,421	2,285
Brazil	4,146	5,711
IEI	8,930	8,153
Corporation and adjustments	724	662
Total	**117,766**	**110,995**

(*) Excluding non-current financial investments, deferred tax assets, current tax assets and non-current trade and other receivables.

2024	Networks	Renewable Energy and Sustainable Generation	Customers	Other business, Corporation and adjustments	Total
Revenue	18,884	10,055	23,547	(7,747)	**44,739**
Profit/(Loss)					
Segment operating profit	3,895	1,858	4,293	(317)	**9,729**
Result of equity-accounted investees - net of taxes	12	(48)	(4)	3	**(37)**
Assets					
Segment assets	69,386	54,474	8,898	5,750	**138,508**
Equity-accounted investees	2,987	1,115	116	97	**4,315**
Liabilities					
Segment liabilities	23,859	11,857	6,641	(5,080)	**37,277**
Other information					
Total cost incurred during the period in the acquisition of property, plant and equipment and intangible assets	4,792	4,265	690	236	**9,983**
Impairment losses, trade and other receivables (expense/income)	287	4	181	(1)	**471**
Depreciation and amortisation	2,181	2,158	516	157	**5,012**
Charges for asset impairment	0	1,532	0	0	**1,532**
Reversal for asset impairment	0	0	0	0	**0**
Charges/(reversals) for other provisions	61	25	19	0	**105**
Expenses for the period other than depreciation and amortisation not resulting in cash outflows	113	22	45	113	**293**

2023	Networks	Renewable Energy and Sustainable Generation	Customers	Other business, Corporation and adjustments	Total
Revenue	18,363	9,281	30,087	(8,396)	**49,335**
Profit/(Loss)					
Segment operating profit	3,485	2,728	3,308	(548)	**8,973**
Result of equity-accounted investees - net of taxes	20	216	12	(9)	**239**
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**
Other information					
Total cost incurred during the period in the acquisition of property, plant and equipment and intangible assets	3,767	4,998	569	202	**9,536**
Impairment losses, trade and other receivables (expense/income)	295	(6)	329	0	**618**
Depreciation and amortisation	2,180	1,912	483	132	**4,707**
Charges for asset impairment	17	35	0	1	**53**
Reversal for asset impairment	(1)	0	0	0	**(1)**
Charges/(reversals) for other provisions	34	24	3	6	**67**
Expenses for the period other than depreciation and amortisation not resulting in cash outflows	139	22	51	114	**326**

Additionally, the breakdown of non-current assets by business activity is as follows (in millions of euros):

	31.12.2024	31.12.2023
Non-current assets (*)		
Networks	58,444	53,115
Renewable Energy and Sustainable Generation	46,808	45,897
Customers	2,887	2,726
Other business, Corporation and adjustments	9,627	9,257
Total	**117,766**	**110,995**

(*) Excluding non-current financial investments, deferred tax assets, current tax assets and non-current trade and other receivables.

The reconciliation between segment assets and liabilities and the total assets and liabilities of the consolidated statement of financial position is as follows (in millions of euros):

	31.12.2024	31.12.2023
Segment assets	**138,508**	**130,097**
Non-current investments	13,032	9,740
Assets held for sale	404	4,720
Current investments	2,267	2,457
Cash and cash equivalents	4,082	3,019
Total assets	**158,293**	**150,033**

	31.12.2024	31.12.2023
Segment liabilities	**37,277**	**34,466**
Equity	61,051	60,292
Non-current financial liabilities	44,813	40,573
Bank borrowings, bonds or other marketable securities	40,585	36,319
Equity instruments having the substance of a financial liability	485	561
Derivative financial instruments	1,124	1,285
Leases	2,619	2,408
Current financial liabilities	14,955	13,605
Bank borrowings, bonds or other marketable securities	13,805	11,959
Equity instruments having the substance of a financial liability	103	110
Derivative financial instruments	867	1,352
Leases	180	184
Liabilities linked to assets held for sale	197	1,097
Total liabilities and equity	**158,293**	**150,033**

9. Intangible assets

Changes in 2024 and 2023 in intangible assets and the corresponding accumulated amortisation and impairment allowances are as follows:

	Balance at 01.01.2024	Translation differences	Additions and charges/ (reversals)	Capitalised personnel expenses (Note 40)	Transfers	Decreases, disposals or reductions	Write-downs (Note 14)	Balance at 31.12.2024
Cost:								
Goodwill	8,375	285	1	0	0	(15)	(28)	8,618
Concessions, patents, licenses, trademarks and others	7,819	106	0	0	0	(3)	0	7,922
Intangible assets under IFRIC 12 (Notes 3.b and 13)	5,461	(961)	0	0	202	(74)	0	4,628
Computer software	3,384	98	405	30	0	(428)	0	3,489
Customer acquisition costs in the retail supply of energy	970	8	298	0	0	(79)	0	1,197
Other intangible assets	3,094	149	14	1	(3)	(192)	0	3,063
Total cost	**29,103**	**(315)**	**718**	**31**	**199**	**(791)**	**(28)**	**28,917**

	Balance at 01.01.2023	Translation differences	Modification of the consolidation scope (Note 7)	Additions and charges/ (reversals)	Capitalised personnel expenses (Note 40)	Transfers	Decreases, disposals or reductions	Classification as held for sale (Note 18)	Balance at 31.12.2023
Cost:									
Goodwill	8,189	30	156	0	0	0	0	0	8,375
Concessions, patents, licenses, trademarks and others	7,676	(84)	230	0	0	0	0	(3)	7,819
Intangible assets under IFRIC 12 (Notes 3.b and 13)	5,002	251	0	0	0	287	(79)	0	5,461
Computer software	3,070	(33)	0	361	26	0	(35)	(5)	3,384
Customer acquisition costs in the retail supply of energy	1,359	3	0	176	0	0	(568)	0	970
Other intangible assets	3,118	(81)	64	4	0	0	(9)	(2)	3,094
Total cost	**28,414**	**86**	**450**	**541**	**26**	**287**	**(691)**	**(10)**	**29,103**

	Balance at 01.01.2024	Translation differences	Additions and charges/ (reversals)	Capitalised personnel expenses (Note 40)	Transfers	Decreases, disposals or reductions	Write-downs (Note 14)	Balance at 31.12.2024
Accumulated depreciation and provisions:								
Concessions, patents, licenses, trademarks and others	1,191	(99)	101	0	0	(1)	0	1,192
Intangible assets under IFRIC 12 (Notes 3.b and 13)	3,388	(621)	390	0	0	(58)	0	3,099
Computer software	2,501	72	266	0	0	(421)	0	2,418
Customer acquisition costs in the retail supply of energy	551	4	284	0	0	(75)	0	764
Other intangible assets	1,054	55	111	0	0	(39)	0	1,181
Total accumulated depreciation	**8,685**	**(589)**	**1,152**	**0**	**0**	**(594)**	**0**	**8,654**
Impairment allowance (Notes 8 and 42)	**163**	**3**	**0**	**0**	**0**	**(158)**	**0**	**8**
Total accumulated depreciation and provisions	**8,848**	**(586)**	**1,152**	**0**	**0**	**(752)**	**0**	**8,662**
Total net cost	**20,255**	**271**	**(434)**	**31**	**199**	**(39)**	**(28)**	**20,255**

	Balance at 01.01.2023	Translation differences	Modification of the consolidation scope (Note 7)	Additions and charges/ (reversals)	Capitalised personnel expenses (Note 40)	Transfers	Decreases, disposals or reductions	Classification as held for sale (Note 18)	Balance at 31.12.2023
Accumulated depreciation and provisions:									
Concessions, patents, licenses, trademarks and others	1,056	35	2	101	0	0	0	(3)	1,191
Intangible assets under IFRIC 12 (Notes 3.b and 13)	2,902	148	0	382	0	0	(44)	0	3,388
Computer software	2,339	(22)	0	223	0	0	(35)	(4)	2,501
Customer acquisition costs in the retail supply of energy	878	2	0	239	0	0	(568)	0	551
Other intangible assets	952	(32)	26	111	0	0	(1)	(2)	1,054
Total accumulated depreciation	**8,127**	**131**	**28**	**1,056**	**0**	**0**	**(648)**	**(9)**	**8,685**
Impairment allowance (Notes 8 and 42)	**169**	**(6)**	**0**	**0**	**0**	**0**	**0**	**0**	**163**
Total accumulated depreciation and provisions	**8,296**	**125**	**28**	**1,056**	**0**	**0**	**(648)**	**(9)**	**8,848**
Total net cost	**20,118**	**(39)**	**422**	**(515)**	**26**	**287**	**(43)**	**(1)**	**20,255**

The amounts incurred in research and development activities (expenses and investment) in 2024 and 2023 total EUR 403 million and EUR 384 million respectively.

The fully amortised intangible assets still in use at 31 December 2024 and 2023 amounted to EUR 2,040 million and EUR 1,727 million, respectively.

At 31 December 2024 and 2023, the IBERDROLA Group had commitments to acquire intangible assets totalling EUR 17 million and EUR 13 million, respectively.

In addition, at 31 December 2024 and 2023, there were no significant restrictions on the ownership of intangible assets, except for the regulated businesses, which may require authorisation from the corresponding regulator for certain transactions.

The allocation of goodwill to the various cash-generating units at 31 December 2024 and 2023 is as follows (in millions of euros):

	31.12.2024	31.12.2023
United Kingdom	6,054	5,795
United States	1,996	1,889
Brazil	412	506
France	62	62
Australia	40	41
Other	54	82
Total	**8,618**	**8,375**

The above aggregation by country (United Kingdom, United States, Brazil, France, Australia and others) corresponds to groups of cash-generating units including, where applicable, electricity and gas retail supply, regulated activities and renewables (Note 14).

The allocation of indefinite life and in-progress intangible assets at 31 December 2024 and 2023 to the different cash generating units is as follows (in millions of euros):

	2024			2023		
	Intangible assets with indefinite useful lives	Intangible assets in progress	Total	Intangible assets with indefinite useful lives	Intangible assets in progress	Total
Electricity distribution in Scotland	801	0	801	766	0	766
Electricity distribution in Wales and England	771	0	771	738	0	738
Electricity transmission in the UK	304	0	304	291	0	291
Electricity and gas distribution in New York (NYSEG)	1,139	0	1,139	1,074	0	1,074
Electricity and gas distribution in New York (RG&E)	1,023	0	1,023	965	0	965
Transmission and distribution of electricity in Maine (CMP)	282	0	282	266	0	266
Transmission and distribution of electricity in Connecticut (UI)	1,183	0	1,183	1,116	0	1,116
Gas distribution in Connecticut (CNG)	298	0	298	281	0	281
Gas distribution in Connecticut (SCG)	586	0	586	552	0	552
Gas distribution Massachusetts (BGC)	40	0	40	38	0	38
Other	13	0	13	13	0	13
Total	**6,440**	**0**	**6,440**	**6,100**	**0**	**6,100**

Indefinite useful life assets mostly correspond to the acquisition cost of licences to operate in different businesses which are the core business in the activities performed by the IBERDROLA Group.

10. Investment property

Changes in 2024 and 2023 in the IBERDROLA Group's investment property were as follows (in millions of euros):

	Balance at 01.01.2024	Additions and (charges)/reversals	Transfers	Decreases, disposals or reductions	Balance at 31.12.2024
Investment property	521	8	19	(34)	514
Provisions for impairment	(15)	0	0	0	(15)
Accumulated depreciation	(75)	(9)	(1)	6	(79)
Total net cost	**431**	**(1)**	**18**	**(28)**	**420**

	Balance at 01.01.2023	Additions and (charges)/reversals	Transfers	Decreases, disposals or reductions	Balance at 31.12.2023
Investment property	384	3	146	(12)	521
Provisions for impairment	(8)	(7)	(2)	2	(15)
Accumulated depreciation	(69)	(9)	0	3	(75)
Total net cost	**307**	**(13)**	**144**	**(7)**	**431**

The investment property owned by the IBERDROLA Group relates primarily to properties used for leasing. Income accrued in 2024 and 2023 from this activity amounted to EUR 27 million and EUR 25 million, respectively, and was recognised under the "Revenue" heading of the consolidated income statement. Operating expenses directly related to investment property in 2024 and 2023 were not significant.

The fair value of investment property in use at 31 December 2024 and 2023 amounted to EUR 469 and 492 million, respectively. This fair value (classified in Level 3) is determined via expert independent appraisals made annually in accordance with the Valuation Standards published by the Royal Institution of Chartered Surveyors (RICS) of Great Britain, in their January 2014 edition, as last updated in 2022. The valuations at 31 December 2024 and 2023 were carried out by Knight Frank España.

The assets have been valued individually and not as part of a property portfolio.

The methods applied for the calculation of fair value have been the discount of cash flows, the capitalisation of revenue and the comparison method, checked, as far as possible, against comparable (peer) transactions to reflect the reality of the market and the prices to which they are currently closing the asset operations of similar characteristics to the reference operations.

The discount of cash flows is based on a prediction of the probable net income that investment property will generate for a period of time and it considers its residual value at the end of the period. Cash flows are discounted at an internal rate of return that reflects the urban, construction and business risk of the asset.

The key variables and assumptions of the cash flow discount method are:

- Net income that the property will generate for a certain period of time, considering the initial contractual situation, development of renters and expected income, marketing costs, divestment expenses (variable percentage depending on the sale price), etc.

- Discount rate or objective internal return rate adjusted to reflect the risk that the investment entails depending on the localisation, occupation, renter quality, property age, etc.

- Disposal return, which consists of an estimate of the exit (sale) price of the property applying an estimated return for the close of the transaction at that date, considering the criteria of obsolescence, liquidity and market uncertainty.

For rental property that does not include such a broad number of variables and involves leased property for a period of time greater than 10 years and up and one renter, the capitalisation method for income is usually applied. This method consists of the perpetual capitalisation of the current contractual income via a capitalisation rate that inherently includes the risks and uncertainties that could arise in the market.

The company has commissioned the independent expert to carry out sensitivity analyses on real estate investments for projects with a market value exceeding EUR 1 million, considering as a key variable the “discount rate or IRR” required for each project and keeping the other variables unchanged.

The following tables show the impacts on realisable value of these sensitivity analyses in response to 1% and 2% increases and decreases in the discount rate or IRR for 2024 and 2023(in millions of euros):

2024					
	Baseline scenario	Discount rate or IRR			
		+1%	-1 %	+2%	-2 %
Change in the market value of investment property	370	(28)	32	(53)	65
Impact on accumulated impairment (before tax)		(15)	9	(30)	11

2023					
	Baseline scenario	Discount rate or IRR			
		+1%	-1 %	+2%	-2 %
Change in the market value of investment property	351	(26)	29	(50)	61
Impact on accumulated impairment (before tax)		(13)	9	(27)	12

As at 31 December 2024 and 2023 the amount of fully depreciated investment property amounted to EUR 3 million and EUR 3 million, respectively. There are no restrictions on its realisation in any of the financial years. Furthermore, there are no contractual obligations for the acquisition, construction, development, repair or maintenance of investment property.

11. Property, plant and equipment

Changes in 2024 and 2023 in Property, plant and equipment and the relevant accumulated depreciation and provisions were as follows (in millions of euros):

Cost	Balance at 01.01.2024	Translation differences	Additions	Transfers	Disposals/ Derecognitions	Write-downs	Balance at 31.12.2024
Land and buildings	3,041	33	87	(82)	(10)	0	3,069
Electric energy technical facilities:							
Hydroelectric power plants	8,422	(100)	37	253	(28)	0	8,584
Thermal power plants	1,033	0	6	0	(570)	0	469
Combined cycle power plants	5,093	40	(1)	55	(13)	0	5,174
Nuclear power plants	8,019	0	(16)	130	(53)	0	8,080
Wind farms and other renewables	34,185	884	192	2,569	(151)	0	37,679
Photovoltaic power plants	2,803	79	97	1,520	(10)	0	4,489
Facilities for:							
Gas storage	170	9	0	2	(1)	0	180
Electricity transmission	11,096	620	(1)	778	(7)	0	12,486
Electricity distribution	39,514	1,142	269	2,151	(159)	0	42,917
Gas distribution	4,072	254	0	251	(28)	0	4,549
Meters and metering devices	2,569	102	203	52	(84)	0	2,842
Dispatching centres and other facilities	3,030	55	55	223	(31)	0	3,332
Total technical facilities in operation	**120,006**	**3,085**	**841**	**7,984**	**(1,135)**	0	**130,781**
Other items in use	**2,871**	**105**	**261**	**36**	**(46)**	**0**	**3,227**
Technical installations under construction	**13,347**	**425**	**8,280**	**(7,895)**	**(94)**	**(55)**	**14,008**
Prepayments and other PP&E under construction (*)	**1,061**	**39**	**439**	**(351)**	**(21)**	**(4)**	**1,163**
Total cost	**140,326**	**3,687**	**9,908**	**(308)**	**(1,306)**	**(59)**	**152,248**

(*) Prepayments at 31 December 2024 amounted to EUR 99 million.

Cost	Balance at 01.01.2023	Translation differences	Modification of the consolidation scope (Note 7)	Additions	Transfers	Disposals/ Derecognitions	Classification as held for sale (Note 18)	Write-downs	Balance at 31.12.2023
Land and buildings	3,030	(31)	21	109	(4)	(21)	(63)	0	3,041
Electric energy technical facilities:									
Hydroelectric power plants	8,123	27	280	0	66	(73)	(1)	0	8,422
Thermal power plants	1,034	0	0	0	0	(1)	0	0	1,033
Combined cycle power plants	9,841	(236)	0	3	188	(44)	(4,659)	0	5,093
Nuclear power plants	7,910	0	0	18	153	(62)	0	0	8,019
Wind farms and other renewables	32,996	(444)	555	61	1,267	(66)	(168)	(16)	34,185
Photovoltaic power plants	2,346	(42)	0	30	470	(1)	0	0	2,803
Facilities for:									
Gas storage	163	(3)	0	0	10	0	0	0	170
Electricity transmission	11,011	(179)	0	0	299	(35)	0	0	11,096
Electricity distribution	37,628	(275)	66	269	2,138	(218)	(94)	0	39,514
Gas distribution	4,044	(160)	0	0	213	(25)	0	0	4,072
Meters and metering devices	2,495	(34)	1	157	69	(114)	0	(5)	2,569
Dispatching centres and other facilities	2,862	(17)	2	41	157	(15)	0	0	3,030
Other items in use	**2,765**	**(59)**	**0**	**272**	**(15)**	**(61)**	**(30)**	**(1)**	**2,871**
Technical installations under construction	**10,714**	**(137)**	**65**	**7,726**	**(4,975)**	**(5)**	**(13)**	**(28)**	**13,347**
Prepayments and other PP&E under construction (*)	**849**	**(12)**	**(1)**	**694**	**(419)**	**(20)**	**(27)**	**(3)**	**1,061**
Total cost	**137,811**	**(1,602)**	**989**	**9,380**	**(383)**	**(761)**	**(5,055)**	**(53)**	**140,326**

(*) Prepayments at 31 December 2023 amounted to EUR 254 million.

Accumulated depreciation and provisions	Balance at 01.01.2024	Translation differences	Additions	Charges/(reversals)	Transfers	Disposals/ Derecognitions	Write-downs	Balance at 31.12.2024
Buildings	728	9	0	51	(8)	(3)	0	777
Technical facilities in operation:								
Hydroelectric power plants	4,355	(29)	0	135	(34)	(15)	0	4,412
Thermal power plants	1,028	0	0	7	0	(569)	0	466
Combined cycle power plants	2,258	7	0	164	0	(14)	0	2,415
Nuclear power plants	6,694	0	0	239	0	(53)	0	6,880
Wind farms and other renewables	13,648	401	0	1,256	4	(72)	0	15,237
Photovoltaic power plants	234	8	0	106	0	(1)	0	347
Facilities for:								
Gas storage	61	3	0	4	0	0	0	68
Electricity transmission	2,878	160	0	216	3	(5)	0	3,252
Electricity distribution	14,731	354	0	940	(3)	(99)	0	15,923
Gas distribution	1,207	75	0	68	0	(13)	0	1,337
Meters and metering devices	1,283	43	0	136	0	(66)	0	1,396
Dispatching centres and other facilities	1,545	37	0	155	0	(2)	0	1,735
Total technical facilities in operation	**49,922**	**1,059**	**0**	**3,426**	**(30)**	**(909)**	**0**	**53,468**
Other items in use	**1,626**	**46**	**0**	**192**	**0**	**(45)**	**0**	**1,819**
Total accumulated depreciation	**52,276**	**1,114**	**0**	**3,669**	**(38)**	**(957)**	**0**	**56,064**
Impairment allowance (Note 42)	229	53	0	1,444	0	(3)	0	1,723
Total accumulated depreciation and provisions	**52,505**	**1,167**	**0**	**5,113**	**(38)**	**(960)**	**0**	**57,787**
Total net cost	**87,821**	**2,520**	**9,908**	**(5.113)**	**(270)**	**(346)**	**(59)**	**94,461**

Accumulated depreciation and provisions	Balance at 01.01.2023	Translation differences	Modification of the consolidation scope (Note 7)	Additions	Charges/ (reversals)	Transfers	Disposals/ Derecognitions	Classification as held for sale (Note 18)	Write-downs	Balance at 31.12.2023
Buildings	699	(9)	8	0	49	0	(6)	(13)	0	728
Technical facilities in operation:										
Hydroelectric power	4,231	5	50	0	118	(1)	(48)	0	0	4,355
Thermal power plants	1,027	0	0	0	1	0	0	0	0	1,028
Combined cycle power	3,726	(73)	0	0	188	0	(40)	(1,543)	0	2,258
Nuclear power plants	6,542	0	0	0	214	0	(62)	0	0	6,694
Wind farms and other renewables	12,664	(192)	178	0	1,120	0	(43)	(68)	(11)	13,648
Photovoltaic power	156	(4)	0	0	82	0	0	0	0	234
Facilities for:										
Gas storage	58	(1)	0	0	4	0	0	0	0	61
Electricity transmission	2,721	(46)	0	0	220	4	(21)	0	0	2,878
Electricity distribution	13,985	(85)	29	0	954	26	(148)	(30)	0	14,731
Gas distribution	1,200	(47)	0	0	65	(1)	(10)	0	0	1,207
Meters and metering devices	1,260	(14)	1	0	139	0	(100)	0	(3)	1,283
Dispatching centres and other facilities	1,437	(15)	1	0	141	(17)	(2)	0	0	1,545
Other items in use	**1,553**	**(24)**	**1**	**0**	**174**	**(3)**	**(57)**	**(18)**	**0**	**1,626**
Total accumulated depreciation	**51,259**	**(505)**	**268**	**0**	**3,469**	**8**	**(537)**	**(1,672)**	**(14)**	**52,276**
Impairment allowance (Note 42)	226	(1)	0	0	13	(9)	0	0	0	229
Total accumulated depreciation and	**51,485**	**(506)**	**268**	**0**	**3,482**	**(1)**	**(537)**	**(1,672)**	**(14)**	**52,505**
Total net cost	**86,326**	**(1,096)**	**721**	**9,380**	**(3,482)**	**(382)**	**(224)**	**(3,383)**	**(39)**	**87,821**

The breakdown by geographic area and business of the main investments in property, plant and equipment made in 2024 and 2023, net of additions for the year under "Other provisions" (Note 28), "Capital grants" (Note 25) and "Facilities assigned and financed by third parties" (Note 26), is as follows (in millions of euros):

	31.12.2024	31.12.2023
Spain	1,532	1,856
United Kingdom	2,445	1,950
United States	3,520	2,708
Mexico	109	139
Brazil	24	98
IEI	1,193	1,839
Corporation and adjustments	70	46
Total	**8,893**	**8,636**

	31.12.2024	31.12.2023
Networks	4,518	3,556
Renewable Energy and Sustainable Generation	4,001	4,716
Customers	304	318
Other business, Corporation and adjustments	70	46
Total	**8,893**	**8,636**

Fully depreciated property, plant and equipment still in use at 31 December 2024 and 2023 amounted to EUR 2,639 million and EURO 3,029 million, respectively.

At 31 December 2024 and 2023, the IBERDROLA Group had commitments to acquire property, plant and equipment totalling EUR 10,538 million and EUR 8,002 million, respectively.

Further information on other litigated assets

The Administrative Chamber of the High Court of Justice of Extremadura ruled to partially uphold the appeal lodged 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 of the Provincial Compulsory Expropriation Board 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. On 16 February 2024, a notice of appeal in cassation was lodged, which is pending judgment as of the date of preparation of these financial statements. The cumulative investment to date is approximately EUR 234 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.

12. Right-of-use assets

Changes in 2024 and 2023 in right-of-use assets resulting from contracts in which the IBERDROLA Group is the lessor were as follows (in millions of euros):

	Balance at 01.01.2024	Translation differences	Additions and (charges)/reversals	Restatement/ modification of lease liabilities (Note 32)	Transfers	Derecognitions	Balance at 31.12.2024
Cost:							
Land	2,278	66	131	108	19	(29)	2,573
Buildings	531	10	46	9	0	(37)	559
Equipment	241	(3)	28	2	(22)	(4)	242
Fleet	138	4	12	5	1	(22)	138
Other	110	6	0	0	0	(16)	100
Total cost	**3,298**	**83**	**217**	**124**	**(2)**	**(108)**	**3,612**
Accumulated depreciation and provisions:							
Land	(367)	(10)	(103)	0	(3)	6	(477)
Buildings	(221)	(2)	(47)	0	0	37	(233)
Equipment	(68)	1	(20)	0	0	2	(85)
Fleet	(98)	(3)	(23)	0	0	22	(102)
Other	(54)	(3)	(4)	0	0	16	(45)
Total accumulated depreciation	**(808)**	**(17)**	**(197)**	**0**	**(3)**	**83**	**(942)**
Provisions for impairment	(2)	(1)	(37)	0	0	0	(40)
Total accumulated depreciation and provisions	**(810)**	**(18)**	**(234)**	**0**	**(3)**	**83**	**(982)**
Total net cost	**2,488**	**65**	**(17)**	**124**	**(5)**	**(25)**	**2,630**

	Balance at 01.01.2023	Translation differences	Modification of the consolidation scope (Note 7)	Additions and (charges)/ reversals	Restatement/ modification of lease liabilities (Note 32)	Derecognitions	Classification as held for sale (Note 18)	Balance at 31.12.2023
Cost:								
Land	2,081	(24)	43	210	14	(15)	(31)	2,278
Buildings	500	(3)	1	13	22	(2)	0	531
Equipment	200	(4)	0	35	11	(1)	0	241
Fleet	114	0	0	7	21	(3)	(1)	138
Other	114	(4)	0	0	0	0	0	110
Total cost	**3,009**	**(35)**	**44**	**265**	**68**	**(21)**	**(32)**	**3,298**
Accumulated depreciation and provisions:								
Land	(280)	3	(5)	(91)	0	2	4	(367)
Buildings	(180)	2	(1)	(44)	0	2	0	(221)
Equipment	(48)	1	0	(21)	0	0	0	(68)
Fleet	(78)	0	0	(23)	0	2	1	(98)
Other	(51)	2	0	(5)	0	0	0	(54)
Total accumulated depreciation	**(637)**	**8**	**(6)**	**(184)**	**0**	**6**	**5**	**(808)**
Provisions for impairment	(2)	0	0	0	0	0	0	(2)
Total accumulated depreciation and provisions	**(639)**	**8**	**(6)**	**(184)**	**0**	**6**	**5**	**(810)**
Total net cost	**2,370**	**(27)**	**38**	**81**	**68**	**(15)**	**(27)**	**2,488**

IBERDROLA Group is the holder of lease agreements enabling the assignment of use of the land used for the installation of wind farms, solar plants and other renewable facilities, as well as electricity distribution and transmission infrastructures. These are long-term agreements and/or include extension options which may adjust the lease term to the useful life of property, plant and equipment installed there. The payment of the rent includes fixed and variable amounts calculated based on parameters such as electricity generation or the sales of the facilities.

Moreover, the Group maintains long-term lease contracts with options to be extended on certain office buildings.

Many of the lease contracts for land and buildings are indexed to consumer price indices or similar indicators.

13. Concession agreements

A description of the electricity business concession agreements in Brazil is shown below (Note 3.b):

Distribution:

Company	Location	Concession date	Expiry date	No. of municipalities	Tariff cycle	Last review
Companhia de Eletricidade do Estado da Bahia, S.A.	State of Bahia	8/8/1997	8/8/2027	415	5 years	2023
Companhia Energética do Rio Grande do Norte, S.A.	State of Rio Grande do Norte	31/12/1997	31/12/2027	167	5 years	2023
Elektro Redes, S.A.	State of São Paulo	27/8/1998	27/8/2028	223	4 years	2023
Elektro Redes, S.A.	State of Mato Grosso do Sul	27/8/1998	27/8/2028	5	4 years	2023
Neoenergia Distribuição Brasilia S.A.	Federal District	26/8/1999	7/7/2045	1	5 years	2021
Companhia Energética de Pernambuco, S.A.	State of Pernambuco	30/3/2000	30/3/2030	184	4 years	2021
Companhia Energética de Pernambuco, S.A.	District of Fernando de Noronha	30/3/2000	30/3/2030	1	4 years	2021
Companhia Energética de Pernambuco, S.A.	State of Paraíba	30/3/2000	30/3/2030	1	4 years	2021

Transmission in operation

Company	Location	Concession date	Expiry date	Tariff cycle	Last review
Afluente Transmissão de Energia Elétrica, S.A.	State of Bahia	8/8/1997	8/8/2027	5 years	2020
S.E. Narandiba, S.A. (SE Narandiba)	State of Bahia	28/1/2009	28/1/2039	5 years	2019
S.E. Narandiba, S.A. (SE Extremoz)	State of Rio Grande do Norte	10/5/2012	10/5/2042	5 years	2022
S.E. Narandiba, S.A. (SE Brumado)	State of Bahia	27/8/2012	27/8/2042	5 years	2023
Potiguar Sul Transmissao de Energia, S.A.	States of Paraíba and Rio Grande do Norte	1/8/2013	1/8/2043	5 years	2019
Neoenergia Sobral Transmissão de Energia, S.A.	State of Ceará	31/7/2017	31/7/2047	5 years	2023
Neoenergia Atibaia Transmissão de Energia, S.A.	State of São Paulo	31/7/2017	31/7/2047	5 years	2023
Neoenergia Biguaçu Transmissão de Energia, S.A.	State of Santa Catarina	31/7/2017	31/7/2047	5 years	2023
Neoenergia Dourados Transmissão de Energia, S.A.	States of Mato Grosso do Sul and São Paulo	31/7/2017	31/7/2047	5 years	2023
Neoenergia Santa Luzia Transmissão de Energia, S.A.	States of Paraíba and Ceará	8/3/2018	8/3/2048	5 years	2023
Neoenergia Jalapão Transmissão de Energia, S.A.	States of Tocantins, Bahia and Piauí	8/3/2018	8/3/2048	5 years	2023
Neoenergia Itabapoana Transmissão de Energia, S.A.	State of Rio de Janeiro	22/3/2019	22/3/2049	5 years	2024
Neoenergia Rio Formoso Transmissão e Energia S.A.	State of Bahia	20/3/2020	20/3/2050	5 years	
EKTT 8 A Serviços de Transmissão de Energia Elétrica SPE S.A.	State of Minas Gerais	31/3/2022	31/3/2052	5 years	
Neoenergia Transmissora 11 SPE S.A.	State of Mato Grosso do Sul	30/9/2022	30/9/2052	5 years	

Transmission under construction

Company	Location	Concession date	Expiry date
Neoenergia Guanabara Transmissão de Energia, S.A.	State of Rio de Janeiro	22/3/2019	22/3/2049
Neoenergia Lagoa dos Patos Transmissão de Energia, S.A.	Rio Grande do Sul and Santa Catarina	22/3/2019	22/3/2049
Neoenergia Vale do Itajaí Transmissão de Energia, S.A.	Paraná and Santa Catarina	22/3/2019	22/3/2049
Morro do Chapéu A Serviços de Transmissão de Energia Elétrica SPE S.A.	State of Bahia	31/3/2021	31/3/2051
EKTT 9 A Serviços de Transmissão de Energia Elétrica SPE S.A.	States of Minas Gerais and São Paulo	30/9/2022	30/9/2052

The duration of the transmission and distribution concessions is 30 years, and they may be extended for up to a further 30 years upon request by the concession holder and at the discretion of the awarding authority, which is the *Agência Nacional de Energia Elétrica* (*ANEEL*). The concession holder may not transfer such assets or use them as collateral without the prior written consent of the regulatory body. For distribution concessions, at the end of the concession ownership automatically reverts to the concession grantor and the amount of compensation due to the concession holder is assessed and determined.

Income from previous concession agreements includes the provision of construction services (Note 38) and operation and maintenance services for facilities owned by the awarding authority. The provisions of said services constitute two separate execution obligations incorporating different margins.

Construction services have a length of 3 to 5 years, whereas the provision of operation and maintenance services for facilities starts on the date they are delivered. In general, the latter date determines when the agreed annual payments are collected as part of the concession agreements. Such annual payments are collected during the concession period (normally 30 years), so they have a significant financial component.

14. Impairment of non-financial assets

Methodology for designing impairment tests

At least yearly, the IBERDROLA Group analyses its assets for indications of impairment. 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 group of cash-generating units) that include goodwill or intangible assets in progress or with indefinite useful life, typically by applying the value in use method. Recovery of goodwill is analysed at country level (unit or group of cash-generating units) according to the Group's management structure.

The projections used in the impairment tests are based on the best forecast information held by the IBERDROLA Group and include the investment plans for each country prevailing at that time. These plans are designed on the basis of the IBERDROLA Group's strategy, taking into account the objectives of the Paris Agreement (Note 6), and are based on the electrification of the economy with renewable energy sources, to make further progress towards decarbonisation and climate neutrality and make the IBERDROLA Group carbon neutral ahead of the European Union's target date.

Recovery of goodwill is analysed at country level (considering all cash-generating units in each country) according to the Group's management structure, which mainly comprises:

- United Kingdom includes electricity and gas retail supply, electricity transmission and distribution licences in Scotland, Wales and England, and onshore and offshore renewable energy production.
- United States includes electricity and gas transmission and distribution licences in New York, Maine, Connecticut and Massachusetts and onshore and offshore renewable energy production.
- Brazil includes electricity retail supply, transmission and distribution licences in Bahia, Rio Grande do Norte, Pernambuco, São Paulo and Brasilia, and renewable energy production.
- Other countries such as Australia and France produce renewable energy both onshore and offshore.

Below is a description of the main assumptions, projection periods and rates used to calculate value in use, a method generally applied in the different impairment tests:

a) Assumptions used in the cash-generating units of the Customers segment:

- Number of customers: expectations of the evolution of the number of customers have been used in the markets where the company operates and its relative position therein.
- Unit margin for electricity and gas retail supply: existing sales and purchase contracts have been used, as well as expectations of unit margins based on knowledge of the markets where the company operates and its relative position therein.
- Investment: the projections are based on the best available information about the cost of the investments to be made in the coming years.

b) Assumptions used in the cash-generating units of the Networks segment:

- Regulated remuneration: approved remuneration has been used for years in which it is available, while in subsequent periods revision mechanisms of such remuneration set in different regulations have been used, and these have been applied in line with the estimated costs of the corresponding cash-generating units.
- Investment: the projections were based on investment plans consistent with the expected demand growth and undertakings in each concession, with the minimums set by each regulator and with the estimate of future remuneration used.

- Operation and maintenance costs: the best available estimation of the performance of the operation and maintenance cost was used, which is in line with the remuneration assumed to be received in each year.

c) Assumptions used in the cash-generating units of the Renewables and Sustainable Generation segment:

- Facilities' production: the operation hours of each plant were consistent with their historical output. In this respect, the long-term predictability of wind output was taken into account, which was also covered by regulatory mechanisms in practically all countries that enabled wind farms to produce whenever meteorological and network conditions allowed it.
- Electricity sales prices: the prices stipulated in the purchase and sales agreements signed have been used, where applicable. For unsold production, futures prices of the markets in which the IBERDROLA Group operates have been used. Existing support mechanisms have been taken into consideration in all cases.
- Investment: the projections were based on the best information available about the plants that are expected to be put into operation in the coming years, taking into account the fixed prices stated in the contracts to buy equipment from various suppliers, as well as the technical and financial capacity of the IBERDROLA Group to successfully fulfil the planned projects.
- *Operating and maintenance costs*: the prices set in land leases and maintenance agreements for the useful life of the facilities were used.

d) Forecast period and nominal growth rate:

The table below summarises the forecast period of future cash flows and the nominal growth rate (g) used to extrapolate these projections beyond the forecast period for the different groups of cash-generating units.

	2024		2023	
	No. of years	g	No. of years	g
United Kingdom				
Electricity and gas retail supply	10	2.0%	10	2.0%
Transmission and distribution of electricity	10	2.0 %	10	2.0 %
Onshore/offshore renewable energies	Useful life	0	Useful life	0
United States				
Transmission and distribution of electricity and gas	10	1.5 %	10	1.5 %
Onshore/offshore renewable energies	Useful life	0	Useful life	0
Brazil				
Generation and retail supply of electricity	Useful life / 10	- / 3.0%	Useful life / 10	- / 3.0%
Transmission and distribution of electricity	Life of concession	0	Life of concession	0
Renewable energies	Useful life	0	Useful life	0
Renewable energies in Australia	Useful life	0	Useful life	0
Renewable energies in France onshore/offshore	Useful life	0	Useful life	0

Although under IAS 36: “Impairment of Assets”, it is recommended to use projections not exceeding five years for impairment test purposes, IBERDROLA has decided to use the periods included in this table for the following reasons:

- The most appropriate method for production assets in the energy business is using their remaining useful lives. This is due to the fact that in the liberalised business there are long-term energy sale contracts in force and long-term estimated prices curves are frequently used in the operating activity of the IBERDROLA Group (contracts, hedges, etc.).
- Energy is a basic necessity. Therefore, the business of electricity and gas retail supply is influenced by long-term governmental policies and is based on stable relationships with customers, using in certain cases infrastructures such as smart meters with long recoverability periods.
- Electricity transmission and distribution concessions include longer regulatory periods and the method that the regulator will use to calculate the new tariff at the beginning of the new regulatory period is known.
- The IBERDROLA Group considers its projections to be reliable and that past experience demonstrates its ability to predict cash flows in periods such as those under consideration.

Moreover, the nominal growth rate considered in the electricity and gas transmission and distribution activities in Brazil, the United Kingdom and the United States is consistent with the market and inflation growth forecasts used by the IBERDROLA Group for these markets.

e) Discount rate

The methodology for calculating the discount rate used by IBERDROLA is to add the specific asset risks or risk premium of the asset or business to the temporary value of money or risk-free rate of each market.

The risk-free rate is effectively that of the 10-year Treasury bond in the market in question, which must have sufficient depth and solvency. For countries whose economies or currencies have insufficient depth and solvency, country risk and currency risk are estimated and the total of all these components is assimilated to the cost of funding without the risk spread of the asset.

The asset's risk premium corresponds to the specific risks of the asset, which is calculated taking into account the unlevered betas estimated on the basis of peer companies performing the same main activity.

The following pre-tax discount rates are used in the impairment tests for the different groups of cash-generating units:

	Rates – 2024	Rates – 2023
United Kingdom		
Electricity and gas retail supply	8.12 %	7.92 %
Transmission and distribution of electricity	5.92 %	5.62 %
Onshore/offshore renewable energies	6.74% / 7.57%	6.48% / 7.35%
United States		
Transmission and distribution of electricity and gas	5.94 %	5.46 %
Onshore/offshore renewable energies	6.67% / 7.60%	6.19% / 7.17%
Brazil		
Generation and retail supply of electricity	15.67 %	15.21 %
Transmission and distribution of electricity	13.74 %	13.64 %
Renewable energies	14.48 %	14.34 %
Renewable energies in Australia	6.86 %	6.42 %
Renewable energies in France onshore/offshore	6.13% / 6.71%	5.67% / 6.24 %

Impairment and write-offs recognised in 2024 and 2023

Note 42 shows the amounts recognised as write-downs and provisions/(reversals) of provisions for non-financial assets affecting the 2024 and 2023 consolidated Income statement.

In 2024, the assets of the US onshore renewable energy cash-generating unit underwent a valuation adjustment, along with other, less significant adjustments that largely relate to Iberdrola Energía Internacional.

Due to its particular significance, details of the valuation adjustment made to the US onshore renewable energy cash-generating unit are provided below:

The US onshore renewable energy cash-generating unit underwent a valuation adjustment of EUR 802 million after taxes and non-controlling interests. This figure accounts for Iberdrola's 81.5% stake in AVANGRID, effective from 1 October 2024, corresponding to EUR 1,323 million before taxes and non-controlling interests (EUR 1,313 million included under "Amortisation, depreciation and provisions" (Note 42) and EUR 10 million under "Results of equity-accounted investees" (Note 15.a)). The US goodwill is recovered through the contribution of the remaining cash-generating units (Offshore renewable energy and Electricity and gas transmission and distribution).

This valuation adjustment mainly results from a shift in AVANGRID's future business plans, aligning with the Group's strategy of prioritising Networks and being selective in Renewables. The change follows the removal of financial restrictions linked to the presence of external partners in its capital, due to Iberdrola's offer to acquire AVANGRID's non-controlling shareholders, which was approved at AVANGRID's General Shareholders' Meeting on 26 September 2024 and completed on 23 December 2024 (Note 7), together with uncertainty over future incentives for renewable development. The revised business plans for AVANGRID focus on enhancing networks and, for onshore renewables, involve repowering assets, slowing the commissioning of the pipeline for new assets, and acknowledging certain operational constraints (curtailments). For offshore developments, the focus includes the newly awarded New England Wind 1 project.

The recoverable amount of the US onshore renewable energy cash-generating unit is EUR 8,707 million, equating to its fair value minus selling costs. This value was determined by discounting expected after-tax cash flows over the next 20 years for a market participant and a terminal value of 11 times the normalised cash flow of the final year, discounted at an after-tax rate of 6.43%, estimated with a weighted average cost of capital (WACC) relevant to the business. The cash flows have been estimated based on assumptions reflecting Management's best estimate of future industry trends, using historical data from both internal and external sources:

- Production considerations include the historical operating hours of existing assets, adjusted for anticipated changes in operating restrictions as energy is integrated into various markets.
- The sale prices take into account signed contracts and future market prices estimated based on external sources, considering the different regions where the assets are located.
- Investment decisions align with the best available information regarding facilities expected to become operational in the coming years and the progress in developing the pipeline, including the repowering of a significant portion of existing assets.
- Operating and maintenance costs are based on the prices set in current land lease and maintenance contracts.
- Tax incentives are aligned with current legislation, which includes investment and production tax credits (ITCs and PTCs, respectively) and accelerated depreciation (MACRS), allowing for monetisation without potential constraints due to an individual investor's tax position.

After recognising the valuation adjustment, the recoverable amount equates to the carrying amount, meaning any adverse changes in key assumptions would lead to further valuation adjustments, while favourable changes would reduce any such correction.

The recoverable amount for this cash-generating unit surpasses its value in use because it is based on a fair value that incorporates certain assumptions—such as asset repowering and the monetisation of tax incentives, regardless of the company's tax position—that cannot be included in the value-in-use estimate. However, the discount rate is slightly higher due to risks associated with market participant assumptions.

Sensitivity analysis

The IBERDROLA Group has performed several sensitivity analyses of the impairment test results carried out in a systematic way including reasonable changes in a series of basic assumptions defined for each cash-generating unit (or groups of cash generating units) that have goodwill assigned to them:

- Electricity and gas retail supply in the United Kingdom and Brazil:
  - Decrease of 10% in the unit margin.
  - No increase in the electricity and gas customer base.
  - Increase of 10% in investment costs.
- Electricity transmission and distribution in the United Kingdom, the United States and Brazil:
  - Decrease of 10% in rate of return on which regulated remuneration is based.
  - Increase of 10% in operating and maintenance costs.
  - Decrease of 10% in investment (resulting in a subsequent decrease in remuneration).
- Renewable energies in the United Kingdom, the United States, Brazil, Australia and France:
  - Decrease of 5% in produced energy.
  - Decrease of 10% in total price per kWh, solely applicable to production for which there are no long-term sales agreements.
  - Increase of 10% in operating and maintenance costs.
  - Increase of 10% in investment costs.

The IBERDROLA Group has also conducted an additional sensitivity analysis, in which it raised the applicable discount rate in the United Kingdom, the United States, Australia and France by 50 basis points and in Brazil by 100 basis points.

The sensitivity analyses on the individual basic assumptions did not identify any significant impairment, except for the US onshore renewable energy cash-generating unit. This unit recorded a valuation adjustment in 2024, and any change would lead to further valuation adjustments.

15. Financial assets

15.a) Equity-accounted investees

Changes in 2024 and 2023 in the carrying amount of equity-accounted investments in associates and joint ventures of the IBERDROLA Group (Appendix I) are as follows (in millions of euros):

	Associates			Joint ventures					
	ENW	NORTE ENERGIA	Other associates	EAPSA	Flat Rock Subgroup	Vineyard Wind 1	Neoenergia Trasmissora	Other joint ventures	Total
Balance at 01.01.2023	**0**	**142**	**245**	**131**	**120**	**2**	**0**	**359**	**999**
Investment/ Additions	0	0	18	0	0	265	0	45	328
Change in the consolidation method (Note 7)	0	0	(66)	(139)	0	0	204	0	(1)
Profit for the year from continuing activities	0	(16)	8	5	(2)	(8)	5	11	3
Impairment loss	0	16	0	0	0	0	0	0	16
Other comprehensive income	0	0	(4)	0	0	4	0	0	0
Dividends	0	0	(15)	0	(10)	0	(8)	(48)	(81)
Translation differences	0	7	(4)	3	(4)	(5)	10	(8)	(1)
Other	0	0	0	0	0	0	0	43	43
Balance at 31.12.2023	**0**	**149**	**182**	**0**	**104**	**258**	**211**	**402**	**1,306**
Investment/ Additions	2,619	0	12	0	0	397	0	95	3,123
Profit for the year from continuing activities	48	(29)	9	0	4	(9)	20	(6)	37
Impairment loss	0	29	(26)	0	(10)	0	0	(67)	(74)
Other comprehensive income	0	0	0	0	0	3	0	(2)	1
Dividends	0	0	(13)	0	(12)	0	(14)	(35)	(74)
Translation differences	52	(25)	8	0	6	27	(32)	7	43
Disposals / Derecognitions (Note 7)	0	0	(7)	0	0	0	(37)	(8)	(52)
Other	7	0	(4)	0	0	2	0	0	5
Balance at 31.12.2024	**2,726**	**124**	**161**	**0**	**92**	**678**	**148**	**386**	**4,315**

The IBERDROLA GROUP holds its stakes in Energética Águas da Pedra, S.A. (EAPSA), Norte Energia, S.A. (NORTE ENERGÍA) and Neoenergia Transmissora through NEOENERGIA (Note 7).

Electricity North West Limited (ENW)

On 2 August 2024, IBERDROLA entered into certain agreements with all the shareholders of North West Electricity Networks (Jersey) Limited (ENW Holding)—a company that indirectly holds 100% of the share capital of Electricity North West Limited (ENW), a British electricity distribution company operating in the United Kingdom—for the acquisition of an 88% stake in the share capital of ENW Holding and, indirectly, of ENW (Note 7).

The transaction was completed on 22 October 2024, following approval by the UK Government under the National Security and Investment Act. The transaction is subject to review by the Competition and Markets Authority (CMA). As the transaction was completed prior to CMA approval, the CMA imposed an Initial Enforcement Order (IEO) preventing any integration prior to regulatory clearance being secured.

The transaction was structured through the purchase of shares representing 85.6% of ENW Holding’s share capital and a cash capital increase at ENW Holding, whereby the IBERDROLA Group acquired an additional 2.4% stake in the company. KDM Power Limited, a consortium led by the Japanese company Kansai Electric Power Co, retained a 12% stake in ENW Holding’s share capital.

Judgement has been applied in determining whether the IBERDROLA Group controls or has significant influence over ENW Holding. The directors have concluded that the IBERDROLA Group does not control ENW Holding despite its 88% equity ownership, as the IBERDROLA Group does not consider that it has the current ability to steer ENW Holding’s relevant activities, such as appointing key management, setting budgets or building, maintaining and funding the network, for as long as the IEO issued by the CMA remains in place.

The IBERDROLA Group has successfully obtained derogations from the CMA to appoint new, non-executive directors independent from, but appointed by, the IBERDROLA Group to the board of ENW Holding to ensure that the business continues to be run effectively and on a stable basis. The IBERDROLA Group does not control the board of ENW Holding and the IBERDROLA Group is unable to appoint or remove directors during the IEO period without consent from the CMA. In addition, the IBERDROLA Group has successfully obtained a derogation whereby certain non-standard actions will require the prior consent of certain named individuals from within the IBERDROLA Group. Such non-standard actions include certain deviations from the existing business plan, amendments to contracts of key employees or employment of new staff remunerated over certain levels, acquisition or disposal of assets over certain thresholds, entering into or changing agreements involving expenditure exceeding a set amount, or amending or arranging borrowings outside of the IBERDROLA Group’s existing cash management policies. The IBERDROLA Group has assessed the nature of this derogation to be protective as opposed to substantive.

As outlined above, the derogations obtained from the CMA evidence the IBERDROLA Group's ability to participate, to the extent described above, in the financial and operating policy decisions of ENW Holding. Therefore, for as long as the IEO remains in place, the Group has concluded that, from an accounting perspective, while it does not have control over ENW Holding, it does have significant influence over the company, meaning that it represents an associate that is subject to equity accounting.

Below is the condensed financial information from ENW's consolidated statement of financial position as of 31 December 2024, along with the reconciliation of ENW's net assets with the interest amount recognised by the IBERDROLA Group using the equity method (expressed in millions of euros):

	2024
Current assets	466
Non-current assets	5,154
Total assets	**5,620**
Current liabilities	371
Non-current liabilities	3,973
Total liabilities	**4,344**
Total net assets	**1,276**
88% share in total net assets	1,123
Goodwill and other valuation adjustments of assets and liabilities	1,602
Carrying amount of the interest in ENW	**2,725**

Fair value measurements have been determined on a provisional basis due to the IEO restrictions that remain in place. The company estimates that the premium associated with the difference between the acquisition cost of ENW and its book value will mainly correspond to intangible assets. These include goodwill and the value of the licence, which has an indefinite life and is not subject to amortisation.

The condensed financial information taken from ENW's consolidated income statement for the period running from the acquisition date to 31 December 2024 is also provided below. This includes the reconciliation of the profit recorded by the IBERDROLA Group under the heading "Results of equity-accounted investees" since acquiring ENW (in millions of euros):

	2024
Income from ordinary activities	169
Profit for the year from continuing operations	54
Total comprehensive income	**61**
Result of ENW under the equity method	48
88% share of other changes in equity	6
88% share of total comprehensive income	**54**

Vineyard Wind 1

The IBERDROLA Group, through the company Vineyard Wind 1 is continuing to develop a large-scale offshore wind farm off the coast of Massachusetts, in the United States. The IBERDROLA Group has committed to contributing future capital to finance project costs, with contributions of EUR 397 million in 2024 and EUR 265 million in 2023.

On 24 October 2023, Vineyard Wind 1 closed a Tax Equity Financing agreement, under which Vineyard Wind 1 is expected to receive approximately USD 1,200 million from tax equity investors (Note 6.d). Disbursements are made monthly up to 20% of the total amount depending on the number of turbines that reach, or are about to reach, final installation, until the entire project reaches the date of commercial operation, whereupon the remaining 80% will be received. In 2024 and 2023, Vineyard Wind 1 received USD 22 million and USD 85 million, respectively. The remainder is expected to be received in 2025. Coupled with the disbursements received since the closing of the deal, guarantees have been issued on our percentage share of investors' contributions. As of 31 December 2024 and 2023, the total amount of guarantees stood at USD 54 million and USD 43 million, respectively.

Other transactions

In 2023, BP and IBERDROLA created a joint venture to deploy a network of fast and ultra-fast charging stations in Spain and Portugal. IBERDROLA's contribution to the joint venture from this line of business amounted to approximately EUR 51 million.

Details of other condensed financial information

The condensed financial information at 31 December 2024 and 2023 (at 100% and before intercompany eliminations) for the main subgroups accounted for using the equity method is as follows (in millions of euros):

	NORTE ENERGIA		Neoenergia Trasmissora		Flat Rock Subgroup		Vineyard Wind LLC	
	2024	2023	2024	2023	2024	2023	2024	2023
Segment	Renewables and Sustainable Generation-Brazil				Renewables and Sustainable Generation – United States			
Percentage ownership	5.35%		26.75 %		50.00 %	40.75 %	50.00 %	40.75 %
Current assets	361	511	108	367	12	12	487	183
Non-current assets	6,078	7,551	1,062	1,309	202	203	6,547	2,531
Total assets	**6,439**	**8,062**	**1,170**	**1,676**	**214**	**215**	**7,034**	**2,714**
Current liabilities	393	430	33	194	8	7	2,435	2,197
Non-current liabilities	4,488	5,525	514	594	40	35	387	17
Total liabilities	**4,881**	**5,955**	**547**	**788**	**48**	**42**	**2,822**	**2,214**
Income from ordinary activities	1,118	1,017	100	187	(18)	(13)	5	0
Depreciation and amortisation	(304)	(318)	0	(1)	(16)	(16)	(1)	(1)
Interest income	28	51	52	34	0	(1)	138	(119)
Interest expenses	(435)	(475)	(32)	(70)	(2)	2	(144)	125
Tax (expense)/income	18	28	(17)	(15)	0	0	0	0
Profit for the year from continuing operations	(206)	(157)	91	(8)	6	(1)	(18)	(17)
Total comprehensive income	**(206)**	**(157)**	**91**	**(8)**	**6**	**(1)**	**(18)**	**(17)**
Other information								
Cash and cash equivalents	190	146	15	58	9	11	84	132
Current financial liabilities (*)	164	159	17	17	0	0	7	8
Non-current financial liabilities (*)	4,207	5,234	323	363	18	17	38	17

(*) Excluding trade and other payables.

15.b) Other financial assets

The breakdown of the “Other non-current financial assets” and “Other current financial assets” headings of the IBERDROLA Group’s consolidated statement of financial position is as follows (in millions of euros):

	31.12.2024	31.12.2023
Non-current (Note 4)		
Collection rights in Brazil (Notes 3.b and 13)	5,225	5,260
Account receivable from regulated activities in the United States	1,199	880
Non-current deposits and guarantees	365	360
Non-current financial deposits (Note 22)	111	128
Other non-current investments	52	41
Assets for pension plans (Note 27)	258	298
Other investments in equity-accounted investees	17	2
Other	272	239
Total	**7,499**	**7,208**
Current (Note 4)		
Current financial assets (between 3 and 12 months) (Note 22)	15	14
Concessional guarantee of tariff sufficiency in Brazil (Note 13)	0	61
Account receivable for financing the imbalance in revenues	6	10
Account receivable from regulated activities in the United States	572	414
Other investments in equity-accounted investees	57	94
CSA derivatives security deposits (Note 22)	95	101
Other current deposits and guarantees (*)	362	810
Other	177	194
Bad debt provisions	(19)	(19)
Total	**1,265**	**1,679**

(*) This item includes the collateral required for the operation of the business in the markets (see Note 33).

<u>Collection rights in Brazil</u>

The “Collection rights in Brazil” heading relates to receivables by the Brazilian companies upon termination of their service concession arrangements. Law 12.783/13 provides that such indemnification must be determined by the replacement value (*Valor Novo de Reposiçao*, VNR) of the concession assets which have not been amortised by the end of the concession period, using the residual value of the Regulatory Asset Base (*Base de Remuneração Regulatória*, BRR) at the end of the concession agreement.

The methodology established by the regulator enables reasonable estimates to be made of the amounts to be collected at the end of the concession, to the extent that the granting government protects the value of the Regulatory Asset Base once each ordinary tariff review has been passed. These ordinary reviews are conducted every four or five years, depending on the concession. This means that after the regulator has conducted a tariff review, the value of the Regulatory Asset Base prior to that date is modified by the Brazilian Large Consumers Prices General Index (*Índice Nacional de Preços ao Consumidor Amplo* (IPCA). The next tariff review will determine the value of the Regulatory Asset Base only with regard to additions in the interval between two tariff reviews.

To estimate the amount of the financial asset, observable values are used. Specifically, the net replacement value, as calculated by the energy regulator in the course of the latest tariff review. The amount is updated in the intervals between tariff reviews by additions to the underlying fixed assets or, as the case may be, any changes in the method of calculation of the net realizable value and the IPCA.

Non-current deposits and guarantees

“Non-current deposits and guarantees” essentially corresponds to the portion of guarantees and deposits received from customers at the time their contracts are arranged as security of electricity supply (recorded under the “Non-current financial liabilities — Other non-current financial liabilities” heading of the consolidated statement of financial position — Note 33) and have been filed with the competent public authorities in accordance with the current legislation in Spain.

Account receivable for financing the system imbalance

Law 24/2013, on the electricity sector, states that if an imbalance occurs due to revenue shortfalls in the settlement of the electricity sector, the amount may not exceed 2% of the estimated revenue of the system for that year. Further, the accumulated debt due to imbalances from previous years may not exceed 5% of the estimated revenue of the system. If these limits are exceeded, access tariffs will be reviewed at least in an amount equivalent to the total excess beyond those limits. This law also states that the part of the imbalance due to revenue shortfalls which, without exceeding these limits, is not compensated by increasing tariffs and charges, will be temporarily financed by the subjects of the settlement system in proportion to the remuneration pertaining to them for the activities they perform.

The final settlement of the Spanish electricity system for 2023, as estimated in that year, presented a shortfall which was offset by unused surpluses from previous years. In 2024, the IBERDROLA Group estimated that the final settlement of the Spanish electricity system would again present a shortfall, which would also be offset by unused surpluses from previous years. The deficit financed by the IBERDROLA Group at 31 December 2024 and 2023 amounts to EUR 6 million and EUR 10 million, respectively.

At 31 December 2024, a total of EUR 162 million was subject to a factoring agreement involving the non-recourse assignment of receivables. As a result, this amount was derecognised from the consolidated statement of financial position at 31 December 2024.

The deficit financed by the IBERDROLA Group at 31 December 2023 was collected in 2024.

Account receivable from regulated activities in the United States

Includes the accounts receivable of the regulated business in the United States explicitly recognised by the regulatory body.

16. Trade and other receivables

Details of the “Non-current trade and other receivables” and “Current trade and other receivables” headings of the consolidated statement of financial position are as follows (in millions of euros):

	31.12.2024	31.12.2023
Non-current		
Receivables from equity-accounted investees	1	1
PIS/COFINS Brazil (Notes 33 and 36)	355	367
Adjustments for market price deviations (Vadjm) (Notes 3.t and 34)	233	71
Other receivables	542	564
Contract assets:		
Concessions in Brazil (Notes 3.u and 13)	2,736	2,332
Other	9	8
Total	**3,876**	**3,343**

	31.12.2024	31.12.2023
Current		
Customers (Note 5)	9,039	8,909
Other receivables	1,145	993
Receivables from equity-accounted investees	12	16
Contract assets:		
Construction contracts	37	36
Concessions in Brazil (Notes 3.u and 13)	142	129
Impairment	(1,213)	(1,177)
Total	**9,162**	**8,906**

Concessions under IFRS 15

Activity in contract assets in relation to concessions in Brazil under the scope of IFRS 15 is as follows (in millions of euros):

	2024	2023
Opening balance	**2,461**	**2,975**
Modification of the consolidation scope (Note 7)	0	(927)
Additions	1,906	1,497
Amounts allocated to income	14	11
Transfers	(912)	(898)
Proceeds	(63)	(82)
Translation differences	(521)	108
Classification as held for sale (Note 18)	0	(216)
Other	(7)	(7)
Closing balance	**2,878**	**2,461**

PIS/COFINS Brazil

In September 2019, the Brazilian federal government issued a favourable decision for NEOENERGIA COSERN and NEOENERGIA COELBA regarding the recognition of the credit right related to unduly paid amounts for including the Imposto sobre Operações relativas à Circulação de Mercadorias e Prestação de Serviços de Transporte Interestadual e Intermunicipal e de Comunicação (ICMS) tax in the calculation base for Programas de Integração Social (PIS) and the Contribuição para Financiamento da Seguridade Social (COFINS). A decision upholding NEOENERGIA PERNAMBUCO's claim was handed down in December 2020.

As a result, the IBERDROLA Group recognises receivables due to the exclusion of the ICMS from the tax base credited to payables under "Other non-current financial liabilities" of the consolidated statement of financial position (Note 33), on the understanding that the tax credit would be passed on to end customers in accordance with the legal and regulatory rules in the Brazilian electricity sector, although it would not be paid in the short term. The current balance of the account receivable was recognised under "Current trade and other receivables — Other public administration receivables" in the consolidated statement of financial position (Note 36).

Impairment

Changes in valuation adjustments relating to credit losses expected from previous balances are as follows (in millions of euros):

	2024	2023
Opening balance	**1,177**	**1,300**
Charges net of reversals	471	618
Applications	(384)	(751)
Translation differences	(51)	10
Closing balance	**1,213**	**1,177**

Most of this provision relates to gas and electricity consumers.

17. Measurement and netting of financial instruments

With the exception of derivative financial instruments, most of the financial assets and liabilities recognised in the consolidated statements of financial position correspond to the financial instruments classified at amortised cost.

The fair value of “Bank borrowings, bonds and other marketable securities” under current and non-current liabilities in IBERDROLA Group’s consolidated statement of financial position at 31 December 2024 and 2023 amounted to EUR 53,570 million and EUR 48,016 million, with the carrying amount being EUR 54,390 million and EUR 48,278 million, respectively. This valuation belongs to 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 measures equity instruments and derivative financial instruments at fair value, provided they can be measured reliably, classifying them into three levels:

- Level 1: assets and liabilities listed in liquid markets.
- Level 2: assets and liabilities whose fair value has been determined by employing valuation techniques that use assumptions observable in the market.
- Level 3: assets and liabilities whose fair value has been determined by employing valuation techniques that do not use assumptions observable in the market.

The levels of derivative financial instruments recognised at their fair value are as follows, expressed in millions of euros:

	31.12.2024	Level 1	Level 2	Level 3
Derivative financial instruments (financial assets)	2,180	21	1,576	583
Derivative financial instruments (financial liabilities)	(1,991)	(2)	(1,256)	(733)
TOTAL (Note 30)	**189**	**19**	**320**	**(150)**

	31.12.2023	Level 1	Level 2	Level 3
Derivative financial instruments (financial assets)	1,975	3	1,520	452
Derivative financial instruments (financial liabilities)	(2,637)	(1)	(2,035)	(601)
TOTAL (Note 30)	**(662)**	**2**	**(515)**	**(149)**

Below is the reconciliation of the opening and closing balances for derivative financial instruments classified as Level 3 in the fair value hierarchy, expressed in millions of euros.

	Derivative financial instruments	
	2024	2023
Opening balance	**(150)**	**324**
Income and expense recognised in the consolidated income statement	(5)	(25)
Income and expense recognised in equity	(90)	206
Purchases	94	36
Sales and settlements	8	(43)
Translation differences	(7)	7
Transfers and other	0	(654)
Closing balance	**(150)**	**(149)**

The transfer in 2023 to Level 2 of commodity derivative financial instruments that were classified as Level 3 at 31 December 2022 is due to the fact that the measurement of these instruments at 31 December 2023 was based entirely on market-observable assumptions.

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.

In addition, the IBERDROLA Group's financial assets and liabilities are offset and presented net on the consolidated statement of financial position when a legally enforceable right exists to offset the amounts recognised and the Group intends to settle the assets and liabilities net or simultaneously. The breakdown of netted financial assets and liabilities at 31 December 2024 and 2023 is as follows (in millions of euros):

	31.12.2024					
				Amounts not netted under netting agreements		
	Gross amount	Amount netted (Note 30)	Net amount	Financial instruments	Financial guarantees	Net amount
Asset derivatives						
Current						
Commodities	383	(132)	251	(4)	(88)	159
Other	4	(2)	2	0	0	2
Non-current						
Commodities	172	(18)	154	(25)	(2)	127
Other	24	(1)	23	0	(10)	13
Total	**583**	**(153)**	**430**	**(29)**	**(100)**	**301**
Other financial assets:						
Receivables	171	(109)	62	(4)	0	58
Liabilities derivatives:						
Current						
Commodities	196	(133)	63	(4)	0	59
Other	59	(2)	57	0	(35)	22
Non-current						
Commodities	283	(18)	265	(25)	(1)	239
Other	296	(1)	295	0	(239)	56
Total	**834**	**(154)**	**680**	**(29)**	**(275)**	**376**
Other financial liabilities:						
Payables	191	(109)	82	(4)	0	78

31.12.2023						
				Amounts not netted under netting agreements		
	Gross amount	Amount netted (Note 30)	Net amount	Financial instruments	Financial guarantees	Net amount
Asset derivatives:						
Current						
Commodities	692	(426)	266	(5)	0	261
Other	3	(2)	1	0	0	1
Non-current						
Commodities	172	(18)	154	(11)	0	143
Other	29	0	29	0	(18)	11
Total	**896**	**(446)**	**450**	**(16)**	**(18)**	**416**
Other financial assets:						
Receivables	278	(204)	74	(7)	0	67
Liabilities derivatives:						
Current						
Commodities	855	(451)	404	(5)	(216)	183
Other	44	(2)	42	0	(28)	14
Non-current						
Commodities	229	(24)	205	(11)	(20)	174
Other	261	0	261	0	(253)	8
Total	**1,389**	**(477)**	**912**	**(16)**	**(517)**	**379**
Other financial liabilities:						
Payables	370	(204)	166	(7)	0	159

18. Assets and liabilities held for sale

At 31 December 2024 and 2023, certain transactions met the requirements set out in IFRS 5 — Non-current assets held for sale and discontinued operations for classification as such in the consolidated statement of financial position. The assets and liabilities in the consolidated statement of financial position are reclassified to a separate line item after eliminating intercompany balances.

In 2024, the IBERDROLA Group’s stake in Geraçao Ceu Azul S.A., which owns 70% of the 350.2 MW Baixo Iguaçu plant (Note 51), was reclassified to “Assets held for sale” and “Liabilities held for sale”.

The valuation adjustment relating to the classification resulted in a charge of EUR 51 million under “Other operating income” in the consolidated income statement.

The breakdown as of 31 December 2024, expressed in millions of euros, is as follows:

Intangible assets	10
Property, plant and equipment	261
Non-current investments	4
Non-current assets	**275**
Current trade and other receivables	4
Cash and cash equivalents	13
Current assets	**17**
Total gross assets	**292**
Impairment loss	(46)
Total net assets	**246**
Non-current provisions	11
Non-current financial liabilities	63
Total non-current liabilities	**74**
Current financial liabilities	9
Other current liabilities	1
Total current liabilities	**10**
Total liabilities	**84**

Additionally, as at 31 December 2024, an amount of EUR 4 million that was previously recognised under “Property, plant and equipment” has been reclassified as “Assets held for sale”.

In 2023 the IBERDROLA Group’s stake in Neoenergia Itabapoana Transmissão de Energía, 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 as at 31 December 2024 stands at EUR 154 million for assets and EUR 113 million for liabilities. The sale is expected to take place in 2025.

Furthermore, as of 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, related to the sale of 13 generation plants in Mexico, which took place in 2024 (Note 7).

19. Nuclear fuel

Changes in the “Nuclear fuel” heading of the consolidated statement of financial position in 2024 and 2023, as well as the details thereof at 31 December 2024 and 2023, are as follows (in millions of euros):

	Fuel put in reactor core	Nuclear fuel in progress	Total
Balance at 01.01.2023	**189**	**70**	**259**
Acquisitions	0	119	119
Transfers	124	(124)	0
Fuel consumed (Note 3.g)	(100)	0	(100)
Balance at 31.12.2023	**213**	**65**	**278**
Acquisitions	0	141	141
Transfers	94	(94)	0
Fuel consumed (Note 3.g)	(101)	0	(101)
Balance at 31.12.2024	**206**	**112**	**318**

The IBERDROLA Group’s nuclear fuel purchase commitments at 31 December 2024 and 2023 amounted to EUR 626 and 597 million, respectively.

20. Inventories

The “Inventories” heading (Note 3.h) of the consolidated statement of financial position at 31 December 2024 and 2023 breaks down as follows (in millions of euros):

	31.12.2024	31.12.2023
Energy resources	182	215
Emission allowances and renewable certificates	701	755
Real estate inventories	1,065	1,078
Land and plots	984	999
Developments in construction	54	58
Developments completed	27	21
Other inventories	1,284	756
Real estate inventories impairment allowance	(245)	(254)
Total	**2,987**	**2,550**

As of 31 December 2023, the “Other inventories” category mainly included the transmission line constructed by East Anglia Three Limited (EA3) valued at EUR 652 million, which is set to be sold to an OFTO (Offshore Transmission Owners). By 31 December 2024, this category includes the transmission line built by East Anglia Hub, valued at EUR 1,181 million.

Changes in impairment allowances in 2024 and 2023 are as follows (in millions of euros):

	2024	2023
Opening balance	**254**	**165**
Charges	1	99
Reversals	(1)	(8)
Applications and others	(9)	(2)
Closing balance	**245**	**254**

The 2024 and 2023 consolidated income statement includes EUR 42 and 9 million, respectively, in sales of real estate inventories.

Sensitivity analysis

The Company has commissioned the independent expert to conduct sensitivity analyses on land and plots with no building permit valued at more than EUR 1 million. The key variable considered is the developer profit required for each project, with all other variables remaining constant.

The following tables show the impacts on realisable value found by these sensitivity analyses in response to 10% and 15% increases and decreases in the developer profit required for each for 2024 and 2023 (in millions of euros):

2024					
	Baseline scenario	Developer profit			
		10%	-10 %	+15%	-15 %
Change in the market value of land and plots	739	(63)	64	(90)	95
Impact on accumulated impairment (before tax)		(32)	20	(50)	27

2023					
	Baseline scenario	Developer profit			
		10%	-10 %	+15%	-15 %
Change in the market value of land and plots	770	(57)	57	(86)	90
Impact on accumulated impairment (before tax)		(30)	19	(47)	27

The Company has commissioned the independent expert to conduct a sensitivity analysis for land with planning permission pending in the planning management periods where such permission is required.

The following table shows the analysis of the sensitivity of the value of land and plots to increases and reductions of 20% and 40% in the pre-construction periods, for 2024 and 2023 (in millions of euros):

2024					
	Baseline scenario	Pre-construction period			
		+20%	-20 %	+40%	-40 %
Change in market value	438	(5)	4	(9)	9
Impact on accumulated impairment (before tax)		(3)	3	(5)	5

2023					
	Baseline scenario	Pre-construction period			
		+20%	-20 %	+40%	-40 %
Change in market value	432	(5)	4	(8)	9
Impact on accumulated impairment (before tax)		(3)	2	(4)	5

21. Cash and cash equivalents

The breakdown of this heading in the consolidated statement of financial position is as follows (in millions of euros):

	31.12.2024	31.12.2023
Cash	1,976	922
Other equivalent liquid assets	2,106	2,097
TOTAL (Note 4)	**4,082**	**3,019**

Other cash equivalents mature or expire within a period of three months and bear market interest rates. There are no significant restrictions on the availability of cash.

22. Equity

Subscribed capital

Changes in 2024 and 2023 in the different items of share capital of IBERDROLA are as follows:

	Date of filing at the Commercial Registry	% Capital	Number of shares	Face 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
Reduction in share capital	3 July 2024	2.854 %	(183,299,000)	0.75	(137,474,250)
Scrip issue	26 July 2024	1.991 %	124,251,000	0.75	93,188,250
Balance at 31.12.2024			**6,364,251,000**	**0.75**	**4,773,188,250**

The scrip issues carried out in 2024 and 2023 correspond to the different runs of the *Iberdrola Retribución Flexible* optional dividend system approved by the shareholders at the General Shareholders' Meeting.

Additionally, on 3 July 2023 and 1 July 2024, it was resolved to reduce capital through the redemption of treasury shares. These resolutions were approved by the shareholders at their General Meetings held on 28 April 2023 and 17 May 2024, respectively.

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*).

IBERDROLA shares are listed on the four Spanish stock exchanges and traded on the Continuous Market. The company also has an American Depositary Receipt (ADR) programme whose depositary is Bank of New York Mellon and the subsidiary Avangrid is listed on the New York Stock Exchange (NYSE). The subsidiary NEOENERGIA is listed on the Brazilian stock exchange. IBERDROLA is also on more than 65 international stock exchanges, such as the Dow Jones EuroStoxx 50, which is made up of the 50 most significant equities in the eurozone, or the Dow Jones Sustainability Index, which features companies with the best sustainability profile.

Powers delegated by the General Shareholders' Meeting

At the General Shareholders' Meeting held on 2 April 2020, the shareholders resolved under items twenty-two and twenty-three on the agenda to delegate powers to the Board of Directors, with express authority to sub-delegate, for a period of five years, to:

- increase share capital in the terms and to the limits stipulated in Article 297.1 b) of the Spanish Companies Act (*Ley de Sociedades de Capital*), with authorisation to exclude preferential subscription rights, and
- issue debentures and bonds exchangeable for shares in the Company or in any other company and/or convertible into shares of the Company, as well as warrants (options to subscribe for new shares in the Company or to acquire existing shares in the Company or in any other company), subject to a maximum limit of EUR 5,000 million. This authorisation includes further powers to: (i) set the terms and conditions and forms of the conversion, exchange or exercise; (ii) increase capital to the extent necessary to meet the conversion requests; and (iii) exclude limited pre-emptive rights in relation to the issues.

Both authorisations have an aggregate limit equal to a maximum nominal amount of 20% of the share capital.

Major shareholders

Since IBERDROLA's shares are represented by the book-entry system, the exact stakes held by its shareholders are not known. The table below summarises major direct and indirect shareholdings in the share capital of IBERDROLA at 31 December 2024 and 2023, as well as the holdings of financial instruments disclosed by the owners of these stakes in compliance with Royal Decree 1362/2007 of 19 October. This information is based on filings by the owners of the shares in the official registers of the Spanish National Securities Market Commission or on the company's financial statements or press releases, and it is presented in the 2024 IBERDROLA Group's Annual Corporate Governance Report.

In accordance with Section 23.1 of Royal Decree 1362/2007 of 19 October, enacting the Securities Market Act 24/1988 of 28 July, in relation to transparency requirements regarding information on issuers whose securities are admitted to trading on an official secondary market or other regulated market in the European Union, a shareholder who holds at least 3% of the voting rights is considered to hold a significant holding.

The direct or indirect holders of voting rights exceeding 3% of share capital as at 31 December 2024 and 2023 are as follows:

Holder	% of voting rights 2024				
	% of voting rights attributable to shares			% of voting rights through financial instruments	% of total voting rights
	% Direct	% Indirect	% Total		
Qatar Investment Authority	0	8.69	8.69	0.00	8.69
Blackrock, Inc.	0	6.49	6.49	0.13	6.62

Holder	% of voting rights 2023				
	% of voting rights attributable to shares			% of voting rights through financial instruments	% of total voting rights
	% Direct	% Indirect	% Total		
Qatar Investment Authority	0	8.71	8.71	0	8.71
Norges Bank	3.45	0	3.45	0	3.45
Blackrock, Inc.	0	5.16	5.16	0.14	5.3

Capital structure

IBERDROLA is committed to maintaining a policy of financial prudence, ensuring a financial structure that optimises the cost of capital.

Leverage ratios at 31 December 2024 and 2023 were as follows (in millions of euros):

	31.12.2024	31.12.2023
Parent	47,125	43,111
Non-controlling interests	13,926	17,181
Equity	**61,051**	**60,292**
Derivatives of treasury stock with physical settlement that at this date are not expected to be executed.	995	82
Adjusted equity	**62,046**	**60,374**
Bank borrowings, bonds and other marketable securities (Note 29)	54,390	48,278
CSA derivatives security deposits (Note 33)	100	76
Derivative financial liabilities	707	1,034
Leases	2,799	2,592
Gross financial debt (A)	**57,996**	**51,980**
Non-current financial deposits (Note 15.b)	111	128
Derivative financial assets	1,026	804
CSA derivatives security deposits (Note 15.b)	95	101
Short-term financial investments (between 3 and 12 months) (Note 15.b)	15	14
Cash and cash equivalents (Note 21)	4,082	3,019
Total cash assets (B)	**5,329**	**4,066**
Net financial debt (A-B)	**52,667**	**47,914**
Derivatives of treasury stock with physical settlement that at this date are not expected to be executed (C)	995	82
Adjusted net financial debt (A-B-C)	**51,672**	**47,832**
Adjusted net leverage	**45.44 %**	**44.20 %**

Derivatives of treasury stock with physical settlement not executed to date and those that at this date are not expected to be executed (in millions of euros):

	31.12.2024	31.12.2023
Accumulators (potential shares)	995	82
Derivatives of treasury stock with physical settlement that at this date are not expected to be executed	**995**	**82**

The derivative financial instruments shown in the table above do not include those related to the price of commodities, nor price indexes. The breakdown, expressed in millions of euros, is as follows (Note 30):

	2024					
	Asset derivatives			Liability derivatives		
	Current	Non-current	Total	Current	Non-current	Total
Interest rate hedges	25	486	511	(55)	(148)	(203)
Exchange rate hedges	168	255	423	(281)	(169)	(450)
Total hedging derivatives	**193**	**741**	**934**	**(336)**	**(317)**	**(653)**
Exchange rate derivatives	38	0	38	0	0	0
Treasury shares derivatives	0	54	54	0	(54)	(54)
Total non-hedging derivatives	**38**	**54**	**92**	**0**	**(54)**	**(54)**
Total	**231**	**795**	**1,026**	**(336)**	**(371)**	**(707)**

	2023					
	Asset derivatives			Liability derivatives		
	Current	Non-current	Total	Current	Non-current	Total
Interest rate hedges	55	408	463	(85)	(140)	(225)
Exchange rate hedges	84	215	299	(343)	(347)	(690)
Total hedging derivatives	**139**	**623**	**762**	**(428)**	**(487)**	**(915)**
Exchange rate derivatives	4	0	4	(81)	0	(81)
Treasury shares derivatives	0	38	38	0	(38)	(38)
Total non-hedging derivatives	**4**	**38**	**42**	**(81)**	**(38)**	**(119)**
Total	**143**	**661**	**804**	**(509)**	**(525)**	**(1,034)**

Legal reserve

Under the Consolidated Text of the Spanish Companies Act, 10% of profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital.

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased amount of share capital. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

Share premium

The Spanish Companies Act expressly permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to its use.

Other restricted reserves

"Other restricted reserves" of the "Equity" heading of the consolidated statement of financial position primarily includes the restricted reserve set up by IBERDROLA in accordance with Article 335.c) of the Spanish Companies Act arising from the capital reductions carried out in prior years through the retirement of treasury shares. The restricted reserves relating to group companies other than the parent IBERDROLA are included under "Retained earnings" of the same heading.

Non-controlling interests

Changes in this heading in 2024 and 2023 are as follows (in millions of euros):

	AVANGRID Subgroup	NEOENERGIA Subgroup	East Anglia	Wikinger	Baltic Eagle	Other	Perpetual subordinated bonds	Total
Balance at 01.01.2023	**4,129**	**2,580**	**1,176**	**633**	0	**227**	**8,250**	**16,995**
Capital increase/Right issue	0	0	0	0	0	6	0	6
Profit for the year from non-controlling interests	45	344	105	71	0	26	0	591
Other comprehensive income	47	(10)	0	0	0	8	0	45
Dividends	(116)	(146)	(499)	(139)	0	(43)	0	(943)
Translation differences	(158)	130	9	0	0	(4)	0	(23)
Modification of the consolidation scope (Note 7)	0	0	0	0	0	100	0	100
Transactions with non-controlling interests (Note 7)	0	0	(1)	0	318	93	0	410
Other	3	(3)	0	0	0	0	0	0
Balance at 31.12.2023	**3,950**	**2,895**	**790**	**565**	**318**	**413**	**8,250**	**17,181**
Capital increase/Right issue	0	0	0	0	194	0	1,500	1,694
Profit for the year from non-controlling interests	(121)	285	72	67	11	22	0	336
Other comprehensive income	38	12	0	0	0	(1)	0	49
Dividends	(123)	(73)	(142)	(108)	0	(13)	0	(459)
Translation differences	224	(522)	34	0	0	7	0	(257)
Transactions with non-controlling interests (Note 7)	(3,902)	(26)	0	0	0	18	0	(3,910)
Amortisation/Disposals	0	0	0	0	0	0	(700)	(700)
Other	(4)	(2)	(1)	0	0	(1)	0	(8)
Balance at 31.12.2024	**62**	**2,569**	**753**	**524**	**523**	**445**	**9,050**	**13,926**

The condensed financial information related to subgroups in which IBERDROLA Group does not hold a 100% stake refers to amounts consolidated before intercompany eliminations, expressed in millions of euros:

	AVANGRID Subgroup	NEOENERGIA Subgroup		East Anglia		Wikinger		Baltic Eagle	
	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Current assets	2,468	3,849	4,326	168	265	101	120	94	49
Non-current assets	44,779	13,909	15,262	2,251	2,256	1,067	1,127	1,373	1,068
Total assets	**47,247**	**17,758**	**19,588**	**2,419**	**2,521**	**1,168**	**1,247**	**1,467**	**1,117**
Current liabilities	4,917	3,099	4,003	26	76	12	(10)	386	466
Non-current liabilities	21,271	9,151	9,408	516	478	86	102	20	3
Total liabilities	**26,188**	**12,250**	**13,411**	**542**	**554**	**98**	**92**	**406**	**469**
Gross operating profit-EBITDA	2,067	2,265	2,122	360	457	198	227	46	(1)
Valuation adjustments, trade receivables and other assets	(171)	(95)	(117)	0	0	0	0	0	0
Amortisation, depreciation and provisions	(1,301)	(579)	(570)	(115)	(111)	(58)	(58)	(11)	0
Result of equity-accounted investees - net of taxes	5	23	238	0	0	0	0	0	0
Net finance income/(expense)	(346)	(871)	(907)	(2)	(1)	0	0	1	0
Income tax	(24)	(140)	(39)	(63)	(82)	(2)	(24)	(13)	0
Non-controlling interests	(3)	(285)	(343)	0	0	0	0	0	0
Net profit/(loss) for the year	**227**	**318**	**384**	**180**	**263**	**138**	**145**	**23**	**(1)**

	AVANGRID Subgroup	NEOENERGIA Subgroup	
	31.12.2023	31.12.2024	31.12.2023
Net cash flows from operating activities	1,179	1,137	928
Net cash flows used in investing activities	(2,868)	(796)	(660)
Net cash flows used in financing activities	1,710	(292)	(149)
Net increase/(decrease) in cash and cash equivalents	**21**	**49**	**119**

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 issuance has been structured as a single tranche, with each bond having a unit nominal amount of EUR 100,000. The bonds have been issued at a price equivalent to 99.997% of their nominal value. The funds raised from this issuance have been utilised to repurchase a previous issue of subordinated perpetual bonds made by Iberdrola International B.V. in 2018 (also with the subordinated guarantee of Iberdrola, S.A.) and valued at 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, payable annually.

From the first review date (inclusive), interest will accrue at a rate equal to the applicable 5-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;
- 3.281% per annum for subsequent five-year review periods.

The issue was closed and disbursed on 16 January 2024.

In November 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 800 million. The issue has been structured in a single tranche, the unit nominal amount of each bond is EUR 100,000 and they will be issued at a price equivalent to 100% of their nominal value.

The bonds bear interest at a fixed annual rate of 4.25% from (and including) the issue date to (but excluding) 28 August 2030, payable annually.

From the first review date (inclusive), interest will accrue at a rate equal to the applicable 5-year swap rate plus a margin of:

- 1.983% per annum for the five years following the first review date;
- 2.233% per annum for each of the five-year review periods commencing on 28 August 2035, 28 August 2040 and 28 August 2045; and
- 2.983% per annum for subsequent five-year review periods.

The issue was closed and disbursed on 28 November 2024.

In both issues, the issuer will have the option to defer interest payments on the bonds, without this constituting 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.

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.

Total interest paid in 2024 and 2023 amounted to EUR 207 million and EUR 193 million, respectively. Meanwhile, interest accrued in 2024 and 2023 amounted to EUR 221 million and EUR 203 million, respectively, as recognised under "Other reserves" in the consolidated statement of financial position.

The IBERDROLA Group had outstanding subordinated perpetual bonds worth EUR 9,050 million and EUR 8,250 million at 31 December 2024 and 2023, respectively.

Valuation adjustments

The change in this reserve arising from valuation adjustments to derivatives designated as cash flow hedges in 2024 and 2023 is as follows (in millions of euros):

	01.01.2023	Change in fair value and other	Allocation to the values of hedged assets	Amounts allocated to income	31.12.2023	Transactions with non-controlling interests (Note 7)	Change in fair value and other	Allocation to the values of hedged assets	Amounts allocated to income	31.12.2024
Valuation adjustments of equity-accounted investees (net of tax):	**17**	**3**	**0**	**(3)**	**17**	**4**	**1**	**0**	**0**	**22**
Cash flow hedges:										
Interest rate swaps	423	(99)	0	36	360	19	337	0	3	719
Commodity derivatives	(1,282)	(977)	0	2,263	4	14	60	0	83	161
Currency forwards	(20)	(6)	1	(39)	(64)	**(5)**	(57)	22	20	(84)
Other	(341)	43	0	17	(281)	0	(36)	0	24	(293)
	(1,220)	**(1,039)**	**1**	**2,277**	**19**	**28**	**304**	**22**	**130**	**503**
Hedging costs	**(4)**	**(78)**	**0**	**79**	**(3)**	**0**	**(49)**	**0**	**49**	**(3)**
Tax effect:	**275**	**256**	**0**	**(562)**	**(31)**	**(7)**	**(61)**	**(6)**	**(43)**	**(148)**
Total	**(932)**	**(858)**	**1**	**1,791**	**2**	**25**	**195**	**16**	**136**	**374**

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 31 December 2024 and 2023 the balances of the various instruments are as follows (in millions of euros):

	31.12.2024		31.12.2023	
	No. of shares	Millions of euros	No. of shares	Millions of euros
Treasury shares held by IBERDROLA	90,376,098	1,140	105,786,997	1,211
Treasury shares held by SCOTTISH POWER	642,598	8	639,668	8
Total return swaps	13,212,427	143	6,997,405	55
Put options sold	83,143,313	1,027	17,500,000	191
Total	**187,374,436**	**2,318**	**130,924,070**	**1,465**

(a) Treasury shares

Changes in 2024 and 2023 in the own shares of IBERDROLA and SCOTTISH POWER (Note 3.I) are as follows (in millions of euros):

	IBERDROLA		SCOTTISH POWER	
	No. of shares	Millions of euros	No. of shares	Millions of euros
Balance at 01.01.2023	**64,447,436**	**632**	**647,085**	**8**
Acquisitions	256,119,934	2,785	197,082	2
Reduction in share capital	(206,364,000)	(2,112)	0	0
Disposals [(1)]	(9,492,205)	(94)	(284,836)	(2)
Iberdrola Retribución Flexible optional dividend system [(2)]	1,075,832	0	80,337	0
Balance at 31.12.2023	**105,786,997**	**1,211**	**639,668**	**8**
Acquisitions	172,479,098	2,074	197,506	2
Reduction in share capital	(183,299,000)	(2,072)	0	0
Disposals [(1)]	(6,554,658)	(73)	(276,810)	(2)
Iberdrola Retribución Flexible optional dividend system [(2)]	1,963,661	0	82,234	0
Balance at 31.12.2024	**90,376,098**	**1,140**	**642,598**	**8**

[(1)] Includes shares delivered to employees
[(2)] Shares received.

SCOTTISH POWER's own shares correspond to the matching shares held by the trust in the *Share Incentive Plan* (Note 23.1).

In 2024 and 2023, treasury shares held by the IBERDROLA Group were always below the relevant legal limits.

(b) Physically settled derivatives

The IBERDROLA Group recognises these transactions directly in equity under the “Treasury shares” heading and records the obligation to purchase said shares under the “Bank borrowings, bonds and other marketable securities” heading in current liabilities of the consolidated statement of financial position.

- Total return swaps

The IBERDROLA Group has swaps on treasury shares in which it pays the financial entity the 3-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 will buy the shares at the strike price set out in the contract.

The characteristics of these contracts at 31 December 2024 and 2023 are as follows:

2024	No. of shares at 31.12.2024	Strike price	Expiry date	Interest rate	Millions of euros
Total return swap	3,212,427	7.472	15/11/2025	Euribor 3M + 0.49%	24
Total return swap	10,000,000	11.893	23/07/2025	Euribor 3M + 0.47%	119
Total	**13,212,427**				**143**

2023	No. of shares at	Strike price	Expiry 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 IBERDROLA Group has sold put options on treasury shares that grant the counterparty the option to sell these shares on the expiry date at the strike price set in the contract.

The characteristics of these contracts at 31 December 2024 and 2023 are as follows:

2024	No. of shares	Average price in the period	Expiry date	Millions of euros (1)
Put options sold	83,143,313.0000	12.3521	17/01/2025 to 20/06/2025	1,027

(1) Net of premiums collected in the amount of EUR 10 million.

2023	No. of shares	Average price in the period	Expiry date	Millions of euros
Put options sold	17,500,000	10.9360	19/07/2024 to 28/02/2025	191

Distribution of dividends charged to 2024 profit

The Board of Directors of IBERDROLA has agreed to propose to the General Shareholders' Meeting the payment, out of earnings for 2024 and retained earnings from previous years, a dividend the aggregate gross amount of which will be equal to the sum of the following amounts:

(a) the EUR 448 million that was paid out as an interim dividend for 2024 on 31 January 2025 to the holders of 1,938,270,918 IBERDROLA shares who chose to receive their remuneration in cash under the second application of the optional "*Iberdrola Retribución Flexible"* optional dividend system for 2024 and therefore received EUR 0.231, gross, per share (the *Interim Dividend*); and

(b) the amount to be determined by multiplying:

(i) the gross amount per share that the Company will pay as a final dividend for 2024, as part of the first-time application of the "*Iberdrola Retribución Flexible"* optional dividend system for 2025 (*Final Dividend*); by

(ii) the total number of shares upon which the holders have opted to receive the *Final Dividend* within the framework of the first application of the *Iberdrola Retribución Flexible* optional dividend system for 2025.

As at the date of authorisation of these consolidated financial statements, it is not possible to determine the amount of the *Final dividend* or, consequently, the amount of the dividend chargeable to 2024 earnings.

The Final Dividend will be paid together with the implementation of the bonus issue that the Board of Directors will propose to the General Shareholders' Meeting, to offer the shareholders the possibility of receiving their remuneration in cash (through the payment of the *Final Dividend*) or in the newly-issued scrip shares of the Company (through the aforementioned bonus issue).

Payment of the *Final Dividend* will be one of the alternatives that a shareholder may choose when receiving their remuneration under the first-time application of the "*Iberdrola Retribución Flexible"* optional dividend system for 2025, which will be carried out through the aforementioned scrip issue.

Subject to shareholder approval at the General Shareholders' Meeting of the resolutions relating to the "*Iberdrola Retribución Flexible"* optional dividend system for 2025, the gross amount of the *Final dividend* is estimated to be at least EUR 0.404 per share. The final amount of the *Final dividend* will be disclosed as soon as the Board of Directors (or the body to which it delegates this power) makes its decision in accordance with the terms of the dividend distribution and capital increase resolution that the Board of Directors will propose to the shareholders at the General Shareholders' Meeting in relation to the "*Iberdrola Retribución Flexible"* optional dividend system for 2025. Additionally, once the first-time application of the "*Iberdrola Retribución Flexible"* optional dividend system for 2025 is completed, the Board of Directors (with express power of substitution) will specify the aforementioned distribution proposal and determine the final amount of the dividend and the amount to be allocated to retained earnings.

23. Long-term compensation plans

23.1 Share-based long-term compensation plans

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

The main features of the plans are as follows.

Long-term compensation programme	Settled in shares	Measurement 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)
AVANGRID 2020-2022 (3)	Avangrid	2021-2022	2023-2025	125	1,500,000	65% (3)
NEOENERGIA 2020-2022	Neoenergia	2020-2022	2023-2025	125	3,650,000	80% (4)

(1) Includes shares pertaining to executive officers who also happen to be directors.

(2) Level of achievement and settlement approved by the Board of Directors of IBERDROLA on the recommendation of the Remuneration Committee, The second of the three annual settlements was made during the first half of 2024, once compliance with the relevant requirements had been confirmed.

(3) Degree of fulfilment and settlement approved by the Board of Directors of AVANGRID upon the proposal of the Compensation, Nominating and Corporate Governance Committee (CNCGC). The second of the three annual settlements was made during the first half of 2024, once compliance with the relevant requirements had been confirmed.
On 23 December 2024, AVANGRID was delisted from the New York Stock Exchange and transitioned to operating as a private company. Consequently, the share plan was cancelled and replaced with a cash plan, setting the share price at $35.75.

(4) Level of achievement and settlement approved by the Board of Directors of Neoenergia on the recommendation of the Remuneration Committee. The second of the three annual settlements was made during the first half of 2024, once compliance with the relevant requirements had been confirmed.

Details of the shares awarded under these plans are as follows:

No. of shares	IBERDROLA 2020-2022	AVANGRID 2020-2022 (3)	NEOENERGIA 2020-2022
Balance at 31.12.2022	**12,627,315**	**1,054,381**	**3,333,358**
Additions	0	0	15,000
Derecognitions	(63,335)	(23,866)	(7,500)
Other	285,890	(366,010)	(468,773)
Deliveries	(4,277,644) (1) (2)	(225,969)	(950,030)
Balance at 31.12.2023	**8,572,226**	**438,536**	**1,922,055**
Derecognitions	(11,668)	(29,068)	(60,422)
Other	(99,997)	(191,834)	0
Deliveries	(4,179,313) (1) (2)	(217,634)	(964,696)
Balance at 31.12.2024	**4,281,248**	**0**	**896,937**

(1) These shares include those delivered to executive officers who also happen to be directors (Note 48).

(2) Taxes charged on shares delivered to senior management: EUR 2.1 million and EUR 2.11 million relating to the first and second delivery of the 2020-2022 Strategic Bonus, respectively.

(3) In addition, within the scope of AVANGRID's Omnibus Plan — the general plan that establishes the governance framework for executive remuneration plans in cash and shares — a total of 81,000 notional shares (Phantom Share Units) were granted in 2023. In 2023, the cash equivalent of 4,500 shares was paid, and in 2024, the equivalent value of 27,085 shares was settled in cash.

In relation to the long-term share-based compensation plans described above, the change in the “Other reserves” heading of the consolidated statement of financial position is as follows:

	IBERDROLA 2020-2022	AVANGRID 2020-2022 (1)	NEOENERGIA 2020-2022	Restricted stock programme (1)	Total
Balance at 01.01.2023	**91**	**26**	**8**	**1**	**126**
Provision charged to “Personnel expenses”	37	8	3	0	48
Price effect charged to “Other reserves”	16	(1)	0	0	15
Payments in shares	(67)	(7)	(4)	(1)	(79)
Transfer	0	(2)	0	0	(2)
Balance at 31.12.2023	**77**	**24**	**7**	**0**	**108**
Provision charged to “Personnel expenses”	14	1	1	0	16
Price effect charged to “Other reserves”	19	(2)	(1)	0	16
Payments in shares	(68)	(5)	(4)	0	(77)
Transfers and other	0	(18)	(1)	0	(19)
Balance at 31.12.2024	**42**	**0**	**2**	**0**	**44**

(1) Submitted for 100%. (1) Submitted for 100%. Non-controlling interests account for 18.5%.

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

The main features of the plans are as follows:

Long-term compensation programme	Settled in shares	Measurement period	Settlement period	Maximum number of beneficiaries	Maximum number of shares	Shares expected (3)(4)
IBERDROLA 2023-2025 (1)	Iberdrola	2023-2025	2026-2028	300	14,000,000 (2)	9,006,120 (2)

(1) Approval by the shareholders at the General Shareholders' Meeting of Iberdrola, S.A. in 2023.
(2) Includes shares pertaining to executive officers who also happen to be directors.
(3) Foreseeable number of shares to be delivered, depending on the level of success in attaining the related targets.
(4) Includes the foreseeable number of shares to be delivered to senior management – 532,800 shares.

The reference metrics for the global performance review during the assessment period are:

Achievement targets related to	Type of target	Relative weight
Consolidated net profit	Performance	30%
Total shareholder return	Market	20%
Financial strength / Sustainable financing	Performance	20%
Sustainability targets	Performance	30%

(1) For the IBERDROLA 2023–2025 Strategic Bonus, the subholding companies' targets will be 50% linked to the Iberdrola Group's targets set by shareholders at the 2023 General Meeting and the remaining 50% to the specific financial, business and sustainability targets of each subholding company.

"Personnel expenses" in the 2024 and 2023 consolidated income statement includes EUR 39 million and EUR 1 million for the long-term share-based payment plans during the assessment period described above. These amounts were credited to "Other reserves" in the consolidated statement of financial position.

Other share-based compensation plans

SCOTTISH POWER has two share-based plans for its employees:

- *Sharesave Schemes*: savings plan under which employees may, at the end of a three-year period, use the money saved to buy IBERDROLA shares at a discounted option price set at the beginning of the plan or otherwise receive the amount saved in cash.

Share plan	Type	Term	Start year	Option price	Employee contribution	Company contribution
Sharesave 2020	Iberdrola shares	3 years	2020	7.43 £	5-500 £	20% discount
Sharesave 2023	Iberdrola shares	3 years	2023	7.66 £	5-500 £	20% discount

Changes in the plan are as follows:

	Sharesave 2020 (outstanding options)	Sharesave 2023 (outstanding options)
Balance at 31.12.2022	**3,040,623**	**0**
Granted	0	4,291,033
Exercised	(2,962,787)	(52)
Cancelled	(75,900)	(128,247)
Balance at 31.12.2023	**1,936**	**4,162,734**
Exercised	(1,694)	(14,405)
Cancelled	(242)	(220,321)
Balance at 31.12.2024	**0**	**3,928,008**

- Share Incentive Plan: this plan has an option for purchasing IBERDROLA shares with tax incentives (partnership shares) plus a share contribution from the company up to a maximum amount (matching shares). The matching shares vest three years after purchase.

Plan	Type	Start year	Employee contribution	Company contribution
Share Incentive Plan	Iberdrola shares	2008	10-150 £	10-50 £

Changes in the number of shares are as follows:

	Number of shares
Shares acquired with employee contribution (partnership shares) in 2023	561,540
Total balance of partnership shares at 31.12.2023	**4,442,102**
Shares acquired with employee contribution (partnership shares) in 2024	560,072
Total balance of partnership shares at 31.12.2024	**4,286,904**

Shares acquired with company contribution (matching shares) in 2023	247,282
Shares acquired with company contribution (matching shares) with a term shorter than 3 years in 2023	637,291
Total balance of matching shares at 31.12.2023	**2,066,391**
Shares acquired with company contribution (matching shares) in 2024	244,256
Shares acquired with company contribution (matching shares) with a term shorter than 3 years in 2024	640,008
Total balance of matching shares at 31.12.2024	**1,955,264**

The “Personnel expenses” heading of the consolidated Income statement for 2024 and 2023 includes EUR 6 million and EUR 5 million for these plans, respectively, as credited to the “Other reserves” heading of the consolidated Statement of financial position.

Further, in 2024 and 2023 payments for options and shares were made in the amount of EUR 0.06 and EUR 12 million, respectively.

23.2 Cash-based long-term compensation plans

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

The key features of the long-term cash-based plans currently in the settlement period are summarised below:

Long-term incentive	Measurement period	Settlement period	Maximum number of beneficiaries	Level of achievement
2020-2022 I-DE REDES ELÉCTRICAS INTELIGENTES	2020-2022	2023-2025	7	100% (1)

(1) Degree of achievement and settlement approved by the Board of Directors of i-DE REDES ELÉCTRICAS INTELIGENTES, formerly IBERDROLA DISTRIBUCIÓN ELÉCTRICA.

The “Personnel expenses” heading of the consolidated Income statement for 2024 and 2023 includes EUR 0.27 and EUR 1 million, respectively.

Cash-based long-term compensation plan in the settlement 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
AVANGRID 2023-2025 (2)	2023-2025	2026-2028	125
2023-2025 I-DE REDES ELÉCTRICAS INTELIGENTES (3)	2023-2025	2026-2028	7

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

(2) Approval by the AVANGRID Board of Directors in 2023, within the scope of the Omnibus Plan. On 23 December 2024, AVANGRID was delisted from the New York Stock Exchange and transitioned to operating as a private company. Consequently, the share-based plan was cancelled and replaced with a cash-based plan, setting the share price at $35.75.

(3) Approval by the Board of Directors of i-DE REDES ELÉCTRICAS INTELIGENTES occurred in the 2024 financial year.

The reference metrics for the overall performance review during the assessment period in the previous plans relate to specific financial, operational and sustainability targets.

24. Equity instruments having the substance of a financial liability

In the United States, the IBERDROLA Group has signed several contracts that have brought in third parties as non-controlling interests at some of its wind farms, primarily in exchange for cash and other financial assets.

The main characteristics of these contracts are as follows:

- The IBERDROLA Group retains the control and management of the wind farms, regardless of the interest acquired by the non-controlling interests. Accordingly, they are fully consolidated in these consolidated financial statements.
- The non-controlling interests have the right to a substantial portion of the profits and tax credits generated by these wind farms up to the return level established at the beginning of the contract.
- The non-controlling interests remain in the equity of the wind farms until they achieve the stipulated returns.
- Once these returns have been obtained, the non-controlling interests must renounce their stake in the wind farms, thus losing their right to the profits and tax credits generated.
- Whether or not the non-controlling interests of the IBERDROLA Group obtain the agreed upon returns depends on the economic performance of the wind farms. Although the IBERDROLA Group is obliged to operate and maintain these facilities in an efficient manner and to take out the appropriate insurance policies, it is not obliged to deliver cash to the non-controlling interests over and above the aforementioned profits and tax credits.

Following an analysis of the economic substance of these agreements, the IBERDROLA Group classifies the consideration received at the outset of the transaction under the “Non-current equity instruments having the substance of a financial liability” and “Current equity instruments having the substance of a financial liability” headings of the consolidated statement of financial position. Subsequently, this consideration is measured at amortised cost.

At 31 December 2024 and 2023, the amount shown in this heading accrued an average interest in USD of 7.66% and 7.57% respectively.

Changes in this heading of the consolidated statement of financial position for 2024 and 2023 are as follows (in millions of euros):

	2024	2023
Opening balance	**671**	**663**
Finance expenses accrued in the year (Note 44)	48	45
Payments	(186)	(195)
Translation differences	36	(26)
Additions	19	184
Closing balance	**588**	**671**

25. Capital grants

The change in this heading of the consolidated statements of financial position for 2024 and 2023, expressed in millions of euros, is as follows (Note 3.m):

	Capital grants	Investment Tax Credits	Total
Balance at 01.01.2023	**251**	**996**	**1,247**
Additions	9	0	9
Derecognitions	(1)	0	(1)
Translation differences	(2)	(37)	(39)
Amounts allocated to the income statement (Note 3.m)	(20)	(60)	(80)
Balance at 31.12.2023	**237**	**899**	**1,136**
Additions	87	126	213
Derecognitions	(3)	0	(3)
Translation differences	3	56	59
Amounts allocated to the income statement (Note 3.m)	(27)	(73)	(100)
Balance at 31.12.2024	**297**	**1,008**	**1,305**

26. Facilities transferred or financed by third parties

The change in this heading of the consolidated statement of financial position for 2024 and 2023, expressed in millions of euros, is as follows (Note 3.n):

	Facilities transferred by third parties	Facilities financed by third parties	Total
Balance at 01.01.2023	**2,728**	**2,945**	**5,673**
Additions	273	342	615
Derecognitions	(12)	(1)	(13)
Translation differences	(13)	(11)	(24)
Amounts allocated to the income statement (Note 3.n)	(141)	(89)	(230)
Balance at 31.12.2023	**2,835**	**3,186**	**6,021**
Additions	269	482	751
Derecognitions	(4)	(8)	(12)
Translation differences	35	125	160
Amounts allocated to the income statement (Note 3.n)	(145)	(92)	(237)
Balance at 31.12.2024	**2,990**	**3,693**	**6,683**

27. Provision for pensions and similar obligations

The breakdown of this heading of the consolidated statements of financial position is as follows (in millions of euros):

	31.12.2024	31.12.2023
Defined benefit plans (Spain)	266	306
Long-service bonuses and other long-term benefits (Spain)	44	43
Defined benefit plans (United Kingdom)	95	142
Defined benefit plans (United States)	465	545
Defined benefit plans (Brazil)	148	218
Defined benefit plans and other non-current employee benefits (Spain and other countries)	42	36
Restructuring plans	264	206
Total	**1,324**	**1,496**

Each year IBERDROLA estimates, based on an independent actuarial report, the payments for pensions and similar benefits that it will have to meet in the following financial year. These are recognised as current liabilities in the consolidated statement of financial position.

27.a) Defined benefit plans and other non-current employee benefits

Spain

IBERDROLA Group's main commitments to providing defined benefits for its employees in Spain, in addition to those provided by Social Security, are as follows:

- Employees subject to the IBERDROLA Group's Collective Bargaining Agreement who retired before 9 October 1996 are covered by a defined benefit retirement pension scheme, the actuarial value of which was fully externalised at 31 December 2024 and 2023.

  IBERDROLA Group has no liability of any kind for this segment of employees and has no claim on any potential excess generated in the assets of this plan above and beyond the defined benefits.

- Also, in relation to serving employees and employees who have retired after 1996 and are subject to the Iberdrola Group's Collective Bargaining Agreement and members/beneficiaries of the Iberdrola Pension Plan, risk benefits (e.g. widowhood, permanent disability or orphanhood) which guarantee a defined benefit at the time the event giving rise to such benefits occurs, are instrumented through a multi-year insurance policy. The guaranteed benefit consists of the difference between the present actuarial value of the above mentioned defined benefit at the time of the event and the member's vested rights at the time the event was processed, if the latter were lower. The premiums on the insurance policy for 2024 and 2023 are recognised under "Personnel expenses" in the consolidated income statement and amounted to EUR 3 million and EUR 7 million, respectively.

- IBERDROLA Group in Spain also maintains a provision to cover certain commitments with its employees other than those indicated above. These further commitments are covered by internal funds linked to social security benefits, consisting mainly of free electricity supply, with an annual consumption limit, for retired employees and other long-term benefits, primarily consisting of a long-service bonus for active employees at 10, 20 and 30 years of service.

United Kingdom (SCOTTISH POWER)

The main pension commitments held by the IBERDROLA Group with its employees in the United Kingdom are as follows:

- Employees from SCOTTISH POWER who joined before 1 April 2006 are guaranteed a defined benefit upon retirement, the exact nature of which depends on the employee's company and length of service:
    - ScottishPower Pension Scheme (SPPS). Own scheme set up on 31 March 1990 for personnel legally protected under the Electricity Protected Act or otherwise protected by regulation. In 1999, the "Final Salary Life Plan (FSLP)" section was created for new entrants. On 1 April 2006 it was closed to new entrants.
    - Manweb Group of Electricity Supply Pension Scheme (Manweb) Sectoral scheme set up on 1 April 1983 as part of the "Electricity Supply Pension Scheme" (ESPS) (currently with 23 promoters) for personnel legally protected under the Electricity Protected Act or otherwise protected by regulations. On 6 April 1997 it was closed to new entrants.
- In the case of active employees covered by one of the aforementioned defined benefit plans, their risk benefits (death, widowhood and orphanhood), which guarantee a defined benefit from the time the triggering event occurs, have been assured through a multi-year insurance policy. A benefit equal to the actuarial present value of the defined benefit at the time of the contingency is guaranteed. The risk benefit for active employees adhered to the defined contribution plan is also assured through a multi-year insurance policy. A benefit equal to four times the employee's salary is guaranteed.
- The longevity risk has been hedged by arranging a longevity swap for former employees (SPPS plan in December 2014 and Manweb plan in July 2016).
- One-off capital sums have been offered to pensioners and deferred beneficiaries, reducing the defined benefit burden.
- A Pension Increase Exchange (PIE) exercise was carried out in 2018, whereby SPPS plan members were able to exchange part of their inflation-linked increasing pension for a higher initial amount, thus reducing the obligation and deficit under that plan.
- The benefits of the deferred segment of the "Final Salary Life Plan (FSLP)" section of the SPPS plan were modified in 2021, thus reducing the obligations.

United States (AVANGRID)

The main pension commitments held by the IBERDROLA Group with its employees in the United States are as follows:

- The Networks business has a number of defined-benefit company pension plans, both for employees covered by collective bargaining agreements and those not covered thereunder, where the contribution is paid by the company, with benefits based on salary, years of service and/or a fixed “multiplier”. Effective 1 January 2014, all the corporate defined benefit retirement plans were closed to new entrants with the exception of “The Berkshire Gas Company Pension Plan”, “Connecticut Natural Gas Corporation Pension Plan”, and “Southern Connecticut Gas Company Pension Plan for Salaried and Certain Other Employees”. These plans were closed to new affiliates with effect from 1 January 2018. Meanwhile, with effect from 31 December 2020, past service benefits were frozen for affiliates of the “United Illuminating Company Pension Plan”. With effect from 30 June 2021, past service benefits were frozen for affiliates of the “The Southern Connecticut Gas Company Pension Plan”. With effect from 31 July 2021, past service benefits were frozen for SCG affiliates of the “The Southern Connecticut Gas Company Pension Plan for Salaried and Certain Other Employees”.
- With effect from 30 June 2022, past service benefits were frozen for affiliates of the “CNG Pension Plan B” and affiliates of all pension plans not covered by collective agreements.
- With effect from 31 August 2022, past service benefits were frozen for RGE affiliates of the “NYSEG and RGE Pension Plan”.
- Several pension plans have been merged with effect from 1 January 2023, reducing the total number of pension plans from 12 to seven.
- The “CNG Retirement Pension Plan (Hartford Union)” was frozen as of 31 March 2023.
- At 30 July 2024, past service benefits for members of The Berkshire Gas Company Pension Plan were frozen.
- Similarly, past service benefits for members of the NYSEG and RGE Pension Plan were frozen effective 30 September 2024.
- The Renewables business has a defined benefit company pension plan, where the Company makes contributions, with benefits based on salary and years of service. Past services under this scheme were frozen with effect from 30 April 2011.
- In the case of active employees covered by one of the aforementioned defined benefit plans, their risk benefits (in the event of death), which guarantee a defined benefit from the time the triggering event occurs, have been assured through a multi-year insurance policy. The beneficiary is guaranteed to receive an insurance benefit equivalent to the actuarial present value, at the time of the contingency, of the benefit defined in the plan.
- One-off capital sums have been offered to pensioners and deferred beneficiaries, reducing the defined benefit burden.
- In addition, both the Networks business and the Renewables business have defined benefit plans for disability and post-retirement health contingencies.

Brazil

On 27 August 2011, the IBERDROLA Group acquired a controlling stake in ELEKTRO. ELEKTRO's employees were covered by a defined benefit pension plan covering their eventual retirement.

On 24 August 2017 NEOENERGIA was acquired through the incorporation of ELEKTRO. ELEKTRO, CELPE, COELBA and COSERN employees are covered by several defined benefit retirement schemes. COELBA employees are also covered by a post-employment health plan.

The takeover of CEB Distribuição was completed on 2 March 2021. CEB Distribuição has been renamed Neoenergia Distribuição Brasília. The distributor Neoenergia Distribuição Brasília operates two defined benefit plans (one of which is frozen).

The main pension commitments held by the IBERDROLA Group with its employees in Brazil are as follows:

- ELEKTRO runs a mixed pension plan (70% of salary as defined benefit and 30% as defined contribution).
- The distributors CELPE, COELBA and COSERN operate a defined benefit plan.
- Distributor company Neoenergia Distribuição Brasília operates two defined benefit plans.

In addition, for active employees covered by ELEKTRO's defined benefit plan, its risk benefits (death and disability) guarantee a defined benefit as soon as they occur.

In some cases, the triggering event is instrumented through a multi-year insurance policy. The beneficiary is guaranteed to receive an insurance benefit equivalent to the actuarial present value, at the time of the contingency, of the benefit defined in the plan.

For active employees covered by defined-contribution plans (AD CELPE, AD COELBA, AD COSERN, AD NÉOS), their risk benefits (death and disability) are also covered by multi-year insurance policies. An equivalent benefit is guaranteed to the employee or his or her dependant.

The value of the benefit is equal to the value of the future contributions to be made to the plan until the theoretical retirement age is reached.

Other commitments with employees

In addition, some IBERDROLA Group companies have provisions to meet certain commitments with their employees, other than those described above, which are met by in-house pension funds.

The most significant information about pension plans is as follows (in millions of euros):

	Spain		United Kingdom		United States		Brazil [1]		Other		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Present value of the obligation	(310)	(349)	(3,624)	(3,729)	(2,454)	(2,571)	(630)	(912)	(42)	(36)	(7,060)	(7,597)
Fair value of plan assets	0	0	3,775	3,871	1,989	2,026	590	730	8	10	6,362	6,637
Net asset / (Net provision)	**(310)**	**(349)**	**151**	**142**	**(465)**	**(545)**	**(40)**	**(182)**	**(34)**	**(26)**	**(698)**	**(960)**
Amounts recognised in the consolidated statement of financial position:												
Provision for pensions and similar obligations	(310)	(349)	(95)	(142)	(465)	(545)	(148)	(218)	(42)	(36)	(1,060)	(1,290)
Assets for pensions and similar obligations (Note 15.b)	0	0	246	284	0	0	4	4	8	10	258	298
Net asset / (Net provision)	**(310)**	**(349)**	**151**	**142**	**(465)**	**(545)**	**(144)**	**(214)**	**(34)**	**(26)**	**(802)**	**(992)**

[1] A surplus of EUR 104 million and EUR 32 million was not recognised at 31 December 2024 and 2023, respectively, under the terms of IFRIC 14: "IAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction".

The average length at the end of the year of the liability for the employee benefits described previously is:

Year	Spain			United States			Brazil		
	Electricity tariff	Length of service bonus	United Kingdom	ARHI	UIL	AVANGRID NETWORKS	ELEKTRO	NEOENERGIA	NEOENERGIA BRASILIA
Average length	16	7	13	11	10	9	10	8	9

Changes in provisions for the commitments described previously in 2024 and 2023 are as follows (in millions of euros):

	Spain						
	Electricity tariff	Length of service bonus	United Kingdom	United States	Brazil [1]	Other	Total
Balance at 01.01.2023	**261**	**38**	**3,621**	**2,621**	**794**	**41**	**7,376**
Normal cost (Note 40)	2	4	25	12	1	2	46
Cost for past services rendered (Note 40)	0	0	0	0	(9)	0	(9)
Finance expense (Note 44)	10	1	169	126	76	2	384
Actuarial gains and losses							
To profit or loss (Note 40)	0	2	0	0	0	0	2
To reserves	45	0	85	149	95	(1)	373
Member contributions	0	0	5	0	1	0	6
Payments	(12)	(2)	(227)	(234)	(85)	0	(560)
Classification as held for sale (Note 18)	0	0	0	0	0	(10)	(10)
Translation differences	0	0	51	(103)	39	2	(11)
Balance at 31.12.2023	**306**	**43**	**3,729**	**2,571**	**912**	**36**	**7,597**
Normal cost (Note 40)	3	4	26	17	0	10	60
Cost for past services rendered (Note 40)	2	0	(35)	(26)	(2)	0	(61)
Other costs charged to "Personnel expenses" (Note 40)	0	0	0	0	0	(1)	(1)
Finance expense (Note 44)	9	1	162	115	70	1	358
Actuarial gains and losses							
To reserves	(37)	0	(226)	(135)	(131)	2	(527)
Member contributions	0	0	6	0	1	0	7
Payments	(17)	(4)	(199)	(233)	(76)	(5)	(534)
Translation differences	0	0	161	145	(144)	(1)	161
Balance at 31.12.2024	**266**	**44**	**3,624**	**2,454**	**630**	**42**	**7,060**

[1] Due to the non-recognition of the surplus, actuarial deviations recorded against reserves were adjusted downwards in 2024 by EUR 83 million and upwards in 2023 by EUR 8 million. This was in accordance with current regulations under IFRIC 14: "IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction". Moreover, in 2024 and 2023, and for the same concept, the finance expenses recognised were raised by EUR 4 million and EUR 3 million, respectively.

Changes in the fair value of plan assets in 2024 and 2023 are as follows (in millions of euros):

	United Kingdom	United States	Brazil	Other	Total
Fair value at 01.01.2023	**3,893**	**2,107**	**671**	**0**	**6,671**
Revaluation (Note 44)	186	102	61	0	349
Actuarial gains and losses to reserves	(193)	97	29	0	(67)
Company contributions	151	37	19	10	217
Member contributions	5	0	1	0	6
Proceeds	(227)	(234)	(85)	0	(546)
Translation differences	56	(83)	34	0	7
Fair value at 31.12.2023	**3,871**	**2,026**	**730**	**10**	**6,637**
Revaluation (Note 44)	173	91	58	0	322
Actuarial gains and losses to reserves	(361)	(51)	(17)	0	(429)
Company contributions	116	40	19	0	175
Member contributions	6	0	1	0	7
Proceeds	(199)	(233)	(76)	(2)	(510)
Translation differences	169	116	(125)	0	160
Fair value at 31.12.2024	**3,775**	**1,989**	**590**	**8**	**6,362**

The main assumptions applied in the actuarial reports that determined the provisions needed to meet the aforementioned commitments at 31 December 2024 and 2023 are as follows:

2024	Discount rate	Wage increase	Price kWh (euros)	Inflation	Mortality tables	Health cost Pre-Medicare/Medicare
Spain						
Electricity tariff (1)	3.58%		2025 0.14328; 2026 0.17290; 2027 0.15935; 2028 0.15618; 2029: 0.15361 […]		PER 2020	
Length of service bonus (1)	3.19%	1.00 %			PER 2020	
United Kingdom	5.11%	3.19%		3.19%	SPPS Pre/post-retirement Men: 100% S4NMA / 111% - 108% S4PMA (non-pensioner – pensioner) CMI2023 M (1.25% improvement rate) Women: 100% S4NFA / 111% - 118% S4PFA (non-pensioners – pensioners) CMI2023 M (1.25% improvement rate) Manweb Pre/post-retirement Men: 100% S4NMA / 106% - 106% S4PMA (non-pensioner – pensioner) CMI2023 M (1.25% improvement rate) Women: 100% S4NFA / 102% - 106% S4PFA (non-pensioners – pensioners) CMI2023 M (1.25% improvement rate)	

2024	Discount rate	Wage increase	Price kWh (euros)	Inflation	Mortality tables	Health cost Pre-Medicare/Medicare
United States						
ARHI	5.52%	n/a		2.00 %	Pri-2012 Fully Generational Projection using Scale MP 2021	n/a
UIL	5.41%	Specific flat rates (Union). N/A for non-union		2.00 %	Pri-2012 Fully Generational Projection using Scale MP 2021	Function year RX: 8.90%(pre-65)/10.60% (post-65) (2025) decreasing to 4.50% (2039 et seq.) /4.50% (2039 et seq.)
AVANGRID NETWORKS	5.32%	Specific flat rates (Union). N/A for non-union		2.00 %	Pri-2012 Fully Generational Projection using Scale MP 2021	Function year RX: 8.90%(pre-65)/10.60% (post-65) (2025) decreasing to 4.50% (2039 et seq.) /4.50% (2039 et seq.)
Brazil						
ELEKTRO	11.30%	4.10%		3.25 %	AT - 2000 male - 10%	
NEOENERGIA						
CELPE BD	11.30%	4.09%		3.25 %	AT-2000 men & women	
Coelba BD	11.30%			3.25 %	AT - 2000 men & women -20%	
COELBA Med. Healthcare Plan	11.51%			3.25 %	AT-2000 Basic	
Cosern BD	11.30%			3.25 %	AT - 2000 men & women	
NEOENERGIA BRASILIA						
CEB BD	11.30%	n/a		3.25 %	AT - 2000 men & women -10%	
CEB Settled	11.30%	n/a		3.25 %	AT - 2000 men & women -10%	

2023	Discount rate	Wage increase	Price kWh (euros)	Inflation	Mortality tables	Health cost Pre-Medicare/Medicare
Spain						
Electricity tariff [(1)]	2.81 %		2024 0.20066; 2025 0.19752; 2026 0.17330; 2027 0.16119[…]		PER 2020	
Length of service bonus [(1)]	3.04 %	1.00 %			PER 2020	
United Kingdom	4.35%	3.04 %			SPPS Pre/post-retirement Men: 85% AMC00 / 115% - 113% S3PMA (non-pensioner – pensioner) CMI2022 M (1.25% improvement rate) Women: 85% AMC00 / 115% - 122% S3PFA (non-pensioner – pensioner) CMI2022 M (1.25% improvement rate) Manweb Pre/post-retirement Men: 85% AMC00 / 111% - 113% S3PMA (non-pensioner – pensioner) CMI2022 M (1.25% improvement rate) Women: 85% AMC00 / 106% - 112% S3PFA (non-pensioner – pensioner) CMI2022 M (1.25% improvement rate)	
United States						
ARHI	4.79%	n/a		2.00 %	Pri-2012 Fully Generational Projection using Scale MP 2021	n/a

2023	Discount rate	Wage increase	Price kWh (euros)	Inflation	Mortality tables	Health cost Pre-Medicare/Medicare
UIL	4.70%	Specific flat rates (Union). N/A for non-union		2.00 %	Pri-2012 Fully Generational Projection using Scale MP 2021	Function year RX: 8.10%(pre-65)/8.60% (post-65) (2024) decreasing to 4.50% (2031 et seq.) /4.50% (2032 et seq.)
AVANGRID NETWORKS	4.67%	Specific flat rates (Union). N/A for non-union		2.00 %	Pri-2012 Fully Generational Projection using Scale MP 2021	Function year RX: 8.10%(pre-65)/8.60% (post-65) (2024) decreasing to 4.50% (2031 et seq.) /4.50% (2032 et seq.)
Brazil						
ELEKTRO	8.62 %	4.42 %		3.25 %	AT - 2000 male - 10%	
NEOENERGIA						
CELPE BD	8.62 %	4.78%		3.25 %	AT-2000 men & women	
Coelba BD	8.62 %			3.25 %	BR-EMS-sb 2015 men & women -15%	
COELBA Med. Healthcare Plan	8.62 %			3.25 %	AT-2000 Basic	
Cosern BD	8.62 %			3.25 %	AT - 2000 men & women	
NEOENERGIA BRASILIA						
CEB BD	8.62 %			3.25 %	AT - 2000 men & women -10%	
CEB Settled	8.62 %			3.25 %	AT - 2000 men & women -10%	

(1) In both cases, the retirement age has been established pursuant to Law 27/2011, of 1 August, on the update, adjustment and modernisation of the Social Security system, providing for a gradual increase in the retirement age in accordance with the law.

The main figures for these commitments in recent years are as follows (in millions of euros):

	2024	2023	2022	2021	2020
Spain					
Present value of the obligation	(310)	(349)	(299)	(424)	(432)
Fair value of plan assets	0	0	0	0	0
Net asset / (Net provision)	(310)	(349)	(299)	(424)	(432)
Experience adjustments arising on plan liabilities	13	6	27	(8)	0
Experience adjustments arising on plan assets	0	0	0	0	0
United Kingdom					
Present value of the obligation	(3,624)	(3,729)	(3,621)	(5,931)	(6,181)
Fair value of plan assets	3,775	3,871	3,893	6,118	5,566
Net asset / (Net provision)	151	142	272	187	(615)
Experience adjustments arising on plan liabilities	(51)	(145)	(253)	114	42
Experience adjustments arising on plan assets	(361)	(192)	(1,991)	161	633
United States					
Present value of the obligation	(2,454)	(2,571)	(2,621)	(3,505)	(3,529)
Fair value of plan assets	1,989	2,026	2,107	2,836	2,658
Net asset / (Net provision)	(465)	(545)	(514)	(669)	(871)
Experience adjustments arising on plan liabilities	(16)	(24)	64	(20)	(5)
Experience adjustments arising on plan assets	(51)	97	(676)	150	284
ELEKTRO					
Present value of the obligation	(243)	(366)	(327)	(285)	(304)
Fair value of plan assets	288	343	323	278	278
Net asset / (Net provision)	45	(23)	(4)	(7)	(26)
Experience adjustments arising on plan liabilities	(2)	14	(10)	(42)	(54)
Experience adjustments arising on plan assets	(2)	0	(1)	(1)	14
NEOENERGIA					
Present value of the obligation	(325)	(454)	(386)	(329)	(375)
Fair value of plan assets	234	300	268	240	270
Net asset / (Net provision)	(91)	(154)	(118)	(89)	(105)
Experience adjustments arising on plan liabilities	(36)	(43)	(52)	1	(29)
Experience adjustments arising on plan assets	(11)	25	(6)	(30)	(3)
NEOENERGIA BRASILIA					
Present value of the obligation	(62)	(92)	(81)	(78)	0
Fair value of plan assets	68	87	80	73	0
Net asset / (Net provision)	6	(5)	(1)	(5)	0
Experience adjustments arising on plan liabilities	(2)	(1)	(5)	(8)	0
Experience adjustments arising on plan assets	(4)	4	(2)	(4)	0

The sensitivity at 31 December 2024 of the present value of the obligation under these commitments to changes in different variables is as follows:

Increase / decrease	Spain		United Kingdom	United States	Brazil		
	Electricity tariff	Length of service bonus			ELEKTRO	NEOENERGIA	NEOENERGIA BRASILIA
Discount rate (basis points)							
10	(3.33)	(0.30)	(45.73)	(20.93)	(1.98)	(2.12)	(0.45)
(10)	3.41	0.31	46.69	21.26	2.14	2.26	0.49
Inflation (basis points)							
10	0	0	35.74	0.00%	0	0	0
(10)	0	0	(32.49)	0.00%	0	0	0
Wage growth (basis points)							
10	0	0.34	0	0.03	0	0	0
(10)	0	(0.33)	0	(0.03)	0	0	0
Mortality tables (years)							
1	0	0	131.29	101.59	0	0	0
Health cost (basis points)							
25	0	0	0	1.76	0	0	0
(25)	0	0	0	(1.70)	0	0	0
Price increase kWh (basis points)							
10	3.75	0	0	0	0	0	0
(10)	(3.55)	0	0	0	0	0	0

Category of assets

The main categories of plan assets, as a percentage of total plan assets at year end, are shown in the table below:

2024	Equities	Fixed income	Cash and cash equivalents	Other
United Kingdom	—%	44%	14%	42%
United States	26%	63%	2%	9%
ELEKTRO	10%	85%	—%	5%
NEOENERGIA	1%	98%	—%	1%
NEOENERGIA BRASILIA	3%	88%	—%	9%

2023	Equities	Fixed income	Cash and cash equivalents	Other
United Kingdom	—%	43%	11%	46%
United States	27%	61%	2%	10%
ELEKTRO	11%	84%	—%	5%
NEOENERGIA	2%	97%	—%	2%
NEOENERGIA BRASILIA	1%	90%	—%	8%

The assets associated with these plans include neither financial instruments issued by the IBERDROLA Group nor tangible or intangible assets.

Moreover, the liquidity of plan assets measured at fair value is reviewed by an independent third party, and is as follows (in thousands of euros):

	Value at 31.12.2024	Level 1	Level 2	Level 3
United Kingdom	3,775	553	1,939	1,283
AVANGRID	1,989	370	1,527	92
ELEKTRO	288	245	28	15
NEOENERGIA	234	0	229	5
NEOENERGIA BRASILIA	68	0	62	6
Total	**6,354**	**1,168**	**3,785**	**1,401**

	Value at 31.12.2023	Level 1	Level 2	Level 3
United Kingdom	3,871	546	2,038	1,287
AVANGRID	2,026	320	1,600	106
ELEKTRO	344	290	38	16
NEOENERGIA	299	0	292	7
NEOENERGIA BRASILIA	87	0	80	7
Total	**6,627**	**1,156**	**4,048**	**1,423**

The strategic distribution of pension plans investments is supported by periodic specific Asset Liability Management studies for each of the plans. This guarantees the match with the funding policy and the expected time to fully finance the commitment in accordance with flows resulting therefrom. Those studies provide the level of sensitivity to the different expected rates of return on the assets and discount rate on obligations. It also guarantees that plans are adequately funded while recovering regulated cash flows. There are also prudential investment rules applicable to pensions within the scope of the Group.

Assets managed at global level have been progressively switched to passive management. Provisions for death and permanent disability have been covered with pension plans through insurance policies and managing entities and investment assets have been qualified through independent third parties, resulting in investments with lower liquidity. Additionally, in the United Kingdom, longevity risk has been hedged through the use of swaps and inflation risk has been partially hedged.

Defined benefit pension plan arrangements at the Group

United Kingdom

Plan	ScottishPower Pension Scheme ("SPPS")	Manweb Group of Electricity Supply Pension Scheme ("Manweb")
How the Company's contributions are determined	Agreement between the Trustees and the Company subject to actuarial valuation (last valuation: 31 March 2021)	Agreement between the Trustees and the Company subject to actuarial valuation (last valuation: 31 March 2021)
Current contributions by the company (% of salary)	53.4%	52.9 %
Additional contributions in 2024 (million euros)	3.9	64.9
Expected additional contributions in 2025 (million euros)	0	67.1

The schemes are approved by HMRC and subject to UK pension and tax legislation. Defined benefit plans are subject to the funding requirements set out in Section 224 of the Pensions Act 2004. As required, an actuarial valuation of funding is carried out every three years to determine the appropriate level of both the ongoing contributions for future service and the recovery plan in relation to the deficit existing at the valuation date. These actuarial valuations will be based on assumptions agreed between the Trustees and the Company. The assumptions used to calculate the obligations (or technical provisions) in a triennial funding valuation may differ from the closing valuations under IAS 19 — Employee Benefits. The Trustees are required to establish a set of assumptions prudently (no level of risk), whereas the valuation assumptions under IAS 19 are established with respect to the Company's best estimate. In addition, the discount rate used to value the technical provision in the triennial valuation will take account of the investment strategy, rather than being based on the "AA" corporate bond curve as required under IAS 19. The most recent funding valuation was carried out on 31 March 2021.

Given the improved funding position of the SPPS and the desire to avoid an immobilised surplus, the Company agreed to a revised contribution schedule with the Trustees of the SPPS in December 2023. Deficit contributions that were previously agreed upon have been suspended from 31 December 2023 until the results of the triennial funding valuation, expected on 31 March 2024, are available, and a new recovery plan is agreed if necessary.

Funding valuation negotiations are currently ongoing with the Trustees of both SPPS and Manweb, effective from 31 March 2024.

Given the strong surplus position of the SPPS as at 31 March 2024, and before the valuation is finalised, a revised contribution schedule was agreed with the Trustee. This schedule suspends contributions for the Company's future services, effective from 1 January 2025. Contributions to the deficit had already been suspended since 31 December 2023, and this status is expected to continue once the valuation is concluded.

<u>United States</u>

For funding purposes in the United States, in 2024 all defined benefit pension plans were above 80% and no further contributions are required at present. The funding level of each fund is calculated on the basis of assumptions set/negotiated by the Regulator – other than accounting assumptions.

<u>Brazil</u>

The defined benefit pension plans are subject to Brazilian pension and tax legislation. The defined benefit plans are subject to the funding requirements prescribed by local law and regulations. Accordingly, if, after the actuarial valuation, there is a deficit above the level set by the actuarial valuation, a corresponding funding plan is drawn up. In particular:

Neoenergia Brasilia: Following the suspension and closure of the Neoenergia Brasilia plans to new entrants, the existing debts from 2016, 2017, 2018 and the shortfall under the defined benefit developer liability plan were consolidated into a single debt contract. This is updated by inflation (INPC-IBGE index) and a rate equivalent to 5% per year, applied monthly. The debt will be repaid in July 2038. At 31 December 2024, the amount of this debt contract was EUR 13.4 million.

Expected current contributions in 2025 to defined benefit pension plans at the Group (in millions of euros)

	Expected contributions – 2025
United Kingdom	7
United States	20
Brazil	6

27.b) Defined contribution plans

Spain

Active employees of IBERDROLA and employees who have retired after 9 October 1996, who are members of the IBERDROLA pension plan with joint sponsors, are covered by an occupational, defined-contribution retirement pension system independent of the Social Security system.

In accordance with this system and IBERDROLA's Collective Bargaining Agreement, the periodic contribution to be made is calculated as a percentage of the annual pensionable salary of each employee, except for employees joining the Company after 9 October 1996, who are subject from 1 January 2024 to a contributory system whereby the Company pays 75% and the employee 25% (from 1 January 2023, 72.5% paid by the Company and 27.5% by the employee), and for those hired after 20 July 2015, for whom the company pays 1/3 and the employee 2/3 of the total contribution, until the date on which the employee joins the Base Assessment Salary (BAS), whereupon the same criterion as for employees joining after 9 October 1996 will apply. The Company finances these contributions for all of its current employees.

United Kingdom (SCOTTISH POWER)

The company has a pension scheme in the form of a percentage of each employee's annual pensionable salary. The scheme is optional for employees and is co-funded by the employer and employees:

By selected tier	Employee	Employer	Total
"Gold"	5%	10%	15%
"Silver"	4%	8%	12%
"Bronze"	3%	6%	9%

United States (AVANGRID)

The Grids business and the Renewables business have separate defined contribution plans ("401(k)") with separate and distinct operating procedures for employees covered by and outside the collective bargaining agreement.

Effective 2 August 2021, the 401(k) plans for salaried employees were merged into the new "Avangrid 401(k) Plan". In addition, effective 1 July 2022, there is only one company contribution formula for employees outside the collective bargaining agreement: 150% of 8%

The "Avangrid Union 401(k) Plan" has different matching formulas depending on negotiations. Employees can make gross salary and net salary contributions as a percentage of their pensionable compensation, up to 75%. Virtually the entire workforce is eligible to participate in a 401(k) plan. As of 30 December 2022, the "Avangrid Non-Union 401(k) Plan" was merged with the "Avangrid Union 401(k) Plan" and renamed the "Avangrid 401(k) Plan". With effect from 1 January 2023, employees can make after-tax salary contributions in addition to gross salary and net salary contributions.

Brazil (NEOENERGIA)

The Neoenergia Group offers defined contribution plans. The Group is in the process of migrating to a single defined contribution plan (Neos), available to all employees at any Group company. The new plan will have the following contribution formula: 2.75% up to a given wage level plus 9.5% of the excess.

The contribution made on behalf of employees in 2024 and 2023, as recognised under the "Personnel expenses" heading of the consolidated income statement, is shown below.

Defined contribution plans	2024	2023
Spain	25	23
United Kingdom	30	24
United States	94	83
Brazil	13	13
Other	2	2
Total	**164**	**145**

27.c) Restructuring plans

Given the interest shown by some of the employees in requesting early retirement, IBERDROLA Group has offered these employees the mutually agreed termination of the employment relationship, thus carrying out a process of individual termination contracts in Spain. At 31 December 2024 and 2023, provisions in this regard pertain to the following restructuring plans (in millions of euros):

	31.12.2024		31.12.2023	
	Provisions	No. of individual contracts	Provisions	No. of individual contracts
2014 Restructuring plan	0	4	1	18
2015 Restructuring plan	0	1	0	3
2016 Restructuring plan	0	1	0	2
2017 Restructuring plan	4	57	10	107
2019 Restructuring plan	2	37	6	74
2020 Restructuring plan	13	109	21	131
2021 Restructuring plan	33	179	46	201
2023 Restructuring plan	105	335	116	327
2024 Restructuring plan	102	254	0	0
Total	**259**	**977**	**200**	**863**

In addition, provisions had been posted at 31 December 2024 and 2023 to honour these commitments outside Spain and for the subsidiary company Iberdrola Ingeniería y Construcción, S.A.U. (IIC) in the amount of EUR 5 million and EUR 6 million respectively.

The discount to present value of the provisions is charged under the heading “Finance expense” heading of the consolidated income statement.

Changes in the provisions posted for these commitments in 2024 and 2023 are as follows (in millions of euros):

	2024	2023
Opening balance	**206**	**136**
Charge (Note 40)	104	117
Financial cost	6	3
Actuarial gains and losses and other	5	0
Payments	(57)	(50)
Closing balance	**264**	**206**

The main assumptions applied in the actuarial reports drawn up to determine the provisions needed to meet the Group's commitments under the aforementioned restructuring plans at 31 December 2024 and 2023 are as follows:

	2024		2023	
	Discount rate	Inflation	Discount rate	Inflation
Restructuring plans	3.01%-3,17%	1.00% / 0.70%	3.37%-3.48%-3.60%	1.00% / 0.70%

28. Other provisions

The movement and breakdown of “Other provisions” on the liabilities side of the consolidated statement of financial position in 2024 and 2023 is as follows (in millions of euros):

	Provisions for litigation, indemnity payments and similar costs	Provision for CO2 emissions	Provision for facility closure costs (Notes 3.r and 5)	Other provisions	Total
Balance at 31.12.2022	**784**	**656**	**2,072**	**367**	**3,879**
Charge or reversals for the year with a debit/credit to “Property, plant and equipment” (Note 3.o)	21	0	91	8	120
Charges for discount to present value (Note 44)	54	0	75	2	131
Charges for the year to the income statement	185	737	15	64	1,001
Reversal due to excess	(54)	(1)	(1)	(43)	(99)
Modification of the consolidation scope (Note 7)	(7)	0	10	(1)	2
Translation differences	12	5	(17)	(7)	(7)
Transfers	(1)	0	0	0	(1)
Payments made and other	(88)	0	(9)	(88)	(185)
Classification as held for sale (Note 18)	(9)	0	(82)	(3)	(94)
Delivery of emission allowances and green certificates	0	(787)	0	0	(787)
Balance at 31.12.2023	**897**	**610**	**2,154**	**299**	**3,960**
Charge or reversals for the year with a debit/credit to “Property, plant and equipment” (Note 3.o)	54	0	175	4	233
Charges for discount to present value (Note 44)	52	0	81	1	134
Charges for the year to the income statement	113	592	3	68	776
Reversal due to excess	(64)	(2)	(9)	(16)	(91)
Translation differences	(56)	14	34	3	(5)
Transfers	(1)	0	0	(3)	(4)
Payments made and other	(141)	0	(12)	(21)	(174)
Delivery of emission allowances and green certificates	0	(734)	0	0	(734)
Balance at 31.12.2024	**854**	**480**	**2,426**	**335**	**4,095**

In addition, the IBERDROLA Group has provisions for responsibilities arising from litigation in progress and from indemnity payments, obligations, collateral and other similar guarantees, and those aimed at covering environmental risks. The latter have been determined using a case-by-case analysis of the polluted assets' status and the cost that will have to be incurred in cleaning them.

The IBERDROLA Group also maintains provisions to meet a series of costs needed for decommissioning at its nuclear and thermal power plants, its wind farms, and at other facilities.

The cost arising from decommissioning obligations is recalculated on a regular basis to incorporate how reasonable future cost estimates may be on past decommissioning carried out, or to include new bylaw or regulatory requirements.

The breakdown of provisions for plant closure costs is as follows (in millions of euros):

	31.12.2024	31.12.2023
Nuclear power plants	603	603
Wind farms	1,319	1,181
Photovoltaic power plants	284	192
Combined cycle power plants	103	100
Thermal power plants	42	46
Other facilities	61	20
Right-of-use assets	14	12
Total	**2,426**	**2,154**

The amount related to nuclear plants covers the costs which the plant operator will incur from the end of its useful life until ENRESA (Note 3.q) takes control of them.

The discount rates (minimum and maximum range) before taxes of the main countries in which the IBERDROLA Group operates used in the present value of the operating provisions are as follows:

Country	Currency	Discount rate 2024		Discount rate 2023	
		5 years	30 years	5 years	30 years
Spain	Euro	2.47% %	3.69 %	2.66 %	3.70 %
United Kingdom	Pound sterling	4.16 %	5.07 %	3.68 %	4.34 %
United States	US dollar	4.20 %	4.56 %	3.83 %	3.93 %

The estimated dates on which the IBERDROLA Group considers that it will have to meet the payments relating to the provisions, expressed in millions of euros and included in this heading of the consolidated statement of financial position at 31 December 2024, are as follows:

2025	773
2026	274
2027	93
2028 onwards	2,955
Total	**4,095**

29. Bank borrowings, bonds or other marketable securities

Details of bank borrowings, bonds and other marketable securities outstanding at 31 December 2024 and 2023, once foreign exchange hedges are considered and expressed in millions of euros, and the repayment schedule are as follows:

	Balance at 31.12.2024 (*)	Bank borrowings, bonds and other marketable securities at 31 December 2024 maturing in						
		Current	Non-current					
		2025	2026	2027	2028	2029	2030 and beyond	Total non-current
In euros								
Debentures and bonds	12,068	2,243	1,749	655	1,618	268	5,535	9,825
Commercial paper	3,829	3,829	0	0	0	0	0	0
Loans and drawdowns of credit facilities	8,535	1,138	970	1,058	1,068	2,167	2,134	7,397
Other financing transactions	1,204	1,204	0	0	0	0	0	0
Unpaid accrued interest	202	202	0	0	0	0	0	0
	25,838	**8,616**	**2,719**	**1,713**	**2,686**	**2,435**	**7,669**	**17,222**
Foreign currency								
US dollars	14,631	3,229	640	1,049	699	891	8,123	11,402
Pounds sterling	5,107	642	463	472	1	629	2,900	4,465
Brazilian reais	7,987	1,035	988	1,069	1,096	1,003	2,796	6,952
Other	521	2	3	3	35	32	446	519
Unpaid accrued interest	306	281	0	0	0	0	25	25
	28,552	**5,189**	**2,094**	**2,593**	**1,831**	**2,555**	**14,290**	**23,363**
Total	**54,390**	**13,805**	**4,813**	**4,306**	**4,517**	**4,990**	**21,959**	**40,585**

(*) At 31 December 2024, the balance includes EUR 5,584 million corresponding to domestic commercial paper (USCP) and Euro Commercial Paper (ECP) issues as well as EUR 90 million of drawdowns under credit lines and facilities.

The average balance under the domestic commercial paper (USCP) and Euro Commercial Paper (ECP) programme amounted to EUR 5,268 million and EUR 4,607 million, respectively, in 2024 and 2023.

	Balance at 31.12.2023 (*)	Bank borrowings, bonds and other marketable securities at 31 December 2023 maturing in						
		Current	Non-current					
		2024	2025	2026	2027	2028	2029 and beyond	Total non-current
In euros								
Debentures and bonds	10,462	1,838	1,977	1,747	820	819	3,261	8,624
Commercial paper	3,610	3,610	0	0	0	0	0	0
Loans and drawdowns of credit facilities	6,932	1,398	881	952	712	1,152	1,837	5,534
Other financing transactions	254	194	0	0	0	0	60	60
Unpaid accrued interest	196	196	0	0	0	0	0	0
	21,454	**7,236**	**2,858**	**2,699**	**1,532**	**1,971**	**5,158**	**14,218**
Foreign currency								
US dollars	13,038	2,411	1,740	614	863	576	6,834	10,627
Pounds sterling	4,697	486	616	442	452	1	2,700	4,211
Brazilian reais	8,443	1,534	1,037	1,002	985	1,177	2,708	6,909
Other	359	5	5	6	300	40	3	354
Unpaid accrued interest	287	287	0	0	0	0	0	0
	26,824	**4,723**	**3,398**	**2,064**	**2,600**	**1,794**	**12,245**	**22,101**
Total	**48,278**	**11,959**	**6,256**	**4,763**	**4,132**	**3,765**	**17,403**	**36,319**

(*) At 31 December 2023, the balance included EUR 4,813 million of domestic commercial paper (USCP) and Euro Commercial Paper (ECP) issues. At 31 December 2023 there were EUR 350 million of drawdowns under credit lines and facilities.

The structure of bank borrowings, bonds and other marketable securities at 31 December 2024 and 2023, once the corresponding interest rate hedges are considered and expressed in millions of euros, is as follows:

	31.12.2024	31.12.2023
Fixed interest rate	32,725	27,702
Floating interest rate	21,665	20,576
Total	**54,390**	**48,278**

At 31 December 2024 and 2023, 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, and consequently it had not been necessary to meet the early maturity of the debt or modify the cost related to the loans of which it is the holder.

The average cost of debt of the IBERDROLA Group in 2024 and 2023 was 5.02% and 5.11%, respectively.

The breakdown by maturity of future unaccrued interest payment commitments at 31 December 2024 and 2023, after factoring in the effect of exchange rate and interest rate hedges, expressed in millions of euros, and assuming that the prevailing interest rates and exchange rates remain constant through to maturity, is as follows:

	2025	2026	2027	2028	2029	2028 and beyond	Total
Euros	509	448	404	368	289	993	3,011
US dollars	555	523	495	478	403	2,719	5,173
Pounds sterling	181	170	144	123	123	524	1,265
Brazilian reais	668	506	631	408	282	769	3,264
Other	30	29	29	28	26	81	223
Total	**1,943**	**1,676**	**1,703**	**1,405**	**1,123**	**5,086**	**12,936**

	2024	2025	2026	2027	2028	2027 and beyond	Total
Euros	409	307	292	244	194	431	1,877
US dollars	532	473	412	386	376	2,430	4,609
Pounds sterling	194	135	125	100	80	337	971
Brazilian reais	793	647	575	436	338	946	3,735
Other	20	19	18	10	2	0	69
Total	**1,948**	**1,581**	**1,422**	**1,176**	**990**	**4,144**	**11,261**

Significant transactions carried out by the IBERDROLA Group during 2024 are as follows:

Borrower	Transaction	Arranged	Amount (millions)	Currency	Interest rate	Maturity
First quarter						
Iberdrola Financiación	Green BEI loan	Mar-24	500	EUR		Dec-33
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		

Borrower	Transaction	Arranged	Amount (millions)	Currency	Interest rate	Maturity
Iberdrola Finanzas	Green public bond	Jun-24	145	CHF	1.38 %	Jul-28
Iberdrola Finanzas	Green public bond	Jun-24	190	CHF	1.56 %	Jul-31
Iberdrola Finanzas	Private Bond	Jun-24	70	EUR	3.35 %	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)	Green loan 4131	Jun-24	37	USD		Jun-27
Coelba (2)	Green BNDES loan	Jun-24	794	BRL		Jun-34
Iberdrola Financiación	Green ICO loan	Jun-24	29	EUR		Jun-32
Third quarter						
Iberdrola Finanzas	Green public bond	Jul-24	750	EUR	3.63 %	Jul-34
Iberdrola Finanzas	Public bond	Sep-24	750	EUR	3.00 %	Sept-31
Iberdrola Finanzas	Public bond	Sep-24	750	EUR	3.38 %	Sept-35
Iberdrola Finanzas	Public bond	Sep-24	650	EUR	2.63 %	Mar-28
Iberdrola Financiación	Green Development Bank loan	Jul-24	500	EUR		Jul-41
NY State Electric & Gas	Green public bond	Aug-24	525	USD	5.30 %	Aug-34

Borrower	Transaction	Arranged	Amount (millions)	Currency	Interest rate	Maturity
The United Illuminating Company	Green private bond	Jul-24	100	USD	5.67 %	Sep-39
The Southern Connecticut Gas Company	Mortgage-backed security	Jul-24	30	USD	5.62 %	Sep-39
ELEKTRO	Public bond (debenture)	Aug-24	500	BRL	CDI + 0.80%	Feb-32
Neoenergia Distribuiçao Brasilia (1)	Green loan 4131	Sep-24	36	USD		Sep-27
Elektro (1)	Green loan 4131	Sep-24	36	USD		Sep-27
Fourth quarter						
Iberdrola Finanzas	Green public bond	Oct-24	500	GBP	5.25 %	Oct-36
Iberdrola Finanzas	Green public bond	Nov-24	400	AUD	5.87 %	Nov-34
Iberdrola Finanzas	Green public bond	Nov-24	350	AUD	5.38 %	Nov-30
Iberdrola Finanzas	Private bond	Oct-24	1,500	NOK	4.59 %	Oct-36
Rochester Gas and Electric Corporation	Green mortgage-backed security	Oct-24	77	USD	5.41 %	Nov-35
Central Maine Power Company	Green mortgage-backed security	Oct-24	87	USD	5.31 %	Nov-36
Central Maine Power Company	Green mortgage-backed security	Oct-24	88	USD	5.41 %	Nov-39
Rochester Gas and Electric Corporation	Green mortgage-backed security	Oct-24	78	USD	5.51 %	Nov-38
The Berkshire Gas Company	Private bond	Oct-24	45	USD	5.66 %	Nov-35
Coelba	Green public bond (debenture)	Dec-24	790	BRL	CDI - 0.17%	Dec-30
Celpe	Green public bond (debenture)	Dec-24	700	BRL	CDI - 0.16%	Dec-30
Neoenergía Morro do Chapeu	Green public bond (infrastructure debenture)	Nov-24	432	BRL	IPCA + 6.56%.	Dec-38
Iberdrola Financiación (2)	Green BEI loan	Nov-24	500	EUR		Disbursement to the determined

Borrower	Transaction	Arranged	Amount (millions)	Currency	Interest rate	Maturity
Iberdrola Financiación (2)	EIB loan	Oct-24	120	EUR		Disbursement to the determined
Iberdrola Financiación (2)	Green BEI loan	Dec-24	100	EUR		Disbursement to the determined
Iberdrola Financiación	Sustainable bilateral loan	Dec-24	325	EUR		Dec-29
Iberdrola Financiación (2)	Sustainable bilateral loan	Dec-24	125	EUR		Dec-29
Coelba (1)	Green loan 4131	Dec-24	115	USD		Dec-29
Afluente T (1)	Loan 4131	Dec-24	5	USD		Dec-26
Daybreak Solar, LLC	Bilateral loan	Oct-24	102	USD		Oct-49

(1) Currency swap contracts for the company's functional currency
(2) Financing expected to be drawn down in 2025
(3) Extension of the ECP programme ceiling up to EUR 6,000 million

The main extensions arranged by the IBERDROLA Group in 2024 were as follows:

Borrower	Transaction	Maturity	Extension signature date	Millions	Currency	Option to extend
Neoenergia Lagos dos Patos	Loan 4131	Mar-24	Mar-24	350	BRL	
Iberdrola Financiación	Bilateral loan	Jul-26	Nov-24	125	EUR	6 months (1)
Iberdrola Financiación	Sustainable syndicated credit facility	Jul-29	Jul-24	2,500	EUR	
Iberdrola Financiación	Sustainable syndicated credit facility	Sep-26	Dec-24	1,500	EUR	
Iberdrola Financiación	Sustainable syndicated credit facility	Dec-29	Dec-24	5,300	EUR	12 months (2)

(1) Two six-month extension options
(2) One 12-month extension option

Certain Group investment projects, mainly related to renewable energies, have been financed specifically through loans that include covenants such as the compliance with certain financial ratios or the obligation to pledge in benefit of creditors the shares of the project-companies (Note 46). The outstanding balance of this loan type at 31 December 2024 and 2023 was EUR 1,164 million and EUR 1,520 million, respectively. These loans also require that a deposit be set aside for the fulfilment of obligations under the loan agreements. If the ratios are not met and/or the security deposit does not reach the agreed amount, it is impossible to distribute dividends in the year in which they are not met.

With respect to the clauses relating to credit ratings, the IBERDROLA Group had arranged financial transactions at 31 December 2024 and 2023 amounting to EUR 7,192 million and EUR 5,623 million, respectively. These arrangements would require renegotiation of their cost or additional guarantees in the event of a rating downgrade (if such a downgrade were to occur in the manner set out in each contract).

At 31 December 2024 and 2023, the IBERDROLA Group held loans and credit facilities totalling EUR 200 million and EUR 620 million, respectively. Although a downgrade in their credit rating would affect their cost, any increase would not be significant.

In addition, at 31 December 2024 there were bonds issued, borrowings and other agreements between financial institutions and the IBERDROLA Group whose maturity dates could be impacted or may require additional collateral or guarantees to those already existing should a control change take place in the manner and subject to the timeframes stipulated in each contract. The most significant changes are those described in the following paragraphs:

- Issuance of bonds worth EUR 15,140 million in the European market, which includes issues of CHF 335 million, NOK 1,500 million, and GBP 500 million. In addition, bonds worth USD 350 million (EUR 335 million) were issued in the US market, and AUD 750 million (EUR 447 million) in the Australian market.

- Loans totalling EUR 5,413 million were arranged with the European Investment Bank (EIB) and the Instituto de Crédito Oficial (ICO). Furthermore, loans worth USD 887 million (EUR 851 million) were secured with the EIB.

- The Group also holds bank loans and loans from export credit agencies (ECAs) amounting to EUR 3,345 million.

- Lastly, BRL 23,671 million (equivalent to EUR 3,659 million) from issuances and BRL 27,914 million (equivalent to EUR 4,315 million) from loans to Brazilian subsidiary NEOENERGIA and its subsidiaries.

30. Derivative financial instruments

The breakdown of balances at 31 December 2024 and 2023, including valuation of derivative financial instruments at those dates, is as follows (in millions of euros):

	2024			
	Assets		Liabilities	
	Current	Non-current	Current	Non-current
Interest rate hedges	**25**	**486**	**(55)**	**(148)**
Cash flow hedges	**24**	**486**	**1**	**(7)**
– Interest rate swap (1)	24	486	1	(7)
Fair value hedges	**1**	**0**	**(56)**	**(141)**
- Interest rate swap	1	0	(56)	(141)
Exchange rate hedges	**168**	**255**	**(281)**	**(169)**
Cash flow hedges	**113**	**203**	**(241)**	**(169)**
- Currency swap	99	197	(84)	(141)
- Exchange rate insurance	14	6	(157)	(28)
Fair value hedges	**55**	**52**	**(5)**	**0**
- Currency swap	55	52	(5)	0
Hedging of net investment abroad	**0**	**0**	**(35)**	**0**
- Exchange rate insurance	0	0	(35)	0
Commodities hedges	**316**	**197**	**(177)**	**(338)**
Fair value hedges	**0**	**0**	**(1)**	**0**
- Other	0	0	(1)	0
Cash flow hedges	**316**	**197**	**(176)**	**(338)**
- Futures	316	197	(169)	(321)
- Other	0	0	(7)	(17)
Price index hedging	**0**	**0**	**(24)**	**(267)**
- Other	0	0	(24)	(267)
Non-hedging derivatives	**627**	**259**	**(465)**	**(221)**
Shares derivatives	**0**	**54**	**0**	**(54)**
- Treasury shares derivatives	0	54	0	(54)
Exchange rate derivatives	**38**	**0**	**0**	**0**
- Currency forwards	38	0	0	0
Derivatives on commodity prices	**587**	**194**	**(465)**	**(166)**
- Futures	587	193	(465)	(160)
- Other	0	1	0	(6)
Other non-hedging derivatives	**2**	**11**	**0**	**(1)**
Netted operations (Note 17)	**(134)**	**(19)**	**135**	**19**
Total	**1,002**	**1,178**	**(867)**	**(1,124)**

	2023			
	Assets		Liabilities	
	Current	Non-current	Current	Non-current
Interest rate hedges	**55**	**408**	**(85)**	**(140)**
Cash flow hedges	**48**	**407**	**4**	**(5)**
– Interest rate swap [1]	48	407	4	(5)
Fair value hedges	**7**	**1**	**(89)**	**(135)**
- Interest rate swap	7	1	(89)	(135)
Exchange rate hedges	**84**	**215**	**(343)**	**(347)**
Cash flow hedges	**70**	**146**	**(242)**	**(339)**
- Currency swap	45	145	(122)	(325)
- Exchange rate insurance	25	1	(120)	(14)
Fair value hedges	**12**	**69**	**(24)**	**(8)**
- Currency swap	12	69	(24)	(8)
Hedging of net investment abroad	**2**	**0**	**(77)**	**0**
- Exchange rate insurance	2	0	(77)	0
Commodities hedges	**508**	**209**	**(742)**	**(293)**
Fair value hedges	**0**	**0**	**(3)**	**0**
- Exchange rate insurance	0	0	(2)	0
- Other	0	0	(1)	0
Cash flow hedges	**508**	**209**	**(739)**	**(293)**
- Futures	503	183	(704)	(243)
- Other	5	26	(35)	(50)
Price index hedging	**0**	**0**	**(28)**	**(248)**
- Other	0	0	(28)	(248)
Non-hedging derivatives	**559**	**383**	**(607)**	**(281)**
Shares derivatives	**0**	**38**	**0**	**(38)**
- Treasury shares derivatives	0	38	0	(38)
Exchange rate derivatives	**4**	**0**	**(81)**	**0**
- Currency forwards	4	0	(43)	0
- Other	0	0	(38)	0
Derivatives on commodity prices	**555**	**337**	**(526)**	**(243)**
- Futures	554	315	(525)	(241)
- Other	1	22	(1)	(2)
Other non-hedging derivatives	0	8	0	0
Netted operations (Note 17)	**(428)**	**(18)**	**453**	**24**
Total	**778**	**1,197**	**(1,352)**	**(1,285)**

The maturity schedule of the notional amounts of derivative instruments arranged by the IBERDROLA Group and outstanding at 31 December 2024 is as follows (in millions of euros):

	2025	2026	2027	2028	2029 and beyond	Total
Interest rate hedges	**1,278**	**314**	**1,050**	**772**	**4,693**	**8,107**
Cash flow hedges	**1,263**	**300**	**36**	**40**	**3,800**	**5,439**
– Interest rate swap (1)	1,263	300	36	40	3,800	5,439
Fair value hedges	**15**	**14**	**1,014**	**732**	**893**	**2,668**
- Interest rate swap	15	14	1,014	732	893	2,668
Exchange rate hedges	**8,474**	**1,213**	**1,506**	**738**	**3,848**	**15,779**
Cash flow hedges	**7,575**	**1,200**	**1,492**	**519**	**3,782**	**14,568**
- Currency swap	1,085	350	895	336	3,722	6,388
- Exchange rate insurance	6,490	850	597	183	60	8,180
Fair value hedges	**313**	**13**	**14**	**219**	**66**	**625**
- Currency swap	313	13	14	219	66	625
Hedging of net investment abroad	**586**	**0**	**0**	**0**	**0**	**586**
- Exchange rate insurance	586	0	0	0	0	586
Commodities hedges	**2,892**	**690**	**428**	**372**	**3,875**	**8,257**
Fair value hedges	**232**	**43**	**0**	**0**	**0**	**275**
- Exchange rate insurance	173	0	0	0	0	173
- Other	59	43	0	0	0	102
Cash flow hedges	**2,660**	**647**	**428**	**372**	**3,875**	**7,982**
- Futures	2,650	625	369	316	3,289	7,249
- Other	10	22	59	56	586	733
Price index hedging	**5**	**8**	**1**	**120**	**605**	**739**
- Other	5	8	1	120	605	739
Non-hedging derivatives	**3,368**	**1,583**	**1,900**	**1,665**	**8,141**	**16,657**
Shares derivatives	**0**	**0**	**900**	**0**	**0**	**900**
- Treasury shares derivatives	0	0	900	0	0	900
Exchange rate derivatives	**401**	**1**	**5**	**6**	**0**	**413**
- Exchange rate insurance	401	1	5	6	0	413
Derivatives on commodity prices	**2,608**	**868**	**710**	**715**	**7,850**	**12,751**
- Futures	2,575	789	685	665	7,740	12,454
- Other	33	79	25	50	110	297
Other non-hedging derivatives	**359**	**714**	**285**	**944**	**291**	**2,593**
Total	**16,017**	**3,808**	**4,885**	**3,667**	**21,162**	**49,539**

(1) Includes the derivatives arranged by the IBERDROLA Group at 31 December 2024 to cover the interest rate risk of future financing for a nominal amount of EUR 4,596 million, thus helping to mitigate interest rate risk (EUR 4,448 million at 31 December 2023).

The information presented in the table above includes notional amounts of derivative financial instruments arranged in absolute terms (without offsetting assets and liabilities or purchase and sale positions). This does not reflect the risk assumed by the IBERDROLA Group since this amount only records the basis on which the calculations to settle the derivative are made.

The "Finance expense" heading of the 2024 and 2023 consolidated income statements includes EUR 415 million and EUR 485 million, respectively, in connection with derivatives linked to financial indices that fail to meet the conditions to qualify as hedging instruments or, having met the conditions, are partially ineffective, as explained in Notes 3.k and 44. In addition, the "Finance income" heading in the consolidated income statements for those years includes EUR 467 million and EUR 315 million, respectively, for the items described above (Note 43).

The nominal value of bank borrowings, bonds and other marketable securities subject to exchange rate hedging (Note 4) is as follows:

Type of hedge	2024				
	Millions of US dollars	Millions of Japanese yen	Millions of Norwegian kroner	Millions of Swiss francs	Millions of euros
Cash flows	1,673	38,400	3,300	335	127
Fair value	716	10,000	0	0	0

Type of hedge	2023				
	Millions of US dollars	Millions of Japanese yen	Millions of Norwegian kroner	Millions of pounds sterling	Millions of euros
Cash flows	1,839	58,536	1,800	0	309
Fair value	756	10,000	0	500	0

The nominal value of bank borrowings, bonds and other marketable securities subject to interest rate hedging (Note 4) is as follows:

Type of hedge	2024		
	Millions of euros	Millions of US dollars	Millions of Brazilian reais
Cash flows	2,917	0	0
Fair value	1,721	750	1,471

Type of hedge	2023		
	Millions of euros	Millions of US dollars	Millions of Brazilian reais
Cash flows	4,190	0	0
Fair value	2,306	750	156

31. Changes in financing activities shown on the statement of cash flows

In 2024 y 2023 liabilities classified as financing activities in the statement of cash flows and excluded from the “Equity”, “Equity instruments having the substance of a financial liability” (Note 24) and “Leases” (Note 32) headings were as follows (in millions of euros):

		Cash flows			Non-cash exchanges					
	Balance at 01.01.2024	Issues and disposals (1)	Repayments/ Instalments paid	Interest paid	Interest accrued	Foreign currency exchange(2)	Changes in fair value	Accrual of transaction costs	Potential treasury shares accumulated and other	Balance at 31.12.2024
Obligations, bonds and promissory notes	31,507	11,146	(7,366)	0	316	180	14	46	0	35,843
Loans and other financing transactions	16,039	6,228	(5,096)	0	0	(355)	21	17	0	16,854
Unpaid accrued interest	486	0	1	(1,898)	1,951	(27)	0	0	0	513
Derivatives on the company’s own shares with a physical settlement (Note 22)	246	0	(84)	0	0	0	0	0	1,018	1,180
TOTAL (Note 29)	**48,278**	**17,374**	**(12,545)**	**(1,898)**	**2,267**	**(202)**	**35**	**63**	**1,018**	**54,390**
Derivative financial instruments associated with financing	32	167	43	(260)	95	(109)	(344)	0	0	(376)
Total	**48,310**	**17,541**	**(12,502)**	**(2,158)**	**2,362**	**(311)**	**(309)**	**63**	**1,018**	**54,014**

	Balance at 01.01.2023	Cash flows			Non-cash exchanges						Balance at 31.12.2023
		Issues and disposals [1]	Repayments/ Instalments paid	Interest paid	Interest accrued	Foreign currency exchange[2]	Changes in fair value	Accrual of transaction costs	Modification of the consolidation scope (Note 7)	Potential treasury shares accumulated and other	
Obligations, bonds and promissory notes	30,717	7,433	(6,524)	0	0	(270)	101	50	0	0	31,507
Loans and other financing transactions	14,344	3,302	(1,637)	0	0	146	43	22	(181)	0	16,039
Unpaid accrued interest	410	0	0	(2,068)	2,205	(64)	0	0	3	0	486
Derivatives on the company's own shares with a physical settlement (Note 22)	1,116	0	(1,716)	0	0	0	0	0	0	846	246
Total Financial debt - loans and other (Note 29)	**46,587**	**10,735**	**(9,877)**	**(2,068)**	**2,205**	**(188)**	**144**	**72**	**(178)**	**846**	**48,278**
Derivative financial instruments associated with financing	(79)	(73)	(36)	(301)	92	475	(25)	0	(21)	0	32
Total	**46,508**	**10,662**	**(9,913)**	**(2,369)**	**2,297**	**287**	**119**	**72**	**(199)**	**846**	**48,310**

[1] Issues net of expenses.

[2] Includes translation differences.

32. Leases

Lessee

Changes in lease liabilities in 2024 and 2023 are as follows (in millions of euros):

	2024	2023
Opening balance	**2,592**	**2,438**
Modification of the consolidation scope (Note 7)	0	40
Translation differences	71	(30)
New lease contracts (Note 12)	217	265
Discount to present value (Note 44)	104	89
Payments made from principal	(182)	(163)
Interest paid	(96)	(85)
Restatement/changes of lease liabilities (Note 12)	124	62
Derecognitions and other	(31)	(10)
Classification as held for sale (Note 18)	0	(14)
Closing balance	**2,799**	**2,592**

The breakdown of undiscounted lease liabilities at 31 December 2024 and 2023 is as follow (in millions of euros):

	31.12.2024
2025	180
2026	293
2027	207
2028	211
2029	186
2030 And beyond	3,333
Total	**4,410**
Financial cost	1,611
Present value of the payments	2,799
Total	**4,410**

	31.12.2023
2024	184
2025	271
2026	195
2027	183
2028	189
2029 And beyond	2,893
Total	**3,915**
Financial cost	1,323
Present value of the payments	2,592
Total	**3,915**

Furthermore, the IBERDROLA Group is potentially exposed to future cash outflows that are not reflected in the lease liability measurement mainly due to variable lease payment commitments. During 2024 y 2023, the IBERDROLA Group accrued an amount of EUR 50 million and EUR 46 million for variable lease recognised under the “External services” heading of the consolidated income statement. Said amounts correspond mainly to lease rents depending on output and operating income from wind farms located in leased lands.

Expenses in 2024 related to current leases excluded from the scope of IFRS 16 amounted to EUR 16 million, as recognised under “External services” in the consolidated income statement (EUR 21 million in 2023).

No revenues from subleases of the right-of-use assets were obtained in 2024 or 2023.

Operating lessor

The IBERDROLA Group acts as lessor under certain operating leases consisting essentially of the rental of investment property (Note 10) and items of property, plant and equipment. The breakdown by type is as follows (in millions of euros):

	31.12.2024	31.12.2023
Buildings	294	303
Land	150	158
Other	56	45
Total	**500**	**506**

The “Revenue” and “Other operating income” headings of the consolidated Income statement for 2024 include EUR 28 million and EUR 16 million, respectively (EUR 27 million and EUR 15 million, respectively, in 2023).

The estimate of non-deducted future minimum payments for contracts in force at 31 December 2024 and 2023 is as follows (in millions of euros):

	31.12.2024
2025	36
2026	33
2027	32
2028	31
2029	29
2030 And beyond	173
Total	**334**

	31.12.2023
2024	32
2025	30
2026	29
2027	27
2028	25
2029 And beyond	150
Total	**293**

33. Other financial liabilities

The breakdown of the "Other non-current financial assets" and "Other current financial assets" headings of the consolidated statement of financial position is as follows (in millions of euros):

	31.12.2024	31.12.2023
Non-current		
Non-current deposits and guarantees (Note 15.b.)	152	153
Concessional guarantee of tariff sufficiency in Brazil (Note 13)	173	173
Payment obligation from regulated activities in the United states	51	57
Financial lease suppliers	87	86
PIS/COFINS Brazil (Notes 16 and 36)	341	348
Other	477	385
Total	**1,281**	**1,202**
Current		
Current deposits and guarantees (*)	248	278
Concessional guarantee of tariff sufficiency in Brazil (Note 13)	190	81
Payment obligation from regulated activities in the United States	7	15
Loans with equity-accounted investees	142	77
Financial lease suppliers	2,332	2,395
Payment deferral agreements with suppliers	225	263
PIS/COFINS Brazil (Notes 16 and 36)	107	278
Dividend payable (Note 22)	199	205
CSA derivatives value guarantee deposits (Note 22)	100	76
Staff pending remuneration	488	446
Other	352	289
Total	**4,390**	**4,403**

(*) This item includes the collateral required for the operation of the business in the markets (see Note 15.b).

Payment deferral agreements with suppliers

In 2024 and 2023, the IBERDROLA Group negotiated the extension of payment periods with certain suppliers (mainly in respect of PP&E) with which the relevant IBERDROLA Group companies operate. The average payment period for these suppliers in 2024 was approximately 210 days (120 days in 2023), with the normal payment period being 39 days (30 days in 2023).

Due to deferrals beyond the normal payment period in the applicable economic environment, the IBERDROLA Group has determined that the original liabilities have been discharged or substantially modified.

Therefore, these balances are reclassified in the consolidated statement of financial position from "Other current financial liabilities – Suppliers of fixed assets" and "Trade payables" to "Other current financial liabilities – Payment deferral agreements with suppliers". The cash flows associated with these payments are included in Cash flows from investing and from operating activities, respectively, in the consolidated statement of cash flows.

Reverse factoring arrangements

The IBERDROLA Group has entered into payment management operations with various credit institutions to enable creditors/suppliers to settle their invoices in advance with a bank. This is a form of reverse factoring with the purpose of providing financing services through which creditors/suppliers can collect payment from a bank prior to the due date of their invoices issued to the IBERDROLA Group.

Under these arrangements, the IBERDROLA Group has no economic interest in whether the creditors/suppliers enter into reverse factoring agreements. The IBERDROLA Group's obligations to its creditors/suppliers, including the amounts owed and the agreed payment terms and conditions are not affected by the creditors/suppliers' decision to choose to bring forward collection under these arrangements.

The reverse factoring agreements entered into by the IBERDROLA Group do not envisage additional guarantees granted to the financial institutions, changes in the interest rates applied, or changes in the terms of payment of debts with respect to the conditions agreed.

At 31 December 2024, the amount paid by the credit institutions amounted to EUR 57 million in relation to the liability classified under the heading "Trade payables" and EUR 224 million in relation to the liability classified under the heading "Other current financial liabilities – Payment deferral agreements with suppliers".

34. Other liabilities

The breakdown of the “Other non-current liabilities” and “Other current liabilities” headings of the consolidated statement of financial position is as follows (in millions of euros):

	31.12.2024	31.12.2023
Non-current		
Contract liabilities	221	116
Adjustments for market price deviations (Vadjm) (Notes 3.t and 16)	192	194
Other liabilities	21	125
Total	**434**	**435**
Current		
Contract liabilities	391	686
Other liabilities	637	614
Total	**1,028**	**1,300**

35. Deferred taxes and income tax

Income tax

Due to the multinational nature of the IBERDROLA Group, it is subject to the regulations in force in other tax jurisdictions.

Taxes in Spain

Iberdrola S.A. is the parent company of two tax consolidation groups in Spain: group 2/86 for the whole of Spain and group 02415BSC in the independently taxed province of Bizkaia, of which the parent company itself is a member.

Group 2/86 consists of 95 companies, while group 02415BSC consists of 27 companies.

The other entities resident in Spain that do not form part of either of the two aforementioned groups form part of Group 453/22, whose parent company is Energías Renovables Ibermap, S.L. (comprising 11 companies); Group 581/24, whose parent company is Energías Renovables Romeo, S.L. (comprising three companies), or otherwise pay corporate income tax on an individual basis.

Companies taxed under the common tax system were subject to a 25% rate in 2024, while in the fiscally autonomous Basque Country, it was 24%.

Taxation in other countries

Other Group companies located outside Spain are subject to the income tax rate applicable in their respective countries of residence. In the United States, the United Kingdom, France, Australia, Italy, Romania, and Portugal, companies that qualify apply a joint taxation regime. In other jurisdictions, group entities with a tax presence are taxed individually.

The nominal tax rates applicable in jurisdictions where the IBERDROLA Group operates are as follows, based on OECD data and including both federal/general and, where relevant, state/local rates.

Country	2024	2023	Domestic Top-Up Tax (a)
Germany	31.9	31.9	Yes
Algeria	23.0	23.0	No
Australia	30.0	30.0	Yes
Brazil	34.0	34.0	Yes (*)
Bulgaria	10.0	10.0	Yes
Canada	27.0	27.0	Yes
Cyprus	12.5	12.5	Yes (*)
South Korea	26.4	26.4	No
Egypt	22.5	22.5	No
Spain	25-24	25-24	Yes (*)
United States	26.5	26.5	No
France	25.8	25.8	Yes
Greece	22.0	22.0	Yes
Honduras	25.0	25.0	No
Hungary	9.0	9.0	Yes
Ireland	12.5	12.5	Yes
Italy	28.8	28.8	Yes
Japan	32.3	38.1	No
Latvia	25.0	25.0	No
Luxembourg	24.9	24.9	Yes
Malta	35.0	35.0	No
Morocco	33.0	32.0	No
Mexico	30.0	30.0	No
Montenegro	9.0	9.0	No
Norway	22.0	22.0	Yes
Netherlands	25.8	25.8	Yes
Poland	19.0	19.0	Yes (*)
Portugal	30.7	30.7	Yes (*)
Qatar	10.0	10.0	No
United Kingdom	25.0	25.0	Yes
Romania	16.0	16.0	Yes
Singapore	17.0	17.0	Yes
South Africa	27.0	27.0	Yes (*)
Sweden	20.6	20.6	Yes
Taiwan	20.0	20.0	No
Vietnam	20.0	20.0	Yes

(a) Jurisdictions with approved Domestic Top-Up Tax (see “Global Minimum Tax - Top-Up Tax” section in this note). Jurisdictions with an approved Domestic Top-Up Tax but not yet included in the OECD’s Qualified Domestic Top-Up Tax list (published on 13 January 2025) are marked with an asterisk (*).

Income tax expense

Income tax expense for 2024 and 2023 is as follows (in millions of euros):

	31.12.2024	31.12.2023
Consolidated profit/(loss) for the year from continuing operations before tax	**8,117**	**7,025**
Consolidated profit/(loss) for the year from discontinued operations before tax	**(24)**	**(28)**
Consolidated profit/(loss) before tax	**8,093**	**6,997**
Non-deductible expenses and non-eligible income(*) :		
- From individual companies	106	133
- From consolidation adjustments	(422)	(438)
Profit of equity-accounted investees	37	(239)
Adjusted accounting profit (a)	**7,814**	**6,453**
Gross tax calculated at the tax rate in force in each country (b)	**2,114**	**1,624**
Tax credits deductions due to reinvestment of extraordinary profits and other tax credits (c)	(169)	(201)
Adjustment of prior years' income tax expense	(45)	26
Net change in litigation, claims, indemnities and similar, and other provisions	18	21
Adjustment of deferred tax assets and liabilities(**)	188	108
Other	39	25
Income tax (income)/expense	**2,145**	**1,603**
Accrued income tax expense/(income) in the consolidated income statement	**2,150**	**1,610**
Accrued income tax from discontinued operations (income)/expense	**(5)**	**(7)**
Effective tax rate (b+c)/a	**24.90 %**	**22.06 %**

(*) Includes, in 2024 and 2023, adjustments arising from the exemption of dividends and share of profit received and the transfer of interests; from the application of tax credit in the tax base in certain jurisdictions; and from the deductibility of impairment on equity instruments and other accounting expenses.

(**) Includes, in 2023, an amount of EUR 155 million for the difference between the tax value of the equity investments transferred in Mexico (Note 7) and their carrying amount.

The breakdown between current and deferred income tax is as follows (in millions of euros):

	31.12.2024	31.12.2023
Current taxes	2,434	1,591
Deferred taxes	(289)	12
Expense/(income) from continuing and discontinued operations	**2,145**	**1,603**

Deferred taxes

The breakdown of the "Deferred tax assets" and "Deferred tax liabilities" headings of the consolidated statement of financial position is as follows:

	Balance at 01.01.2024	Translation differences	Credit (charge) to the consolidated income statement	Credit (charge) to Valuation adjustments	Credit (charge) to "Other reserves"	Other	Balance at 31.12.2024
Deferred tax assets:							
Measurement of derivative financial instruments	467	(11)	(1)	100	0	(55)	500
Balance sheet revaluation 16/2012	950	0	(70)	0	0	0	880
Pensions and similar commitments	427	(2)	(30)	0	(8)	(7)	380
Allocation of non-deductible negative goodwill arising on consolidation	58	0	2	0	0	0	60
Provision for facility closure costs	347	15	(18)	0	0	0	344
Tax credits for losses and deductions	3,008	112	477	0	0	(15)	3,582
Lease liability	413	6	32	0	0	(1)	450
Other deferred tax assets	1,475	(21)	303	0	0	16	1,773
Total	**7,145**	**99**	**695**	**100**	**(8)**	**(62)**	**7,969**

	Balance at 01.01.2023	Modification of the consolidation scope (Note 7)	Translation differences	Credit (charge) to the consolidated income statement	Credit (charge) to Valuation adjustments	Credit (charge) to "Other reserves"	Classification as held for sale (Note 18)	Other	Balance at 31.12.2023
Deferred tax assets:									
Measurement of derivative financial instruments	655	0	(1)	1	(230)	0	0	42	467
Balance sheet revaluation 16/2012	1,050	0	0	(100)	0	0	0	0	950
Pensions and similar commitments	348	0	(2)	2	0	113	0	(34)	427
Allocation of non-deductible negative goodwill arising on consolidation	56	0	0	2	0	0	0	0	58
Provision for facility closure costs	256	0	(9)	6	0	0	0	94	347
Tax credits for losses and deductions	2,746	(19)	(80)	421	0	0	0	(60)	3,008
Lease liability	426	0	(5)	(13)	0	0	0	5	413
Other deferred tax assets	1,240	(9)	(6)	(61)	0	0	(168)	479	1,475
Total	**6,777**	**(28)**	**(103)**	**258**	**(230)**	**113**	**(168)**	**526**	**7,145**

	Balance at 01.01.2024	Translation differences	Credit (charge) to the consolidated income statement	Credit (charge) to Valuation adjustments	Other	Balance at 31.12.2024
Deferred tax liabilities:						
Measurement of derivative financial instruments	491	9	(24)	220	(37)	659
Accelerated depreciation	5,995	303	172	0	(8)	6,462
Overprice assigned in business combinations	3,756	181	(144)	0	5	3,798
Asset for facility closure costs	229	12	(22)	0	17	236
Right-of-use assets	394	7	48	0	(2)	447
Other deferred tax liabilities	1,650	(53)	376	0	(13)	1,960
Total	**12,515**	**459**	**406**	**220**	**(38)**	**13,562**

	Balance at 01.01.2023	Modification of the consolidation scope (Note 7)	Translation differences	Credit (charge) to the consolidated income statement	Credit (charge) to Valuation adjustments	Classification as held for sale (Note 18)	Other	Balance at 31.12.2023
Deferred tax liabilities:								
Measurement of derivative financial instruments	389	6	1	(3)	102	0	(4)	491
Accelerated depreciation	6,211	24	(142)	63	0	(165)	4	5,995
Overprice assigned in business combinations	3,709	134	(56)	(75)	0	0	44	3,756
Asset for facility closure costs	73	0	(5)	5	0	0	156	229
Right-of-use assets	383	0	(5)	8	0	0	8	394
Other deferred tax liabilities	1,373	(134)	(1)	272	0	(219)	359	1,650
Total	**12,138**	**30**	**(208)**	**270**	**102**	**(384)**	**567**	**12,515**

Deferred tax assets and liabilities offset in the consolidated statement of financial position at 31 December 2024 and 2023 amounted to EUR 6,017 million and EUR 5,136 million, respectively.

Minimum Global Tax – Supplementary Tax

As a large multinational group, the IBERDROLA Group is subject to the Global Anti-Base Erosion (GloBE) Model Rules (Pillar Two). These were approved by the Organization for Economic Co-operation and Development (OECD)/G20 in the context of the Inclusive Framework on BEPS (Base Erosion and Profit Shifting) on 14 December 2021. The plan was endorsed by, among many others, the EU Member States.

Under these model rules, the Group is required to pay a top-up tax on profits earned in any tax jurisdiction where its effective tax rate, calculated at the jurisdictional level and in accordance with the rules, is lower than a minimum of 15%.

Legislation implementing the model rules has been approved, or has reached an advanced stage of approval, in many jurisdictions in which IBERDROLA is present.

In Spain, where the group's ultimate parent company is located, Council Directive (EU) 2022/2523 of 15 December 2022 has been incorporated into national law, particularly affecting IBERDROLA through Law 7/2024, of 20 December, and the Provincial Law of the Historical Territory of Bizkaia 4/2004, of 27 December.

According to these regulations, the first year in which the new global minimum tax obligations will apply to the IBERDROLA Group is 2024. The Biscayan regional regulations will initially apply, and until the tax agreement is finalised, the provisions in Law 7/2024 will be followed. The self-assessment tax return for this initial period is due in July 2026.

The Group has assessed the potential impact of global minimum taxation regulations based on its latest tax returns, country-by-country report, and the financial statements of its constituent entities. IBERDROLA does not anticipate a significant impact on equity from these model rules. This is due to the presence, either individually or simultaneously, of the following conditions in each jurisdiction where it operates: an effective tax rate of 15% or higher, a substantial presence of personnel and material assets that exclude income from the minimum taxation, or minimal levels of income and profits. As a result, the consolidated income statement for the 2024 financial year does not reflect any impact on the current tax expense from this regulation.

The “Income Tax” section of this note includes a list of the jurisdictions where IBERDROLA operates, along with information on whether they have an approved Domestic Top-up Tax.

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 — “Income Taxes” 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 — “Income Taxes” in this respect. The IBERDROLA Group has applied this temporary exception in its 2024 financial statements.

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.

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

Administrative proceedings in Spain

On 25 January 2024, the Tax and Customs Control Unit of the Central Delegation for Large Taxpayers at the State Tax Administration Agency informed Iberdrola, S.A. that it was beginning checks and investigations into the Temporary Energy Tax for 2023. This is in line with Iberdrola's role as the main operator in the energy sector, as stipulated by the resolutions of the National Commission of Markets and Competition dated 10 December 2020, 16 December 2021, and 9 June 2020, referenced in Article 1, section 1 of Law 38/2022.

During the inspection, IBERDROLA was asked to remove certain income from the taxable base. This mainly involved expenses borne by the distributors' retail suppliers for passing on to the end customer, which are similar to those from regulated activities that are tax-exempt. The Company also sought to adjust the self-assessments submitted for this tax, arguing that the regulation establishing and governing it is unconstitutional and breaches European Union law, requesting a refund of all the amounts paid along with the applicable late payment interest.

In January 2025, the Company received notification of the settlement agreement, which confirmed the disputed tax assessment initiated in July 2024. The agreement accepted the request to exclude certain income from the tax base and agreed to refund the amounts paid, including the related interest. However, it denied the request for total rectification, as the Tax Administration determined that it lacks the authority to evaluate whether the rule creating the tax is consistent with domestic and/or EU law, or to submit issues of unconstitutionality to the Constitutional Court or preliminary questions to the Superior Court of Justice.

IBERDROLA has requested a rectification of the self-assessments submitted and paid for the 2024 tax year, mirroring the request made for 2023, which is still awaiting a response.

In early May 2024, Iberdrola Energía España S.A. received notification of the commencement of general verification and investigation proceedings concerning the Corporate Tax for fiscal years 2018 to 2020 of Tax Group 2/86, where the company acts as the representative and Iberdrola, S.A. is the parent company.

On the same day, Iberdrola, S.A. was also notified about the initiation of general checks and investigations related to the Value Added Tax for the group of entities under VAT 0220/08 for the same years, in its role as the group's representative and leading entity.

By the end of 2024, both procedures were still ongoing.

Administrative proceedings in other countries

In those countries where the Group has a significant presence, the main ongoing inspections are as follows:

- In the United States, the AVANGRID Group, given its status as a large taxpayer at both federal and state level, has various tax inspection processes ongoing in relation to several taxes.
- In the United Kingdom, HMRC has classified Scottish Power as a low risk taxpayer. There are currently no general inspection procedures in progress.
- In Mexico, the Mexican tax authority (SAT) began several inspection procedures during 2020 and the following years concerning various companies within the Group.

On 26 February 2024, after obtaining authorisation from the Mexican Federal Economic Competition Commission (COFECE) and satisfying the remaining conditions precedent agreed by the parties, the transaction to transfer electricity generation assets—comprising 12 combined cycle power plants and a wind farm with a total installed capacity of 8,539 MW—to Grupo Financiero Actinver, as trustee, was completed under the Irrevocable Trust Agreement managed by Mexico Infrastructure Partners FF, S.A.P.I. de C.V. The buyer has taken on responsibility for the outcomes of both ongoing and future inspections related to the transferred companies.

The status of the inspection procedures for the companies still within the Group's scope is as follows:

- The situation concerning the income tax inspections for Iberdrola México, S.A. de C.V. (2018 financial year) and Iberdrola Ingeniería y Construcción, S.A. de C.V. (2017 financial year), as well as the Sales Tax for Iberdrola Energía Noroeste, S.A. de C.V. (2020 financial year), is that the SAT has issued tax credits. These have been contested through appeals for revocation, and all are pending resolution as of the end of 2024.
- The situation involving the inspection of the Sales Tax for the 2019 financial year of Iberdrola Generación, S.A. de C.V. saw the SAT issue an official letter of observations in July 2024. The company then requested the initiation of a Conclusive Agreement procedure with the Taxpayer Defence Office (PRODECÓN). However, this procedure concluded in August 2024 without any agreement, and we are now awaiting the relevant settlement letter. The SAT has a period of six months from the end of the Conclusive Agreement procedure to issue this letter.
- The inspection of the Income Tax for the 2020 financial year of Iberdrola Clientes, S.A. de C.V. is still ongoing. In February 2024, a letter of observations was issued, which was addressed within the deadline, with a further request to initiate a Conclusive Agreement procedure with PRODECÓN.
- Lastly, during the 2024 financial year, a new inspection procedure was initiated concerning the Income Tax for Iberdrola Ingeniería y Construcción, S.A. de C.V. for the 2018 financial year, which remains in progress at the year's end.

Lastly, Brazil is known for being a jurisdiction with a high risk of litigation and there are multiple investigation actions in progress, given Brazil's tax and administrative structure and the usual procedure followed by 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 their tax consultants consider that the current inspection process will not give rise to further material liabilities for the IBERDROLA Group beyond those already recognised at 31 December 2024.

Tax litigation

Tax litigation in Spain

Tax litigation for years 2008 to 2011

In June 2020, IBERDROLA was notified of the decisions made by the Central Tax Appeals Board (TEAC) concerning the claims related to the assessments that were signed in protest by IBERDROLA in 2016. These claims pertain to the general inspection proceeding carried out on the tax consolidation group in the common territory (no. 2/86) for financial years 2008 to 2011.

As regards VAT, the TEAC ruling was favourable to the interests of IBERDROLA (thus annulling the assessments and settlements carried out by the inspectors), while the decisions on income tax were unfavourable.

On 7 July 2020 IBERDROLA appealed these rulings to the Spanish National High Court (*Audiencia Nacional*).

The main adjustments included in the settlement agreements resulting from contested tax assessments related to the quantification of goodwill subject to tax amortisation and depreciation, for the acquisition of SCOTTISH POWER, the elimination of the exemption applicable to SCOTTISH POWER's dividends received, as the Tax Authority considers that this exemption is incompatible with valuation adjustments for net investment hedges, differences in tax consolidation criteria and the possible existence of the circumstances envisaged in Section 15.1 of Spain's General Tax Law in a debtor-swap operation in a number of debt issues.

On 28 November 2024, the National Court issued a favourable ruling that nullified the AEAT's reference to the Conflict over the application of the rule as well as the associated settlements, fully upholding the appeal. The State Administration has appealed this decision to the Supreme Court.

The processing of other appeals related to this issue has been suspended pending the final decision of the Court of Justice of the European Union concerning the amortisation of financial goodwill, due to potential implications for some of the issues under discussion.

Tax litigation for years 2012 to 2020

Additionally, in December 2020 IBERDROLA was notified of the rulings of the TEAC on the appeals lodged in relation to the income tax assessments signed in protest arising from the limited tax inspection of the 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 filed an appeal for judicial review before the *Audencia Nacional* on the other matters in dispute. All claims and arguments were submitted in due course during 2021 and the case is now awaiting a hearing date ahead of a final ruling on the matter.

In relation to the same issue, on 6 September 2021 IBERDROLA filed a claim with the TEAC against the enforcement by the technical department of the central large taxpayers' office of the decision of that court partially upholding the aforementioned assessment. That body did not limit itself to acknowledging the effects of that assessment in the years affected (2012 to 2014), but extended its effects to other prior 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, IBERDROLA received notification that the TEAC had rejected its claims. The Company subsequently filed a contentious-administrative appeal with the National High Court and submitted the lawsuit in June 2024.

In December 2021 and July 2022, economic-administrative claims were filed with the Central Tax Appeals Board. These were against the settlement agreements that upheld the disputed corporate income tax assessments involving Iberdrola Energía España, S.A., acting as the representative of Tax Group 2/85, for the financial years 2012 to 2014 and 2015 to 2020, respectively. The issues under dispute are largely the same as those debated for the 2008 to 2011 financial years. On 5 June 2024, the TEAC issued a ruling on the claim for the years 2012 to 2014, partially supporting the group's claims by recognising the deductibility of directors' remuneration, while dismissing the other matters. The company filed a contentious-administrative appeal with the National High Court and submitted the lawsuit in November 2024. The claim related to the financial years 2015 to 2020 is still awaiting resolution by the same Court, with the relevant pleadings having been submitted in the second quarter of 2023.

In July 2022, Iberdrola, S.A., acting for the Group of Entities 0220/08BVA, filed an economic-administrative claim with the Central Tax Appeals Board against a settlement agreement that upheld disputed tax assessments concerning VAT for the years 2015 to 2017. The dispute arose from adjustments by the Spanish Tax Agency (AEAT), which involved including capital gains from portfolio transfers and corporate restructuring in the pro rata calculation's denominator. The claim is awaiting resolution, with the relevant submissions made in the last quarter of 2022 and additional submissions filed in the first quarter of 2023. Furthermore, IBERDROLA requested a refund of VAT on unpaid debts, mainly owed by individuals for over a year and with a tax base below 300 euros, relating to Curenergía Comercializador de Último Recurso, S.A.U. and Iberdrola Clientes, S.A.U. for those financial years. This claim argues that Spanish regulations on the treatment of VAT for unpaid invoices are contrary to EU law.

In January 2024, Iberdrola S.A., acting as the representative and parent company for VAT purposes of the Group of Entities 0220/08BVA, received a settlement notice from the Tax and Customs Control Unit of the Central Delegation of Large Taxpayers of the Spanish Tax Agency. This notice concluded the partial verification process for the tax years 2018 and 2019 and fully confirmed the disputed tax assessment initiated against the group in March 2023. The issues in dispute are largely the same as those concerning VAT for the 2015 to 2017 tax years. Settlement notices were also issued regarding corporate tax for those years, due to the impact of the proposed VAT adjustments on that tax. Economic-administrative claims have been filed against all these notices with the Central Tax Appeals Board, and as of the end of 2024, they remain unresolved.

Tax litigation related to the Temporary Energy Levy

Lastly, and with respect to significant tax litigation for IBERDROLA, on 21 February 2023, the Association of Electrical Energy Companies (AELEC) lodged an appeal against Ministry Order HFP/94/2023, approving self-assessment forms of the new temporary energy tax created by Law 38/2022. On 23 February 2023, IBERDROLA also filed a judicial review appeal against the same Ministerial Order, in similar terms to the one filed by AELEC.

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 net turnover generated by the activity in Spain in the calendar year preceding the year in which the obligation arises. In 2023, IBERDROLA paid a levy of EUR 213 million (Note 41). However, following verification actions mentioned in the previous section, a refund of EUR 33 million, plus interest for late payment, has been ordered. The revenue associated with this rebate reduced the actual expense for this tax in 2024.

In 2024, IBERDROLA paid EUR 132 million (Note 41), having already excluded from that year's tax base the income whose exclusion was acknowledged during the general inspection of the 2023 levy.

The appeal for judicial review filed 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 First Tier Tax Tribunal ruled in favour of HMRC in February 2022. The company appealed to the Upper Tribunal, which also ruled in HMRC's favour. Scottish Power then obtained permission to take the case to the Court of Appeal. In January 2025, the Court of Appeal issued a ruling in favour of the company. HMRC may seek permission from the Supreme Court to appeal this decision.

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 45).

The IBERDROLA Group's directors and their tax consultants consider that the current inspection process will not give rise to further material liabilities for the IBERDROLA Group beyond those already recognised at 31 December 2024.

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

In financial year 2017, the Spanish authorities applied the aid and grants recoupment procedure established in the General Tax Act, thus recovering from the IBERDROLA Group, in accordance with Article 12.5 of the TRLIS, 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 of the foregoing by virtue of Decision Three of the European Commission.

In May 2021, IBERDROLA was notified of a settlement decision under the aid and grants reimbursement procedure for the years 2016 to 2018 in the amount 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 2024 and 2023.

Moreover, the application of the incentive provided for in Section 12.5 of the TRLIS 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. No amount has been recovered to date. 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.

36. Public entities

The breakdown of the headings "Current tax assets/liabilities" and "Other public administration receivables/payables" on the asset and liability sides, respectively, of the consolidated statement of financial position is as follows (in millions of euros):

	31.12.2024	31.12.2023
Taxes receivable		
Public Treasury, corporate income tax receivable[a]	692	351
VAT	315	289
Tax withholdings and prepayments	154	72
Public Treasury, PIS/COFINS Brazil (Notes 16 and 33)	107	286
Public Treasury, other receivables	347	135
Total	**1,615**	**1,133**
Taxes payable		
Public Treasury, corporate income tax payable[a]	1,137	332
VAT	90	177
Withholdings	61	46
Other taxes	1,265	1,041
Social Security	38	39
Total	**2,591**	**1,635**

(a) The divestment in Mexico (Note 7) generated an income tax payable to the Mexican tax authorities of MXN 13,573 million (EUR 731 million at the exchange rate at the transaction date), of which MXN 4,979 million (EUR 275 million) was paid on account in 2024, while the remainder will be paid in 2025.

37. Information on average payment period to suppliers. Third Additional Provision – "Reporting Requirement" of Law 15/2010 of 5 July

The required information for 2024 and 2023 breaks down as follows (in millions of euros):

	Number of days	
	2024	2023
Average payment period to suppliers	14	15
Paid transactions ratio	14	15
Outstanding transactions ratio	25	24

	2024	2023
Total payments made	11,909	13,787
Total payments due	316	274

Information on invoices paid in a period shorter than the maximum period set out in Law 15/2010 is as follows:

	2024	2023
Monetary volume in millions of euros paid within the maximum period established	11,833	13,710
Percentage of total monetary amount of payments to suppliers	99.36 %	99.44 %
Number of invoices paid within the maximum period established	26,210,883	27,585,997
Percentage of total number of invoices paid to suppliers	99.98 %	99.97 %

The information shown in the above tables has been prepared in accordance with Law 15/2010 of 5 July, amending Law 3/2004 of 29 December, establishing measures to combat late payments in commercial operations; in accordance with Law 18/2022 of 28 September, on the creation and growth of companies; and in accordance with the Resolution of 29 January 2016 of the Instituto de Contabilidad y Auditoría de Cuentas (Spanish Institute of Accounting and Auditing) on the information to be included in the Notes to the financial statements in relation to late payments to suppliers in commercial transactions.

This information has been drawn up on the basis of the following specifications:

- Ratio of paid operations: amount in days of the ratio between the sum of the products of each of the transactions paid by the number of payment days, and the total amount of payments made during the year.

- Ratio of outstanding payment operations: amount in days of the ratio between the sum of the amount of the outstanding payment transaction and the number of unpaid days, and the total amount of outstanding payments.

- Suppliers: trade payables included in current liabilities in the consolidated statement of financial position generated from debts of goods or services with suppliers.

- Property, plant and equipment and finance lease suppliers are excluded from this information.

- Taxes, levies, indemnifications and certain other headings are likewise excluded from this information since they do not qualify as trade transactions.

- The table below shows information corresponding to Spanish companies included in the consolidated group once the credits and debits between the subsidiary companies are eliminated.

38. Revenue

The breakdown of this heading of the consolidated income statement is as follows (in millions of euros):

2024	Spain	United Kingdom	United States	Mexico	Brazil	IEI	Corporation and adjustments	Total
In regulated markets								
Electricity	3,382	1,792	4,833	707	7,122	0	(3)	17,833
Gas	0	0	1,387	0	0	0	0	1,387
In non-regulated markets								
Electricity	11,834	3,860	1,216	1,014	364	1,783	(413)	19,658
Gas	771	1,705	0	0	0	4	(88)	2,392
Other	704	361	247	0	8	31	29	1,380
Income from construction contracts (Note 13)	**1**	**0**	**0**	**0**	**1,645**	**0**	**0**	**1,646**
Income from lease contracts	**0**	**0**	**1**	**0**	**0**	**0**	**27**	**28**
Valuation and inefficiencies of commodities derivatives	**290**	**0**	**68**	**0**	**0**	**57**	**0**	**415**
Total	**16,982**	**7,718**	**7,752**	**1,721**	**9,139**	**1,875**	**(448)**	**44,739**

2023	Spain	United Kingdom	United States	Mexico	Brazil	IEI	Corporation and adjustments	Total
In regulated markets								
Electricity	3,247	1,597	4,475	1,729	7,339	0	(4)	18,383
Gas	0	0	1,502	0	0	0	0	1,502
In non-regulated markets								
Electricity	13,173	6,227	1,080	1,352	382	988	(172)	23,030
Gas	943	2,610	0	0	0	0	0	3,553
Other	714	380	233	(65)	7	17	91	1,377
Income from construction contracts (Note 13)	**8**	**0**	**0**	**0**	**1,267**	**0**	**0**	**1,275**
Income from lease contracts	**0**	**0**	**1**	**0**	**0**	**0**	**25**	**26**
Valuation and inefficiencies of commodities derivatives	**249**	**0**	**60**	**(5)**	**0**	**2**	**(117)**	**189**
Total	**18,334**	**10,814**	**7,351**	**3,011**	**8,995**	**1,007**	**(177)**	**49,335**

2024	Networks	Renewable Energy and Sustainable Generation	Customers	Other business, Corporation and adjustments	Total
Supplies In regulated markets					
Electricity	15,834	480	2,281	(762)	17,833
Gas	1,387	0	0	0	1,387
In non-regulated markets					
Electricity	0	8,251	17,329	(5,922)	19,658
Gas	0	0	2,808	(416)	2,392
Other	16	1,200	838	(674)	1,380
Income from construction contracts	**1,646**	**0**	**0**	**0**	**1,646**
Income from lease contracts	**1**	**0**	**0**	**27**	**28**
Valuation and inefficiencies of commodities derivatives	**0**	**124**	**291**	**0**	**415**
Total	**18,884**	**10,055**	**23,547**	**(7,747)**	**44,739**

2023	Networks	Renewable Energy and Sustainable Generation	Customers	Other business, Corporation and adjustments	Total
Supplies In regulated markets					
Electricity	15,568	504	3,599	(1,288)	18,383
Gas	1,502	0	0	0	1,502
In non-regulated markets					
Electricity	0	7,571	21,256	(5,797)	23,030
Gas	0	0	4,207	(654)	3,553
Other	17	1,136	916	(692)	1,377
Income from construction contracts	**1,275**	**0**	**0**	**0**	**1,275**
Income from lease contracts	**1**	**0**	**0**	**25**	**26**
Valuation and inefficiencies of commodities derivatives	**0**	**70**	**109**	**10**	**189**
Total	**18,363**	**9,281**	**30,087**	**(8,396)**	**49,335**

The main activities for which IBERDROLA generates ordinary revenue from customer contracts are as follows:

- Transmission and distribution of electricity and gas

IBERDROLA Group's performance obligation is to make transmission and distribution facilities available to customers. This performance obligation is recognised in a linear manner over time, since the customer receives and consumes simultaneously the benefits from IBERDROLA Group's performance insofar the transmission or distribution network is available.

In the countries where the IBERDROLA Group operates, the remuneration on transmission and distribution activities is basically determined by the regulated margin recognised by the corresponding regulator. For certain regulated activities carried out by the IBERDROLA Group, any discrepancies between costs estimated when setting the annual tariff and costs actually incurred are recognised as income or expense for the year in which they arise only if its proceed or payment is certain, regardless of future sales (Note 15.b).

- Gas and electricity sales

The amount of electricity and gas sales is recognised as income at the time the energy is delivered to the customer based on the amounts supplied and includes an estimate of unbilled supplied energy (Note 5). Where relevant, depending on the applicable legislation in each country, this item includes incentives received to support vulnerable consumers or to mitigate the effects of the energy crisis.

By countries:

- In Spain, income includes the amount of both sales in the gas regulated market at Tariff of Last Resort (TLR) and of electricity at Voluntary Price for the Small Consumer (VPSC) as well as the sales in the liberalised market.

- In the United States and Brazil income from electricity and gas supply to end customers are based on tariffs subject to the corresponding state regulatory authorities, which determine the prices and other terms of service through the fixing of rates.

- In the United Kingdom, gas and electricity are traded in the liberalised market.

- In Mexico, electricity is supplied at liberalised conditions for consumers with a demand of 1 MW or above.

IBERDROLA Group's retail supply companies act as principal. Purchase and sale of energy between the Group's generation and retail supply companies are left out of the consolidation process.

- Assignment of electricity generation capacity

The electricity generation capacity assignment is an obligation independent from electricity supply whose income is recognised through the term of the contract.

IBERDROLA Group maintains electricity generation capacity assignment agreements for some of its plants that set predetermined collection schedules for assigning energy supply capacity. Until the divestment of the plants under the divestment agreement signed with MIP (Note 7), the Group had power capacity transfer agreements in effect in Mexico with the Federal Electricity Commission for its combined cycle plants.

- Verification, connection and assignment of use of metering equipment

The registration of customers, income for connecting to the receiving electricity and gas grid, as well as income from the verification of installations, are recognised at the time the actions take place since the customer benefits from the service provided and there is no associated future fulfilment obligation. Income for the right of use of meters is recognised as income throughout the period of use.

- Sale of renewable energy certificates

In the sale of renewable energy certificates from the Renewables business associated with supplied energy (joint sale of energy and green certificates), income for the sale is recognised at the time the energy is delivered. When the sale of said certificates takes place separately from the energy produced, the income is recognised at the time the certificate is delivered to the customer.

- Incentives for renewable business

The amount of the turnover of the renewable energy and sustainable generation segment corresponding to the different geographical areas in which the Group operates includes the incentives received according to the applicable legislation in each country, given that the amount of these incentives is granted on an individual basis based on the units of products sold and they are received recurrently.

- Construction contracts

Income from transmission and distribution concession agreements for electric energy IBERDROLA Group has executed in Brazil include two compliance obligations: (1) construction services and (2) following operation and maintenance of built facilities. The consideration for each compliance obligation is assigned once the independent sale price at the beginning of the contract is estimated, using IBERDROLA Group's experience in the provision of similar services, of bidding terms and conditions, as well as any other internal or external information available.

Income from construction projects is recognised through the length of the construction process, since the control of the asset is transferred to the customer on an ongoing basis.

When revenue related to construction contracts can be reliably estimated, it is recognised at an amount equal to the proportion that the costs incurred to date represent of the total costs required to complete the contract. These costs are reviewed periodically to reflect deviations, if any. When the income from a contract cannot be reliably estimated, all such income is recognised to the extent that costs are incurred, provided that such costs are recoverable. Profit on the contract is only recognised when it is certain, based on budgeted costs and income.

Changes to construction work and any claims are included within contract revenue if amendments to the contract are legally demanded.

- Real property sales

The IBERDROLA Group follows the principle of recognising income on sales of property when legal title is transferred to the purchaser, which is usually the date the respective contracts are notarised.

39. Supplies

The breakdown of this heading of the consolidated income statement is as follows (in millions of euros):

	31.12.2024	31.12.2023
Spain	8,002	9,439
United Kingdom	2,881	6,084
United States	2,441	2,483
Mexico	1,086	1,880
Brazil	5,962	5,916
IEI	948	337
Corporation and adjustments	(457)	(106)
Total	**20,863**	**26,033**

	31.12.2024	31.12.2023
Networks	8,239	8,387
Renewable Energy and Sustainable Generation	1,627	2,037
Customers	18,716	23,872
Other business, Corporation and adjustments	(7,719)	(8,263)
Total	**20,863**	**26,033**

40. Personnel expenses

The breakdown of this heading in the consolidated income statement is as follows (in millions of euros):

	31.12.2024	31.12.2023
Wages and salaries	2,915	2,759
Social security payable by the company	423	400
Additional provisions for pensions and similar obligations and defined contributions to the external pension plan (Notes 3.o and 27)	272	305
Attendance allowances art. 49.1 (Note 47)	10	17
Remuneration stipulated in art. 49.4 of the By-Laws	10	4
Other employee expenses	311	339
	3,941	**3,824**
Capitalised personnel expenses		
Intangible assets (Note 9)	(31)	(26)
Property, plant and equipment (Note 3.d)	(902)	(825)
Nuclear fuel and inventories	(14)	(13)
	(947)	**(864)**
Total	**2,994**	**2,960**

The average number of the IBERDROLA Group employees in 2024 and 2023 has increased to 41,689 and 41,448 employees, of which 10,340 and 9,950 are women, respectively.

The average number of employees in the consolidated group corresponds to all the employees in those consolidated companies that have been integrated using the global integration method, as well as the employees of the joint ventures determined based on the participation share.

41. Taxes

The breakdown of this heading of the consolidated income statement is as follows (in millions of euros):

	31.12.2024	31.12.2023
Spain	1,255	1,490
United Kingdom	559	435
United States	617	579
Mexico	8	6
Brazil	6	7
IEI	13	12
Corporation and adjustments	108	220
Total	**2,566**	**2,749**

	31.12.2024	31.12.2023
Networks	781	735
Renewable Energy and Sustainable Generation	1,313	1,029
Customers	353	753
Other business, corporation and adjustments	119	232
Total	**2,566**	**2,749**

This heading includes various tax measures imposed by the authorities, the most relevant of which are described below.

On 28 December 2012, Law 15/2012 on tax measures for the sustainability of the energy sector came into force in Spain. The Law introduced the following taxes, the impact of which was recognised as a charge to "Taxes other than income tax" in the consolidated income statement for 2024 and 2023:

The Tax on the Value of Electricity Output is governed by Law 15/2012

The tax base is determined by the total amount a taxpayer is entitled to receive for producing and feeding electricity into the grid, measured at power station busbars, with a tax rate of 7%.

Royal Decree-Law 12/2021 implemented a temporary suspension of this tax, which was extended throughout the 2022 and 2023 financial years. Royal Decree-Law 8/2023 ended the suspension effective from 1 January 2024, introducing a 50% reduction in the first quarter and a 25% reduction in the second quarter.

The expenditure recognised in the accounts for the financial year 2024 amounted to EUR 268 million; in the financial year 2023 it remained suspended.

Tax on the production of spent nuclear fuel and radioactive waste from nuclear power generation, as outlined in Law 15/2012,

Amounted to EUR 119 million in 2024 and EUR 120 million in 2023.

Levy for using inland waters to produce electrical energy, regulated by Royal Legislative Decree 1/2001

Generally, the tax base is based on the economic value of the hydroelectric energy produced, with an applicable tax rate of 25.5%.

The Supreme Court annulled the application of this levy for the financial years 2013 to 2021 through several rulings in 2021. After a regulatory reform by Law 7/2022, the levy was reintroduced for the financial year 2022. However, from the beginning, there were doubts about its effective application during that period due to the lack of transitional provisions for reintroduction. To address this, the Ministry for Ecological Transition and the Demographic Challenge published a clarification on its website, stating that the tax period for 2022 would run from 10 April to 31 December 2022. However, the IBERDROLA Group did not agree with this interpretation and considered that the levy should not have been applied in 2022, and therefore appealed against its application.

In 2024, several administrative rulings supported the non-application of the levy in 2022, confirming the IBERDROLA Group's position.

The expense recorded for this in the 2024 financial year amounts to EUR 185 million, comprising an expense of EUR 264 million for the tax accrual and a credit of EUR 79 million for the cancellation of the 2022 self-assessments, which has already been partially reimbursed. The figure was EUR 191 million in 2023.

Financing the costs of the "Bono Social"

Royal Decree-Law 7/2016 imposed the financing of the Social Bonus on the retail suppliers or the parent companies of groups that include retail suppliers. The judgment delivered by the Supreme Court on 31 January 2022 in respect of IBERDROLA's appeal against the Social Bonus found the financing system to be discriminatory and, therefore, null and void, and ordered that compensation be paid to the financing companies for the amounts not passed on to customers.

A little while later, Royal Decree-Law 6/2022 ushered in a new funding distribution regime among all electricity sector agents, which came into force on 31 March 2022. The amounts recorded in this connection in 2024 and 2023 amounted to EUR 40 million and EUR 244 million, respectively. Additionally, in 2024, income of EUR 183 million was recognised due to the ruling on the 2016-2021 Social Bonus related to Iberdrola Clientes.

Management of radioactive waste

This section includes the fees for financing the costs managed by ENRESA for radioactive waste and spent fuel from nuclear power plants, as regulated by Law 54/1997 and Royal Decree-Law 6/2009.

Among the various charges applied to cover these costs, the most significant is imposed on operational nuclear power plants. The tax base is the gross nuclear power generated by each plant each month, measured in gross kilowatt hours (kWh) and rounded down to the nearest whole number.

With the implementation of Royal Decree 589/2024, this charge increased from 0.798 euro cents per kWh to 1.036 euro cents per kWh (+29.82%).

The best available estimates of expenditure due to these fees are EUR 226 million for the 2024 financial year and EUR 203 million for 2023 (Note 3.q).

Temporary energy levy

In Spain, on 28 December, Law 38/2022 of 27 December 2022 was enacted, establishing a temporary energy levy, among other measures. This law imposes a temporary energy levy on entities that qualify as main operator in the energy sectors during the years 2023 and 2024. The new levy is legally classified as a non-tax public levy on revenue. The amounts recorded under this item for 2024 and 2023 are EUR 99 million and EUR 213 million, respectively, and are categorised under "Other businesses, Corporation and adjustments" in the business breakdown (Note 35).

Gas price deduction

Royal Decree-Law 11/2022, of 25 June, introduced the gas price cap on fixed-price electricity sales contracts exceeding 67 €/MWh (+ commercial margin + charges), which was extended by Royal Decree-Law 18/2022, of 18 October, until 31 December 2023. The impact of this measure was EUR 225 million in the 2023 financial year.

Special Tax on Hydrocarbons applied to natural gas used in the combined generation of electricity and heat

Until 2013, natural gas used for electricity production and combined heat and power generation was exempt from the Special Tax on Hydrocarbons.

This exemption was removed by Law 15/2012, citing revenue needs and a purported environmental aim.

However, Royal Decree-Law 15/2018 later reintroduced the exemption.

Directive 2003/96/EC generally requires Member States to exempt energy products used to generate electricity from taxation, though it allows exceptions for environmental policy reasons.

The Court of Justice of the European Union, in its judgement on 7 March 2018 (Case C-31/17 - Cristal Union), ruled that the exemption in Article 14.1(a) of the Directive should apply to natural gas used for combined electricity and heat production through combined cycle or cogeneration.

Following this judgement, along with other supporting arguments, the IBERDROLA Group challenged the tax's application on natural gas used for combined electricity and heat generation. The IBERDROLA Group's position has been upheld by the Supreme Court through several rulings between July and September 2024.

In response, the State Legal Service filed several motions to annul the proceedings, which are unlikely to succeed.

Consequently, in the 2024 financial year, the IBERDROLA Group recognised EUR 101 million in income for this tax under the heading "Supplies" in the consolidated income statement, corresponding to past tax instalments for which a rebate fund has been sought.

42. Amortisation, depreciation and provisions

The breakdown of this heading of the consolidated income statement is as follows (in millions of euros):

	31.12.2024	31.12.2023
Depreciation charges for:		
Intangible assets (Note 9)	1,152	1,056
Investment property (Note 10)	9	9
Property, plant and equipment (Note 11)	3,669	3,470
Right-of-use assets (Note 12)	182	172
Allowances for impairments and write-offs of non-financial assets (Note 14):		
Write-offs of intangible assets (Note 9)	28	0
Write-offs for property, plant and equipment (Note 11)	59	39
Charge/(reversal) of impairment in PPE (Note 11)	1,444	13
Charges/(reversal) of impairment on right-of-use assets (Note 12)	37	0
Changes in provisions	68	67
Total	**6,648**	**4,826**

43. Finance income

The breakdown of the “Finance income” heading of the consolidated income statement is as follows (in millions of euros):

	31.12.2024	31.12.2023
Income from equity investments	1	2
Finance income related to assets at amortised cost	704	516
Non-hedge derivatives and inefficiencies (Note 30)	467	315
Exchange gains in foreign currency for financing activities	400	113
Other exchange losses in foreign currency	248	188
Capitalised finance costs	544	381
Discount to present value of provisions for pensions and similar obligations (Note 27)	13	20
Total	**2,377**	**1,535**

The average capitalisation rates used in 2024 and 2023 for external financing of property, plant and equipment was 6.17% and 5.60%, respectively (Note 3.d).

44. Finance expense

The breakdown of the "Finance expense" heading of the consolidated income statement is as follows (in millions of euros):

	31.12.2024	31.12.2023
Finance expenses related to liabilities at amortised cost:		
Finance expenses and similar financing expenses	2,454	2,373
Other finance and similar expenses	163	238
Finance expenses from lease liabilities (Note 32)	87	79
Equity instruments having the substance of a financial liability (Note 24)	48	45
Non-hedge derivatives and inefficiencies (Note 30)	415	485
Valuation adjustments of financial assets	4	4
Exchange losses in foreign currency for financing activities	401	117
Other exchange losses in foreign currency	186	188
Discount to present value of other provisions (Note 28)	134	131
Discount to present value of provisions for pensions and similar obligations (Note 27)	60	62
Total	**3,952**	**3,722**

45. 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 lodged an appeal against the Order, as it incorporated inspection results from the regulatory information of the financial years 2015 to 2017. These results reduced remuneration for those years by failing to recognise investments and expenses incurred during operations, in violation of current regulations. The case is being heard by the Administrative Litigation Chamber of the National High Court (Audiencia Nacional), with a decision expected at some point in 2025.

- Appeals for 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 in protest 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. On 28 November 2024, the National High Court ruled in favour of the appeal concerning the settlements dated 30 September 2016, issued by the Central Large Taxpayers Delegation for Corporate Income Tax for the years 2009, 2010, and 2011. The judgment, which can be appealed before the Supreme Court, annuls the AEAT's referral to the tax evasion procedure and fully upholds the appeal in relation to the tax adjustments resulting from that procedure. The processing of other related appeals has been suspended until a final decision on the appeal before the Court of Justice of the European Union is handed down in relation to the amortisation of financial goodwill, which, like the one mentioned above, also received a favourable ruling at first instance.

- Economic-administrative claims 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 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 Tax Appeals Board issued a resolution regarding the claim filed for the financial years 2012 to 2014, partially upholding the group's claims. In July 2024, the company lodged an appeal with the National High Court regarding the remaining issues that were dismissed, with arguments submitted in November 2024. As of now, the claim for the financial years 2015 to 2020 is still awaiting a decision from the Tax Appeals Board. The relevant arguments were submitted in the second quarter of 2023, although it is currently not possible to predict when a decision will be delivered.

- Economic-administrative claim 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 claim is awaiting a decision, with the initial pleadings submitted in the last quarter of 2022 and further pleadings in the first quarter of 2023. It is currently not possible to predict when a decision will be delivered.

- Appeal for 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. The ruling partially upheld IBERDROLA's claims, accepting its position on taxes that were declared unconstitutional. An appeal has been lodged with the National Court regarding the remaining disputed issues, although a decision date cannot be estimated.
- Appeal lodged by IBERDROLA, S.A. on 6 September 2021 before the Central Tax Appeals Board (*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 Central Tax Appeals Board (TEAC) issued a decision rejecting the company’s claims, against which a corresponding administrative appeal has been filed with the National Court, with no estimated decision date available.
- An economic-administrative claim was filed on 23 February 2024 with the TEAC against the settlement agreement that confirmed the non-conformity report issued against Iberdrola, S.A., the representative of VAT Group 0220/08. This agreement rejected requests for rebates submitted by two group companies, namely Curenergía Comercializador de Último Recurso, S.A.U. and Iberdrola Clientes, S.A.U. These applications sought refunds of VAT on debts primarily unpaid by natural persons, older than a year, and with a taxable amount under EUR 300. The rejection was based on the view that Spanish VAT regulations regarding unpaid invoices contradict EU law.

- On 24 November 2015, the CNMC fined Iberdrola Generación (now Iberdrola Energía España) EUR 25 million for a very serious offence, as outlined in Article 60(a)(15) of Law 54/1997, of 27 November, on the electricity sector. An administrative appeal was lodged against this sanction with the National High Court. However, processing was suspended due to criminal proceedings on the same facts before Examining Court No. 4 of the National High Court. On 4 January 2024, the Central Criminal Court of the National Court ordered an acquittal in summary proceedings No. 11/2022. By order of 1 February 2024, this acquittal was declared final. With the criminal case concluded, the suspension of the administrative proceedings before the National High Court was lifted. The company is now contesting the sanction, arguing that no legal provisions were violated, as confirmed by the acquittal. The enforcement of the sanction has been suspended, secured by 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 states that IBERCYL must guarantee payment of an amount of EUR 11.2 million in this respect. The trial hearings have been scheduled to take place from September 2025 through to the end of January 2026, so the judgment will be known next year, and the parties may choose to appeal against it.
- On 19 April 2024, Pavilion Energy Spain, S.A.U. (PESSA) initiated arbitration proceedings against Iberdrola Energía España S.A.U. in connection with a 2019 contract in which PESSA agreed to supply natural gas to IBERDROLA. Although the contract does not include a price review clause, PESSA is invoking the extraordinary doctrine of ‘Rebus sic stantibus’, arguing that extraordinary circumstances justify applying the Spanish Supreme Court’s doctrine on this clause. IBERDROLA, however, believes this is inapplicable and maintains that the original agreement should stand. In its claim, PESSA is seeking compensation from IBERDROLA for estimated losses, which it values at between USD 233.4 million and USD 534.9 million, to be further specified during the evidentiary phase, plus interest. The arbitration is taking place in Madrid under the CIMA rules and governed by Spanish law, with a decision expected in 2025.
- Collective damages (individual and common rights) caused by the Baixo Iguaçu 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 Iguaçu 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 decisions in favour of the company had been issued both at the first and second judicial instances concerning several fiscal years challenged by the Brazilian Treasury with respect to Neoenergía Pernambuco and Neoenergía Cosern. However, the underlying issue awaited a final ruling from the Supreme Court. In January 2025, a definitive favourable decision was delivered by the Supreme Court concerning the amortised gain (agio) tax benefit utilised by Neo Pernambuco from 2001 to 2006.
- failure to make income tax withholdings on the payment of interest on own capital between companies belonging to the same group;

- Additionally, a requirement to withhold income tax on the alleged taxable capital gain accrued by Iberdrola Energía, S.A. following the incorporation of Elektro Holding into Neoenergia was assessed. An administrative decision, unfavourable to the company, was issued at the end of the year by the Administrative Council of Tax Appeals (CARF) due to the casting vote of the Administration. An appeal will be filed against this decision, although the cancellation of the initial fine was upheld.
- questions concerning tax credits related to consumption tax (ICMS) at NC Energia, Termopernambuco, Neoenergia Pernambuco and Neoenergia Elektro;
- 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. 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.

- Avangrid Renewables, through some of its subsidiaries, has engineering, procurement, and construction (EPC) contracts with Sterling and Wilson Solar Solutions, Inc. (SWSS) for the development of two solar farms: Lund Hill in Klickitat, WA, and Pachwáywit Fields in Gillam County, OR (Montague). Renewables believes that SWSS has failed to meet several obligations under the EPC contracts, including construction defects and non-payment to certain subcontractors. As a result, Renewables used letters of credit for both projects. In response, SWSS filed liens on both projects, claiming that approximately USD 105 million is owed under the EPC contracts. Renewables has posted bonds to counter these liens on both properties. Subsequently, SWSS initiated foreclosure actions in Oregon concerning the lien on Montague and added claims for breach of contract and quantum meruit, seeking up to USD 111.8 million. SWSS has also started foreclosure proceedings in Washington State. On 26 February 2024, SWSS filed a lawsuit in a New York State court against the Lund Hill project company and Avangrid Renewables, based on the same facts as the earlier foreclosure proceedings, and is seeking USD 59.9 million in damages.

- On 17 May 2024, AVANGRID entered into a Merger Agreement and Plan with IBERDROLA, S.A., and Arizona Merger Sub, Inc. According to the Merger Agreement, subject to the satisfaction or waiver of the conditions set forth, Merger Sub will merge with AVANGRID, making AVANGRID a wholly-owned subsidiary of IBERDROLA. On 27 November 2024, Milton Deutsch filed a class action lawsuit in the Supreme Court of the State of New York, County of New York, against AVANGRID and IBERDROLA (the “Deutsch Action”). The lawsuit alleges certain breaches of fiduciary duties by AVANGRID and members of its Board of Directors related to the merger, including actions against IBERDROLA. Additional plaintiffs have since sought to join this action. The court has scheduled a hearing to decide whether to permit these parties to take part in the proceedings. On 27 January 2025, another class action lawsuit with similar claims to the Deutsch Action was filed against AVANGRID in the Southern District of New York.

- Encon Monterrey, a company within the IBERDROLA Group and the current owner of the Dulces Nombres II Combined Cycle Thermal Power Plant in Pesquería, Nuevo León, northern Mexico, has initiated arbitration proceedings against General Electric Global Services GmbH, Mexico branch. The dispute arises from General Electric's alleged breach of financial obligations stemming from a previous settlement between the parties. Encon Monterrey is seeking compensation for damages, holding General Electric responsible for an unscheduled shutdown of the plant. During this arbitration process, the defendant filed a statement of opposition and a counterclaim, seeking USD 16.5 million for: (i) work done during the forced shutdown; (ii) reconditioning of materials; (iii) personnel costs; (iv) import taxes; and (v) payment to customs agents. IBERDROLA believes the counterclaim is unjustified and has opposed it.

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. For the last group, at 31 December 2024 no provisions had been recognised because the cost cannot reasonably be estimated as the matter requires the regulators' intervention 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.

46. Guarantee commitments to third parties and other contingent liabilities

IBERDROLA and its subsidiaries are required to provide guarantees associated with the normal management of the Group's activities in the countries in which it operates.

The IBERDROLA Group guarantees the obligations assumed under power purchase agreements as well as grid access transactions in different energy markets and vis-à-vis the operators of different electricity systems (mainly MEFF, OMIE, National Grid, CFE, REE and EDP Distribución).

With regard to generation from renewable sources, the IBERDROLA Group has posted guarantees to third parties to cover the construction, commissioning and dismantling of facilities, in addition to its long-term obligations to sell energy.

In 2016, IBERDROLA disputed tax assessments in relation to income tax for the years 2008 to 2011, IBERDROLA filed the corresponding appeals with the Central Tax Appeals Board, seeking the automatic suspension of the enforcement of the disputed tax settlements by furnishing the necessary bank guarantees.

In June 2020, IBERDROLA received notifications of the court's dismissal resolutions, which have since been appealed before the National Court on 7 July 2020. These appeals are still in progress, and the execution of the settlements and the guarantees provided for this purpose remain suspended (Note 35). During the 2022 financial year, the State Tax Administration Agency completed its audit of the Tax Group. The audit was comprehensive regarding the 2015 to 2017 financial years and partial concerning the 2012 to 2014 and 2018 to 2020 financial years. As a result, IBERDROLA received settlement agreements that confirmed the disputed tax assessments for each financial year, addressing the same substantive issues as those for the 2008 to 2011 financial years. However, regarding these periods, the settlements resulted in amounts to be reimbursed to the company. IBERDROLA requested, and the authorities agreed, to partially net the refunds recognised in its favour in relation to the years 2012 to 2020 against the debts suspended due to the posting of a bank guarantee relating to fiscal years 2008 to 2011, thus reducing the amount of such debts and reducing the purpose of the guarantees posted as collateral, which continue to be held by the tax authorities.

In June 2024, IBERDROLA was notified of the Central Tax Appeals Board's decision regarding its claim over tax assessments for the years 2012 to 2014, which partially upheld the Company's claims. Following this ruling, additional refunds in the company’s favour have been recognised. It was also agreed to partially offset the debts from the 2008 to 2011 financial years, which had been suspended due to the bank guarantees posted. This action further reduced these debts and lessened the scope of the guarantees, which the Tax Administration still holds.

In addition, at 31 December 2024 and 2023, there were outstanding obligations resulting from bond issues in the United States amounting to EUR 3,449 million and EUR 2,927 million, which were secured by items of property, plant and equipment of the AVANGRID subgroup.

IBERDROLA considers that any further liability at 31 December 2024 and 2023 arising from the guarantees posted at that date would not be significant.

Moreover, the IBERDROLA Group, in compliance with its contractual obligations associated with loans received from banks, had fully or partially pledged some of its subsidiaries' shares at 31 December 2024 and 2023. A breakdown of the shares pledged is as follows, by company (in millions of euros):

	2024			2023		
Company	Carrying amount	Percentage of ownership of the IBERDROLA Group	Carrying amount multiplied by % of ownership	Carrying amount	Percentage of ownership of the IBERDROLA Group	Carrying amount multiplied by % of ownership
Renewables business – Spain						
Parques Eólicos Alto Layna, S.L.U. (2)	0	51.00 %	0	64	51.00 %	33
Sistemas Energéticos Altamira, S.A. (2)	0	51.00 %	0	22	51.00 %	11
Sistemas Energéticos de la Linera, S.A. (2)	0	51.00 %	0	12	51.00 %	6
Sistemas Energéticos Gomera, S.A. (2)	0	51.00 %	0	8	51.00 %	4
Sistemas Energéticos Nacimiento, S.A. (2)	0	51.00 %	0	9	51.00 %	5
Sistemas Energéticos Savallá del Comtat, S.A. (2)	0	51.00 %	0	23	51.00 %	12
Sistemas Energéticos Tacica de Plata, S.A. (2)	0	51.00 %	0	10	51.00 %	5
Renewables Business – United States						
Vineyard Wind TE Partners 1 LLC (1)	1,441	50.00 %	721	267	40.75 %	109
Avangrid Vineyard Wind Holdings, LLC	695	100.00 %	695	597	81.50 %	487
Renewables Business – Brazil						
Arizona 1 Energía Renovável, S.A	9	53.50 %	5	10	53.50 %	5
Belo Monte Participacoes, S.A.	123	53.50 %	66	149	53.50 %	80
Caetité 1 Energía Renovável, S.A	12	53.50 %	6	15	53.50 %	8
Caetité 2 Energía Renovável, S.A	14	53.50 %	7	18	53.50 %	10
Caetité 3 Energía Renovável, S.A	13	53.50 %	7	14	53.50 %	7
Calango 1 Energía Renovável, S.A.	10	53.50 %	5	12	53.50 %	6
Calango 2 Energía Renovável, S.A.	10	53.50 %	5	11	53.50 %	6
Calango 3 Energía Renovável, S.A.	10	53.50 %	5	11	53.50 %	6
Calango 4 Energía Renovável, S.A.	8	53.50 %	4	10	53.50 %	5

	2024			2023		
Company	Carrying amount	Percentage of ownership of the IBERDROLA Group	Carrying amount multiplied by % of ownership	Carrying amount	Percentage of ownership of the IBERDROLA Group	Carrying amount multiplied by % of ownership
Calango 5 Energía Renovável, S.A.	9	53.50 %	5	10	53.50 %	5
Calango 6 Energía Renovável, S.A.	33	53.50 %	18	55	53.50 %	29
Canoas 1 Energía Renovável, S.A.	25	53.50 %	13	35	53.50 %	19
Canoas 2 Energía Renovável, S.A.	5	53.50 %	3	7	53.50 %	4
Canoas 3 Energía Renovável, S.A.	7	53.50 %	4	8	53.50 %	4
Canoas 4 Energía Renovável, S.A.	4	53.50 %	2	7	53.50 %	4
Chafariz 1 Energía Renovável, S.A.	11	53.50 %	6	15	53.50 %	8
Chafariz 2 Energía Renovável, S.A.	6	53.50 %	3	8	53.50 %	4
Chafariz 3 Energía Renovável, S.A.	11	53.50 %	6	14	53.50 %	7
Chafariz 4 Energía Renovável, S.A.	7	53.50 %	4	8	53.50 %	4
Chafariz 5 Energía Renovável, S.A.	5	53.50 %	3	6	53.50 %	3
Chafariz 6 Energía Renovável, S.A.	7	53.50 %	4	9	53.50 %	5
Chafariz 7 Energía Renovável, S.A.	11	53.50 %	6	14	53.50 %	7
Energética Águas da Pedra, S.A.	106	53.50 %	57	117	53.50 %	63
Geração Céu Azul S.A (Notes 18 and 51)	199	53.50 %	106	243	53.50 %	130
Lagoa 1 Energía Renovável, S.A.	39	53.50 %	21	54	53.50 %	29
Lagoa 2 Energía Renovável, S.A.	25	53.50 %	13	35	53.50 %	19
Lagoa 3 Energía Renovável, S.A.	4	53.50 %	2	6	53.50 %	3
Lagoa 4 Energía Renovável, S.A.	0	53.50 %	0	2	53.50 %	1
FE Participações, S.A.	50	53.50 %	27	54	53.50 %	29
Mel 2 Energía Renovável, S.A.	15	53.50 %	8	17	53.50 %	9
Oitis 2 Energia Renovável S.A.	21	53.50 %	11	23	53.50 %	12
Oitis 3 Energia Renovável S.A.	22	53.50 %	12	24	53.50 %	13
Oitis 4 Energia Renovável S.A.	22	53.50 %	12	25	53.50 %	13

	2024			2023		
Company	Carrying amount	Percentage of ownership of the IBERDROLA Group	Carrying amount multiplied by % of ownership	Carrying amount	Percentage of ownership of the IBERDROLA Group	Carrying amount multiplied by % of ownership
Oitis 5 Energia Renovável S.A.	23	53.50 %	12	26	53.50 %	14
Oitis 6 Energia Renovável S.A.	24	53.50 %	13	29	53.50 %	16
Oitis 7 Energia Renovável S.A.	24	53.50 %	13	30	53.50 %	16
Oitis 8 Energia Renovável S.A.	6	53.50 %	3	7	53.50 %	4
Ventos de Arapuá 1 Energía Renovável, S.A.	4	53.50 %	2	5	53.50 %	3
Ventos de Arapuá 2 Energía Renovável, S.A.	6	53.50 %	3	7	53.50 %	4
Ventos de Arapuá 3 Energía Renovável, S.A.	2	53.50 %	1	2	53.50 %	1
Santana 1 Energía Renovável, S.A.	23	53.50 %	12	33	53.50 %	18
Santana 2 Energía Renovável, S.A.	18	53.50 %	10	26	53.50 %	14
Norte Energia (1)	1,556	10.00 %	156	2,107	5.35 %	113
Networks Business – Brazil						
Neoenergia Jalapão Transmissão de Energia, S.A. (1)	99	50.00 %	50	126	26.75 %	34
Neoenergia Santa Luzia Transmissão de Energia, S.A. (1)	36	50.00 %	18	54	26.75 %	14
Neoenergia Guanabara Transmissão de Energia, S.A.	175	53.50 %	94	155	53.50 %	83
Neoenergia Itabapoana Transmissão de Energia, S.A. (Note 18)	79	53.50 %	42	81	53.50 %	43
Neoenergia Vale do Itajaí Transmissão de Energia S.A.	223	53.50 %	120	161	53.50 %	86
Neoenergia Dourados Transmissão de Energia, S.A. (1)	57	50.00 %	28	70	26.75 %	19
Neoenergia Sobral Transmissão de Energia, S.A. (1)	16	50.00 %	8	19	26.75 %	5
Neoenergia Morro do Chapéu Transmissão e Energia S.A.	148	53.50 %	79	0	— %	0
Potiguar Sul	48	53.50 %	26	59	53.50 %	32
Liberalised business – Mexico						

Company	2024			2023		
	Carrying amount	Percentage of ownership of the IBERDROLA Group	Carrying amount multiplied by % of ownership	Carrying amount	Percentage of ownership of the IBERDROLA Group	Carrying amount multiplied by % of ownership
PIER II Quecholac Felipe Angeles, S.A. de C.V.	18	51.00 %	9	19	51.00 %	10
Parque Industrial de Energías Renovables , S.A. de C.V./ PIER IV	72	51.00 %	36	75	51.00 %	38
ROW						
Aerodis Herbitzheim SAS	3	100.00 %	3	3	100.00 %	3
Aerodis les Chaumes SARL	2	100.00 %	2	1	100.00 %	1
Aerodis Pays de Boussac SARL	5	100.00 %	5	5	100.00 %	5
Energies du Champs des Sœurettes SAS	5	100.00 %	5	5	100.00 %	5
La Croix Didier, S.A.R.L.	2	100.00 %	2	1	100.00 %	1
La Pièce du Roi, S.A.R.L.	2	100.00 %	2	1	100.00 %	1
SEPE de Plemy SAS	2	100.00 %	2	2	100.00 %	2
SEPE le Florembeau, S.A.R. L.	2	100.00 %	2	2	100.00 %	2
SEPE le Fond d'Etre, S.A.R.L.	1	100.00 %	1	1	100.00 %	1
Société d'Exploitation du Parc Eolien les Neufs Champs SAS	0	100.00 %	0	0	100.00 %	0
Société d'Exploitation Eolienne d'Orvilliers SAS	2	100.00 %	2	1	100.00 %	1
Total	**5,672**		**2,633**	**5,171**		**1,818**

(1) Companies recognised as equity-accounted investees.

(2) Following the repayment of the financing of the companies belonging to the Renewables Business Spain, their shares are no longer pledged.

47. Remuneration of the Board of Directors

At the proposal of the Remuneration Committee, the Board of Directors has agreed for 2024 the allocation within the provisions of Article 49.1 to be charged to “Personnel expenses” in the income statement (Note 40).

47.1 Remuneration of the Board of Directors

The fixed annual remuneration and attendance fees of directors for membership of the Board of Directors and its committees, based on the position held in each case, are those approved at the 2024 General Shareholders' Meeting, as set out in the “Director Remuneration Policy” (Director Remuneration Policy – Iberdrola). Meanwhile, the information required by Spanish Law 11/2018, on the average remuneration of directors, is disclosed in this note.

The remuneration paid to and accrued by each member of the Board of Directors during financial years 2024 and 2023, respectively, is shown below (in millions of euros):

	Board of Directors	Executive Committee	The following committees: Audit and Risk Oversight Committee	Appointments Committee	Remuneration Committee	Sustainable Development Committee	Fixed remuneration (1)	Attendance bonus	Remuneration in kind	Total 2024	Total 2023	
José Ignacio Sánchez Galán	Chairman	Chairman					0.700	0.132	0.002	0.834	0.800	
Armando Martínez Martínez	Chief Executive Officer	Member					0.300	0.088	0.002	0.390	0.350	
Juan Manuel González Serna	First vice-chair	Member			Chairman		0.680	0.130	0.002	0.812	0.791	
Anthony L. Gardner	Second vice-chair	Member		Member			0.680	0.116	0.004	0.800	0.760	
Angel Jesús Acebes Paniagua	Member and lead independent director	Member		Chairman			0.640	0.130	0.006	0.776	0.766	
Iñigo Víctor de Oriol Ibarra	Member				Member		0.300	0.060	0.006	0.366	0.334	
María Helena Antolín Raybaud	Member			Member			0.289	0.060	0.007	0.356	0.327	On 17 December 2024, she stepped down as a member of the Board of Directors and the Appointments Committee.
Manuel Moreu Munaiz	Member	Member			Member		0.400	0.116	0.004	0.520	0.480	
Xabier Sagredo Ormaza	Member		Chairman				0.427	0.096	0.004	0.527	0.405	On 20 June 2024, he was appointed Chair of the Audit and Risk Supervision Committee.

	Board of Directors	Executive Committee	The following committees: Audit and Risk Oversight Committee	Appointments Committee	Remuneration Committee	Sustainable Development Committee	Fixed remuneration (1)	Attendance bonus	Remuneration in kind	Total 2024	Total 2023	
Sara de la Rica Goiricelaya	Member					Chair	0.540	0.070	0.004	0.614	0.609	
Nicola Mary Brewer	Member					Member	0.300	0.060	0.001	0.361	0.318	
Regina Helena Jorge Nunes	Member		Member				0.300	0.084	0.002	0.386	0.350	
María Ángeles Alcalá Díaz	Member		Member				0.413	0.098	0.003	0.514	0.597	On 20 June 2024, her term as Chair of the Audit and Risk Supervision Committee came to an end.
Isabel García Tejerina	Member					Member	0.300	0.060	0.002	0.362	0.319	
Ana Colonques García-Planas	Member			Member			0.011	0	0	0.011	0	On 17 December 2024, she was appointed as a member of the Board of Directors and the Appointments Committee.
Total							**6.280**	**1.300**	**0.049**	**7.629**	**7.206**	

[(1)] Remuneration accrued in 2024 in relation to the time effectively spent in office. This amount will not be paid until the approval of 2024 annual financial statements at the 2025 General Shareholders' Meeting.

47.2 Other expenses of the Board of Directors

In addition, the aforementioned allocation has covered other expenses related to the Board of Directors:

a. The premium paid to cover directors' civil liability insurance amounted to EUR 0.168 million and EUR 0.227 million in 2024 and 2023, respectively.

b. The premium for adjusting the insurance policy for benefits related to retired members of the Board of Directors amounted to EUR 0.122 million in 2024, compared to EUR 0.395 million in 2023.

c. The amount for external services and other policies stood at EUR 1,736 million in 2024, while in 2023 it was EUR 2,560 million.

The unused portion of the bylaw allocation for the 2024 financial year is EUR 0.495 million.

48. Remuneration payable to executive officers

Executive officers who are also directors

The Board of Directors decided that fixed annual remuneration to the executive chairman in 2024 was to remain unchanged, at EUR 2.250 million. The Board further decided to retain in 2024 the existing cap on variable annual remuneration at EUR 3.250 million. Fixed and annual variable remuneration have remained unchanged for the past fourteen financial years.

For the financial year 2024, the Board of Directors set the CEO's fixed annual remuneration at EUR 1 million and capped his annual variable remuneration at EUR 1.5 million.

In both cases, the annual variable remuneration will be paid, if and to the extent agreed, in 2025, based on the targets set,

The remuneration paid to and accrued by the Executive Chairman and the Chief Executive Officer during financial years 2024 and 2023 are as follows (in millions of euros):

	Salaries	Short-term variable remuneration(1)	Remuneration in kind	Total 2024	Total 2023
José Ignacio Sánchez Galán	2.250	3.250	0.169	5.669	5.674
Armando Martínez Martínez (2)	1.000	1.496	0.373	2.869	1.545
Total	**3.250**	**4.746**	**0.542**	**8.538**	**7.219**

(1) Variable annual remuneration received in 2024.

(2) The amount shown for 2023 relates to the amount accrued since his appointment on 25 October 2022.

Article 49.4 of the By-Laws states that the remuneration of the executive Chairman and of the Chief Executive Officer may also consist of the delivery of shares.

At the General Shareholders' Meeting held on 2 April 2020, shareholders approved the 2020-2022 Strategic Bonus for executive directors, executive personnel and other Group employees, subject to a maximum of 300 beneficiaries, as a long-term incentive pegged to the Company's performance in relation to certain key parameters (Note 23).

The second of the three annual settlements was made during the first half of 2024. The executive Chairman received 633,333 shares in Iberdrola and the Chief Executive Officer 80,000 shares, which were allocated to him in 2020 when he was a member of senior management.

The 2023-2025 Strategic Bonus was approved at the General Shareholders' Meeting held on 28 April 2023, details of which are disclosed in Note 23.

The executive Chairman has sat on the boards of directors of companies that are not wholly owned by IBERDROLA, either directly or indirectly, receiving EUR 0.566 million and EUR 0.582 million, respectively, from such companies in 2024 and 2023.

Other executive officers

According to the Group's governance structure, business operations are effectively managed in various countries or territories by the country subholding companies, head of business companies, or their subsidiaries. As of 31 December 2024, senior management consisted of four members (the same number as in 2023), along with the Executive Chairman and the Chief Executive Officer.

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 Chief Internal Audit and Risk Officer.

Senior management costs were EUR 5.013 million in 2024 and EUR 5.242 million in 2023, recorded under "Personnel expenses" in the consolidated income statements.

Below is a breakdown of remuneration and other benefits for the financial years 2024 and 2023, in millions of euros:

	Senior Management (four members) (*)	
	31.12.2024	31.12.2023
Remuneration in cash	2.054	1.925
Variable remuneration	1.895	1.565
Remuneration in kind and payments on account not charged	0.204	0.207
Social Security	0.068	0.068
Employer's contribution to pension plan / employee benefits insurance	0.272	1.124
Risk policy (death and permanent disability)	0.520	0.353
Total	**5.013**	**5.242**

First instalment of the three annual settlements relating to the 2020-2022 Strategic Bonus (shares)	0	228,332
Second instalment of the three annual settlements relating to the 2020-2022 Strategic Bonus (shares)	228,332	0

Remuneration for serving as a director of companies not wholly owned, directly or indirectly, by IBERDROLA	0.696	0.698

(*) In addition to the executive Chairman and the Chief Executive Officer,

The 2023-2025 Strategic Bonus was approved at the General Shareholders' Meeting held on 28 April 2023, details of which are disclosed in Note 23.

The indemnity clauses are detailed in sections 6.3 and C.1.39 of the Annual Corporate Governance Report, which is part of the Management Report.

Meanwhile, no transactions were concluded with the executive team in 2024 or 2023.

The fixed and variable remuneration for executives and other professionals with management responsibilities, who are not part of IBERDROLA's senior management, amounted to EUR 164.279 million in 2024 (covering 784 people) and EUR 159.689 million in 2023 (covering 802 people), influenced by exchange rate fluctuations.

49. Information regarding compliance with Section 229 of the Spanish Companies Act

As established in Section 229 of the Spanish Companies Act (*Ley de Sociedades de Capital*), as introduced by Royal Decree-Law 1/2010 of 2 July 2010, and in Law 31/2014 of 3 December 2014, amending the Spanish Companies Act to improve corporate governance, set forth below are the conflicts of interest that the directors encountered during the period.

The Executive Chairman and Chief Executive Officer left the room during discussions on all resolutions relating to their contracts, including their respective compensation.

Mr Sagredo Ormaza did not take part in the deliberations on the resolutions concerning Kutxabank, S.A., specifically as regards the hiring of Norbolsa Sociedad de Valores, S.A. as agent in relation to the *Iberdrola Retribución Flexible* optional dividend system. Ms. García Tejerina did not partake in the discussions concerning the sale of a joint venture by an Iberdrola Group company to a company in which she holds a non-controlling interest.

50. Related-party transactions and balances

The following transactions take place within the normal course of business and are carried out under normal market conditions:

Transactions carried out by IBERDROLA with significant shareholders (Note 22)

In 2024 there were no significant shareholders that 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.

Transactions carried out with equity-accounted investees

The breakdown of transactions with equity-accounted investees that are related parties and that were not eliminated on consolidation is as follows (in millions of euros):

	2024						2023			
	Acquisition of assets	Accounts payable	Accounts receivable	Sales and services provided	Supplies	Services received	Accounts payable	Accounts receivable	Sales and services provided	Supplies
Norte Energia, S.A. [1]	0	22	1	3	211	0	27	0	1	218
Morcambe Wind, Ltd.	0	2	1	1	16	0	3	1	3	17
Peninsular Cogeneración, S.A.	0	2	0	27	0	0	6	0	2	0
Vineyard Wind Management Company, LLC	0	0	3	8	0	0	0	3	8	0
Charging Together, S.L.	0	78	1	7	1	0	0	0	0	0
Vineyard Wind 1, LLC	1	7	2	4	0	0	8	2	3	0
Other companies	3	66	79	17	24	2	68	101	9	5
Total	**4**	**177**	**87**	**67**	**252**	**2**	**112**	**107**	**26**	**240**

(1) Supplies relate mainly to purchases of electrical power.

51. Events subsequent to 31 December 2024

The main events subsequent to 31 December 2024 were as follows:

Iberdrola Retribución Flexible

On 8 January 2025, the following terms governing the second scrip issue (*Iberdrola Retribución Flexible*) were approved by shareholders at the General Shareholders' Meeting of IBERDROLA held on 17 May 2024, under item nine of the agenda:

- The maximum number of new shares to be issued under the increase in capital is 109,728,465.
- The number of free-of-charge allocation rights required to receive one new share is 58.
- The maximum par value of the increase in capital is EUR 82,296,349.
- The gross Interim dividend per share amounts to EUR 0.231.

At the end of the trading period for the free-of-charge allocation rights:

- During the period established for this purpose, the holders of 1,938,270,918 shares in the Company opted to receive the Interim dividend. Thus, the gross amount paid out under the Interim Dividend was EUR 448 million. As a result, those shareholders have expressly waived 1,938,270,918 free-of-charge allocation rights and, therefore, the right to receive 33,418,464 new shares.
- Furthermore, the final number of new common shares with a par value of EUR 0.75 issued will be 76,310,000, yielding a nominal capital increase (under this issue) of EUR 57 million and adding 1.199% to IBERDROLA's pre-issue share capital.
- Following this share capital increase, IBERDROLA's share capital amounts to EUR 4,830,420,750, represented by 6,440,561,000 common shares, each with a par value of EUR 0.75 and all fully subscribed for and paid up.
- Following fulfilment of the pertinent legal requirements (especially verification of those requirements by the Spanish National Securities Market Commission), the new shares were admitted for trading on the continuous market of the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges, through the Automated Quotation System (Continuous Market), on 1 February 2025. Regular trading of the new shares commenced on 5 February 2025.

Sale of Baixo Iguaçu

In February 2025, a sale and purchase agreement (SPA) was signed with EDF Brasil Holding S.A. and STOA S.A. concerning the sale of all shares in the subsidiary Geração Céu Azul S.A., which holds a 70% stake in the Baixo Iguaçu Entrepreneurial Consortium (CEBI) (see Note 18). The transaction is valued at BRL 1,000 million, subject to the typical adjustments for transactions of this nature.

The completion of this transaction is contingent on standard conditions precedent outlined in the SPA, including prior approvals from the Administrative Council for Economic Defence (CADE) and the National Electric Energy Agency (ANEEL), as well as from certain third parties. Furthermore, the transaction could be affected by the possible exercise of the right of first refusal by Copel Geração e Transmissão S.A., which owns the remaining stake in CEBI.

Divestment of East Anglia 3

On 11 February 2025, the board of directors of Scottish Power Renewables Energy Ltd approved the sale of a 50% stake in the East Anglia 3 offshore facility, currently under construction, in which the future partner would take part as a co-investor. However, the agreement between the parties has yet to be signed as of the date of issue of these financial statements. The signing and subsequent completion of the transaction is expected to take place in the first half of 2025.

Banking market and bond issuance

The most significant financing transactions carried out by the IBERDROLA Group after 31 December 2024 were as follows:

Borrower	Transaction	Amount (millions)	Currency	Interest rate	Maximum maturity
Main new financing operations					
Iberdrola Financiación [(1)]	Green BEI loan	200	EUR		Disbursement to the determined
NY State Electric & Gas Storm Funding LLC	Public bond (Securitisation)	225	USD	4.71%	May-31
NY State Electric & Gas Storm Funding LLC	Public bond (Securitisation)	225	USD	4.87%	May-34
NY State Electric & Gas Storm Funding LLC	Public bond (Securitisation)	261	USD	5.16%	May-37
Rochester Gas & Electric Storm Funding LLC	Public bond (Securitisation)	75	USD	4.93%	May-37

[(1)] Funding expected to be available in 2025-2026.

- Public bond

  Under the Financing Order issued on 23 August 2024 by the New York State Public Service Commission, New York State Electric & Gas Corporation (NYSEG) and Rochester Gas and Electric Corporation (RG&E) were granted authorisation to finance the recognised Storm Recovery Costs and related financing costs by issuing securitised bonds in the amount of USD 711 million and USD 75 million, respectively.

  This securitisation benefits not only the companies, by bringing forward the collection of the Storm Recovery Costs, but also the consumers, by lowering the financial cost recognised to the companies.

  The bonds issued have the highest rating, confirmed by S&P (AAA) and Moody's (Aaa), and were issued in different tranches (4, 7 and 10 years, with the option to extend for a further two years).

Perpetual subordinated bonds

On 7 January 2025, Iberdrola International, B.V. decided to repurchase a subordinated perpetual bond issue made in 2019 (with the subordinated guarantee of Iberdrola, S.A.) for an amount of EUR 800 million. This buyback took place on 7 February 2025

At the date of authorisation for issue of these annual financial statements, the IBERDROLA Group had outstanding subordinated perpetual bonds worth EUR 8,250 million.

52. Fees for services provided by the statutory auditors

Fees paid for services provided in 2024 and 2023 by KPMG Auditores, S.L. and the other affiliates of KPMG International are as follows (in millions of euros):

	2024		
	Services rendered by KPMG Auditores, S.L.	Services provided by other entities affiliated with KPMG International	Total
Auditing services	7.16	19.69	26.85
Other non-audit services	3.08	1.48	4.56
Services required of the statutory auditor under the applicable regulations	0.00	0.15	0.15
Other services	3.08	1.33	4.41
Total	**10.24**	**21.17**	**31.41**

Other services include the rendering of the following services:

	2024		
	Services rendered by KPMG Auditores, S.L.	Services provided by other entities affiliated with KPMG International	Total
Limited assurances of interim information	1.29	0.00	1.29
Comfort letters for debt issues	0.58	0.32	0.90
Services for the issuance of agreed-upon procedures reports, assurance or other reports required by industry regulators	0.91	0.53	1.44
Other reports on agreed-upon procedures (*)	0.30	0.48	0.78
Total	**3.08**	**1.33**	**4.41**

(*) Mainly agreed-upon procedures reports required by the regulator in each country, as well as reports additional to the audit report required by current legislation in certain countries where the Group operates.

	2023		
	Services rendered by KPMG Auditores, S.L.	Services provided by other entities affiliated with KPMG International	Total
Auditing services	6.88	20.16	27.04
Other non-audit services	2.92	1.82	4.74
Services required of the statutory auditor under the applicable regulations	0.00	0.11	0.11
Other services	2.92	1.71	4.63
Total	**9.80**	**21.98**	**31.78**

Other services include the rendering of the following services:

	2023		
	Services rendered by KPMG Auditores, S.L.	Services provided by other entities affiliated with KPMG International	Total
Limited assurances of interim information	1.27	0.05	1.32
Comfort letters for debt issues	0.38	0.57	0.95
Services for the issuance of agreed-upon procedures reports, assurance or other reports required by industry regulators	1.06	0.57	1.63
Other reports on agreed-upon procedures (*)	0.21	0.52	0.73
Total	**2.92**	**1.71**	**4.63**

(*) Mainly agreed-upon procedures reports required by the regulator in each country, as well as reports additional to the audit report required by current legislation in certain countries where the Group operates.

In addition, in financial year 2024, other auditors provided auditing services amounting to EUR 1.36 million and other services amounting to EUR 0.33 million (EUR 1.19 million and EUR 0.33 million in 2023, respectively).

53. Earnings per share

The weighted average number of common shares used to calculate basic and diluted earnings per share at 31 December 2024 and 2023 is as follows:

	2024		2023	
	Basic	Diluted	Basic	Diluted
Average number of shares during the year	6,532,210,500	6,548,217,205	6,728,455,452	6,744,969,487
Average number of treasury shares held	(91,945,467)	(91,924,403)	(96,318,002)	(96,318,002)
Number of shares outstanding	**6,440,265,033**	**6,456,292,802**	**6,632,137,450**	**6,648,651,485**

Basic earnings per share are calculated by dividing (a) the profit for the year attributable to the Parent Company's shareholders, adjusted for the net coupon allocated for subordinated perpetual bonds (see Note 22), by (b) the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated by dividing the adjusted profit for the year attributable to the Parent Company's shareholders by the weighted average number of ordinary shares, as mentioned above, plus the weighted average number of potentially dilutive ordinary shares that would be issued if converted into ordinary shares during the period. Basic and diluted earnings per share for 2024 and 2023 are as follows:

	2024		2023	
	Basic	Diluted	Basic	Diluted
Net profit from continuing operations at the Parent (*) (millions of euros)	5,631	5,631	4,824	4,824
Accrued interest on subordinated perpetual bonds (millions of euros) (Note 22)	(219)	(219)	(203)	(203)
Adjusted net profit from continuing operations (millions of euros)	**5,412**	**5,412**	**4,621**	**4,621**
Net profit from discontinued operations (millions of euros)	**(19)**	**(19)**	**(21)**	**(21)**
Number of shares outstanding	**6,440,265,033**	**6,456,292,802**	**6,632,137,450**	**6,648,651,485**
Earnings per share (euros) from continuing operations	**0.840**	**0.838**	**0.697**	**0.695**
Earnings per share (euros) from discontinued operations	**(0.003)**	**(0.003)**	**(0.003)**	**(0.003)**

(*) Profit for the year from discontinued operations net of non-controlling interests.

In calculating basic and diluted earnings per share, the denominators have been adjusted to account for transactions that led to an increase in the number of shares in circulation without impacting resources, treating them as if they had occurred at the beginning of the first period presented.

As outlined in Notes 22 and 51 of these consolidated financial statements, two scrip issues were carried out in July 2024 and January 2025 as part of the Iberdrola *Retribución Flexible* flexible remuneration programme. Following IAS 33: Earnings per Share, these scrip issues led to an adjustment of the earnings per share for the 2023 financial year in the consolidated financial statements, and have been factored into the basic and diluted earnings per share calculations for the 2024 financial year.

54. Authorisation for issue of financial statements

The consolidated financial statements for the year ended on 31 December 2024 were authorised for issue by the directors of IBERDROLA on 25 February 2025.

55. Explanation added for translation to English

These Consolidated Financial statements are presented on the basis of IFRS, as adopted by the European Union. Certain accounting practices applied by the Group that conform to IFRS may not conform to other generally accepted accounting principles in other countries.

Appendix I

ADDITIONAL INFORMATION FOR 2024 IN RELATION TO GROUP COMPANIES, JOINT ARRANGEMENTS AND ASSOCIATES OF THE IBERDROLA GROUP

The percentages of direct or indirect stakes that Iberdrola, S.A. holds in its subsidiaries across its different businesses are shown below. The percentage of votes on the decision-making bodies of those subsidiaries, which are controlled by IBERDROLA, essentially corresponds to the percentage of ownership.

(*) The accounting method used in each company is as follows:

G: Full consolidation.

EM: Equity method.

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2024	31.12.2023	
SPAIN					
Aixeindar, S.A.	Spain	Energy	60	60	G
Anselmo León Distribución, S.L.	Spain	Energy	100	100	G
Anselmo León Hidráulica, S.L. (1)	Spain	Energy	100	100	EM
Balantia Energy Solutions & Technologies S.L.	Spain	Services	100	100	G
Biocantaber, S.L.	Spain	Energy	50	50	EM
Bionor Eólica, S.A.	Spain	Energy	57	57	G
Biovent Energía, S.A.	Spain	Energy	95	95	G
Boreas Wind, S.L.	Spain	Energy	100	100	G
Cantaber Generación Eólica, S.L.	Spain	Energy	69.01	69.01	G
Castellón Green Hydrogen, S.L.	Spain	Energy	50		EM
Cerezo Wind, S.L.	Spain	Energy	100		G
Charging Together, S.L.	Spain	Services	50	50	EM
Ciener, S.A.U.	Spain	Energy	100	100	G
Cogeneración Gequisa, S.A.	Spain	Energy	50	50	EM
Curenergía Comercializador de Último Recurso, S.A.U.	Spain	Retail supplier	100	100	G
Dehesa Solar Sur, S.L.	Spain	Energy	100	100	G
Desarrollo de Energías Renovables de La Rioja, S.A. (2)	Spain	Energy	63.55	63.55	EM
Desarrollos Fotovoltaicos Fuentes, S.L.	Spain	Energy	100	100	G
Desarrollos Renovables Alcocero de Mola, S.L.	Spain	Energy	100	100	G
Desarrollos Renovables Ayora, S.L.	Spain	Energy	100		G
Desarrollos Renovables Caparacena, S.L.	Spain	Energy	100	100	G
Desarrollos Renovables Ciudad Rodrigo, S.L.	Spain	Energy	100		G
Desarrollos Renovables Villamanrique, S.L.	Spain	Energy	100		G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2024	31.12.2023	
Desarrollos Renovables Escatrón, S.L.	Spain	Energy	100	100	G
Desarrollos Renovables Fuendetodos, S.L.	Spain	Energy	100	100	G
Desarrollos Renovables FV Laguna, S.L.	Spain	Energy	100	100	G
Desarrollos Renovables FV Lanza, S.L.	Spain	Energy	100	100	G
Desarrollos Renovables FV Olmedillla, S.L.	Spain	Energy	51	51	G
Desarrollos Renovables FV Romeral, S.L.	Spain	Energy	51	51	G
Desarrollos Renovables FV Teruel, S.L.	Spain	Energy	100	100	G
Desarrollos Renovables Peñarubia, S.L.	Spain	Energy	51	100	G
Desarrollos Renovables Tagus, S.L.	Spain	Energy	100	100	G
Desarrollos Renovables Trinidad, S.L.	Spain	Energy	100	100	G
Desarrollos Renovables Villamanrique, S.L.	Spain	Energy	100	100	G
Ekienea, S.L.	Spain	Energy	75	75	G
Electra Sierra de los Castillos, S.L.	Spain	Energy	97	97	G
Eléctrica Conquense Distribución, S.A.	Spain	Energy	53.59	53.59	G
Eléctrica Conquense, S.A.	Spain	Holding company	53.59	53.59	G
Eléctricas de la Alcarria, S.L.	Spain	Energy	90	90	G
Eme Hueneja Cuatro, S.L.	Spain	Energy	100	100	G
Enercrisa, S.A.	Spain	Energy	50	50	EM
Energía de Castilla y León, S.A.	Spain	Energy	85.5	85.5	G
Energía Portátil Cogeneración, S.A.	Spain	Energy	50	50	EM
Energías Ecológicas de Tenerife, S.A. (3)	Spain	Energy	50	50	G
Energías Eólicas de Cuenca, S.A.U.	Spain	Energy	51	51	G
Energías Renovables Cespedera, S.L.	Spain	Energy	100	100	G
Energías Renovables Cornicabra, S.L.	Spain	Energy	100	100	G
Energías Renovables de Belona, S.L.	Spain	Energy	100	100	G
Energías Renovables de Circe, S.L.	Spain	Energy	100	100	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2024	31.12.2023	
Energías Renovables de Febe, S.L.	Spain	Energy	100	100	G
Energías Renovables de Hermes, S.L.	Spain	Energy	100	100	G
Energías Renovables de la Región de Murcia, S.A.U.	Spain	Energy	100	100	G
Energías Renovables de Tione, S.L.	Spain	Energy	100	100	G
Energías Renovables Espliego, S.L.	Spain	Energy	100	100	G
Energías Renovables Ibermap, S.L.	Spain	Energy	51	51	G
Energías Renovables Jungla Verde, S.L.	Spain	Energy	51	51	G
Energías Renovables Poleo, S.L.	Spain	Energy	100	100	G
Energías Renovables Romeo, S.L.	Spain	Energy	51	51	G
Energías Verdes de Tenerife, S.L. (3)	Spain	Energy	50	50	G
Energyworks Aranda, S.L.	Spain	Energy	99	99	G
Energyworks Carballo, S.L.	Spain	Energy	99	99	G
Energyworks Cartagena, S.L.	Spain	Energy	99	99	G
Energyworks Fonz, S.L.	Spain	Energy	100	100	G
Energyworks Milagros, S.L.	Spain	Energy	100	100	G
Energyworks Monzón, S.L.	Spain	Energy	100	100	G
Energyworks San Millán, S.L.	Spain	Energy	100	100	G
Energyworks Villarrobledo, S.L.	Spain	Energy	99	99	G
Energyworks Vit-Vall, S.L.	Spain	Energy	99	99	G
Eólica 2000, S.L.	Spain	Energy	51	51	G
Eólica Campollano, S.A. (2)	Spain	Energy	25	25	EM
Eólicas de Euskadi, S.A.U.	Spain	Energy	100	100	G
Fincalia Agropecuaria siglo XXI, S.A.	Spain	Energy	100	100	G
Fincalia Agropecuaria, S.A.	Spain	Energy	100	100	G
Fotovoltaica Varadero, S.L.	Spain	Energy	100	100	G
Fudepor, S.L.	Spain	Energy	50	50	EM
Fuendetodos Promotores 400, S.L. (5)	Spain	Energy	12.99	12.99	
Gestión de Evacuación de la Serna, S.L. (4)	Spain	Energy	11.18	11.18	EM
Iberdrola Clientes Internacional, S.A.U.	Spain	Holding company	100	100	G
Iberdrola Clientes, S.A.U.	Spain	Retail supplier	100	100	G
Iberdrola Cogeneración, S.L.U.	Spain	Holding company	100	100	G
Iberdrola Energía España, S.A.U.	Spain	Energy	100	100	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2024	31.12.2023	
Iberdrola Energía Sostenible España, S.L.	Spain	Holding company	100	100	G
Iberdrola Generación Nuclear, S.A.U.	Spain	Energy	100	100	G
Iberdrola Generación Térmica, S.L.U.	Spain	Energy	100	100	G
Iberdrola Generación, S.A.U.	Spain	Energy	100	100	G
Iberdrola Green2Next, S.L. (Formerly Soluciones de Hidrógeno Verde, SL.)	Spain	Services	100		G
Iberdrola Operación y Mantenimiento, S.A.U.	Spain	Services	100	100	G
Iberdrola Redes España, S.A.	Spain	Holding company	100	100	G
Iberdrola Renovables Galicia, S.A.U.	Spain	Energy	100	100	G
Iberdrola Renovables Andalucía, S.A.U.	Spain	Energy	100	100	G
Iberdrola Renovables Aragón, S.A.U.	Spain	Energy	100	100	G
Iberdrola Renovables Canarias, S.A.U.	Spain	Energy	100	100	G
Iberdrola Renovables Castilla – La Mancha, S.A.U.	Spain	Energy	100	100	G
Iberdrola Renovables Castilla y León, S.A.	Spain	Energy	95	95	G
Iberdrola Renovables Energía, S.A.U.	Spain	Holding company	100	100	G
Iberdrola Renovables Internacional, S.A.U.	Spain	Holding company	100	100	G
Iberdrola Renovables La Rioja 2, S.A.	Spain	Energy	63.55	63.55	G
Iberdrola Renovables La Rioja, S.A. (2)	Spain	Energy	63.55	63.55	EM
Iberdrola Servicios Energéticos, S.A.U.	Spain	Retail supplier	100	100	G
Iberduero, S.L.U.	Spain	Energy	100	100	G
Iberenova Promociones, S.A.U.	Spain	Energy	100	100	G
Iberjalón, S.A.	Spain	Energy	80	80	G
ICARO Renovables. S.A.	Spain	Energy	100	100	G
ICE Balsicas Promotores, S.L. (2)	Spain	Energy	51		EM
I-DE Redes Eléctricas Inteligentes, S.A.U.	Spain	Energy	100	100	G
Infraestructuras de Evacuación Los Arenales, S.L.	Spain	Energy	50	50	EM
Iniciativas Eólicas Cantabria, S.L.	Spain	Energy	60	60	G
Intermalta Energía, S.A.	Spain	Energy	50	50	EM
Ir Redes de Calor y Frío, S.L.	Spain	Services	50	50	EM

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2024	31.12.2023	
Linea Curacavas, S.L.	Spain	Energy	24.05	24.05	EM
Llanos Pelaos Fotovoltaica, S.L.	Spain	Energy	75	75	G
Molinos de la Rioja, S.A. (2)	Spain	Energy	63.55	63.55	EM
Molinos del Cidacos, S.A.	Spain	Energy	63.55	63.55	G
Nuclenor, S.A.	Spain	Energy	50	50	EM
Parque Eólico Capiechamartin, S.L.	Spain	Energy	100	100	G
Parque Eólico Cordel y Vidural, S.L.	Spain	Energy	100	100	G
Parque Eólico Cruz de Carrutero, S.L.	Spain	Energy	76	76	G
Parque Eólico Encinillas, S.L.	Spain	Energy	100	100	G
Parque Eólico Panondres, S.L.	Spain	Energy	100	100	G
Parque Eólico Verdigueiro, S.L.	Spain	Energy	100	100	G
Parque Solar Cáceres, S.L.	Spain	Energy	100	100	G
Parques Eólicos Alto de Layna, S.L.	Spain	Energy	51	51	G
Peache Energías Renovables, S.A.	Spain	Energy	95	95	G
Peninsular Cogeneración, S.A.	Spain	Energy	50	50	EM
Producciones Energéticas Asturianas, S.L.	Spain	Energy	80	80	G
Producciones Energéticas de Castilla y León, S.A. (2)	Spain	Energy	85.5	85.5	EM
Productos y Servicios de Confort, S.A.	Spain	Services	100	100	G
Promotores Caparacena 400, S.L.	Spain	Energy	45.62	45.62	EM
Promotores Renovables Fuentes de la Alcarria, S.L. (5)	Spain	Energy	39.95	39.95	
Proyecto Nuñez de Balboa, S.L.	Spain	Energy	100	100	G
Proyecto Solar Francisco Pizarro, S.L.	Spain	Energy	100	100	G
Puerto Rosario Solar 2, S.L.	Spain	Energy	75	75	G
Puerto Rosario Solar 3, S.L.	Spain	Energy	75	75	G
PV I Ataulfo, S.L.	Spain	Energy	100	100	G
Renovables de Buniel, S.L.	Spain	Energy	75	75	G
Renovables de la Ribera, S.L. (3)	Spain	Energy	50	50	G
Sistemas Energéticos Altamira, S.A.U.	Spain	Energy	51	51	G
Sistemas Energéticos Chandrexa, S.A.	Spain	Energy	96.07	96.07	G
Sistemas Energéticos de la Linera, S.A.U.	Spain	Energy	51	51	G
Sistemas Energéticos del Moncayo, S.A.	Spain	Energy	75	75	G
Sistemas Energéticos Finca San Juan, S.L.	Spain	Energy	100	100	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2024	31.12.2023	
Sistemas Energéticos Jaralón, S.A.	Spain	Energy	100	100	G
Sistemas Energéticos La Gomera, S.A.U.	Spain	Energy	51	51	G
Sistemas Energéticos La Higuera, S.A.	Spain	Energy	55	55	G
Sistemas Energéticos La Muela, S.A.	Spain	Energy	80	80	G
Sistemas Energéticos Loma del Viento, S.A.	Spain	Energy	51	51	G
Sistemas Energéticos Mas Garullo, S.A.	Spain	Energy	78	78	G
Sistemas Energéticos Nacimiento, S.A.U.	Spain	Energy	51	51	G
Sistemas Energéticos Serra de Lourenza, S.A.	Spain	Energy	100	100	G
Sistemas Energéticos Tacica de Plata, S.A.U.	Spain	Energy	51	51	G
Sistemas Energéticos Torralba, S.A.	Spain	Energy	60	60	G
Sistemas Eólicos de Muño, S.L.	Spain	Energy	75	75	G
Sistemes Energetics Savalla del Comtat, S.A.U.	Spain	Energy	51	51	G
Solar Majada Alta, S.L.	Spain	Energy	50.1	50.1	G
Sotavento Galicia, S.A. (4)	Spain	Energy	8	8	EM
Tarragona Power, S.L.U.	Spain	Energy	100	100	G
UNITED KINGDOM					
Blaenau Gwent Solar, Ltd.	United Kingdom	Energy	100	100	G
Bryn Henllys SF, Ltd.	United Kingdom	Energy	100	100	G
Celtpower, Ltd.	United Kingdom	Energy	50	50	EM
CLASS Electricity, Ltd.	United Kingdom	Energy	88		EM
Coldham Windfarm, Ltd.	United Kingdom	Energy	80	80	G
Cumberhead West Wind Farm, Ltd.	United Kingdom	Energy	100	100	G
Derryherk, Ltd.	United Kingdom	Asset management services	100		G
Down Barn Farm SF, Ltd.	United Kingdom	Energy	100	100	G
East Anglia Offshore Wind, Ltd.	United Kingdom	Energy	50	50	EM
East Anglia One North Ltd.	United Kingdom	Energy	100	100	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2024	31.12.2023	
East Anglia One, Ltd.	United Kingdom	Energy	60	60	G
East Anglia Three, Ltd.	United Kingdom	Energy	100	100	G
East Anglia Three Holdings, Ltd.	United Kingdom	Energy	100		G
East Anglia Two Ltd.	United Kingdom	Energy	100	100	G
Electricity North East (Construction & Maintenance), Ltd.	United Kingdom	Energy	88		EM
Electricity North West (Construction & Maintenance), Ltd.	United Kingdom	Energy	88		EM
Electricity North West (ESPS) Pensions Trustees, Ltd.	United Kingdom	Energy	88		EM
Electricity North West Number 1 Company, Ltd.	United Kingdom	Energy	88		EM
Electricity North West Property, Ltd.	United Kingdom	Energy	88		EM
Electricity North West Services, Ltd.	United Kingdom	Energy	88		EM
Electricity North West, Ltd.	United Kingdom	Energy	88		EM
Elexon, Ltd.	United Kingdom	Energy	7.7		EM
ENW Capital Finance, plc	United Kingdom	Energy	88		EM
ENW Finance, plc	United Kingdom	Energy	88		EM
Grafton Underwood Solar, Ltd.	United Kingdom	Energy	100	100	G
Hagshaw Hill Repowering, Ltd.	United Kingdom	Energy	100	100	G
Longney Solar, Ltd.	United Kingdom	Energy	100	100	G
MachairWind, Ltd.	United Kingdom	Energy	100	100	G
Milltown Airfiled Solar PV, Ltd.	United Kingdom	Energy	100	100	G
Morecambe Wind, Ltd.	United Kingdom	Energy	50	50	EM
NGET/SPT Upgrades, Ltd.	United Kingdom	Energy	50	50	EM
North West Electricity Networks (Finance), Ltd.	United Kingdom	Energy	88		EM

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2024	31.12.2023	
North West Electricity Networks (Holdings), Ltd.	United Kingdom	Energy	88		EM
North West Electricity Networks (Jersey), Ltd.	United Kingdom	Energy	88		EM
North West Electricity Networks (UK), Ltd.	United Kingdom	Energy	88		EM
North West Electricity Networks, plc	United Kingdom	Energy	88		EM
NWEN Finance, plc	United Kingdom	Energy	88		EM
NWEN Group, Ltd.	United Kingdom	Energy	88		EM
Pipplepen Solar, Ltd.	United Kingdom	Energy	100	100	G
Ranksborough Solar, Ltd.	United Kingdom	Energy	100	100	G
Scottish Power Energy Networks Holdings, Ltd.	United Kingdom	Holding company	100	100	G
Scottish Power Retail Holdings Ltd.	United Kingdom	Holding company	100	100	G
ScottishPower (DCL), Ltd.	United Kingdom	Energy	100	100	G
ScottishPower (SCPL), Ltd.	United Kingdom	Energy	100	100	G
ScottishPower Energy Management (Agency), Ltd.	United Kingdom	Energy	100	100	G
ScottishPower Energy Management, Ltd.	United Kingdom	Energy	100	100	G
ScottishPower Energy Retail, Ltd.	United Kingdom	Retail supplier	100	100	G
ScottishPower Generation (Assets), Ltd	United Kingdom	Energy	100	100	G
ScottishPower Renewable Energy, Ltd.	United Kingdom	Holding company	100	100	G
ScottishPower Renewables (WODS), Ltd.	United Kingdom	Energy	100	100	G
ScottishPower Renewables UK, Ltd.	United Kingdom	Energy	100	100	G
SP Dataserve, Ltd.	United Kingdom	Debt management	100	100	G
SP Distribution, Plc.	United Kingdom	Energy	100	100	G
SP Green Hydrogen, Ltd.	United Kingdom	Energy	100		G
SP Manweb, Plc.	United Kingdom	Energy	100	100	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2024	31.12.2023	
SP Power Systems, Ltd.	United Kingdom	Asset Management Services	100	100	G
SP Smart Meter Assets, Ltd.	United Kingdom	Other	100	100	G
SP Manweb, Plc.	United Kingdom	Energy	100	100	G
Sparrow Lodge Solar, Ltd.	United Kingdom	Energy	100	100	G
Speyslaw Solar, Ltd.	United Kingdom	Energy	100	100	G
Sphere Energy Connect, Ltd.	United Kingdom	Energy	100		G
Thurlaston Solar, Ltd.	United Kingdom	Energy	100	100	G
Tuckey Farm Solar, Ltd.	United Kingdom	Energy	100	100	G
Wood Lane Solar, Ltd.	United Kingdom	Energy	100	100	G
UNITED STATES					
12 Mile Solar, LLC	UNITED STATES	Energy	100	81.5	G
Aeolus Wind Power VII, LLC	UNITED STATES	Energy	100	81.5	G
Aeolus Wind Power VIII, LLC	UNITED STATES	Energy	100	81.5	G
Atlantic Renewable Energy Corporation	UNITED STATES	Holding company	100	81.5	G
Atlantic Renewable Projects II, LLC	UNITED STATES	Holding company	100	81.5	G
Atlantic Renewable Projects, LLC	UNITED STATES	Holding company	100	81.5	G
Atlantic Wind, LLC	UNITED STATES	Holding company	100	81.5	G
Aurora Solar, LLC	UNITED STATES	Energy	100	81.5	G
Avangrid Arizona Renewables, LLC	UNITED STATES	Energy	100	81.5	G
Avangrid Enterprises, Inc.	UNITED STATES	Holding company	100	81.5	G
Avangrid Logistic Services, LLC	UNITED STATES	Services	100	81.5	G
Avangrid Management Company, LLC	UNITED STATES	Services	100	81.5	G
Avangrid Networks. Inc.	UNITED STATES	Holding company	100	81.5	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2024	31.12.2023	
Avangrid New York TransCo, LLC	UNITED STATES	Holding company	100	81.5	G
Avangrid Renewables Holdings, Inc.	UNITED STATES	Holding company	100	81.5	G
Avangrid Renewables, LLC	UNITED STATES	Holding company	100	81.5	G
Avangrid Service Company	UNITED STATES	Services	100	81.5	G
Avangrid Solutions, Inc.	UNITED STATES	Other	100	81.5	G
Avangrid Texas Renewables, LLC	UNITED STATES	Energy	100	81.5	G
Avangrid Vineyard Wind Holdings, LLC	UNITED STATES	Holding company	100	81.5	G
Avangrid Vineyard Wind, LLC	UNITED STATES	Holding company	100	81.5	G
Avangrid, Inc.	UNITED STATES	Holding company	100	81.5	G
Bakeoven Solar, LLC	UNITED STATES	Energy	100	81.5	G
Barton Windpower, LLC	UNITED STATES	Energy	100	81.5	G
Berkshire Energy Resources	UNITED STATES	Holding company	100	81.5	G
Big Horn II Wind Project, LLC	UNITED STATES	Energy	100	81.5	G
Big Horn Wind Project, LLC	UNITED STATES	Energy	100	81.5	G
Blue Creek Wind Farm, LLC	UNITED STATES	Energy	100	81.5	G
Bluebird Solar Power, LLC	UNITED STATES	Energy	100	81.5	G
Bright Mountain Solar, LLC	UNITED STATES	Energy	100	81.5	G
Buffalo Ridge I, LLC	UNITED STATES	Energy	100	81.5	G
Buffalo Ridge II, LLC	UNITED STATES	Energy	100	81.5	G
Camino Solar, LLC	UNITED STATES	Energy	100	81.5	G
Casselman Wind Power, LLC	UNITED STATES	Energy	100	81.5	G
Central Maine Power Company	UNITED STATES	Energy	100	81.5	G
Chester SVC Partnership (3)	UNITED STATES	Energy	50	40.75	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2024	31.12.2023	
CMP Group, Inc.	UNITED STATES	Holding company	100	81.5	G
CNE Energy Services Group, LLC	UNITED STATES	Services	100	81.5	G
CNE Peaking, LLC	UNITED STATES	Services	100	81.5	G
Colorado Green Holdings, LLC	UNITED STATES	Energy	100	81.5	G
Commonwealth Wind, LLC	UNITED STATES	Energy	100	81.5	G
Connecticut Energy Corporation	UNITED STATES	Holding company	100	81.5	G
Connecticut Natural Gas Corporation	UNITED STATES	Gas	100	81.5	G
Coyote Ridge Wind, LLC (4)	UNITED STATES	Energy	20	16.3	EM
CTG Resources, Inc.	UNITED STATES	Holding company	100	81.5	G
Daybreak Solar, LLC	UNITED STATES	Energy	100	81.5	G
Deer River Wind, LLC	UNITED STATES	Energy	100	81.5	G
Deerfield Wind, LLC	UNITED STATES	Energy	100	81.5	G
Desert Wind Farm, LLC	UNITED STATES	Energy	100	81.5	G
Dillon Wind, LLC	UNITED STATES	Energy	100	81.5	G
Eagle Solar Energy Center, LLC	UNITED STATES	Energy	100	81.5	G
El Cabo Partners, LLC	UNITED STATES	Energy	100	81.5	G
El Cabo Wind Holdings, LLC	UNITED STATES	Holding company	100	81.5	G
El Cabo Wind, LLC	UNITED STATES	Energy	100	81.5	G
Elk River Wind Farm, LLC	UNITED STATES	Energy	100	81.5	G
Elm Creek Wind II, LLC	UNITED STATES	Energy	100	81.5	G
Elm Creek Wind, LLC	UNITED STATES	Energy	100	81.5	G
Empire Solar Power, LLC	UNITED STATES	Energy	100	81.5	G
Farmers City Wind, LLC	UNITED STATES	Energy	100	81.5	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2024	31.12.2023	
Flat Rock Windpower II, LLC	UNITED STATES	Energy	50	40.75	EM
Flat Rock Windpower, LLC	UNITED STATES	Energy	50	40.75	EM
Flying Cloud Power Partners, LLC	UNITED STATES	Energy	100	81.5	G
Flying Cow Wind, LLC	UNITED STATES	Energy	100	81.5	G
Fountain Wind, LLC	UNITED STATES	Energy	100	81.5	G
GCE Holding, LLC	UNITED STATES	Holding company	50	40.75	EM
GenConn Devon, LLC	UNITED STATES	Energy	50	40.75	EM
GenConn Energy, LLC	UNITED STATES	Holding company	50	40.75	EM
GenConn Middletown, LLC	UNITED STATES	Energy	50	40.75	EM
Golden Hills Wind Farm, LLC	UNITED STATES	Energy	100	81.5	G
Goodland Wind, LLC	UNITED STATES	Energy	100	81.5	G
Great Bear Linka, LLC	UNITED STATES	Energy	100	81.5	G
Great Bear Solar, LLC	UNITED STATES	Energy	100	81.5	G
Groton Wind, LLC	UNITED STATES	Energy	100	81.5	G
Hardscrabble Wind Power, LLC	UNITED STATES	Energy	100	81.5	G
Hay Canyon Wind, LLC	UNITED STATES	Energy	100	81.5	G
Heartland Wind, LLC	UNITED STATES	Energy	100	81.5	G
Helix Wind Power Facility, LLC	UNITED STATES	Energy	100	81.5	G
Imperial Wind, LLC	UNITED STATES	Energy	100	81.5	G
Juniper Canyon Wind Power II, LLC	UNITED STATES	Energy	100	81.5	G
Juniper Canyon Wind Power, LLC	UNITED STATES	Energy	100	81.5	G
Jupiter Hydrogen. LLC	UNITED STATES	Energy	100	81.5	G
Kalina Solar, LLC	UNITED STATES	Energy	100	81.5	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2024	31.12.2023	
Karankawa Wind, LLC	UNITED STATES	Energy	100	81.5	G
Kitty Hawk North, LLC	UNITED STATES	Energy	100	81.5	G
Kitty Hawk Wind, LLC	UNITED STATES	Energy	100	81.5	G
Klamath Energy, LLC	UNITED STATES	Energy	100	81.5	G
Klamath Generation, LLC	UNITED STATES	Energy	100	81.5	G
Klondike Wind Power II, LLC	UNITED STATES	Energy	100	81.5	G
Klondike Wind Power III, LLC	UNITED STATES	Energy	100	81.5	G
Klondike Wind Power, LLC	UNITED STATES	Energy	100	81.5	G
La Joya Bond, LLC	UNITED STATES	Other	100	81.5	G
La Joya Wind, LLC	UNITED STATES	Energy	100	81.5	G
Lakeview Cogeneration, LLC	UNITED STATES	Energy	100	81.5	G
Leaning Juniper Wind Power II, LLC	UNITED STATES	Energy	100	81.5	G
Leipsic Wind, LLC	UNITED STATES	Energy	100	81.5	G
Lempster Wind, LLC	UNITED STATES	Energy	100	81.5	G
Locust Ridge II, LLC	UNITED STATES	Energy	100	81.5	G
Locust Ridge Wind Farms, LLC	UNITED STATES	Energy	100	81.5	G
Loma Vista, LLC	UNITED STATES	Energy	100	81.5	G
Loowit Battery Storage, LLC	UNITED STATES	Other	100	81.5	G
Lund Hill Solar, LLC	UNITED STATES	Energy	100	81.5	G
Maine Electric Power Company, Inc.	UNITED STATES	Energy	78.28	63.8	G
Maine Natural Gas Corporation	UNITED STATES	Gas	100	81.5	G
Maine Yankee Atomic Power Company (5)	UNITED STATES	Other	38	30.97	
MaineCom Services	UNITED STATES	Telecoms	100	81.5	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2024	31.12.2023	
Manzana Power Services, Inc.	UNITED STATES	Services	100	81.5	G
Manzana Wind, LLC	UNITED STATES	Energy	100	81.5	G
Midland Wind, LLC	UNITED STATES	Energy	100	81.5	G
Milky Way Solar, LLC	UNITED STATES	Energy	100	81.5	G
Minndakota Wind, LLC	UNITED STATES	Energy	100	81.5	G
Mohawk Solar, LLC	UNITED STATES	Energy	100	81.5	G
Montague Solar, LLC	UNITED STATES	Energy	100	81.5	G
Montague Wind Power Facility, LLC	UNITED STATES	Energy	100	81.5	G
Moraine Wind II, LLC	UNITED STATES	Energy	100	81.5	G
Moraine Wind, LLC	UNITED STATES	Energy	100	81.5	G
Mount Pleasant Wind, LLC	UNITED STATES	Energy	100	81.5	G
Mountain View Power Partners III, LLC	UNITED STATES	Energy	100	81.5	G
NECEC Transmission, LLC	UNITED STATES	Energy	100	81.5	G
New England Wind, LLC	UNITED STATES	Energy	100	81.5	G
New Harvest Wind Project, LLC	UNITED STATES	Energy	100	81.5	G
New York State Electric & Gas Corporation	UNITED STATES	Electricity and Gas	100	81.5	G
NM Green Holdings, Inc	UNITED STATES	Holding company	100	81.5	G
Northern Iowa WindPower II, LLC	UNITED STATES	Energy	100	81.5	G
NORVARCO	UNITED STATES	Holding company	100	81.5	G
NYSEG Storm Funding, LLC	UNITED STATES	Electricity and Gas	100		G
Oregon Trail Solar, LLC	UNITED STATES	Energy	100	81.5	G
Osagrove Flat Solar, LLC	UNITED STATES	Energy	100	81.5	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2024	31.12.2023	
Osagrove Flats Wind, LLC	UNITED STATES	Energy	100	81.5	G
Otter Creek Wind Farm, LLC	UNITED STATES	Energy	100	81.5	G
Pacific Wind Development, LLC	UNITED STATES	Energy	100	81.5	G
Park City Wind, LLC	UNITED STATES	Energy	100	81.5	G
Patriot Wind Farm, LLC	UNITED STATES	Energy	100	81.5	G
Patriot Wind Holdings, LLC	UNITED STATES	Holding company	100	81.5	G
Patriot Wind TE Holdco, LLC	UNITED STATES	Holding company	100	81.5	G
Pebble Springs Wind, LLC	UNITED STATES	Energy	100	81.5	G
Phoenix Wind Power, LLC	UNITED STATES	Energy	100	81.5	G
Pontotoc Wind, LLC	UNITED STATES	Energy	100	81.5	G
Poseidon Solar, LLC	UNITED STATES	Energy	50	40.75	EM
Poseidon Wind, LLC	UNITED STATES	Energy	50	40.75	EM
Powell Creek Linka, LLC	UNITED STATES	Energy	100	81.5	G
Powell Creek Solar, LLC	UNITED STATES	Energy	100	81.5	G
PPM Colorado Wind Ventures, Inc.	UNITED STATES	Holding company	100	81.5	G
PPM Roaring Brook, LLC	UNITED STATES	Energy	100	81.5	G
PPM Technical Services, Inc.	UNITED STATES	Services	100	81.5	G
PPM Wind Energy, LLC	UNITED STATES	Energy	100	81.5	G
Providence Heights Wind, LLC	UNITED STATES	Energy	100	81.5	G
NYSEG Storm Funding, LLC	UNITED STATES	Electricity and Gas	100		G
RGS Energy Group, Inc.	UNITED STATES	Holding company	100	81.5	G
Rochester Gas and Electric Corporation	UNITED STATES	Electricity and Gas	100	81.5	G
Rugby Wind, LLC	UNITED STATES	Energy	100	81.5	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2024	31.12.2023	
San Luis Solar, LLC	UNITED STATES	Energy	100	81.5	G
ScottishPower Financial Services, Inc.	UNITED STATES	Dormant	100	81.5	G
ScottishPower Group Holdings Company	UNITED STATES	Holding company	100	81.5	G
Shiloh I Wind Project, LLC	UNITED STATES	Energy	100	81.5	G
Solar Star Oregon II, LLC	UNITED STATES	Energy	100	81.5	G
Solis Solar Power I, LLC	UNITED STATES	Energy	100	81.5	G
South Chestnut, LLC	UNITED STATES	Energy	100	81.5	G
St. Croix Valley Solar, LLC	UNITED STATES	Energy	100	81.5	G
Stagecoach Sunshine, LLC	UNITED STATES	Energy	100	81.5	G
Star Point Wind Project, LLC	UNITED STATES	Energy	100	81.5	G
Streator Cayuga Ridge Wind Power, LLC	UNITED STATES	Energy	100	81.5	G
Summit Solar PA, LLC	UNITED STATES	Energy	100		G
Sunset Solar, LLC	UNITED STATES	Energy	100	81.5	G
Tatanka Ridge Wind. LLC (4)	UNITED STATES	Energy	15	12.23	EM
The Berkshire Gas Company	UNITED STATES	Gas	100	81.5	G
The Southern Connecticut Gas Company (SCG)	UNITED STATES	Gas	100	81.5	G
The Union Water Power Company	UNITED STATES	Services	100	81.5	G
The United Illuminating Company	UNITED STATES	Energy	100	81.5	G
Total Peaking Services, LLC	UNITED STATES	Services	100	81.5	G
Tower Solar, LLC	UNITED STATES	Energy	100	81.5	G
Trimont Wind I, LLC	UNITED STATES	Energy	100	81.5	G
True North Solar, LLC	UNITED STATES	Energy	100	81.5	G
Tule Wind, LLC	UNITED STATES	Energy	100	81.5	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2024	31.12.2023	
Twin Buttes Wind, LLC	UNITED STATES	Energy	100	81.5	G
Twin Buttes Wind II, LLC	UNITED STATES	Energy	100	81.5	G
UIL Distributed Resources	UNITED STATES	Services	100	81.5	G
UIL Group, LLC	UNITED STATES	Holding company	100	81.5	G
UIL Holdings Corporation	UNITED STATES	Holding company	100	81.5	G
United Resources, Inc.	UNITED STATES	Holding company	100	81.5	G
Victory landing Solar, LLC	UNITED STATES	Energy	100	81.5	G
Vineyard Wind 1 Pledgor, LLC	UNITED STATES	Energy	50	40.75	EM
Vineyard Wind 1, LLC	UNITED STATES	Energy	50	40.75	EM
Vineyard Wind Management Company, LLC	UNITED STATES	Holding company	50	40.75	EM
Vineyard Wind Shareco, LLC	UNITED STATES	Energy	50	40.75	EM
Vineyard Wind Sponsor Partners 1, LLC	UNITED STATES	Energy	50	40.75	EM
Vineyard Wind TE Partners, LLC	UNITED STATES	Holding company	50	40.75	EM
West Valley Leasing Company, LLC (5)	UNITED STATES	Energy	100	81.5	
Wild Grains Solar, LLC	UNITED STATES	Energy	100	81.5	G
Winnebago Windpower II, LLC	UNITED STATES	Energy	100	81.5	G
Winnebago Windpower, LLC	UNITED STATES	Energy	100	81.5	G
Wyeast Solar, LLC	UNITED STATES	Energy	100	81.5	G
MEXICO					
BII NEE Stipa Energía Eólica, S.A. de C.V.	Mexico	Energy	99.99	99.99	G
Corporativo Iberdrola Renovables México, S.A. de C.V.	Mexico	Services	100	100	G
Encon Monterrey, S.A. de C.V.	Mexico	Energy	100	100	G
Eólica Dos Arbolitos S.A. de C.V.	Mexico	Energy	100	100	G
Generación de Energía Base, S.A. de C.V.	Mexico	Energy	100		G
Green Park Energy, S.A. de C.V.	Mexico	Energy	100	100	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2024	31.12.2023	
Iberdrola Clientes, S.A. de C.V.	Mexico	Retail supplier	100	100	G
Iberdrola Cogeneración Altamira, S.A. de C.V.	Mexico	Energy	100	100	G
Iberdrola Cogeneración Bajío, S.A. de C.V.	Mexico	Energy	100	100	G
Iberdrola Cogeneración Ramos, S.A. de C.V.	Mexico	Energy	100	100	G
Iberdrola Energía Altamira de Servicios, S.A. de C.V.	Mexico	Services	100	100	G
Iberdrola Generación México, S.A. de C.V.	Mexico	Holding company	100	100	G
Iberdrola Generación, S.A. de C.V.	Mexico	Energy	100	100	G
Iberdrola México, S.A. de C.V.	Mexico	Holding company	100	100	G
Iberdrola Renovables Centro, S.A. de C.V.	Mexico	Energy	100	100	G
Iberdrola Renovables del Bajío, S.A. de C.V.	Mexico	Energy	100	100	G
Iberdrola Renovables México, S.A. de C.V.	Mexico	Holding company	100	100	G
Iberdrola Renovables Noroeste, S.A. de C.V.	Mexico	Energy	100	100	G
Iberdrola Servicios Corporativos, S.A. de C.V.	Mexico	Services	100	100	G
Iberdrola Soporte a Proyectos Liberalizados, S.A. de C.V.	Mexico	Services	100	100	G
Iberdrola Soporte a Proyectos Renovables, S.A. DE C.V.	Mexico	Services	100	100	G
Infraestructura de Energía Limpia, S.A. de C.V.	Mexico	Energy	100		G
Parque de Generación Renovable, S.A. de C.V.	Mexico	Energy	100	100	G
Parque Industrial de Energía Renovables, S.A. de C.V.	Mexico	Energy	51	51	G
Parques Ecológicos de México, S.A. de C.V.	Mexico	Energy	99.99	99.99	G
Pier II Quecholac Felipe Ángeles, S.A. de C.V.	Mexico	Energy	51	51	G
Servicios de Operación Eoloeléctrica de México, S.A. de C.V.	Mexico	Services	100	100	G
Soluciones Inteligentes de Descarbonización, S.A. de C.V.	Mexico	Energy	100		G
Soporte de Generación Eficiente, S.A. de C.V	Mexico	Energy	100	100	G
BRAZIL					
Afluente Transmissao de Energia Elétrica, S.A.	Brazil	Energy	56.72	56.72	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2024	31.12.2023	
Arizona 1 Energia Renovável, S.A.	Brazil	Energy	53.5	53.5	G
Bahia PCH II, S.A. Bahía Pequeña C. Hidroeléctrica	Brazil	Energy	53.5	53.5	G
Belo Monte Participações S.A	Brazil	Holding company	53.5	53.5	G
Bonito 1 Energia Renovável S.A. (5)	Brazil	Energy	53.5	53.5	
Bonito 10 Energia Renovável, S.A. (5)	Brazil	Energy	53.5	53.5	
Bonito 11 Energia Renovável, S.A. (5)	Brazil	Energy	53.5	53.5	
Bonito 2 Energia Renovável S.A. (5)	Brazil	Energy	53.5	53.5	
Bonito 3 Energia Renovável, S.A.	Brazil	Energy	53.5	53.5	G
Bonito 4 Energia Renovável, S.A.	Brazil	Energy	53.5	53.5	G
Bonito 5 Energia Renovável, S.A.	Brazil	Energy	53.5	53.5	G
Bonito 6 Energia Renovável, S.A.	Brazil	Energy	53.5	53.5	G
Bonito 7 Energia Renovável, S.A. (5)	Brazil	Energy	53.5	53.5	
Bonito 8 Energia Renovável, S.A. (5)	Brazil	Energy	53.5	53.5	
Bonito 9 Energia Renovável, S.A. (5)	Brazil	Energy	53.5	53.5	
Caetité 1 Energia Renovável, S.A.	Brazil	Energy	53.5	53.5	G
Caetité 2 Energia Renovável, S.A.	Brazil	Energy	53.5	53.5	G
Caetité 3 Energia Renovável, S.A.	Brazil	Energy	53.5	53.5	G
Calango 1 Energia Renovável, S.A.	Brazil	Energy	53.5	53.5	G
Calango 2 Energia Renovável, S.A.	Brazil	Energy	53.5	53.5	G
Calango 3 Energia Renovável, S.A.	Brazil	Energy	53.5	53.5	G
Calango 4 Energia Renovável, S.A.	Brazil	Energy	53.5	53.5	G
Calango 5 Energia Renovável, S.A.	Brazil	Energy	53.5	53.5	G
Calango 6 Energia Renovável, S.A.	Brazil	Energy	53.5	53.5	G
Calango Solar 1 Energia Renovável S.A. (5)	Brazil	Energy	53.5	53.5	
Calango Solar 2 Energia Renovável S.A. (5)	Brazil	Energy	53.5	53.5	
Canoas 2 Energia renovavel, S.A.	Brazil	Energy	53.5	53.5	G
Canoas 3 Energia renovavel, S.A.	Brazil	Energy	53.5	53.5	G
Canoas 4 Energia renovavel, S.A.	Brazil	Energy	53.5	53.5	G
Canoas Energia Renovável S.A.	Brazil	Energy	53.5	53.5	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2024	31.12.2023	
Chafariz 1 Energia renovavel, S.A.	Brazil	Energy	53.5	53.5	G
Chafariz 2 Energia renovavel, S.A.	Brazil	Energy	53.5	53.5	G
Chafariz 3 Energia renovavel, S.A.	Brazil	Energy	53.5	53.5	G
Chafariz 4 Energia renovavel, S.A.	Brazil	Energy	53.5	53.5	G
Chafariz 5 Energia renovavel, S.A.	Brazil	Energy	53.5	53.5	G
Chafariz 6 Energia renovavel, S.A.	Brazil	Energy	53.5	53.5	G
Chafariz 7 Energia renovavel, S.A.	Brazil	Energy	53.5	53.5	G
Companhia de Eletricidade do Estado do Bahia, S.A.	Brazil	Energy	52.93	52.93	G
Companhia Energética de Pernambuco, S.A.	Brazil	Energy	53.5	53.5	G
Companhia Energetica do Rio Grande do Norte, S.A.	Brazil	Energy	53.5	49.78	G
EKTT 10 Serviços de Transmissão de Energia Elétrica SPE S/A	Brazil	Energy	53.5	53.5	G
EKTT 8 Serviços de Transmissão de Energia Elétrica SPE S/A	Brazil	Energy	53.5	53.5	G
EKTT 9 Serviços de Transmissão de Energia Elétrica SPE S/A	Brazil	Energy	53.5	53.5	G
Elektro Operaçao e Manutençao, Ltda.	Brazil	Services	53.5	53.5	G
Elektro Redes, S.A.	Brazil	Energy	53.33	53.33	G
Elektro Renováveis do Brasil, S.A.	Brazil	Energy	53.5	53.5	G
Energias Renováveis do Brasil, S.A.	Brazil	Energy	53.5	53.5	G
Energética Águas da Pedra, S.A.	Brazil	Energy	53.5	53.5	G
Energética Corumbá III, S.A. (4)	Brazil	Energy	13.38	13.38	EM
FE Participaçoes, S.A.	Brazil	Energy	53.5	53.5	G
Força Eolica do Brasil 1, S.A.	Brazil	Energy	53.5	53.5	G
Força Eolica do Brasil 2, S.A.	Brazil	Energy	53.5	53.5	G
Gameleira 11 Energia Renovável S.A. (Antes Riachão 8 Energia Renovável S.A.) (5)	Brazil	Energy	53.5	53.5	
Geraçao Ceu Azul, S.A.	Brazil	Energy	53.5	53.5	G
Geraçao CIII, S.A.	Brazil	Holding company	53.5	53.5	G
Itapebí Geraçao de Energia, S.A.	Brazil	Energy	53.5	53.5	G
Lagoa 1 Energia Renovável, S.A.	Brazil	Energy	53.5	53.5	G
Lagoa 2 Energia Renovável, S.A.	Brazil	Energy	53.5	53.5	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2024	31.12.2023	
Lagoa 3 Energia Renovável, S.A.	Brazil	Energy	53.5	53.5	G
Lagoa 4 Energia Renovável, S.A.	Brazil	Energy	53.5	53.5	G
Luzia 2 Energia Renovável, S.A.	Brazil	Energy	53.5	53.5	G
Luzia 3 Energia Renovável, S.A.	Brazil	Energy	53.5	53.5	G
Mel 2 Energia Renovável, S.A.	Brazil	Energy	53.5	53.5	G
NC Energia, S.A.	Brazil	Retail supplier	53.5	53.5	G
Neoenergia Atibaia Transmissão de Energía, S.A.	Brazil	Energy	26.75	26.75	EM
Neoenergia Biguaçu Transmissão de Energía S.A.	Brazil	Energy	26.75	26.75	EM
Neoenergia Comerc GD S.A. (5)	Brazil	Energy	26.75	26.75	
Neoenergia Distribuição Brasília S.A.	Brazil	Energy	53.5	53.5	G
Neoenergia Dourados Transmissão de Energía S.A.	Brazil	Energy	26.75	26.75	EM
Neoenergia Guanabara Transmissão de Energía S.A.	Brazil	Energy	53.5	53.5	G
Neoenergia Investimentos S.A.	Brazil	Holding company	53.5	53.5	G
Neoenergia Itabapoana Transmissão de Energía S.A.	Brazil	Energy	53.5	53.5	G
Neoenergia Jalapão Transmissão de Energía S.A.	Brazil	Energy	26.75	26.75	EM
Neoenergia Lagoa dos Patos Transmissão de Energía S.A.	Brazil	Energy	53.5	53.5	G
Neoenergia Morro do Chapéu Transmissão de Energia S.A.	Brazil	Energy	53.5	53.5	G
Neoenergia Operaçao e Manutençao S.A.	Brazil	Services	53.5	53.5	G
Neoenergia Renováveis S.A.	Brazil	Holding company	53.5	53.5	G
Neoenergia Rio Formoso Transmissão e Energia S.A.	Brazil	Energy	26.75	26.75	EM
Neoenergia S.A.	Brazil	Holding company	53.5	53.5	G
Neoenergia Santa Luzia Transmissão de Energía S.A.	Brazil	Energy	26.75	26.75	EM
Neoenergia Servicios, Ltd.	Brazil	Services	53.5	53.5	G
Neoenergia Smart Ltda. (Formerly Elektro Comercializadora de Energia Ltda.)	Brazil	Retail supplier	53.5	53.5	G
Neoenergia Sobral Transmissão de Energía S.A.	Brazil	Energy	26.75	26.75	EM
Neoenergia Soluções Verdes S.A. (Formerly Oitis 28 Energia Renovável S.A.)	Brazil	Services	53.5	53.5	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2024	31.12.2023	
Neoenergia Transmissora 11 SPE S.A.	Brazil	Energy	53.5	53.5	G
Neoenergia Transmissora S.A.	Brazil	Energy	26.75	26.75	EM
Neoenergia Vale do Itajaí Transmissão de Energía S.A.	Brazil	Energy	53.5	53.5	G
Norte Energia S.A. (4)	Brazil	Energy	5.35	5.35	EM
Oitis 1 Energia Renovável S.A.	Brazil	Energy	53.5	53.5	G
Oitis 10 Energia Renovável S.A.	Brazil	Energy	53.5	53.5	G
Oitis 2 Energia Renovável S.A.	Brazil	Energy	53.5	53.5	G
Oitis 21 Energia Renovável S.A.	Brazil	Energy	53.5	53.5	G
Oitis 22 Energia Renovável S.A.	Brazil	Energy	53.5	53.5	G
Oitis 23 Energia Renovável S.A. (5)	Brazil	Energy	53.5	53.5	
Oitis 24 Energia Renovável S.A. (5)	Brazil	Energy	53.5	53.5	
Oitis 25 Energia Renovável S.A.	Brazil	Energy	53.5	53.5	G
Oitis 26 Energia Renovável S.A.	Brazil	Energy	53.5	53.5	G
Oitis 3 Energia Renovável S.A.	Brazil	Energy	53.5	53.5	G
Oitis 4 Energia Renovável S.A.	Brazil	Energy	53.5	53.5	G
Oitis 5 Energia Renovável S.A.	Brazil	Energy	53.5	53.5	G
Oitis 6 Energia Renovável S.A.	Brazil	Energy	53.5	53.5	G
Oitis 7 Energia Renovável S.A.	Brazil	Energy	53.5	53.5	G
Oitis 8 Energia Renovável S.A.	Brazil	Energy	53.5	53.5	G
Oitis 9 Energia Renovável S.A.	Brazil	Energy	53.5	53.5	G
Potiguar Sul Transmissao de Energia S.A.	Brazil	Energy	53.5	53.5	G
Riachão 1 Energia Renovável S.A. (5)	Brazil	Energy	53.5	53.5	
Riachão 2 Energia Renovável S.A. (5)	Brazil	Energy	53.5	53.5	
Riachão 3 Energia Renovável S.A. (5)	Brazil	Energy	53.5	53.5	
Riachão 4 Energia Renovável S.A. (5)	Brazil	Energy	53.5	53.5	
Riachão 5 Energia Renovável S.A. (5)	Brazil	Energy	53.5	53.5	
Riachão 6 Energia Renovável S.A. (5)	Brazil	Energy	53.5	53.5	
Riachão 7 Energia Renovável S.A. (5)	Brazil	Energy	53.5	53.5	
Rio Formoso 1 Energia Renovável S.A. (Antes Riachão 9 Energia Renovável S.A.) (5)	Brazil	Energy	53.5	53.5	
Rio Formoso 2 Energia Renovável S.A. (Antes Riachão 10 Energia Renovável S.A.) (5)	Brazil	Energy	53.5	53.5	
Rio Formoso 3 Energia Renovável S.A. (Antes Riachão 11 Energia Renovável S.A.) (5)	Brazil	Energy	53.5	53.5	

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2024	31.12.2023	
Rio Formoso 4 Energia Renovável S.A. (Antes Riachão 12 Energia Renovável S.A.) (5)	Brazil	Energy	53.5	53.5	
Rio Formoso 5 Energia Renovável S.A. (Antes Riachão 13 Energia Renovável S.A.) (5)	Brazil	Energy	53.5	53.5	
Rio Formoso 6 Energia Renovável S.A. (Antes Riachão 14 Energia Renovável S.A.) (5)	Brazil	Energy	53.5	53.5	
S.E. Narandiba S.A.	Brazil	Energy	26.75	26.75	EM
Santana 1, Energia Renovável S.A.	Brazil	Energy	53.5	53.5	G
Santana 2, Energia Renovável S.A.	Brazil	Energy	53.5	53.5	G
Termopernambuco S.A.	Brazil	Energy	53.5	53.5	G
Ventos de Arapuá 1 Energia renovavel S.A.	Brazil	Energy	53.5	53.5	G
Ventos de Arapuá 2 Energia renovavel S.A.	Brazil	Energy	53.5	53.5	G
Ventos de Arapuá 3 Energia renovavel S.A.	Brazil	Energy	53.5	53.5	G
ROW					
Aalto Power, GmbH.	Germany	Energy	100	100	G
Baltic Eagle, GmbH.	Germany	Energy	51	51	G
Iberdrola Deutschland, GmbH.	Germany	Holding company	100	100	G
Iberdrola Energy Deutschland, GmbH.	Germany	Retail supplier	100	100	G
Iberdrola Projektgesellschaft 1, GmbH & Co KG	Germany	Energy	100		G
Iberdrola Projektgesellschaft 2, GmbH & Co KG	Germany	Energy	100		G
Iberdrola Renovables Deutschland, GmbH.	Germany	Energy	100	100	G
Iberdrola Renovables Development Deutschland, GmbH.	Germany	Energy	100	100	G
Iberdrola Strom, GmbH.	Germany	Energy	100	100	G
Solarpark Boldekow, GmbH & Co KG	Germany	Energy	100	100	G
Solarpark Kleinfurra, GmbH & Co KG	Germany	Energy	100		G
Solarpark Schadewohl, GmbH & Co KG	Germany	Energy	100	100	G
Solarpark ZaD, GmbH & Co KG	Germany	Energy	100	100	G
Wikinger Offshore Deutschland Verwaltungs, GmbH.	Germany	Energy	51	51	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2024	31.12.2023	
Wikinger Offshore Deutschland, GmbH & Co KG	Germany	Energy	51	51	G
Windanker, GmbH.	Germany	Energy	100	100	G
Avonlie Solar Project Co PTY, Ltd.	Australia	Energy	100	100	G
Bluff Solar Farm PTY, Ltd.	Australia	Energy	100	100	G
Bodangora Wind Farm PTY, Ltd.	Australia	Energy	100	100	G
Bogan River Solar Farm PTY, Ltd.	Australia	Energy	100	100	G
Bowen Solar Farm PTY, Ltd.	Australia	Energy	100	100	G
Broadsound Solar Farm PTY, Ltd.	Australia	Energy	100		G
BWF Finance PTY, Ltd.	Australia	Financial	100	100	G
BWF Holdings PTY, Ltd.	Australia	Holding company	100	100	G
Capital East Solar PTY, Ltd.	Australia	Energy	100	100	G
Capital Solar Farm PTY, Ltd.	Australia	Energy	100	100	G
Capital Wind Farm (BB), Trust	Australia	Dormant	100	100	G
Capital Wind Farm 2 PTY, Ltd.	Australia	Energy	100	100	G
Capital Wind Farm Holdings PTY, Ltd.	Australia	Holding company	100	100	G
CREP Land Holdings PTY, Ltd.	Australia	Holding company	100	100	G
CS CWF, Trust	Australia	Dormant	100	100	G
Flyers Creek Wind Farm PTY, Ltd.	Australia	Energy	100	100	G
Forsayth Wind Farm, PTY, Ltd.	Australia	Energy	50	50	EM
Four Mile Creek Wind Farm PTY, Ltd.	Australia	Energy	100		G
Iberdrola Australia (NSW) Power Holdings PTY, Ltd.	Australia	Holding company	100	100	G
Iberdrola Australia (SA) Power Holdings PTY, Ltd.	Australia	Holding company	100	100	G
Iberdrola Australia (US) 2 PTY, Ltd.	Australia	Dormant	100	100	G
Iberdrola Australia (US) PTY, Ltd.	Australia	Dormant	100	100	G
Iberdrola Australia Custodian Services PTY, Ltd.	Australia	Services	100	100	G
Iberdrola Australia Development Holdings PTY, Ltd.	Australia	Holding company	100	100	G
Iberdrola Australia Development PTY, Ltd.	Australia	Energy	100	100	G
Iberdrola Australia Energy Markets PTY, Ltd.	Australia	Retail supplier	100	100	G
Iberdrola Australia Enterprises PTY, Ltd.	Australia	Energy	100	100	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2024	31.12.2023	
Iberdrola Australia Europe 2 PTY, Ltd.	Australia	Dormant	100	100	G
Iberdrola Australia Europe 4 PTY, Ltd.	Australia	Dormant	100	100	G
Iberdrola Australia Finance PTY, Ltd.	Australia	Financial	100	100	G
Iberdrola Australia Holdings PTY, Ltd.	Australia	Holding company	100	100	G
Iberdrola Australia Investments 2 PTY, Ltd.	Australia	Holding company	100	100	G
Iberdrola Australia Investments PTY, Ltd.	Australia	Services	100	100	G
Iberdrola Australia OW Holdings PTY, Ltd.	Australia	Holding company	100	100	G
Iberdrola Australia OW PTY, Ltd.	Australia	Energy	100	100	G
Iberdrola Australia OW 2 Holdings PTY, Ltd.	Australia	Holding company	100	100	G
Iberdrola Australia OW 2 PTY, Ltd.	Australia	Energy	100	100	G
Iberdrola Australia RE, Ltd.	Australia	Services	100	100	G
Iberdrola Australia SAGT PTY, Ltd.	Australia	Gas	100	100	G
Iberdrola Australia Services Holdings PTY, Ltd.	Australia	Holding company	100	100	G
Iberdrola Australia Services PTY, Ltd.	Australia	Services	100	100	G
Iberdrola Australia Smart Energy Solutions PTY, Ltd.	Australia	Energy	100	100	G
Iberdrola Australia Smithfield Holdings PTY, Ltd.	Australia	Holding company	100	100	G
Iberdrola Australia T Services PTY, Ltd.	Australia	Services	100	100	G
Iberdrola Australia US Holdings PTY, Ltd.	Australia	Dormant	100	100	G
Iberdrola Australia Wallgrove Holdings PTY, Ltd.	Australia	Holding company	100	100	G
Iberdrola Australia Wallgrove PTY, Ltd.	Australia	Other	100	100	G
Iberdrola Australia, Ltd.	Australia	Holding company	100	100	G
Iberdrola Australia, Trust	Australia	Dormant	100	100	G
Iberdrola Renewables Australia PTY, Ltd.	Australia	Energy	100	100	G
Infigen Suntech Australia PTY, Ltd.	Australia	Energy	50	50	EM

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2024	31.12.2023	
Lake Bonney BESS PTY, Ltd.	Australia	Other	100	100	G
Lake Bonney Holdings PTY, Ltd.	Australia	Holding company	100	100	G
Lake Bonney Wind Power PTY, Ltd.	Australia	Energy	100	100	G
Mullion Creek Wind Farm PTY, Ltd.	Australia	Energy	100		G
Parep 1 PTY, Ltd.	Australia	Energy	100	100	G
Parep Holdings PTY, Ltd.	Australia	Holding company	100	100	G
Renewable Power Ventures PTY, Ltd.	Australia	Energy	100	100	G
RPV Developments PTY, Ltd. (2)	Australia	Energy	32	32	EM
Smithfield BESS PTY, Ltd.	Australia	Other	100	100	G
Smithfield Land Holdings PTY, Ltd.	Australia	Holding company	100	100	G
Smithfield Power Generation PTY, Ltd.	Australia	Gas	100	100	G
Walkaway Wind Power PTY, Ltd.	Australia	Energy	100	100	G
Woakwine Wind Farm PTY, Ltd.	Australia	Energy	100	100	G
Woodlawn Wind PTY, Ltd.	Australia	Energy	100	100	G
WWCS Finance PTY, Ltd.	Australia	Financial	100	100	G
WWCS Holdings PTY, Ltd.	Australia	Holding company	100	100	G
WWP Holdings PTY, Ltd.	Australia	Holding company	100	100	G
Iberdrola Renewables Bulgaria, EOOD.	Bulgaria	Energy	100	100	G
Rokas Aeoliki Cyprus, Ltd.	Cyprus	Energy	74.94	74.94	G
Iberdrola Renewables Korea Co, Ltd.	Korea	Energy	100	100	G
Infigen Energy US Corporation	UNITED STATES	Dormant	100	100	G
Infigen Energy US Development Corporation	UNITED STATES	Dormant	100	100	G
Infigen Energy US Holdings, LLC	UNITED STATES	Dormant	100	100	G
Infigen Energy US Partnership	UNITED STATES	Dormant	100	100	G
NPP LB2, LLC	UNITED STATES	Dormant	100	100	G
NPP Projects I, LLC	UNITED STATES	Dormant	100	100	G
NPP Projects V, LLC	UNITED STATES	Dormant	100	100	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2024	31.12.2023	
Aalto Power GmbH France, S.A.R.L.	France	Energy	100	100	G
Aerodis Bussière, S.A.S.	France	Energy	100	100	G
Aerodis Herbitzheim, S.A.S.	France	Energy	100	100	G
Aerodis les Chaumes, S.A.R.L.	France	Energy	100	100	G
Aerodis Pays de Boussac, S.A.R.L.	France	Energy	100	100	G
Ailes Marine, S.A.S.	France	Energy	100	100	G
Energies du Champs des Sœurettes, S.A.S.	France	Energy	100	100	G
Iberdrola Développement Renouvelable Agrivoltaïque, S.A.S.	France	Energy	100	100	G
Iberdrola Développement Renouvelable, S.A.R.L.	France	Energy	100	100	G
Iberdrola Energie France, S.A.S.	France	Retail supplier	100	100	G
Iberdrola France, S.A.S.	France	Energy	100	100	G
Iberdrola Renouvelables, S.A.S.	France	Energy	100	100	G
La Croix Didier, S.A.R.L.	France	Energy	100	100	G
La Pièce du Roi, S.A.R.L.	France	Energy	100	100	G
SEPE Aerodis Chambonchard, S.A.S.	France	Energy	100	100	G
SEPE de Beauchamps, S.A.S.	France	Energy	100	100	G
SEPE de Bougueneuf, S.A.S..	France	Energy	100	100	G
SEPE de Kerien, S.A.S.	France	Energy	51	51	G
SEPE de Plemy, S.A.S.	France	Energy	100	100	G
SEPE de Plouguenast Langast, S.A.S.	France	Energy	100	100	G
SEPE de Sevigny, S.A.S.	France	Energy	100	100	G
SEPE du Rocher de Mementu, S.A.S.	France	Energy	100	100	G
SEPE le Florembeau, S.A.R. L.	France	Energy	100	100	G
SEPE le Fond d’Etre, S.A.R.L.	France	Energy	100	100	G
SEPE les Coutures, S.A.S.	France	Energy	100	100	G
Societe D'exploitation Du Parc Eolien les Neufs Champs, S.A.S.	France	Energy	100	100	G
Societe D'exploitation Eolienne D’Orvilliers, S.A.S.	France	Energy	100	100	G
Aeliared Energy Aetolias Single Member S.A.	Greece	Energy	99.92	99.92	G
C. Rokas Industrial Commercial Company, S.A.	Greece	Holding company	99.92	99.92	G
PPC Renewables Rokas, S.A.	Greece	Energy	50.96	50.96	G
Rokas Aeoliki Thraki III, S.A.	Greece	Energy	99.9	99.9	G
Rokas Construction, S.A.	Greece	Energy	99.92	99.92	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2024	31.12.2023	
Rokas Hydroelectric, S.A.	Greece	Energy	99.92	99.92	G
Iberdrola Renovables Magyarorszag, KFT.	Hungary	Energy	100	100	G
Clarus Offshore Wnd Farm. Ltd.	Ireland	Energy	90	90	G
DP Irish Offshore Wind Ltd.	Ireland	Energy	90	90	G
Iberdrola Ireland, Ltd	Ireland	Retail supplier	100	100	G
Iberdrola Renewables Ireland, Ltd.	Ireland	Energy	100	100	G
Inis Ealga Marine Energy Park, Ltd.	Ireland	Energy	90	90	G
Shelmalere Offshore Wind Farm, Ltd.	Ireland	Energy	90	90	G
Fattoria Solare Sarmato, S.R.L	Italy	Energy	100	100	G
Green Frogs Montalto, S.R.L.	Italy	Energy	100	100	G
Green Frogs Tarquinia, S.R.L.	Italy	Energy	100	100	G
Iberdrola Clienti Italia, S.R.L.	Italy	Retail supplier	100	100	G
Iberdrola Renovables Italia, S.p.A.	Italy	Holding company	100	100	G
IBVI 1, S.R.L.	Italy	Energy	100	100	G
Icube Renewables, S.R.L.	Italy	Energy	50	50	EM
Limes 10, S.R.L.	Italy	Energy	100	100	G
Limes 15, S.R.L.	Italy	Energy	100	100	G
Societá Energie Rinnovabili 2, S.p.A.	Italy	Energy	50	50	EM
Aomori-Seihoku-Oki Offshore Wind Godo Kaisha	Japan	Energy	34.9	34.9	EM
GK Happo Noshiro Offshore Wind	Japan	Energy	39.90	0	EM
Iberdrola Renewables Japan, K.K.	Japan	Energy	100	100	G
Infigen Energy Finance (Lux), SARL	Luxembourg	Dormant	100	100	G
Infigen Energy Holdings, SARL	Luxembourg	Dormant	100	100	G
Infigen Energy (Malta), Ltd.	Malta	Dormant	100	100	G
Iberdrola Renouvelables Maroc, S.A.R.L.	Morocco	Energy	100	100	G
GF I Kiln Holdco, AS	Norway	Services	8.78		EM
Iberdrola Renewables Norway, AS	Norway	Energy	100	100	G
Fotowoltaika HIG XV, SP Z O.O.	Poland	Energy	100		G
Fotowoltaika HIG XVI, SP Z O.O.	Poland	Energy	100		G
Iberdrola Renewables Polska, Z.O.O.	Poland	Energy	100	100	G
Monsoon Energy, SP Z.O.O.	Poland	Energy	100	100	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2024	31.12.2023	
Passat Energy, SP Z.O.O.	Poland	Energy	100	100	G
Pon-Therm Farma Wólka Dobryńska, SP Z.O.O.	Poland	Energy	100	100	G
PV Biskupiec, SP Z.O.O.	Poland	Energy	100		G
Sea Wind Genaker, SP Z.O.O. (1)	Poland	Energy	70	70	EM
Sea Wind Kliwer, SP Z.O.O. (1)	Poland	Energy	70	70	EM
Sea Wind Spinaker. SP Z.O.O. (1)	Poland	Energy	70	70	EM
Southern Windfarm, SP Z.O.O.	Poland	Energy	100	100	G
Wind Field Korytnica SP, Z.O.O.	Poland	Energy	100	100	G
Charging Together, Unipessoal Lda.	Portugal	Services	50	50	EM
Citrobox Telecomunicações e Energías Renováveis, Lda	Portugal	Retail supplier	49	49	EM
Energías Renovaveis Tras-Os-Montes 360, S.A.	Portugal	Energy	100		G
Eoenergi Energia Eolica, S.A.	Portugal	Energy	100	100	G
Iberdrola Clientes Portugal, Unipessoal Ltda.	Portugal	Retail supplier	100	100	G
Iberdrola Renewables Portugal, S.A.	Portugal	Holding company	100	100	G
Iberdrola Suporte Projecto Tâmega, Unipessoal Lda.	Portugal	Energy	100	100	G
Ibertâmega – Sistema Electroprodutor Do Tâmega, S.A.	Portugal	Energy	100	100	G
P. E. da Serra do Alvao, S.A.	Portugal	Energy	100	100	G
Sunshining, S.A.	Portugal	Energy	50	50	EM
Iberdrola Renewables Romania, S.R.L.	Romania	Holding company	100	100	G
Iberdrola Renewables Singapore Pte, Ltd.	Singapore	Energy	100	100	G
Iberdrola Renewables South Africa (PTY), Ltd.	South Africa	Energy	100	100	G
Iberdrola Förnybar Sverige AB	Sweden	Energy	100	100	G
Iberdrola Renewables Taiwan, Ltd.	Taiwan	Energy	100	100	G
Iberdrola Renewables Operation Vietnam Limited Company	Vietnam	Energy	100	100	G
Iberdrola Renewables Vietnam Limited Company	Vietnam	Energy	100	100	G
OTHER BUSINESSES					
Engineering					
Iberdrola Ingeniería de Explotación, S.A.U.	Spain	Engineering	100	100	G
Iberdrola Ingeniería y Construcción, S.A.U.	Spain	Engineering	100	100	G
Iberdrola Construçao e Serviços, Ltd.	Brazil	Engineering	100	100	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2024	31.12.2023	
IEPC Energy projects, Ltd. (Formerly Iberdrola Energy Projects Canada Corporation)	Canada	Engineering	100	100	G
Iberdrola Energy Projects, Inc.	UNITED STATES	Engineering	100	100	G
Iberdrola Ingeniería y Construcción México, S.A. de C.V.	Mexico	Engineering	100	100	G
Iberdrola Engineering and Construction South Africa	South Africa	Engineering	100	100	G
Real Property					
Arrendamiento de Viviendas Protegidas Siglo XXI, S.L.	Spain	Real Property	100	100	G
Camarate Golf, S.A. (2)	Spain	Real Property	26	26	EM
Iberdrola Inmobiliaria Patrimonio, S.A.U.	Spain	Real Property	100	100	G
Iberdrola Inmobiliaria, S.A.	Spain	Real Property	100	100	G
Iberdrola Inmobiliaria Real Estate Investment, EOOD	Bulgaria	Real Property	100	100	G
Desarrollos Inmobiliarias Laguna del Mar, S.A. de C.V.	Mexico	Real Property	100	100	G
Promociones La Malinche, S.A. de C.V.	Mexico	Real Property	50	50	EM
Innovation					
Aerothermal Solutions, S.L.	Spain	Services	100		G
Aquí Tu Reforma Europa, S.L. (4)	Spain	Services	8.35	8.35	EM
Barbara IOT, S.L.. (4)	Spain	Services	10.49	10.49	EM
BasqueVolt, S.A.U. (4)	Spain	Services	14.63	14.63	EM
Carbon2nature, S.A.	Spain	Services	100	100	G
CO2 Revolution, S.L. (4)	Spain	Services	20	20	EM
CPD4Green, S.A.	Spain	Services	100		G
CPD4Green Centro de Datos, S.L.	Spain	Holding company	100		G
CPD4Green Toledo, S.L.	Spain	Services	100		G
Data Center Euskadi, S.L. (5)	Spain	Services	10.60		
Energyloop, S.A.	Spain	Services	45	45	EM
Exiom Solar Ibérica, S.L. (4)	Spain	Services	20	20	EM
Fastlight, S.L.	Spain	Services	100		G
Fondo Seaya Andromeda Sustainable Tech Fund I F.C.R. (5)	Spain	Services	10	16.07	
Inversiones Financieras Perseo, S.L.	Spain	Holding company	100	100	G
LatemAluminium, S.L. (4)	Spain	Services	19.04	18.99	EM

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2024	31.12.2023	
WallBox, N.V. (4)	Spain	Services	6.9	8.21	EM
Eheat Networks, Ltd.	United Kingdom	Services	100	100	G
Iberdrola Carbón2nature México, S. A. de C.V. (Formerly Compromiso Net Zero, S.A. de C.V.)	Mexico	Energy	100		G
Carbon2nature Brasil, S.A.	Brazil	Services	77.22		G
Carbon2Nature Australia PTY, Ltd.	Australia	Services	100		G
GF I Kiln Holdco AS (4)	Norway	Services	8.78		EM
Iberdrola QSTP, LLC	Qatar	Services	100	100	G
Other businesses					
Subgrupo Corporación IBV Participaciones Empresariales	Spain	Holding company	50	50	EM
Iberdrola Inversiones 2010, S.A.U.	Spain	Holding company	100	100	G
Iberdrola Participaciones España, S.L.	Spain	Holding company	100		G
Iberdrola Participaciones, S.A.U.	Spain	Holding company	100	100	G
CORPORATION					
Hidrola I, S.L.U.	Spain	Holding company	100	100	G
Iberdrola Corporación, S.A. (5)	Spain	Other	100	100	
Iberdrola España, S.A.U.	Spain	Holding company	100	100	G
Iberdrola Energía, S.A.U.	Spain	Holding company	100	100	G
Iberdrola Energía Internacional, S.A.U.	Spain	Holding company	100	100	G
Iberdrola Financiación, S.A.U.	Spain	Financial	100	100	G
Iberdrola Finanzas, S.A.U.	Spain	Financial	100	100	G
Iberdrola International, B.V.	Netherlands	Financial	100	100	G
Iberdrola Finance Ireland, DAC	Ireland	Financial	100	100	G
Iberdrola Re, S.A.	Luxembourg	Insurance	100	100	G
Scottish Power UK, Plc	United Kingdom	Holding company	100	100	G
Scottish Power, Ltd.	United Kingdom	Holding company	100	100	G
ScottishPower Overseas Holdings, Ltd.	United Kingdom	Holding company	100	100	G
SPW Investments Ltd.	United Kingdom	Holding company	100	100	G

(1) Companies that are controlled by the Group but due to their immateriality have been consolidated using the equity method. At 31 December 2024, the total asset value and earnings for the period corresponding to these companies amounted to EUR 2 million and EUR 0 million, respectively. At 31 December 2023, the total asset value and earnings for the period corresponding to those companies amounted to EUR 37 million and EUR 3 million, respectively.

(2) Companies considered joint ventures, accounted for using the equity method, where shareholders' agreements only grant the right to the net assets of the business.

(3) Companies at which the Group exercises control through shareholders' agreements, despite holding a percentage of voting rights of below 51%.

(4) Companies in which the Group has significant influence despite holding a percentage of voting rights of less than 20%, by virtue of seats held on those companies' boards of directors.

(5) Companies in which the Group exercises control, joint control or significant influence, but which, given their immateriality, have not been included in the consolidation scope.

JOINT OPERATIONS OF THE IBERDROLA GROUP STRUCTURED THROUGH AN INDEPENDENT VEHICLE FOR THE YEARS 2024 AND 2023

Company	Address	Activity	% of direct or indirect stake	
			31.12.2024	31.12.2023
Asociación Nuclear Ascó – Vandellós, A.I.E.	Spain	Energy	14.59	14.59
Centrales Nucleares Almaraz – Trillo, A.I.E.	Spain	Energy	51.44	51.44
Comunes Rio Carrión, S.L.	Spain	Energy	12.59	12.59
Infraestructuras de Medinaceli, S.L.	Spain	Energy	39.69	34.32
Sistema Eléctrico de Conexión Hueneja, S.L.	Spain	Energy	42.72	42.72
Torre Iberdrola, A.I.E.	Spain	Real Property	68.1	68.1
CampionWind, Ltd.	United Kingdom	Energy	50	50
Eastern Green Link 1, Ltd.	United Kingdom	Energy	50	50
MarramWind, Ltd.	United Kingdom	Energy	50	50

Additionally, the IBERDROLA Group takes part in joint operations through joint ownership and other joint agreements.

GROUP COMPANIES AT 31 DECEMBER 2023 THAT LEFT THE CONSOLIDATION SCOPE IN 2024 DUE TO DISPOSAL, MERGER OR LIQUIDATION

Company	Address	Activity	% of direct or indirect stake	
			31.12.2024	31.12.2023
Dudia Energy Concept Lab, S.L.U.	Spain	Services		100
Ecobarcial, S.A.	Spain	Energy		43.78
Minicentrales del Tajo, S.A.	Spain	Energy		80
Douglas West Extension, Ltd.	United Kingdom	Energy		72
SP Network Connections, Ltd.	United Kingdom	General-use connections		100
Iberdrola Solutions, LLC	UNITED STATES	Retail supplier		100
Cinergy, S.A. de C.V.	Mexico	Services		100
Energías Renovables Venta III, S.A. de C.V.	Mexico	Energy		100
Enertek, S.A. de C.V.	Mexico	Energy		99.99
Iberdrola Energía Altamira, S.A. de C.V.	Mexico	Energy		100
Iberdrola Energía Baja California, S.A. de C.V.	Mexico	Energy		100
Iberdrola Energía del Golfo, S.A. de C.V.	Mexico	Energy		100
Iberdrola Energía Escobedo, S.A. de C.V.	Mexico	Energy		100
Iberdrola Energía La Laguna, S.A. de C.V.	Mexico	Energy		99.99
Iberdrola Energía Monterrey, S.A. de C.V.	Mexico	Energy		99.99
Iberdrola Energía Noroeste, S.A. de C.V.	Mexico	Energy		100
Iberdrola Energía Tamazunchale, S.A. de C.V.	Mexico	Energy		99.99
Iberdrola Energía Topolobampo, S.A. de C.V.	Mexico	Energy		100
Servicios Administrativos Tamazunchale, S.A. de C.V.	Mexico	Services		100
Servicios de Operación La Laguna, S.A. de C.V.	Mexico	Services		100
Servicios Industriales y Administrativos del Noreste, S.R.L. de C.V.	Mexico	Services		51.12
Tamazunchale Energía, S.A.P.I. de C.V.	Mexico	Energy		100
Luzia 1 Energia Renovável S.A.	Brazil	Energy		53.5
Oitis 27 Energia Renovável S.A.	Brazil	Energy		53.5
Thaleia Energeiaki Monoprosopi Ikei	Greece	Energy		99.92
Saga Offshore Wind Power K.K.	Japan	Energy		50
Satsuma Offshore Wind Power K.K.	Japan	Energy		50
Kyoto Group AS	Norway	Services		12.83
Eolica Dobrogea One, S.R.L.	Romania	Energy		100

Appendix II

SECTOR REGULATIONS: MOST SIGNIFICANT REGULATORY DEVELOPMENTS IN THE YEAR

A raft of new rules and regulations affecting the energy sector were enacted in 2024. This Appendix addresses the most significant developments.

1. European Union

With most of the regulations published in the OJEU in 2024, the processing of the European Green Deal proposals is nearly complete. These proposals, presented in July 2021, aim to establish climate goals and tools for 2030 as a milestone towards achieving carbon neutrality by 2050.

In addition, the European Parliament re-elected Ursula von der Leyen from Germany as President of the European Commission in July. Her team includes Spain's Teresa Ribera as Executive Vice-President for Competition and Clean, Just and Competitive Transition, Denmark's Dan Jørgensen as Commissioner for Energy and Housing, and France's Stéphane Séjourné as Executive Vice-President for Prosperity and Industrial Strategy.

Among the initial actions of the new Commission are the Clean Industrial Deal, set to be introduced in February 2025 alongside the Affordable Energy Action Plan, and the Electrification Action Plan, which will be released at a later date.

Noteworthy among the texts published between January and December 2024, organised by major themes, are the following:

Market design

- Regulation (EU) 2024/1747 and Directive (EU) 2024/1711, dated 13 June 2024, concerning the internal electricity market, promote voluntary long-term power purchase agreements (PPAs), and facilitate and streamline the adoption of the capacity mechanism. They also recognise the significance of networks for the energy transition, planning for anticipatory investments.
- Meanwhile, Regulation (EU) 2024/1789 and Directive (EU) 2024/1788, also dated 13 June 2024, align the gas market with the same transparency and consumer protection standards as the electricity market and support the integration of biogases, hydrogen and their derivatives.

Renewable energy and energy efficiency

- Regulation (EU) 2024/223 of 22 December 2023 ensures the accelerated processing of renewable energy investment projects before the transposition of the Renewables Directive. This regulation provides a favourable framework for these projects in the future, including the streamlining of administrative processes for projects and their associated transmission networks.
- Directive (EU) 2024/1275 of 24 April 2024 aims to decarbonise the building stock by 2050 by transforming them into zero-emission buildings. Countries must set minimum standards and national pathways for building renovations. In fact, from 2030, all new buildings must be zero-emission, with public buildings meeting this standard from 2028.

Moreover, without affecting the Renewable Energy and Energy Efficiency Directives published in 2023, the Commission has issued recommendations to standardise the interpretation of certain elements and expedite their implementation:

- Recommendation (EU) 2024/1343 of 13 May 2024 on speeding up permit-granting procedures for renewable energy and related infrastructure projects.
- 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 as regards energy efficiency targets and national contributions.

Technological resilience for the energy transition

- Regulation (EU) 2024/1735, of 13 June 2024, aims to ensure the EU has access to a secure and sustainable supply of net zero emission technologies, which are essential for the energy transition. This is intended to protect the EU's technological resilience and help meet the energy and climate goals for 2030 and 2050.

  The regulation also includes measures to encourage the use of European manufacturing technologies in public tenders and renewable energy auctions. Recommendation (EU) 2024/1344, dated 13 May 2024, addresses the design of auctions for renewable energy. It introduces initial proposals open for consultation, which will later be developed into an Implementing Act by the Commission.

Sustainable economy and consumer protection

- Directive (EU) 2024/825, of 28 February 2024, focuses on consumer protection and aims to prevent greenwashing. It states that commercial offers claiming environmental benefits for products or services, whether vaguely or without sufficient evidence, are misleading and therefore prohibited and subject to penalties.
- Regulation (EU) 2024/1781, of 13 June 2024, sets out the requirements that products must meet to be marketed or put into service, with the goal of reducing both their carbon footprint and overall environmental impact throughout their life cycle.
- Regulation (EU) 2024/573, of 7 February 2024, seeks to phase out the use of hydrofluorocarbon gases by 2050, and to minimise their production from 2036. This impacts equipment related to electricity distribution and transmission networks, as well as domestic and commercial refrigeration appliances.
- Directive (EU) 2024/1785 of 24 April 2024 updating the European framework for non-carbon industrial emissions.
- Regulation (EU) 2024/1787, of 13 June 2024, introduces procedures for monitoring and reporting methane emissions in the energy sector.
- Regulation (EU) 2024/3012, of 27 November 2024, establishes a certification framework and sets conditions for procedures related to permanent carbon removal and storage.
- Directive (EU) 2024/2881, of 23 October 2024, concerns ambient air quality and aims for a cleaner atmosphere in Europe, incorporating the limits set by the WHO.
- Regulation (EU) 2024/1991, of 24 June 2024, focuses on nature restoration, outlining national plans and targets for biodiversity restoration in the EU and removing obsolete barriers that disrupt watercourse continuity.

Sustainable reporting and finance

- Directive (EU) 2024/1760, of 13 June 2024, addresses corporate due diligence on sustainability, imposing obligations on companies to commit to climate and social sustainability.
- Regulation (EU) 2024/3015, of 27 November 2024, bans products made with forced labour from the Union market.

Mobility and infrastructure

- Regulation (EU) 2024/1679 of the European Parliament and the Council, of 13 June 2024, aims to develop a reliable transport network to ensure sustainable connectivity across Europe and to advance the electrification of transport. The regulation sets new binding targets for countries regarding rail infrastructure, river ports, seaports, roads, aviation, and both multimodal and urban transport.

2. Spain

Spain experienced lower electricity prices in the first quarter of 2024 due to high renewable energy generation. However, prices rose in the second half of the year, driven by higher gas prices amid lower storage levels in Europe, reaching 2023 levels by December.

In response, the Spanish Government outlined a gradual plan to restore the fiscal situation to its state before the energy crisis, while continuing other intervention measures from 2022 and 2023 to mitigate the effects of the crisis:

- A gradual approach is being taken to restore electricity taxes, including VAT, the special electricity tax, and the tax on the value of produced electrical energy.
- Discounts on the social bonus were progressively reduced throughout 2024.
- The temporary levy on the revenues earned by energy companies remained in place until 31 December 2024.
- The 80% reduction in network tariffs for electro-intensive customers was maintained.

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

- The charges for the 2024 financial year remained at the 2023 levels, which were 58% lower than before the energy crisis began in 2021.
- A targeted amendment to the Electric Power Transmission Grid Development Plan for the 2026 horizon was approved, introducing new investments and initiatives.
- The remuneration for electricity transmission activities for 2021 and for distribution activities in 2020 was approved.
- The ENRESA rate, which nuclear power plants pay for future decommissioning and waste management, was updated to €10.36/MWh effective 1 July 2024. This new rate marks a 29.8% increase following the signing of the Protocol for the orderly closure of the plants with ENRESA.

- The updated NECP 2023–2030 document was released, showing an increased ambition in climate goals and electricity demand, with a heavier focus on domestic demand and renewable hydrogen (H2) production, and a reduction in exports to France.

- Energy policy guidelines were issued to the National Markets and Competition Commission regarding the financial remuneration rates for the transmission and distribution of electricity, as well as the regasification, transmission, and distribution of natural gas. These guidelines recommend a remuneration rate for electricity networks that incentivises investment.

- The methodology and conditions for accessing and connecting to the transmission and distribution networks for electricity demand facilities were outlined. This includes criteria for assessing available capacity, how this information is published online, and the details required in requests, permits, and contracts for access and connection.

- Spanish law now includes the ‘Complementary Tax’, which ensures a minimum global level of taxation for multinational groups and repeals the special tax on energy companies. There was an attempt to reintroduce this tax under Royal Decree-Law 10/2024, but it was not ultimately approved.

3. United Kingdom

UK General Election and legislation: Following the UK General Election on 4 July 2024, a Labour Government took office with a strong overall majority of Parliamentary seats in the House of Commons. In light of the King’s Speech setting out the new Government’s legislative programme on 17 July 2024, the GB Energy Bill (setting up GB Energy as a State-owned entity) and the Crown Estate Bill (providing the Crown Estate with wider borrowing and investment powers) were introduced to Parliament on 25 July 2024 and are progressing through their legislative stages. The Government also plans to introduce a Planning and Infrastructure Bill in Spring 2025 to reform planning legislation and processes with the aim of speeding up infrastructure development.

Clean Power 2030: On 23 August 2024 the Secretary of State for Energy and Net Zero commissioned the Electricity System Operator (ahead of its transition to becoming the National Energy System Operator – ‘NESO’) to advise on pathways to deliver a clean power system by 2030. The NESO published its advice to Government on 5 November 2024 with a recommendation on how to define the target for Clean Power by 2030 and setting out two pathways for achieving this. On 13 December 2024, the Government published its Clean Power 2030 Action Plan, broadly accepting the NESO’s advice on its proposed definition of clean power by 2030 and on pathways. In terms of the target, this means that, in a typical weather year, at least 95% of electricity generation is due to come from low carbon sources and no more than 5% from unabated gas. As well as highlighting workstreams in train across a range of areas to deliver Clean Power (e.g. grid connections reform, see below), the Government’s Clean Power Plan sets out some possible near term reform options in respect of the Contracts for Difference (CfD) framework, including consideration of a longer duration CfD and potentially removing the planning consent requirement for fixed-bottom offshore wind participating in a CfD Allocation Round. A consultation on near term CfD reform options is expected from the Energy Department in early 2025.

***Review of Electricity Market Arrangements (REMA)*: Following the publication in March 2024 of a second REMA consultation on longer-term reform of electricity market arrangements to facilitate a secure and cost-effective decarbonised power system, the Energy Department published a REMA 'Autumn Update' alongside the Clean Power 2030 Action Plan on 13 December 2024. In the Update, the Energy Department committed to taking decisions across the REMA programme by mid-2025, and in time for CfD Allocation Round 7 in the summer. The Update focuses on wholesale market arrangements, stating that no decision has been taken on whether to proceed with zonal pricing or reformed national pricing, but confirming that the Energy Department is not minded to take forward centralised dispatch. The Update states that no major changes to CfD design will be made until AR9 at the earliest and it confirms that the Capacity Market remains the key mechanism for delivering security of supply cost-effectively, including ensuring that the necessary strategic reserve of unabated gas remains on the system for the years up to 2030 and beyond.

Contracts for Difference: In July 2024, the new Labour Government increased the overall budget for CfD Allocation Round 6 (AR6) by GBP 530 million to GBP 1,555 million. Following the auction in the summer, the Energy Department published the results of CfD AR6 on 3 September 2024, awarding 131 contracts totalling 9.6 GW of renewable generation capacity. In the Pot 1 auction, 0.99 GW of onshore wind (22 projects) cleared at £50.90/MWh and 3.29 GW of solar PV (93 projects) cleared at £50.07/MWh. In Pot 2 for emerging renewable technologies, 400 MW of floating offshore wind (1 project) cleared at £139.93/MWh and 28 MW of tidal stream (6 projects) cleared at £172.00/MWh. In Pot 3 for fixed bottom offshore wind, 1.58 GW of 'permitted reduction' offshore wind from CfD Allocation Round 4 (including SPR's East Anglia Three) cleared at £54.23/MWh; and 3.36 GW of new offshore wind projects (2 projects, including SPR's East Anglia Two) cleared at £58.87/MWh. (All in 2012 prices). The Energy Department is now preparing for the running of CfD Allocation Round 7 in the summer of 2025. As part of this, the Government published on 12 November 2024 the allocation framework and guidance for the new CfD Clean Industry Bonus ('CIB') scheme for offshore wind running ahead of AR7. The CIB application window will open on 13 February 2025 and close on 14 April 2025.

RIIO price controls: Ofgem published in July 2024 its Sector Specific Methodology Decision for the RIIO-3 transmission and gas distribution price controls which will run from April 2026 to March 2031. Its approach to cost of equity was unchanged and it will adopt a revised approach to cost of debt, but many decisions have been deferred to draft and final determinations, expected around July and December 2025 respectively. SP Energy Networks' RIIO-ET3 final business plans were submitted in December 2024, reflecting a significant step change in the level of network investment. In November 2024, Ofgem issued a consultation on the framework for the next distribution network price control, RIIO-ED3, which will run from April 2028 to March 2033. Ofgem is expected to publish a Framework Decision on RIIO-ED3 in Q2 2025 and a Sector Specific Methodology Consultation in Q3 2025.

Centralised Strategic Network Plan: Following Ofgem's December 2023 decision on the Future System Operator's (FSO) role in developing a strategic network plan, the Electricity System Operator published its transitional Centralised Strategic Network Plan (tCSNP) 'Beyond 2030' in March 2024. Building on the Holistic Network Design published in July 2022, the tCSNP recommends an additional GBP 58,000 million investment in network upgrades to meet demand for decarbonised electricity and facilitates the connection of an additional 21 GW of offshore wind as well as a breadth of other low carbon generation. The report is a stepping stone to the full CSNP, which will be published in 2026.

Grid connections reform: Building on work that started under the previous Conservative Government with Ofgem and the NESO, the current Labour Government aims to reduce grid connection timescales to support progress towards decarbonising the power sector. Ofgem announced in September 2024 that implementation of the NESO's connection reform proposals ("TMO4+") will be delayed from January 2025 to Q2 2025. The TMO4+ proposals seek to achieve a streamlined pipeline of projects that are ready to connect and that align with the Government's Clean Power 2030 Plan published in December 2024. The Government plans to introduce legislation to support the alignment of connection reform with strategic energy and network planning.

Hydrogen Production Business Model scheme: On 20 December 2024, the Low Carbon Contracts Company announced that it had finalised and signed three of the eleven contracts from the first Hydrogen Allocation Round (HAR1) under the Government's Hydrogen Production Business Model support scheme, including our green hydrogen projects at Whitelee and Cromarty. The second Hydrogen Allocation Round (HAR2) opened in March 2024, with the Government confirming on 18 December 2024 that it will publish a shortlist of the HAR2 projects invited to the next stage of the shortlisting process in due course in 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. As part of its ongoing work in respect of the price cap, Ofgem consulted in December 2024 on a new operating cost and debt allowance methodology with a view to implementation in July 2025. Ofgem also consulted in December 2024 on proposals for a Debt Relief Support Scheme (DRSS) to enable suppliers to write off debts of eligible customers which, if it takes the decision to proceed, it would aim to implement in Q4 2025.

Electricity Generator Levy: Following the election of the Labour Government on 4 July 2024, no changes were announced by the Chancellor at the Autumn Budget on 30 October 2024 in respect of the Electricity Generator Levy on existing non-CfD renewable generation and nuclear generation and so remains in place as a framework until 31 March 2028.

Review of Ofgem: The Energy Department announced a review of the regulator, Ofgem, on 19 December 2024. The review is expected to focus on the retail market and consumer protection, whilst also noting the context of the wider investment challenge associated with the energy transition to Net Zero. The review is planned to conclude in Spring 2025.

4. US law and regulations

Biden Administration

Under Biden, the Department of Treasury issued guidance and rulemaking to implement the new tax provisions included in the Inflation Reduction Act (IRA). Throughout 2024, the Treasury released final rules on a number of clean energy tax credit matters. On 7 June, energy communities guidelines for 2024 were issued and on 24 October, Treasury published a final ruling on the Advanced Manufacturing Production Credit. While the Treasury worked throughout the year to publish IRA final rules, it is important to note that guidance can be re-written or overturned in a number of ways. Congress may seek to make changes to the IRA credits in 2025. This could be done through a phase out, reduction, or elimination of tax credits; The Republicans are motivated to advance this legislation in the first half of the year.

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). Petitioners have alleged 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. Preliminary determinations have since been issued and CVD deposit rates for imports began on 4 October 2024 and AD deposit rates began on 4 December. Additionally, the Biden Administration found that critical circumstances apply in some cases with CVD retroactive duties applying from 6 July 2024 to 4 October 2024 and AD retroactive duties applying from 5 September 2024 to 4 December 2024 for specific suppliers from Thailand and Vietnam. These retroactive rates are preliminary and could be updated in the final decision expected in Q2 2025.

In May, The Department of Commerce announced it would be ending the 201 Tariff Exemption for bifacial solar panels. Affected solar panels, which make up the majority of the imported market, will face a 14.25% tariff from the date of the official Proclamation (still to be published) until February 2025 and 14% from then until February 2026. Commerce also outlined a number of developing countries that are members of the World Trade Organization and shall not be subject to tariffs.

In June, the conservative-majority Supreme Court overturned Chevron U.S.A., Inc. v. Natural Resources Defense Council, Inc., in a pair of cases, Loper Bright Enterprises v. Raimondo and Relentless Inc. v. Department of Commerce (collectively Loper). The Chevron doctrine—named for the original case that articulated it—required federal courts to defer to a federal agency’s reasonable interpretation of ambiguous statutory provisions the agency administers. In the wake of the Court's ruling, it is expected that federal judges will have greater discretion to invalidate agency actions if congressional statutes are not clear with respect to an agency’s authority. This could result in increasing the likelihood of success of legal challenges to Biden-era administrative rules that benefit clean energy and were based on interpretation of ambiguous language in statutes.

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. On 21 November, FERC then issued Order No. 1920 A which requires transmission providers to include input from state entities into their planning scenarios. This input shall include how the scenarios are developed and how such scenarios will help satisfy each state’s policies.

Maine – Rate Case

During 2024 CMP continued to operate under the Stipulation Agreement approved by the Maine Public Utility Commission on 6 June 2023. The Stipulation allows for a two-year forward looking rate plan based on a 9.35% ROE and 50% equity ratio with increases to occur in four equal levelized amounts every six months beginning on 1 July 2023. The Stipulation also includes 50% earnings sharing for annual earnings in excess of 100 basis points of CMP’s allowed ROE.

New York – Regulatory Developments

During 2024 NYSEG and RG&E continue to operate under the Joint Proposal (JP) settlement approved by the New York Public Service Commission (NYPSC) on 12 October 2023. The JP established a three-year rate plan beginning 1 May 2023 and continuing through 30 April 2026. The allowed rate of return on common equity (ROE) for NYSEG Electric, NYSEG Gas, RG&E Electric and RG&E Gas is 9.20%. The common equity ratio for each is 48%. The JP also includes earnings sharing bands for earnings in excess of 50 basis points of the 9.20% ROE utilizing an equity ratio of 50%.

The NY Securitization Act, passed on 14 August 2024, allowed Avangrid's subsidiaries of NYSEG and RG&E to petition the NYPSC for accelerated cash recovery of storm costs via storm recovery bonds. On 23 August 2024, NYSEG and RG&E sought the Commission's approval to secure these bonds and upfront financing costs. The Commission approved NYSEG and RG&E's petitions in December, granting each the authority to secure storm recovery bonds and financing costs totalling approximately $786 million.

In November, NYSEG and RG&E filed an Urgent Projects petition as part of the NY Proactive Planning Order. The filing consisted of 10 projects in total estimated at $554 million. The filing was made in response to a broader NY Public Service Commission Order on establishing a long-term Proactive Planning framework. Included in that Order was a requirement to submit proposals for Urgent Upgrade projects to accelerate the advancement of transportation and building electrification in the State in the near term with construction starting prior to the second half of 2026. There is no timeframe for a decision on the $554 million proposal.

Connecticut

An appeal is ongoing of a 2023 rate case decision, in which the CT Public Utilities Regulatory Authority (PURA) authorized Avangrid subsidiary United Illuminating (UI) an 8.63% return on equity (ROE) that included a 47-basis-point penalty for management and operational performance issues. Even without the penalty, the implied base ROE of 9.10% was among the lowest approved for an energy utility in recent years.

In addition, a legislatively mandated alternative ratemaking proceeding is ongoing, in which the PURA is reviewing rules governing multi-year rate plans, earnings sharing mechanisms, revenue decoupling and potential performance-based ratemaking measures for the electric utilities.

The trend of restrictive decisions continued with the gas rate case decisions issued by the PURA in November 2024 for Avangrid utilities Connecticut Natural Gas and Southern Connecticut Gas. In those cases, the PURA ordered significant rate cuts and authorized both companies an ROE of 9.15%, a common equity ratio of 53% and allowed total revenue requirements of $418 million for CNG and $425 million for SCG. For both companies, the ROE included a 5-basis-point reduction that, according to the PURA, was intended to incentivize the utilities to manage and reduce the underutilization of their mains and service lines. Appeals of the PURA's 2024 gas rate case decisions are pending before the Connecticut Superior Court.

On 12 November 2024, UI filed for a $105.5 million permanent electric rate increase in Docket No. 24-10-04, set to take effect on 1 November 2025. UI also filed for a $40 million interim rate increase, required to mitigate the negative impact in the Company's financial condition resulting from the previous rate case, jeopardizing its ability to serve customers effectively. The rate increase is premised upon a 10.50% return on equity and 54% common equity ratio.

5. Mexico

The Ministry of Energy (SENER) informed electricity industry stakeholders that the amendment to the 2019 Guidelines for the Granting of Clean Energy Certificates (CEL) has been withdrawn.

On 12 March 2024, SENER published a notice in the Official Journal of the Federation (DOF) announcing that an amendment to these guidelines had been annulled.

The aim of the amendment was to allow CELs to be granted to CFE Clean Power Plants regardless of their operational start date. The original 2014 guidelines restricted the issuance of CELs to power plants that began operations after the Electricity Industry Act was published in August 2014. These guidelines faced legal challenges, through injunctions, and a ruling with general effect was issued in June 2022.

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

Consequently, the judge instructed SENER to reinstate the 2014 Guidelines, thereby nullifying the 2019 amendment.

Draft regulation on storage

The regulation, which underwent public consultation starting in February 2024, was finalised and approved by the CRE on 30 September 2024. However, the draft has not yet been published in the Official Journal of the Federation (DOF).

Following its publication, the CRE and CENACE are required to issue secondary regulations for its implementation within six to nine months. The regulation establishes mechanisms for remunerating batteries that are installed and required by CENACE.

Furthermore, it permits the implementation of storage schemes for both systems linked to power plants and stand-alone systems that are not connected to power plants or load centres.

Constitutional reform on strategic enterprises

On 31 October 2024, an amendment was published in the Official Journal of the Federation (DOF), affecting the fifth paragraph of Article 25, the sixth and seventh paragraphs of Article 27, and the fourth paragraph of Article 28 of the Political Constitution of the United Mexican States concerning strategic areas and enterprises. Key aspects of this reform include the reclassification of the State-owned companies CFE and PEMEX as Public Companies.

Conditions have been set for private sector participation in generation and supply activities, ensuring that they do not take precedence over the State-owned company, CFE. The State is charged with planning and managing the National Electric System (SEN) and will aim to preserve energy security and self-sufficiency, providing electricity to the public at the lowest possible cost without profit, to ensure national security and sovereignty. In addition, the exploitation of lithium is to be designated as a strategic area of the Mexican State.

National Energy Plan

The “National Energy Plan 2024-2030”, unveiled by the federal government of Mexico on 6 November 2024, aims to strengthen the energy sector through four main pillars: planning the national electricity system to ensure a transition to renewable energies and achieve energy self-sufficiency; promoting energy justice by guaranteeing access to energy for all Mexicans and maintaining affordable rates; creating a robust and secure electricity system, with the Federal Electricity Commission (CFE) generating 54% of the energy and the remainder provided by private investment; and establishing clear regulations to enhance private investment, particularly focusing on renewable energies. The plan proposes substantial investments in generation (USD 12,300 million), transmission infrastructure (USD 7,500 million), and distribution (USD 3,600 million). A one-stop shop is also to be created to streamline procedures and increase transparency. Private sector involvement is anticipated to range between USD 6,000 million and USD 9,000 million, contributing an additional generation capacity of between 6,440 MW and 9,550 MW by 2030.

Plan Mexico

Presented on 13 January 2025 by President Claudia Sheinbaum, the “Plan Mexico” aims to foster sustainable industrialisation and shared prosperity, enhance national and international competitiveness, and reduce regional disparities. This plan incorporates key elements of the National Energy Plan to support the country's growth alongside other industrial factors. The plan's objectives include facilitating regional and continental integration, positioning Mexico among the world's top ten economies by 2030, and transitioning towards renewable energy with over 100 projects led by the CFE. The plan will be rolled out in various phases with specific key dates to ensure effective monitoring and investment in infrastructure and energy. A One-Stop Shop is planned to streamline procedures and facilitate tax deductions for investments. The deduction percentages will vary based on the type of asset and economic activity, ranging from 41% to 89%.

6. Brazil

Regulatory Rate of Return on Capital

On 25 April, the Regulatory Rates of Return on Capital were updated for the Distribution, Transmission, and Generation segments. These will apply to the rate processes managed by the technical areas from 1 March 2024 to 28 February 2025. A new release was needed because a material error was found in the previous publication dated 25 March 2024. As a result, the post-tax real rate was adjusted from 7.66% to 7.72% for distribution and from 7.54% to 7.56% for transmission and generation. The pre-tax real rate was set at 11.70% for distribution and 11.45% for transmission and generation.

Neoenergia Coelba, Neoenergia Cosern and Neoenergia Pernambuco rate readjustments

In April 2024, the ANEEL Board of Directors announced the 2024 Annual Rate Adjustments for Neoenergia Cosern, Neoenergia Coelba, and Neoenergia Pernambuco. These adjustments took effect on 22 April for Coelba and Cosern, and on 29 April for Pernambuco. The average impact was a 1.53% increase for Neoenergia Coelba customers, a 7.84% increase for Neoenergia Cosern customers, and a 2.69% decrease for Neoenergia Pernambuco customers.

Calculation of energy surpluses – MGDM

Published in May, Regulatory Resolution No. 1,094/2024 governed Articles 21 and 24 of Law No. 14,300, which provides the legal framework for microgeneration and distributed minigeneration. It established guidelines for calculating energy surpluses from microgeneration and distributed minigeneration, applicable from 2022. This includes all existing facilities and stipulates the conditions under which consumers with such systems can sell power to the distributor.

Extension of concessions

On 21 June 2024, Decree 12.068/24 was issued, outlining the criteria for evaluating the extension of concessions and the guidelines to be included in the contract addendum. On 16 October 2024, ANEEL launched Public Consultation No. 27/2024 to discuss improvements to the draft addendum for concession contracts. The deadline for submissions was 2 December 2024. The subsequent steps will likely depend on the outcome of this consultation and the publication of the addendum by ANEEL.

Regulation on Hydrogen

In August 2024, Spanish Law No. 14,948/2024 was enacted, providing a legal framework for low-carbon hydrogen. The law grants tax incentives for up to five years to projects that have been pre-approved and to beneficiaries of REHIDRO, the Special Incentive Regime for Low Carbon Hydrogen Production. Certain provisions in the law that included tax credits were vetoed due to legal uncertainties and were included in Bill 3027/2024 for further debate in the Chamber of Deputies.

In September 2024, Bill 3027/2024 was approved and sent for presidential approval, becoming Law No. 14,990/2024. This law provides tax credits for the commercialisation of Low Carbon Hydrogen (LCH) and its derivatives, benefiting both producers and purchasers. Credits will be allocated through a competitive process, with annual limits, totalling BRL 18,300 million from 2028 to 2032.

Regulation on offshore generation

Following various parliamentary debates, Bill 576/2021 was ultimately approved by the Federal Senate on 12 December 2024 and sent for presidential assent. The Senate’s approved text retained certain unrelated elements, such as (i) the mandatory contracting of coal-fired power plants, inflexible natural gas power plants, and small hydroelectric plants; (ii) the option to extend PROINFA contracts by 20 years; and (iii) extending the deadlines for the commencement of energy delivery from MGDM projects.

Regulation of the Brazilian carbon market

In November 2024, the Chamber of Deputies approved an amended version of Bill No. 182/2024, which became Law 15.042/2024 on 12 December 2024. Essentially, the law establishes the Brazilian Greenhouse Gas Emissions Trading Scheme (SBCE), which creates a framework for capping emissions and trading assets that represent the reduction or elimination of greenhouse gas emissions in the country. The law identifies two types of asset: the Brazilian Emissions Quota (CBE) and the Certificate of Verified Reduction or Removal of Emissions (CRVE). It also allows for interoperability with carbon credits from the voluntary market, provided they are derived from methodologies accredited by the SBCE. The SBCE will be rolled out in five phases, from drafting regulations to the full implementation of the Emissions Trading System.

Neoenergia Elektro 2024 annual rate adjustment

On 27 August 2024, Approval Resolution No. 3,377/2024 was issued, confirming the outcome of Neoenergia Elektro's 2024 Annual Rate Adjustment, which took effect on the same day. The average impact on captive customers is a decrease of 5.64%.

Neoenergia Brasilia 2024 annual rate adjustment

On 21 October 2024, Approval Resolution No. 3,406/2024 was published, endorsing the result of the 2024 Annual Rate Adjustment for Neoenergia Brasilia, which took effect on 22 October 2024. The average impact on captive customers was a reduction of 3.32%.

Annual Permitted Revenue – RAP

On 19 July 2024, ANEEL issued Standard Resolution No. 3,348, which sets the Annual Permitted Revenue (RAP) for the facilities managed by public energy transmission service concessionaires for the 2024-2025 cycle. The RAP for Neoenergia’s transmission companies was increased by 3.44% compared to the previous cycle. This adjustment is primarily due to the readjustment index specified in the concession contracts and the impact of revenue reviews for the concessionaires.

Consolidated Management Report 2024

This management report has been prepared taking into consideration the "Guide of recommendations for the preparation of Management Reports of listed companies", published by the CNMV in July 2013.

1. Company Oveview

1.1 Purpose and Values of the IBERDROLA Group

The purpose of IBERDROLA Group companies and, hence, their reason for being is: "To continue building together each day a healthier, more accessible energy model, based on electricity". This purpose, which is centred on the well-being of people and on the preservation of the planet, reflects the strategy Group companies have been following sustainably for years, and their commitment to continue fighting for the following, alongside all their stakeholders:

- A real and comprehensive energy transition which, based on the decarbonisation and electrification of the energy sector and, in particular, of the economy as a whole, specifically contributes to the Sustainable Development Goals (SDGs) with regard to the response against climate change and the generation of new opportunities for environmental, social and economic development.
- An energy model increasingly based on electricity, forsaking the use of fossil fuels to make wider use of renewable energy sources, efficient energy storage, smart grids and digitalisation.
- An energy model that is healthier for people, whose health and well-being in the short term depends on the environmental quality of their own surroundings.
- A drive for conditions of well-being that are more accessible for all, and the creation of a society that fosters inclusion, equality, equity and development.
- An energy model built around cooperation with all players involved and with society as a whole that establishes best governance practice that contribute to its sustainability.

To succeed, the IBERDROLA Group, its entire strategy and all its actions must be inspired by and rooted in the three following "values":

- **Sustainable energy**: the group aims to inspire by creating environmental, social and economic value for all the communities in which it operates and with the future firmly in mind.
- **Integrating force**: because the IBERDROLA Group has great strength and enormous responsibility. That is why it works by combining talents towards a purpose that will benefit everyone involved.
- **Driving force**: because the IBERDROLA Group makes small and large changes a reality by being efficient and highly self-demanding, always in pursuit of continuous improvement.

1.2 Business model

IBERDROLA firmly believes that the transition to a carbon neutral economy before 2050 is technologically possible, economically viable and socially necessary. The decarbonisation of the economy is a unique opportunity to create wealth, generate jobs, improve the state of our planet and benefit people's health.

This commitment will be achieved by fostering:

- Decarbonisation of electricity
- System integration through networks
- Electrification of the demand side

A business model that accelerates the creation of value for everyone

Iberdrola's investment will mainly target grids and renewable energies in the long term, as investments that provide known and recurring cash flows.

In addition, the selection of the countries in which the Group operates considers the stability of the regulatory environment applied to the sector and its long-term credit rating.

In a nutshell, Iberdrola's business model has the following key features and strengths:

1. Geared towards meeting the expectations of its stakeholders by making sustainability part of its strategy and management.
2. Investment is particularly concentrated in the grid business, which has predictable regulatory frameworks with incentives for investment, and which constitutes the infrastructure that is necessary to tackle the energy model transition.
3. It is supplemented with selective investments in renewable energies, thus optimising the risk/return profile. These are mainly projects in offshore wind, photovoltaic, onshore wind, hydroelectric, battery and production of green hydrogen, all necessary elements for bringing to fruition a decarbonised energy and economic model.
4. Geographic diversification, focusing on countries with a high credit rating.
5. Enduring commitment to a robust financial position that preferably relies on green financing instruments owing to the investment plan's extremely high degree of alignment with the EU Taxonomy.
6. The dividend policy mandates a reliable and growing dividend in line with the increase in the company's earnings.

1.3 Presence and areas of activity

With a track record that spans over 170 years, today the IBERDROLA Group is a worldwide leader in the energy sector, the world leader in wind power production and one of the world's largest electric companies by stock market capitalisation. IBERDROLA has a 20-year head start in the energy transition to address the challenges of climate change and offer a sustainable and competitive business model that creates value for society.

The Group supplies energy to around 100 million people, has more than 600,000 shareholders and a workforce of more than 41,000 people, and holds more than EUR 158,000 million in assets.

Iberdrola's leadership is underpinned by its smart grid and renewables businesses, combined with a diversified portfolio of projects and markets. The Group's footprint encompasses countries with high credit ratings. The Company and its subsidiaries and affiliates conduct their activities in almost 30 countries worldwide. The group concentrates a substantial part of its activity in Spain, the United Kingdom, the United States, Brazil and Mexico; as well as in Portugal, Australia, Germany, Greece, France, Ireland, Italy, Hungary and Poland.

1.4 Main products and services

The main product that IBERDROLA makes available to its customers is electricity through a wide range of products, services and solutions in the fields of:

- Electricity generation from renewable sources: wind (onshore and offshore), hydroelectric, photovoltaic.
- Transmission and distribution of electricity and gas.
- Storage at large scale (GWh) through reversible hydropower, at medium scale (MWh) within grids and generation assets using batteries, and at small scale (kWh) at end-user level.
- New technologies, such as green hydrogen produced from renewable electricity.
- Electricity and gas retail supply.
- Energy services for our customers: with innovative Smart solutions in the following areas:
    - residential, with services such as self-consumption, solar, electric mobility, heat pumps, etc.
    - industrial: offering comprehensive management of energy facilities and supply, such as Green H2, Industrial Heat, etc.
- Sale and purchase of electricity and gas in wholesale markets.
- Digitalisation: implementing it across its assets to improve the quality, efficiency and security of electricity supply.

With regard to its customers, IBERDROLA operates under an organisational structure in which:

- the Networks business manages distribution activities in Spain and transmission and distribution activities in the United Kingdom, the United States and Brazil, as well as regulated energy retail supply in the United States and Brazil and any other regulated activity that the group carries out in these four countries.
- the Renewables and Sustainable Generation business, manages long-term power purchase agreements (PPAs) with large enterprises and/or governments in Spain, the United Kingdom, the United States, Mexico, Australia, Germany and France.
- the Customers business manages non-regulated activities in Spain, the United Kingdom, Brazil, Mexico, Ireland, the United States and continental Europe.

1.5 Corporate and governance structure, ownership and legal form

IBERDROLA is an independent public limited company with registered offices in Bilbao (Plaza Euskadi, number 5), incorporated under Spanish law and listed on the Stock Market. It is the holding company of an international group present in Spain, the United Kingdom, the United States, Brazil, Mexico, other member states of the European Union, Portugal, France, Germany, as well as Australia, among other countries.

Through its country subholding companies and head of business companies, the group combines a decentralised structure and management model with coordination mechanisms designed to ensure the overall integration of all businesses through an effective system of separation of functions, checks and balances and supervisory controls. In addition, the Governance and Sustainability System contains measures granting the listed country subholding companies a special framework of strengthened autonomy.

Based on this corporate configuration, the governance structure duly separates the functions of strategic planning and oversight, on the one hand, from the functions of day-to-day leadership and effective management, on the other:

a. The Board of Directors of Iberdrola is vested with powers relating to the design of strategy and the governance model, as well as to oversight, organisation, and strategic coordination.

b. The chairman of the Board of Directors and the chief executive officer of Iberdrola, with the technical support of the Operating Committee and the rest of the management team, undertake the oversight, organisation, and strategic coordination at the Group level.

c. The subholding companies strengthen oversight, organisation, and strategic coordination in relation to their respective territories, countries, or businesses through the communication, implementation, and supervision of the overall strategy and core management guidelines. For this purpose, they have their own chief executive officers, external directors, and audit and compliance committees, as well as internal audit and compliance units. These entities group together the shareholdings in the parent companies of the business units. One of their main roles is to centralise the provision of common services to these companies and to represent them vis-à-vis national institutions.

d. The listed subholding companies (AVANGRID, Inc. and Neoenergia, S.A.) have a special framework of enhanced independence in the fields of regulations, related-party transactions and management.

1.6 Strategic pillars for the 2024 - 2026 period

More than two decades ago, IBERDROLA anticipated that climate change would be one of the most significant challenges of our time and adapted its business model to this reality with the goal of achieving a more secure, competitive and decarbonised energy model based on electrification.

In this context, IBERDROLA's vision rests on four pillars:

- The need to combine the decarbonisation process of the economy with increased energy self-sufficiency through investments in grids, renewables, storage and green products.
- Maintaining a sound financial structure.
- Ongoing focus on technological innovation in all its areas of activity.
- Meeting the new demands of consumers, who require clean and affordable energy and value-added energy services. This will be made possible by the opportunities offered by digitalisation.

These trends place electricity at the very heart of the energy transition: sustained demand growth due to the electrification of all energy end-uses will substantially raise the overall share of electricity in the energy matrix.

To meet this growing demand, it will be essential to increase investment in renewables which, according to the International Energy Agency, could reach two thirds of total electricity generation by 2040.

The successful integration of this new renewable generation will require efficient, smart and flexible grids for transmission and distribution, and energy storage infrastructure. As a result, the International Energy Agency expects annual investment in grids to double by 2030 and triple by 2040. Up to 80 million km of grids will have to be built and replaced by then: the equivalent of the entire distribution and transmission grids that existed just two years ago.

Tackling the challenge of full decarbonisation will also require maximising the use of other clean energy carriers, such as green hydrogen, for sectors where electrification is challenging.

Against this background, IBERDROLA's presence in markets that combine a high credit rating with significant demand growth prospects will enable it to continue consolidating its leadership in the renewable generation, networks and storage businesses.

2024-2026 Plan

During the Capital Markets & Sustainability Day held on 21 March 2024, we announced an investment of EUR 41,000 million through to 2026 to support the development of a secure and sustainable energy future for everyone.

The strategic plan focuses on investing in networks in markets with stable frameworks, advancing renewable technologies of higher value, boosting storage capacity, and optimising the client portfolio.

Our investment plan through to 2026 includes acquiring an 18.4% stake in our US subsidiary Avangrid, completed on 23 December 2024, and investing EUR 5,000 million with strategic partners. This results in a total net investment of EUR 36,000 million, with 70% allocated to growth. Geographically, 85% of our investments are targeted at regions with an 'A' rating and clear, stable regulatory frameworks.

These investments will enhance our financial strength, and as a result, we forecast an EBITDA of EUR 16,500-17,000 million by the end of the period, with the networks and renewables sectors each contributing about 50%. Our goal is for 70% of our EBITDA to be independent of wholesale electricity market prices by 2026, and we anticipate net profit will rise to between EUR 5,600 and 5,800 million.

These investments will also strengthen IBERDROLA's financial performance and allow us to sustain our policy of increasing shareholder dividends in line with earnings growth.

Networks

Our strategic plan includes investing EUR 21,500 million in networks across the United States, the United Kingdom, Brazil and Spain, which accounts for 60% of the net investment. Of this amount, over EUR 6,500 million will be allocated to transmission networks. These investments will ensure the integration of new renewable capacity and support the deployment of new distributed solutions and services.

Renewables

More than half of our investment in renewables, totalling EUR 15,500 million, is directed towards offshore wind projects under construction in the United States, the United Kingdom, France and Germany. The following most significant investments are in onshore wind and solar, representing 28% and 18% of the renewables total, respectively.

At year-end 2024, we had an installed offshore capacity of 2,373 MW (2,230 MW consolidated and 143 MW managed), and we aim to expand our offshore wind capacity to 6,500 MW by 2030 through substantial global investments.

Storage

At Iberdrola, we are committed to promoting efficient energy storage as a crucial driver for decarbonisation and the energy transition. We implement large-scale storage through our pumped-storage hydroelectric power plants and small-scale storage using lithium-ion batteries connected to renewable energy generation sites. Our Strategic Plan up to 2026 includes an investment of EUR 1,500 million in this area. By 2030, our aim is to achieve over 120 GWh of cumulative installed storage capacity.

Customers

For private individuals, our offerings focus on solar self-consumption, electric mobility, and sustainable climate control solutions. For industrial clients, we offer decarbonisation plans through long-term power purchase agreements or the use of green hydrogen.

In terms of climate change, the Company aims to be carbon neutral by 2030 in its generation plants and own consumption, and also to achieve Net Zero emissions by 2040. Furthermore, IBERDROLA has set itself the goal of having a net positive impact on biodiversity by 2030 through various plans, including an initiative to plant 20 million trees by 2030.

At Iberdrola, we are fully committed to ensuring that our strategy and operations are consistently aligned with environmental, social, and governance factors to achieve socially responsible management.

Our 2024-2026 Strategic Plan aims to further our objective of making a positive impact on people's well-being and preserving the planet. Some of our most significant goals include:

Our next Capital Markets & Sustainability Day, where we will update our investment outlook, is scheduled for the second half of September 2025.

This section of IBERDROLA's Management Report, Strategic pillars for the 2024–2026 period, contains forward-looking information, including financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, capital expenditures, synergies, products and services, and statements regarding future results or directors' estimates which are based on assumptions that are considered reasonable by them.

Although IBERDROLA believes that the expectations reflected in such forward-looking statements are reasonable, investors and holders of IBERDROLA shares are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of IBERDROLA, which risks could cause actual results and developments to differ materially from those stated in, or implied or projected by, the forward-looking information and statements.

Forward-looking statements are not guarantees of future performance and have not been reviewed by the auditors of IBERDROLA. You are cautioned not to make decisions based on forward-looking statements, which speak only as at the date they were made. The forward-looking statements included in this report are expressly qualified in their entirety by the cautionary statement above. All forward looking statements included herein are based on the information available as at the date of this management report. Except as required by applicable law, IBERDROLA undertakes no obligation to publicly update its statements or to revise any forward-looking information even if new data are published or upon the occurrence of future events.

2. Business performance and results

2.1 Global environment

a) Currency performance

In 2024, the performance of the average exchange rates for IBERDROLA's main reference currencies was as follows: the US dollar and the Brazilian real weakened against the euro by 0.2% and 7.2%, respectively, while the pound sterling strengthened by 2.7%. This led to an EBITDA reduction of EUR 93 million and a net profit decrease of EUR 70 million.

b) 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 2024 witnessed an increase in hydroelectric (+31%) and solar photovoltaic (+19%) production with respect to 2023 , coupled with a reduction in onshore wind (-3.0%), nuclear (-4.1%), cogeneration (-5.7%), coal (-24%) and combined cycle (-27%) production.

  Mainland demand for electricity in 2024 was down 0.9% on the previous year. However, once adjusted for labour and temperature variables, the figure was actually up 1.5%.

  The year 2024 ended with a producibility index of 1.2 and hydro reserves at 52.4%, compared with 1.3 and 51% at year-end 2023.

- In the United Kingdom, electricity demand was up 0.7% compared to 2023, while gas demand was 2.7% higher.

- In the areas where AVANGRID operates on the East Coast of the United States, electricity demand was up 1.3% on 2023, while demand for gas was 2.7% higher.

- Demand in the parts of Brazil where Neoenergia operates was rose by 3.3% in 2024.

c) Emissions

By the end of 2024, the IBERDROLA Group's direct emissions totalled 38 gCO2/kWh in Europe (55 gCO2/kWh in 2023) and 65 gCO2/kWh globally (77 gCO2/kWh in 2023).

2.2 Operating performance in the period

2.2.1 Networks business

In 2024, total electricity distributed by the Group amounted to 238,164 GWh, down 1.9% compared to the previous year.

	2024	2023	Change (%)
Spain	89,060	87,866	1.4
United Kingdom	30,540	30,321	0.7
United States	37,642	37,174	1.3
Brazil	80,922	78,341	3,3
Total electrical distribution (Gwh) [1]	**238,164**	**233,702**	**1.9**

[1] At power plant busbars

	2024	2023	Change (%)
United States	61,517	59,900	2.7
Total gas distribution (GWh)	**61,517**	**59,900**	**2.7**

Electricity and gas supply points reached 35.10 million, up 1.1% year-on-year, thanks to organic growth across practically all geographies, with the following breakdown:

	2024	2023
Electricity		
Spain	11.50	11.44
United Kingdom	3.60	3.56
United States	2.30	2.32
Brazil	16.60	16.35
Total electricity	**34.00**	**33.67**
Gas		
United States	1.10	1.04
Total gas	**1.10**	**1.04**
Total supply points (millions)	**35.10**	**34.71**

2.2.1.1 Spain

The IBERDROLA Group has 11.50 million supply points, slightly above the figure reported at the end of the previous year. Total distributed energy amounted to 89,060 GWh, up 1.4% on 2023 (87,866 GWh).

The table shows the values of the TIEPI (interruption time of installed capacity at medium voltage in minutes), and NIEPI (number of equivalent interruptions of installed capacity at medium voltage) in relation to the previous year (exact details are not published as this is commercially sensitive information):

	2024	2023
Regulatory TIEPI (min)	<34	<36
Accumulated NIEPI (No)	<0.7	<0.7

The company upholds its commitment to quality, maintaining low TIEPI and NIEPI levels, improving upon both regulatory requirements and the previous year's figures.

At the end of October, the eastern region of Spain experienced the most severe rainstorm of this century (DANA), leading to a severe humanitarian crisis. Despite the extreme conditions, the company swiftly mobilised over 500 workers from across Spain, successfully restoring nearly the entire electricity supply within 72 hours. The company has initiated the "Il.lumina" project, committing EUR 100 million to redesign the electricity distribution network in the affected areas. This investment will be in addition to the funds i-DE had already planned for the Valencian Community in 2025.

With these and other investments in new electricity infrastructure, the maintenance and modernisation of existing systems, and its ambitious digitalisation plan for electricity networks, the company continues to enhance its quality levels in 2024, maintaining the highest standards in its history.

2.2.1.2 United Kingdom

The IBERDROLA Group has more than 3.60 million supply points in the United Kingdom. The volume of energy distributed in 2024 was 30,540 GWh, up 0.7% on the 30,321 GWh distributed in 2023.

Energy distributed by licence is as follows:

	2024	2023	Change (%)
Scottish Power Distribution (SPD)	16,648	16,596	0.3
Scottish Power Manweb (SPM)	13,892	13,725	1.2
Total electrical distribution (Gwh) (1)	**30,540**	**30,321**	**0.7**

(1) At power plant busbars

The quality of service indicators are below regulatory limits both for SPD and SPM compared to 2023.

Average interruption time per consumer (Customer Minutes Lost, or CML) was as follows:

(CML) mins	2024	2023
Scottish Power Distribution (SPD)	25.0	26.0
Scottish Power Manweb (SPM)	30.0	35.7

The number of consumers affected by interruptions for every 100 customers (Customer Interruptions, or CI) was as follows:

Number of interruptions (No.)	2024	2023
Scottish Power Distribution (SPD)	31.40	33.00
Scottish Power Manweb (SPM)	27.30	33.80

On 2 August 2024, Iberdrola signed an agreement to acquire 88% of the English electricity company Electricity North West (ENW), which distributes electricity to nearly five million customers in the north-west of England and operates 60,000 km of electricity distribution networks. Following completion of the transaction in October 2024, the company is still seeking to obtain regulatory clearance, with the takeover expected to occur in the first half of 2025.

2.2.1.3 United States

– **Distribution:**

In the United States, the IBERDROLA Group manages 2.3 million electricity supply points. The volume of energy distributed during the year reached 37,643 GWh, marking a 1.3% increase compared to the 2023 financial year, which recorded 37,174 GWh.

	2024	2023	Change (%)
Central Maine Power (CMP)	9,316	9,314	0.02
NY State Electric & Gas (NYSEG)	15,984	15,734	1.6
Rochester Gas & Electric (RG&E)	7,354	7,184	2.4
United Illuminating Company (UI)	4,989	4,942	1.0
Total electrical distribution (Gwh) (1)	**37,643**	**37,174**	**1.3**

(1) At power plant busbars

The Customer Average Interruption Duration Index (CAIDI) is as follows:

CAIDI (h)	2024	2023
Central Maine Power (CMP)	1.96	1.74
NY State Electric & Gas (NYSEG)	1.90	1.96
Rochester Gas & Electric (RG&E)	1.64	1.70

UI's System Average Interruption Duration Index (SAIDI), which is the regulatory indicator that applies in Connecticut, is as follows:

SAIDI (mins)	2024	2023
United Illuminating Company (UI)	42.60	42.80

Average number of interruptions per customer (System Average Interruption Frequency Index, or SAIFI) is as follows:

SAIFI	2024	2023
Central Maine Power (CMP)	1.83	1.82
NY State Electric & Gas (NYSEG)	1.30	1.29
Rochester Gas & Electric (RG&E)	0.83	0.71
United Illuminating Company (UI)	0.61	0.58

The slight increase in some of the previously mentioned indices (SAIDI, CAIDI, and SAIFI) compared to 2023 is primarily attributed to a rise in the number of storms in Maine (CMP) and New York (RG&E) that do not fall within the regulatory framework (”rate case”) as they are not classified as “major storms” or “minor storms”.

– **Gas**

AVANGRID supplies gas to more than 1.1 million supply points. By the end of 2024, 61,517 GWh of gas had been distributed, representing a 2.7% increase over the previous year.

	2024	2023	Change (%)
NY State Electric & Gas (NYSEG)	14,685	14,927	(1.6)
Rochester Gas & Electric (RG&E)	15,388	15,733	(2.2)
Maine Natural Gas (MNG)	6,865	5,570	23,2
Berkshire Gas (BGC)	2,894	2,858	1.3
Connecticut Natural Gas (CNG)	10,982	10,499	4.6
Southern Connecticut Gas (SCG)	10,703	10,313	3.8
Total gas distribution (GWh)	**61,517**	**59,900**	**2.7**

2.2.1.4 Brazil

NEOENERGIA supply points amount to 16.6 million. The volume of electricity distributed amounted to 80,922 GWh, up 3.3% compared to the same period of the previous year.

	2024	2023	Change (%)
Neoenergia Coelba	27,181	26,526	2.5
Neoenergia Cosern	6,618	6,468	2.3
Neoenergia Pernambuco	18,141	17,403	4.2
Neoenergia Elektro	21,334	20,280	5.2
Neoenergia Brasilia	7,648	7,664	(0.2)
Total electrical distribution (Gwh) (1)	**80,922**	**78,341**	**3.3**

(1) At power plant busbars.

The average interruption time per customer (*duração equivalente de interrupção por unidade consumidora*, DEC) was as follows:

DEC (h)	2024	2023
Neoenergia Coelba	10.24	10.74
Neoenergia Cosern	8.30	7.62
Neoenergia Pernambuco	10.97	11.31
Neoenergia Elektro	6.45	7.33
Neoenergia Brasilia	5.04	7.01

The average number of interruptions per customer (*freqüencia equivalente de interrupção por unidade consumidora*, or FEC) also saw an improvement on the previous year for all distributors:

FEC	2024	2023
Neoenergia Coelba	4.09	4.98
Neoenergia Cosern	2.96	3.23
Neoenergia Pernambuco	4.55	5.16
Neoenergia Elektro	3.49	3.73
Neoenergia Brasilia	3.80	4.74

Efforts to enhance supply quality have led to improvements over 2023 levels, with all distributors meeting the regulatory standards in this area.

2.2.2 *Electricity production and retail*

By the end of 2024, IBERDROLA's consolidated installed capacity had decreased by 6,319 MW compared to 2023. This change reflects the installation of 2,357 MW and the sale or retirement of (8,676) MW, resulting in a consolidated capacity of 54,687 MW at the EBITDA level. Of this total, 84.0% (45,928 MW) consists of renewable and nuclear power sources, up from 71.7% in 2023.

By countries	31.12.2024			31.12.2023			Chg. Consolidated MW
	Consolidated in EBITDA terms	Managed by investees (*)	Total 2024	Consolidated in EBITDA terms	Managed by investees (*)	Total 2023	
Spain	31,523	250	31,773	30,559	250	30,809	964
United Kingdom	2,981	15	2,996	2,987	15	3,002	(6)
United States	9,948	595	10,543	9,182	491	9,673	766
Mexico	2,600	0	2,600	11,197	0	11,197	(8,597)
Brazil	3,289	1,123	4,412	3,272	1,123	4,395	17
IEI	4,346	0	4,346	3,809	0	3,809	537
Total power (MW)	**54,687**	**1,983**	**56,670**	**61,006**	**1,879**	**62,885**	**(6,319)**

(*) Includes the proportional part of MW.

Figures are rounded.

By technology	31.12.2024			31.12.2023			Chg. Consolidated MW
	Consolidated in EBITDA terms	Managed by investees (*)	Total 2024	Consolidated in EBITDA terms	Managed by investees (*)	Total 2023	
Renewables	**42,751**	**1,728**	**44,479**	**40,564**	**1,624**	**42,188**	**2,187**
Onshore wind	20,298	450	20,748	20,435	450	20,885	(137)
Offshore wind	2,230	143	2,373	1,754	39	1,793	476
Hydroelectric (**)	11,977	1,123	13,100	11,980	1,123	13,103	(3)
Mini hydroelectric	234	0	234	244	0	244	(10)
Solar and other (***)	7,784	12	7,796	5,940	12	5,952	1,844
Batteries	228	0	228	211	0	211	17
Thermal	**11,936**	**255**	**12,191**	**20,442**	**255**	**20,697**	**(8,506)**
Nuclear	3,177	0	3,177	3,177	0	3,177	0
Gas combined cycles	7,654	204	7,858	16,131	204	16,335	(8,477)
Cogeneration	1,105	51	1,156	1,134	51	1,185	(29)
Total Group power (MW)	**54,687**	**1,983**	**56,670**	**61,006**	**1,879**	**62,885**	**(6,319)**

(*) Includes the proportional part of MW.

(**) This includes 118 MW from hydroelectric power stations managed by the Networks business in the United States.

(***) Solar capacity measured in MWdc.

Figures are rounded.

Consolidated electricity production in 2024 amounted to 129,080 GWh, which is 20.2% lower than the production recorded in 2023. Of the total, 80% of the EBITDA-level production was emission-free, comprising 102,747 GWh from renewable and nuclear sources.

By countries	31.12.2024			31.12.2023			% chg Consolidated
	Consolidated in EBITDA terms	Managed by investees (*)	Total 2024	Consolidated in EBITDA terms	Managed by investees (*)	Total 2023	
Spain	61,515	525	62,040	60,637	625	61,262	1.4
United Kingdom	7,264	15	7,279	7,448	10	7,458	(2.5)
United States	24,172	615	24,787	22,797	529	23,326	6.0
Mexico	19,136	0	19,136	56,797	0	56,797	(66.3)
Brazil	8,957	2,267	11,224	8,004	5,650	13,654	11.9
IEI	8,036	0	8,036	6,101	0	6,101	31.7
Total Group production (GWh)	**129,080**	**3,422**	**132,502**	**161,784**	**6,814**	**168,598**	**(20.2)**

(*) Includes the proportional part of GWh.

Figures are rounded.

By technology	31.12.2024			31.12.2023			% chg Consolidated
	Consolidated in EBITDA terms	Managed by investees (*)	Total 2024	Consolidated in EBITDA terms	Managed by investees (*)	Total 2023	
Renewables	**80,158**	**3,182**	**83,340**	**72,980**	**6,568**	**79,548**	**9.8**
Onshore wind	43,724	851	44,575	43,409	891	44,300	0.7
Offshore wind	5,783	39	5,822	5,073	0	5,073	14.0
Hydroelectric	23,654	2,267	25,921	18,405	5,650	24,055	28.5
Mini hydroelectric (**)	429	0	429	402	0	402	6.7
Solar and other (***)	6,496	25	6,521	5,613	27	5,640	15.7
Batteries	72	0	72	78	0	78	(7.7)
Thermal	**48,922**	**240**	**49,162**	**88,804**	**246**	**89,050**	**(44.9)**
Nuclear	22,589	0	22,589	23,784	0	23,784	(5.0)
Gas combined cycles	19,658	5	19,663	59,154	6	59,160	(66.8)
Cogeneration	6,675	235	6,910	5,866	240	6,106	13.8
Total Group production (GWh)	**129,080**	**3,422**	**132,502**	**161,784**	**6,814**	**168,598**	**(20.2)**

(*) Includes the proportional part of GWh.

(**) Includes 211 MW from Hydroelectrical facilities managed by the Networks business in the United States.

(***) Solar capacity measured in MWdc.

Figures are rounded.

2.2.2.1 Spain

Renewable capacity and production

At year-end 2024 IBERDROLA had an installed renewable capacity, consolidated at EBITDA level, of 22,384 MW in Spain, with the following breakdown:

	2024	2023	Change MW
Onshore wind	6,351	6,351	0
Hydroelectric (*)	10,823	10,826	(3)
Mini hydroelectric	234	244	(10)
Solar and other (**)	4,937	3,951	986
Batteries	39	19	20
Total power (MW)	**22,384**	**21,391**	**993**

(*) Includes the 1,158 MW in Portugal of the Tâmega Hydroelectric Plant (Gouvaes 880 MW, Daivões 118 MW and Alto Tâmega 160 MW).

(**) Solar capacity measured in MWdc.

The following facilities have been derecognised as part of the divestment process:

- 10 MW of mini-hydroelectric power under the ordinary regime; and
- 3 MW of hydropower in the Júcar basin sold.

Solar photovoltaic capacity increases with the installation of 986 MW with the following details:

	MW
Fuendetodos	125
Caparacena	330
Ciudad Rodrigo	111
Velilla	40
Tagus	380
Total	**986**

The Ciudad Rodrigo plant in Salamanca will have 316 MW and the Velilla plant in Palencia 350 MW.

Battery capacity was up 20 MW, following the addition of the Santiago Jares (5 MW) and Valdecañas (15 MW) plants.

In relation to ongoing projects:

- In the wind power sector, the dismantling of existing turbines has commenced for the repowering of the Molar del Molinar site (50 MW) in Albacete, while work continues on the Valdemoro evacuation facility (50 MW) in Burgos. Additionally, progress is being made on the construction of the Finca San Juan (17 MW) wind farm in Tenerife and the El Escudo (105 MW) site in Cantabria.
- In hydroelectric power, efforts to restore the pumping capacity of the Sil-Jares system are ongoing, increasing storage capacity to 2,900 MWh. Furthermore, the rehabilitation of Group 3 at Torrejón and Group 1 at Valdecañas is progressing, adding a further 5,000 MWh.

The trend in consolidated production by technology is as follows:

	2024	2023	% chg Consolidated
Onshore wind	9,336	10,341	(9.7)
Hydroelectric	20,159	15,460	30.4
Mini hydroelectric	429	402	6.7
Solar and other	3,150	2,873	9.6
Total production (GWh)	**33,074**	**29,076**	**13.8**

- Onshore wind power production reached 9,336 GWh during the period, down by 9.7% compared to 2023, as a result of lower wind resources.
- Hydroelectric production totalled 20,159 MW, up 30.4% on the previous year due to the increase in water resources, better use of pumping and the contribution of the new Gouvaes and Daivoes plants.
- Mini-hydroelectric production reached 429 GWh, a 6.7% increase over the previous year.
- Solar energy production totalled 3,150 GWh for the year, marking a 9.6% rise due to the commissioning of new facilities.

Thermal capacity and production

Meanwhile, thermal capacity installed in Spain decreased by 29 MW in cogeneration compared to 2023, bringing the total down to 9,139 MW. The breakdown by technology is as follows:

	2024	2023	Change MW
Nuclear	3,177	3,177	0
Gas combined cycles	5,695	5,695	0
Cogeneration	267	296	(29)
Total power (MW)	**9,139**	**9,168**	**(29)**

In 2024, production amounted to 28,441 GWh. The breakdown by technology is as follows:

	2024	2023	Change (%)
Nuclear	22,589	23,784	(5.0)
Gas combined cycles	4,449	6,452	(31.0)
Cogeneration	1,403	1,325	5.9
Total production (GWh)	**28,441**	**31,561**	**(9.9)**

IBERDROLA's thermal production fell by 9.9% during the 2024 financial year compared to the same period last year. Nuclear power station output decreased by 5.0%, combined cycle plants reduced production by 31.0%, and cogeneration increased output by 5.9%.

Retail supply

The portfolio under management in Spain comprised 23,336 million contracts at the end of 2024. The breakdown is as follows:

	No. of contracts
Electricity contracts	10,309
National gas contracts	1,286
Contracts for products and services	11,741
Total	**23,336**

By market type, the categories are:

	No. of contracts
Free market	19,705
Last resort	3,632
Total	**23,337**

Electricity sales by IBERDROLA (at power station busbars) rose by 3.4% in 2024.

	2024	2023	Change (%)
Free market	65,362	65,183	0.3
PVPC	6,739	6,535	3.1
Other markets	15,344	14,599	5.1
Electricity sales (GWh)	**87,445**	**86,317**	**1.3**

IBERDROLA managed a gas balance (without deducting shrinkage) in 2024 of 2.72 bcm, of which 0.82 bcm was sold in wholesale operations, 1.00 bcm was sold to end customers and 0.90 bcm was used for electricity production.

2.2.2.2 United Kingdom

Renewable capacity and production

Consolidated installed capacity in the United Kingdom comes to 2,981 MW. The breakdown by technology is as follows:

	2024	2023	Change MW
Onshore wind	1,953	1,956	(3)
Offshore wind	908	908	0
Solar and other (*)	19	19	0
Batteries	101	104	(3)
Total power (MW)	**2,981**	**2,987**	**(6)**

(*) Solar capacity measured in MWdc.

During 2024, 3 MW of wind power and 3 MW from the Barnesmore BESS battery were taken offline.

Meanwhile, several projects continue to be developed:

- Development continues on onshore wind and solar photovoltaic projects that secured Contracts for Difference (CfDs) in the fourth auction round (AR4) held in 2022. Several projects are under construction: Cumberhead West (113 MW) and Hagshaw Hill Repowering (80 MW), both in southern Lanarkshire, Scotland. The decommissioning of the Hagshaw Hill wind farm (16 MW) was completed in 2023, making way for repowering work to commence. A third project also awarded a CfD in the fourth auction round is the Kilgallioch Extension (51.3 MW) in Ayrshire, which is expected to begin commercial operations by the end of 2025. Following this is the Arecleoch Extension (74 MW), currently moving into the contract award and construction phases, with commercial operations expected to start by the end of 2026.

- In battery storage, key contracts have been signed for the Harestanes BESS (50 MW) project, with work progressing as planned, aiming for commercial operation in the first quarter of 2025.

In the UK, the renewable energy business is currently developing offshore wind projects, including those in the East Anglia region of England and secured sites in Scotland.

- At East Anglia 3, following a contract for differences obtained in the fourth round of UK auctions, construction is ongoing, with offshore work getting under way in the last quarter of 2024. The manufacturing of monopiles and converters, along with work on the installation of the high-voltage direct current (HVDC) cable, is also progressing. A section of the project (EA3B) was submitted to the sixth auction of contracts for differences (AR6) and secured 159 MW, complementing the rest of the project, which will provide three revenue streams: a CfD awarded in AR4, a PPA with Amazon, and a CfD awarded in AR6.

- The East Anglia 2 project was successful in the sixth round of UK auctions, securing a contract for differences for 963 MW. Furthermore, this project has recently reached the final investment decision (FID) phase, with all contracts already finalised.

- Key engineering and design work for East Anglia 1 North (approximately 800 MW) is advancing in preparation for future auctions.

- Lastly, after securing seabed leases in the ScotWind auction in 2022, the three offshore wind projects with a combined capacity of 7 GW are progressing. These include two large-scale floating projects in partnership with Shell (MarramWind at 3 GW and CampionWind at 2 GW) and a fixed foundation project (MachairWind at 2 GW). Progress is being made on the environmental impact study for this project, while the process of obtaining the necessary permits has begun for MarramWind and CampionWind.

The trend in consolidated production, terms of EBITDA, was as follows:

	2024	2023	% chg Consolidated
Onshore wind	4,066	3,599	13.0
Offshore wind	3,190	3,844	(17.0)
Solar and other	8	5	60.0
Total production (GWh)	**7,264**	**7,448**	**(2.5)**

- Onshore wind power production increased by 13.0%, reaching 4,066 GWh, mainly due to improved wind resources.
- Offshore wind production, from the West of Duddon Sands and East Anglia 1 wind farms, decreased by 17.0% to 3,190 GWh, primarily due to restrictions with an export cable, which were resolved at the beginning of October.

Retail supply

The portfolio under management in the United Kingdom totalled 7.3 million contracts at the end of 2024, broken down as follows:

thousands of contracts	No. of contracts
Electricity contracts	2,539
National gas contracts	1,771
Contracts for products and services	320
Smart meters	2,713
Total	**7,343**

In terms of sales in 2024, 11,632 GWh of electricity and 18,548 GWh of gas were supplied to customers, reflecting a 21.0% decrease in electricity and a 1% increase in gas compared to 2023. This change is attributed to lower average demand caused by milder weather and a reduced customer base.

(*) Electricity sales measured in power plant busbars. Gas sales without deducting shrinkage.

2.2.2.3 United States

Renewable capacity and production

Consolidated installed capacity in the United States comes to 9,312 MW. The breakdown by technology is as follows:

	2024	2023	Change MW
Onshore wind	7,809	7,809	0
Hydroelectric	118	118	0
Solar and other (*)	1,372	606	766
Batteries	13	13	0
Total power (MW)	**9,312**	**8,546**	**766**

(*) Solar capacity measured in MWdc.

Power variations over the year were as follows:

- Photovoltaic solar power was up 766 MW: Modules have been installed at the following solar photovoltaic plants:
    - Bakeoven in Oregon, with 27 MW of its planned 80 MW completed, reaching commercial operation in April 2024;
    - The final 5 MW of the Montague plant in Oregon have been installed, and it began commercial operation in April 2024;
    - The Daybreak farm, at 189 MW, also in Oregon, is fully complete and began commercial operation in October 2024;
    - In Texas, the True North solar park now has 322 MW installed, is fully completed, and is set to begin operations in December 2024;
    - The installation of 202 MW at Powell Creek in Ohio has also been completed.
    - Finally, in California, the construction of the 57 MW Camino project is now complete, with 21 MW installed during the year.

In relation to ongoing projects:

In the onshore wind sector, construction progresses at the Pontotoc project (148 MW) in Oklahoma, and work has started on the Osagrove Flats project (153 MW) in Illinois. Additionally, repowering efforts are underway at the Juniper Canyon (136 MW) site in Washington and Leaning Juniper IIA (98 MW) in Oregon.

In Ohio, the construction of the Powell Creek wind farm (202 MW) continues, with module and transmission line installation completed. Commercial operations are expected to commence in 2025.

Furthermore, construction has begun on the Tower wind farm (166 MW) in Oregon.

In offshore wind:

- Construction on Vineyard Wind 1, an 806 MW project that is 50% owned by Iberdrola, is ongoing off the coast of Massachusetts.During the year, 65 MW were installed, bringing the total to 143 MW by 31 December 2024.
- The New England Wind 1 project (formerly known as Park City) was selected with 791 MW as part of Massachusetts' offshore wind Request for Proposal (RFP). It has secured all necessary federal permits from the Bureau of Energy Management, along with other permits required for construction.
- Furthermore, the sale of Kitty Hawk North was finalised in October 2024, with Avangrid retaining ownership and associated rights to Kitty Hawk South.
- Lastly, Avangrid secured two seabed lease areas with a potential capacity of up to 3 GW at the Gulf of Maine auction held in October 2024.

Consolidated production by technology and its trend during the year was as follows:

	2024	2023	% chg Consolidated
Onshore wind	18,749	18,523	1.2
Hydroelectric	211	245	(13.9)
Solar and other	1,256	807	55.6
Batteries	72	78	(7.7)
Total production (GWh)	**20,288**	**19,653**	**3.2**

- Onshore wind power production reached 18,749 GWh, 1.2% higher than in the year 2023.
- Solar technology production reached 1,256 GWh, marking a 56% increase due to the commissioning of new projects (Bakeoven, Daybreak, and True North).
- Hydroelectric production has fallen by 14%, reaching 211 GWh.
- Fuel cells produced 72 GWh.

In the United States, the renewable business operates the 636 MW Klamath cogeneration plant. Production in 2024 was as follows:

Production (GWh)	2024	2023	Change (%)
Cogeneration	3,884	3,144	23.5

2.2.2.4 Mexico

Renewable capacity and production

At the end of the year, Mexico's installed renewable capacity stood at 1,232 MW, down 103 MW due to the Venta III wind farm, which is due to be sold to Mexico Infrastructure Partners (MIP) under the terms of the agreement.

	2024	2023	Change MW
Onshore wind	590	693	(103)
Solar and other (*)	642	642	0
Total power (MW)	**1,232**	**1,335**	**(103)**

(*) Solar capacity measured in MWdc.

Consolidated production by technology and its trend during the year was as follows:

	2024	2023	% chg Consolidated
Onshore wind	1,623	1,604	1.2
Own use	1,579	1,394	13.3
For third parties	44	210	(79.0)
Solar and other	1,124	1,239	(9.3)
Total production (GWh)	**2,747**	**2,843**	**(3.4)**

Onshore wind power production reached 1,623 GWh, a 1.2% increase compared to 2023, due to the Santiago wind farm being operational for the entire year.

Solar technology generated 1,124 GWh, representing a 9.3% decrease, primarily due to reduced solar resources.

Thermal capacity and production

In Mexico, thermal capacity at year-end 2024 came to 1,368 MW, with the following breakdown:

	2024	2023	Change MW
Gas combined cycles	1,166	9,660	(8,494)
CCGT – own use	1,166	2,617	(1,451)
CCGT – third parties	0	7,043	(7,043)
Cogeneration	202	202	0
Total power (MW)	**1,368**	**9,862**	**(8,494)**

The decrease in capacity results from the agreement reached with Mexico Infrastructure Partners, which involved transferring 8,494 MW of combined cycle facilities.

Thermal production in 2024 reached 16,389 GWh, a 69.6% decrease from the same period the previous year, largely due to the previously mentioned sale transaction:

	2024	2023	Change (%)
Gas combined cycles	15,001	52,557	(71.5)
CCGT – own use	8,890	12,836	(30.7)
CCGT – third parties	6,111	39,721	(84.6)
Cogeneration	1,388	1,397	(0.6)
Total production (GWh)	**16,389**	**53,954**	**(69.6)**

Retail supply

Electricity sales for the 2024 financial year fell to 22,905 GWh, a decrease of 59.7% compared to 2023. Details are as follows:

	2024	2023	% chg
CFE	6,154	39,963	(84.6)
Private	16,751	16,862	(0.7)
Electricity sales (GWh)	**22,905**	**56,825**	**(59.7)**

2.2.2.5 Brazil

Renewable capacity and production

	2024	2023	Change MW
Onshore wind	1,554	1,554	0
Hydroelectric	1,036	1,036	0
Solar and other (*)	149	149	0
Total power (MW)	**2,739**	**2,739**	**0**

(*) Solar capacity measured in MWdc.

No new facilities were added in 2024.

Consolidated production by technology and its trend during the year was as follows:

	2024	2023	% chg Consolidated
Onshore wind	5,339	4,976	7.3
Hydroelectric	3,284	2,700	21.6
Solar and other	247	243	1.6
Total production (GWh)	**8,870**	**7,919**	**12.0**

- Onshore wind production increased by 7.3% to 5,339 GWh vs. 2023, driven by higher average operating capacity at the Oitis wind farm.
- Hydroelectric production rose to 3,284 GWh, 21.6% higher than in 2023, thanks to the asset swap with Eletrobras in the previous financial year, which optimised the generation portfolio and achieved 100% ownership of Dardanelos.
- Solar photovoltaic production reached 247 GWh, a 2% increase, with the Luzia Solar Complex operating for the entire year in 2023.

Thermal capacity and production

Generation power in Brazil, which comes from the Termopernambuco gas combined cycle facility, is 550 MW; the plant produced 87 Gwh in 2024. The plant was modernised, increasing its power output by 17 MW to 550 MW capacity.

Retail supply

Electricity sales for the 2024 financial year fell to 12,673 GWh, a decrease of 23.7% compared to 2023. Details are as follows:

	2024	2023	% chg
PPA	7,150	11,128	(35.7)
Free market	5,523	5,481	0.8
Electricity sales (GWh)	**12,673**	**16,609**	**(23.7)**

2.2.2.6 Iberdrola Energía Internacional (IEI)

Renewable capacity and production

Iberdrola Energía Internacional's installed renewable capacity came to 4,103 MW, 537 MW more than in 2023.

By technology, installed capacity is as follows:

	2024	2023	Change MW
Onshore wind	2,041	2,072	(31)
Offshore wind	1,322	846	476
Solar and other (*)	665	573	92
Batteries	75	75	0
Total power (MW)	**4,103**	**3,566**	**537**

(*) Solar capacity measured in MWdc.

The increase in capacity corresponds to the following facilities:

- Onshore wind power capacity decreased by 31 MW in total:
    - In Romania, the divestment of Eolica Dobrogea, the owner of the Mihai Viteazu wind farm (80 MW), was completed; and
    - in Australia, at the Flyers Creek wind farm, the final 49 MW of its 146 MW capacity were installed, thus completing the assembly and energisation of the wind turbines.
- In the offshore wind sector, all the turbines for the Baltic Eagle project in Germany were installed.
- In photovoltaic solar technology, 92 MW were installed.
    - In Italy, 33 MW were installed for the Tarquinia projects, which have already started commercial operations, and 3 MW for the Limes 10 and 15 projects, which will eventually total 54 MW; and
    - In Germany, a total of 56 MW was installed at the Boldekow project.

In relation to ongoing projects:

- Wind power:
    - France recently held a regulated onshore wind power auction, resulting in the award of the Sévigny project, which has a capacity of 17 MW.
    - Construction has started on the Támega wind power project in northern Portugal, with an impressive capacity of 274 MW. This project is located in the districts of Vila Real and Braga and uniquely integrates wind and operational hydroelectric power.

- Meanwhile, work has commenced on the Gatza project in Greece, which will provide 23 MW of wind energy.

- Solar photovoltaic:
  - In Germany, construction continues on the Boldekow solar photovoltaic project in Mecklenburg-Western Pomerania, which will generate 56 MW;
  - Progress is also being made in Italy on the Fenix project in Sicily, which boasts a capacity of 243 MW.
  - A recent regulated photovoltaic auction in France resulted in the award of the Maubec project, adding 8.5 MW to the country's solar capacity.
  - In Australia, construction has begun on the Broadsound PV project in Queensland, which has a substantial capacity of 381 MW.
- Offshore wind projects:
  - In Germany, the Windanker project, with a capacity of 315 MW, has started manufacturing monopiles.
  - Development on Australia's Aurora Green project is ongoing, which has a feasibility licence for an estimated 3 GW capacity awarded in 2024. Current activities involve processing environmental permits and studying seabed conditions under exclusive development rights; the geophysical survey kicked off in January 2025.

Installed wind power capacity by country is as follows:

Onshore wind	2024	2023	Change MW
Australia	1,025	976	49
Greece	415	415	0
Hungary	158	158	0
France	118	118	0
Portugal	92	92	0
Poland	213	213	0
Romania	0	80	(80)
Cyprus	20	20	0
Total power (MW)	**2,041**	**2,072**	**(31)**

Installed photovoltaic capacity by country is as follows:

Solar photovoltaic	2024	2023	Change MW
Germany	56	0	56
Australia	352	352	0
Greece	6	6	0
Portugal	185	185	0
Italy	65	30	35
Total power (MW)	**664**	**573**	**91**

Renewable production totalled 7,915 GWh at year-end, up 31% on 2023.

- Onshore wind power production rose by 5.6%, primarily due to the commissioning of Flyers Creek (146 MW) in Australia, along with Podlasek (15.5 MW) and Wolka Dobrynska (34.5 MW) in Poland.
- Offshore wind power production (France and Germany) increased by 111%, boosted by the addition of new capacity at the Saint Brieuc farm in France and Baltic Eagle in Germany.
- Solar photovoltaic production reached 711 GWh for the period, up from 446 GWh in 2023, thanks to the launch of new capacity in Australia, Italy, and Portugal.

	2024	2023	% chg
Onshore wind	4,611	4,366	5.6
Offshore wind	2,593	1,229	111.0
Solar and other	711	446	59.4
Total production (GWh)	**7,915**	**6,041**	**31.0**

In Australia, there is an additional 243 MW of thermal power, which generated 121 GWh in 2024, up from 60 GWh in 2023.

2.3. Business performance

2.3.1 Analysis of the Income statement

Key figures for 2024 results, in millions of euros, are as follows:

	2024	2023	Change (%)
Revenue	44,739	49,335	(9.3)
Gross income (1)	23,876	23,302	2.5
EBITDA (2)	16,848	14,417	16.9
EBIT (3)	9,729	8,973	8.4
Net profit for the period attributable to the parent	5,612	4,803	16.8

(1) Gross Income: Revenue - Supplies.

(2) EBITDA: Operating profit + Depreciation, amortisation and provisions + Valuation adjustments on trade receivables and contract assets.

(3) EBIT: Operating profit.

In 2024, the IBERDROLA Group reported EBITDA of EUR 16,848 million, up 17%. Without considering the negative exchange rate effect of EUR 93 million, it would have risen by 18%.

The financial results for the year are influenced by several significant effects related to:

- asset rotation:
    - the capital gain from the sale of Mexican power plants amounted to EUR 1,717 million at the EBITDA level and EUR 1,165 million in net profit;
    - the sale of the development of the Kitty Hawk offshore wind farm in the United States yielded a capital gain of EUR 77 million at the EBITDA level and EUR 46 million in net profit;
    - Baixo Iguaçú's classification as held for sale had an impact of EUR 51 million at the EBITDA level and EUR 27 million in net profit;
- valuation adjustments and write-downs:
    - for property, plant, and equipment, provisions totalling EUR 1,444 million were posted, largely relating to the onshore wind business in the United States (EUR 1,313 million), along with other smaller valuation adjustments adding up to EUR 131 million. There were also write-downs amounting to EUR 55 million and in investments accounted for using the equity method, provisions totalling EUR 103 million were posted. Overall, the impact on net profit was EUR 1,017 million;
- efficiency measures related to the allocation for staff exit plans reached EUR 111 million at the EBITDA level and EUR 84 million in net profit.

All countries contributed positively to net profit growth, except for the United States, which was affected by the provision posted for its onshore wind business, and Brazil, impacted by impairment at Baixo Iguaçú and the positive effect of a EUR 225 million hydroelectric asset exchange in 2023, which affects the comparison between both periods.

The parent company's net profit for the year increased by EUR 809 million, which is 16.8% higher than in 2023. Without the negative impact from a EUR 70 million exchange rate effect, the increase would have been 18.3%, bringing it to EUR 5,612 million.

Without considering these factors, net profit would have fallen by EUR 82 million, or 15.1%, to EUR 5,530 million.

The year's performance was primarily underpinned by the improvement in Spain and the United Kingdom.

- In Spain, performance was very positive, despite a significant drop in pool prices during the first quarter, followed by a partial recovery later in the year. This situation, coupled with heightened competition, necessitated efforts to maintain the fixed-price customer portfolio, putting downward pressure on their sales prices. However, these impacts were more than offset by improved supply costs, driven by increased hydroelectric production, particularly from pumped-storage, and more economical market purchases. Also, lower taxes, largely due to favourable court rulings and reduced sales taxes, further compensated for the pressure.

- In the United Kingdom, improvements in Network rates, Renewable prices, and contributions from ENW have managed to offset the impact of the EA1 cable failure and the comparison effect from SVT's cost recovery in 2023. However, intense market competition has led to a reduction in market share.

- In the United States, the provision in the onshore wind sector was partially mitigated by increases in rates in New York, better renewable prices, a strong performance from the Klamath combined cycle during the Arctic Blast storm, and the sale of Kitty Hawk North.

- Mexico benefits from the capital gains realised from selling assets within the perimeter of companies sold to MIP.

- In Brazil, negative trends are influenced by the classification of Baixo Iguaçú as held for sale. The Distribution and Transmission segment shows positive growth, although Termopernambuco contributes a lower margin with its new capacity contract compared to the previous PPA.

- Iberdrola Energía Internacional is strengthened by the launch of the St. Brieuc and Baltic Eagle offshore wind farms and increased capacity in other countries.

2.3.1.1 Gross income

Gross income came to EUR 23,876 million, up EUR 574 million, or 2.5%, compared to the figure reported in 2023. Stripping out the adverse exchange rate effect of EUR 130 million, this figure would be an improvement of EUR 704 million (3%) over 2023.

Gross income by country subholding is as follows:

	2024	2023	Change (%)
Spain	8,979	8,897	0.9
United Kingdom	4,836	4,729	2.3
United States	5,311	4,868	9.1
Mexico	635	1,131	(43.9)
Brazil	3,178	3,078	3.2
IEI	928	670	38.5
Corporation and adjustments	9	(71)	112.7
Total gross income	**23,876**	**23,302**	**2.5**

Gross income grew by 2.5% 2024, following an improvement in supplies, which fell by 20% compared to 2023 and included a positive impact of EUR 101 million from the Special Tax on Hydrocarbons (*céntimo verde*), while revenues fell to a lesser extent, to 9.3% below those of the previous year.

- In Spain, gross income increased by EUR 82 million, 0.9% higher than in 2023. The increase in Gross Income has been driven by a rise in manageable renewable production (4.7 TWh), including pumped storage, along with lower procurement costs, which have more than compensated for reduced prices and a 5.0% decline in nuclear production due to market conditions.

- In the United Kingdom, gross income also grew, contributing an additional 2.3%, or EUR 107 million. This is largely due to increased contribution made by the network business under the new ED2 regulatory framework and rising demand. However, higher production and improved prices in onshore wind power have been offset by two significant factors: the recovery of the 2022 rate deficit in the 2023 financial year (EUR 369 million) and an operational issue at the East Anglia 1 wind farm, which has been resolved.

- In the United States, gross income was up EUR 443 million on financial year 2023. The rise chiefly stems from greater contributions from rate cases, especially in New York, alongside increased input from the renewable sector, thanks to higher prices and enhanced contributions from flexible generation and renewable production.

- In Brazil, gross income improved by 3.2% in 2023, amounting to an increase of EUR 100 million. This was mainly due to better contributions from the distribution business, driven by higher demand and improved rates. The transmission business benefited positively from an extraordinary negative effect recorded in 2023, which stemmed from negative adjustments to the construction margin due to delays and cost overruns.

- In Mexico, gross income fell by 44%, amounting to EUR 496 million less than 2023. This decline was impacted by the transaction in Mexico and the deconsolidation of assets sold, as they only contributed to the margin until the sale date of 26 February 2024.

- Countries grouped under IEI increased their contribution by 39%, or EUR 258 million, compared to the previous year. This increase was driven by a 31.0% rise in production, primarily from the gradual commissioning of the Saint Brieuc offshore wind farm, which has been fully operational since May, coupled with increased average operational capacity in onshore wind power in Poland (+35%), Australia (+9%), and Greece (+7%).

2.3.1.2 Gross operating profit – EBITDA

Consolidated EBITDA was up EUR 2,431 million (+17%) to EUR 16,848 million, compared to EUR 14,417 million in 2023. The net effect of exchange rates fluctuations had a positive impact EUR 93 million. Without this effect, it would have grown by 16%.

Contributions by country subholding were as follows:

	2024	2023	Change (%)
Spain	6,268	5,810	7.9
United Kingdom	3,331	3,353	(0.7)
United States	2,280	2,066	10.4
Mexico	2,147	795	170.1
Brazil	2,265	2,123	6.7
IEI	707	438	61.4
Corporation and adjustments	(150)	(168)	(10.7)
Gross operating profit - EBITDA	**16,848**	**14,417**	**16.9**

EBITDA growth in 2024 was mainly driven by the improvement in Spain and the United States, in addition to the effect of the aforementioned divestments of the plants in Mexico and the Kitty Hawk project in the United States.

In addition to the gross income performance, the variables behind the EBITDA performance are as follows:

- **Net operating expenses**

Net operating expenses by country subholding are as follows:

	2024	2023	Change (%)
Spain	1,457	1,384	5.3
United Kingdom	946	941	0.5
United States	2,414	2,223	8.6
Mexico	(1,520)	330	(560.6)
Brazil	907	949	(4.4)
IEI	207	220	(5.9)
Corporation and adjustments	51	89	(42.7)
Net operating expenses	**4,462**	**6,136**	**(27.3)**

The heading Net operating expenses increased by EUR 1,674 million to EUR 4,462 million (EUR 6,136 million in 2023). The exchange rate effect had a negative impact of EUR 50 million in the comparison. The change, without the exchange rate effect, EUR 1,624 million, would be 28%.

The main impacts are those arising from the asset rotation described above, which resulted in a net decrease in net operating expenses of EUR 1,744 million, and the efficiency measures, which increased them by EUR 111 million.

If these effects were factored in, net operating expenses would have been 0.7% lower, at EUR 6,095 million.

- **Taxes**

Taxes other than income tax by country subholding are as follows:

	2024	2023	Change (%)
Spain	1,255	1,703	(26.3)
United Kingdom	559	435	28.5
United States	617	578	6.7
Mexico	8	6	33.3
Brazil	6	7	(14.3)
IEI	13	12	8.3
Corporation and adjustments	108	7	1,442.9
Taxes	**2,566**	**2,748**	**(6.6)**

Taxes other than income tax increased by EUR 182 million, to EUR 2,566 million. The exchange rate effect had a negative impact of EUR 13 million. Without this effect, the figure would have been EUR 195 million lower.

The increase is a product of several counteracting effects:

- Positive effects arising from judgments: EUR 183 million due to the ruling on the 2016–2021 social bonus for Iberdrola Clientes and EUR 79 million from the refund of the hydro levy for 2022; EUR 155 million from lower expenses arising from the reduction in remuneration from the price of gas (RDL 17/2021); EUR 114 million owing to the lower amount of the temporary energy levy; and EUR 173 million due to the registration of the Social Bonus and energy efficiency measures, mainly following a reduction in the unit cost.

- Negative impacts: EUR 253 million following the resumption of the Tax on the Value of Electricity Production (IVPEE); the increase of EUR 73 million due to the higher hydroelectric levy resulting from increased production; EUR 89 million in relation to the UK Windfall Tax (EGL), which captures 45% of revenues above £75/MWh for generation subject to ROC; EUR 23 million due to an increase in the Enresa levy; and EUR 85 million in other taxes.

2.3.1.3 Net operating profit – EBIT

EBIT totalled EUR 9,729 million, 8% up on 2023 (EUR 8,973 million). Without considering the negative exchange rate effect of EUR 24 million, the increase would have been 9%.

The breakdown by subholding company, expressed in millions of euros, is as follows:

	2024	2023	Change (%)
Spain	4,317	4,281	0.8
United Kingdom	2,256	2,169	4.0
United States	(578)	595	(197.1)
Mexico	2,028	651	211.5
Brazil	1,591	1,436	10.8
IEI	317	214	48.1
Corporation and adjustments	(202)	(373)	(45.8)
Operating profit – EBIT	**9,729**	**8,973**	**8.4**

- **Valuation adjustments, trade and contract assets**

Provisions for trade receivables and contract assets amounted to EUR 471 million, EUR 147 million lower than in 2023 (EUR 618 million).

- **Amortisation, depreciation and provisions**

Depreciation and amortisation increased by EUR 305 million (+6.5%) to EUR 5,012 million, mainly due to the Group's growth and the increased asset base.

Impairment and write-off provisions on non-financial assets were up EUR 1,479 million, as described earlier.

Compared to 2023, “Other Provisions” increased by EUR 38 million.

2.3.1.4 Net finance income

Net finance income/(expense) has improved by EUR 612 million, reaching EUR 1,575 million, compared to EUR 2,187 million in 2023, with the breakdown of the variation as follows:

	2024	2023	Change
Gains/(losses) on debt	(2,239)	(2,299)	60
Other non-debt finance income	664	112	552
Total	**(1,575)**	**(2,187)**	**612**

The change can be largely explained by:

- Debt was down EUR 60 million: EUR 57 million due to the depreciation of the Brazilian real against the euro and EUR 55 million due to a reduction in the average cost, despite a EUR 52 million increase as a result of the higher average balance.
- The remaining items show an improvement of EUR 552 million, with EUR 280 million resulting from better outcomes in exchange rate hedges, mainly related to the Mexican peso, offset in terms of taxation, and EUR 272 million due to increased capitalised financial expenses and other income, primarily interest arising from various judgements in Spain.

At 31 December 2024, the Group’s average borrowing costs stood at 5.02%, compared to 5.11% in the same period of the previous year (Note 29).

The average cost of adjusted net financial debt fell by 16 basis points to 4.81%, down from 4.97% in the same period of 2023, due to lower interest rates in Brazil. In this country, the effect of inflation on the debt position was offset by the operating profit of the distributors, which is pegged to inflation.

The average cost of adjusted net financial debt is calculated as the quotient of gains/(losses) on debt and the average balance of adjusted net financial debt.

The reconciliation of gains/(losses) on debt with the figures in the consolidated Income statement is as follows:

Gains/(losses) on debt	2024	2023
Finance expenses and similar financing expenses [1]	(2,454)	(2,373)
Finance expenses from lease liabilities [1]	(87)	(79)
Hedging cost of financing derivatives [2]	(37)	(41)
Finance income from hedging derivatives [3]	7	(3)
Income from placement of surpluses [3]	334	201
Net exchange differences in foreign currency for financing activities [4]	(2)	(4)
Total	**(2,239)**	**(2,299)**

(1) Note 44 of the consolidated financial statements.

(2) Notes 43 and 44 to the consolidated financial statements, included in the lines "Non-hedging derivatives and inefficiencies".

(3) Note 43 of the consolidated financial statements, included in the line "Finance income related to assets at amortised cost".

(4) Notes 43 and 44 to the consolidated financial statements, included in the lines "Exchange gains in foreign currency for financing activities" and "Exchange losses in foreign currency for financing activities".

The average balance of the adjusted net financial debt is calculated by weighting the number of days each debt operation remains active throughout the year. It thus includes the same items as those indicated in Note 22 to the financial statements, broken down as follows:

Average balance	2024	2023
Gross financial debt	51,663	49,017
Cash assets	(5,162)	(2,732)
Adjusted net financial debt	**46,501**	**46,285**

2.3.1.5 Profit/(loss) of equity-accounted investees

The heading "Profit/(losses) at equity-accounted investees" shows a loss of EUR 37 million, largely due to the impairment and write-downs recognised in 2024. The comparison between periods is affected by the recognition in 2023 of the positive result of the asset swap carried out in Brazil.

2.3.1.6 Net profit for the period attributable to the parent

Net profit/(loss) for the year amounted to EUR 5,612 million, up EUR 809 million (17%) on the previous year's total of EUR 4,803 million. The exchange rate effect was positive to the tune of EUR 70 million.

Corporate income tax expense was up by EUR 540 million to EUR 2,150 million, compared to 2023 (EUR 1,610 million). The main factors underlying this increase were as follows:

- a higher adjusted taxable income due to profits from companies accounted for using the equity method resulted in an increase in tax expense of EUR 349 million;
- the change by type and volume in profit before tax for the various countries, mainly due to the effect of the volume contributed by Mexico arising from the capital gain (with a nominal rate of 30%) and the increase in the nominal rate in the United Kingdom (from 23.5% to 25%) increased the tax expense by EUR 113 million;

- effects relating to deferred taxes in Mexico due to exchange rate fluctuations, inflation and the sale of assets in Mexico increased the tax expense by EUR 81 million;
- other effects were netted, yielding a net increase in taxes of EUR 3 million.

Non-controlling interests were down EUR 255 million to EUR 336 million, mainly due to asset provisioning at the onshore wind power business in the United States, which was carried out prior to the repurchase of the non-controlling interests.

3. Liquidity and capital resources

The principal objective of the IBERDROLA Group's financial management is to ensure a robust financial profile by strengthening the solvency and equity ratios typically tracked by credit rating agencies. It seeks to do so while optimising its liquidity position and managing financial risks accordingly and combining this with a sustainable shareholder remuneration policy.

3.1 Liquidity

The IBERDROLA Group had a strong liquidity position of EUR 19,303 million at the end of 2024 (Note 4 to the consolidated financial statements). Counting the financing operations signed after 31 December, this figure rises to EUR 20,222 million.

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 temporary financial investments (maturing at 3 to 12 months). These liquidity transactions were arranged with counterparties that have high credit ratings.

This liquidity position covers 22 months of financing needs in the base case and 15 months in the risk scenario.

3.2 Financial solvency

3.2.1 Credit rating of IBERDROLA's senior debt

Credit ratings by rating agency are as follows:

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.

3.2.2 Financial solvency ratios

The calculation of the financial solvency ratios is shown below:

		31.12.2024	31.12.2023
Adjusted FFO / Adjusted net financial debt [(1)]	%	22.9	23,2
Adjusted RCF / Adjusted net financial debt [(1)]	%	19.4	18,9
Adjusted net financial debt/Adjusted EBITDA	Times	3.40	3.32

[(1)] As shown in the table below.

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 and minority dividend payments – net flows from perpetual (hybrid) bonds.

Over the past 12 months, FFO amounted to EUR 11,836 million, up 7% on the same period of the previous year. Recurrent FFO was 10% higher, due to deduction from the previous year's figure of EUR 282 million relating to the recovery of the UK trade deficit.

These measures are calculated as follows (in millions of euros):

	31.12.2024	31.12.2023
Net profit for the period attributable to the parent	5,612	4,803
Net profit for the year from discontinued operations	19	21
Impairment losses, trade and other receivables	471	618
Amortisation, depreciation and provisions	6,648	4,826
Result of equity-accounted investees	37	(239)
Discounting to present value of provisions	184	177
Non-controlling interests	336	591
Dividends received	61	72
Amounts allocated to the Income statement – capital grants	(102)	(82)
Adjustment for tax-deductible items	(331)	156
Tax deductibility of goodwill	71	71
Social Bonus ruling	0	82
Funds from operations (FFO)	**13,006**	**11,096**
Asset rotation	(1,170)	0
Adjusted Funds from Operations (FFO)	**11,836**	**11,096**

	31.12.2024	31.12.2023
Adjusted Funds from Operations (FFO)	11,836	11,096
Dividends paid	(1,832)	(2,072)
Adjusted retained cash flow (RCF)	**10,004**	**9,024**

	31.12.2024	31.12.2023
EBITDA	16,848	14,417
Exit plan	111	0
Asset rotation	(1,743)	0
Adjusted EBITDA	**15,216**	**14,417**

3.3 Capital funds

3.3.1 Leverage

Adjusted net financial debt at 31 December 2024 was up EUR 3,840 million to EUR 51,672 million, compared to EUR 47,832 million at 31 December 2023.

Adjusted net leverage rose by 1.24% to 45.44%, up from 44.20% during the same period in the previous year (see Note 22).

3.3.2 Debt structure

Note 22 to the consolidated financial statements provides a reconciliation between the headings of the consolidated Statement of financial position and the various debt aggregates referred to in this section 3 of the consolidated Management Report.

The structure by interest rate and currency of the debt classified under “Bank borrowings, debentures or other marketable securities” after hedging is shown in Note 29.

In accordance with the policy of minimising the Company’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:

	31.12.2024	31.12.2023
Bond market – EUR	22.80 %	22.10 %
Bond market – USD	19.40 %	19.50 %
Bond market – GBP	3.80 %	4.90 %
Bond market – BRL	6.40 %	6.00 %
Bond market other currencies	1.90 %	0.50 %
Commercial paper	10.00 %	9.60 %
Multilateral and development banks	20.90 %	16.40 %
Structured financing	0.10 %	0.50 %
Leases and other	5.00 %	5.40 %
Bank loans and credit facilities	9.70 %	15.10 %
Total	**100.00 %**	**100.00 %**

The IBERDROLA Group has a comfortable debt maturity profile, with the average maturity of its adjusted gross financial debt standing at six years. The maturity profile of the IBERDROLA Group’s debt classified under “Bank borrowings, bonds or other marketable securities” at year-end 2024 is shown in Note 29.

The average maturity of bank borrowings, bonds and other marketable debt securities is calculated pro rata to the maturity date of the long-term debt instruments, thus excluding short-term transactions.

This information is obtained mainly by making the following adjustments to the maturity profile in Note 29:

- Issues of domestic commercial paper (USCP) and Euro Commercial Paper (ECP) (Note 29).
- Drawdowns on credit facilities (Note 29).
- Unpaid accrued interest (Note 29).
- Derivatives on treasury shares: swaps on treasury shares, put options sold and accumulators (Note 22).

Furthermore, during the first year, surplus cash is considered to be used to repay maturities.

3.4 Working capital

Working capital was down EUR 3,757 million from the December 2023 figure, largely due to the derecognition of assets and liabilities held for sale, partially offset by trade accounts, inventories and a higher balance of derivatives.

- the increase in inventories improved working capital by EUR 437 million and is mainly due to the fact that they included a total of EUR 652 million in 2023 following the disbursements made for the construction of the East Anglia Three Limited (EA3) transmission line, which was subsequently sold to an OFTO (Offshore Transmission Owner); in 2024 they included the transmission line built by East Anglia Hub for a total of EUR 1,181 million;
- the change in derivatives, mainly commodity derivatives, led to an improvement of EUR 445 million in working capital.
- meanwhile, assets and liabilities held for sale decreased working capital by EUR 3,416 million, mainly due to the write-offs related to the Mexico transaction following completion of the sale, offset by the increase in new assets and liabilities held for sale;
- current financial investments reduced working capital by EUR 409 million, largely due to the decrease in collateral required for business operations in the markets;
- the reduction of the general government item produced a negative impact of EUR 474 million; and
- the net effect of other items reduced working capital by EUR 340 million.

	31.12.2024	31.12.2023	Change
Assets held for sale	404	4,720	(4,316)
Nuclear fuel	318	278	40
Inventories	2,987	2,550	437
Trade and other current receivables	9,162	8,906	256
Other current financial assets	1,155	1,564	(409)
Derivative financial instruments – assets (1)	769	635	134
Public entities	1,615	1,133	482
Current assets	**16,410**	**19,786**	**(3,376)**
Liabilities linked to assets held for sale	197	1,097	(900)
Provisions	795	920	(125)
Derivative financial instruments – liabilities (2)	532	843	(311)
Trade payables, other current financial liabilities and other current liabilities	11,500	10,739	761
Public entities	2,591	1,635	956
Current Liabilities	**15,615**	**15,234**	**381**
Net working capital	**795**	**4,552**	**(3,757)**

(1) Not including cash and cash equivalents or debt derivative assets related to financial transactions (Note 22).

(2) Not including financial debt or debt derivative liabilities related to financial transactions (Note 22).

4. Main risks and uncertainties

The IBERDROLA group has implemented a comprehensive risk control and management system, designed in line with international best practices. Detailed information about the licence, including its components, taxonomy and agents, is available in sections 8.1.1-8.1.4 of the 2024 Annual Corporate Governance Report of Iberdrola, S.A.

The primary risks and uncertainties faced by the Group are outlined below. The IBERDROLA Group currently regards these risks as significant for making informed investment decisions. However, the Group is also exposed to other risks that could arise in the future. The categories and risk factors within each category are not listed in order of importance.

Sensitivities in this section are shown in annual terms (following 12 months). Section 8.1.5 of the Iberdrola, S.A. 2024 Annual Corporate Governance Report details the main risks that emerged during 2024.

The key risks were prioritised during the Group's Capital Markets Day in March 2024 as follows:

The “Risk factors and mitigation measures” section of the Integrated Report offers further details on some of the risks mentioned below. Notable overarching risks include the reputational impact of various risk categories and regulatory non-compliance.

Note 45 provides details of contingent liabilities, Note 46 offers information on guarantees given to third parties, and Note 11 describes litigated assets.

Lastly, the IBERDROLA Group has a property development business that is subject to the risks inherent to such activity.

4.1 Credit risk

The Group faces risks associated with the potential failure of a counterparty to fulfil its contractual obligations, leading to financial or economic loss. These include settlement and replacement cost risks, as well as risks related to volatility in exchange rates, interest rates, and inflation, alongside those affecting solvency and liquidity.

The Group has established specific policies to manage these risks. Note 27 of the financial statements provides detailed information on the Group’s pension plans.

4.1.1 Credit risk

The IBERDROLA Group is exposed to the credit risk arising from the possibility that counterparties (customers, suppliers, financial institutions, partners, insurers, etc.) fail to comply with contractual obligations, including settlement and replacement cost risk

Risk is properly managed and limited, depending on the type of transaction and the creditworthiness of counterparties. A Corporate Credit Risk Policy establishes the framework and guiding principles for effectively managing risk both before and during the exposure period. This policy is tailored to each business and country, detailing admission criteria, approval processes, authority levels, rating tools, exposure measurement methodologies, and procedures for monitoring compliance with limits.

With regard to credit risk on trade receivables from electricity and gas retail supply activity in the liberalised market, the historical cost of defaults has remained close to 1% of total turnover of this activity across all countries in which it is carried out.

In the Networks businesses in Spain and the United Kingdom, no energy is supplied, and in the Networks businesses in the United States and Brazil, in general, the costs of arrears are recovered through rates.

4.1.2 Financial risks

a) *Interest rate risk*

The IBERDROLA Group is exposed to the risk of fluctuations in market interest rates affecting cash flows and the market value of debt in respect of items in the Statement of financial position (debt and derivatives). In order to adequately manage and limit this risk, each year the IBERDROLA Group determines the desired debt structure between fixed and variable, based on the structure of its EBITDA and decides on the best course of action to be taken during the year to achieve this: taking on new financing (at fixed, variable or indexed rates) and/or arranging interest rate derivatives.

Bank borrowings, bonds and other marketable securities arranged at floating interest rates and cash placements of the IBERDROLA Group are largely pegged to market rates (mainly Euribor, SONIA, SOFR and the IPCA CDI for the debt of the Brazilian subsidiaries).

The IBERDROLA Group also arranges derivatives to hedge interest rate risk on future financing. The volume of such derivatives arranged by the IBERDROLA Group at 31 December 2024 is described in Note 30 to the consolidated Financial Statements.

The Group's debt structure at 31 December 2024, after considering the hedge provided by the derivatives and the exposure to fluctuations in interest rates, is included in Note 29 to the financial statements.

b) *Currency risk*

Currency risk resulting from fluctuations in foreign currency rates compared to the functional currency can occur in the following scenarios:

- Collections and payments for supplies, services, equipment acquisition or commodities in currencies other than the operating currency.
- Income and expenses incurred by certain foreign subsidiaries indexed to currencies other than the operating currency.
- Debt and financial expense denominated in currencies other than the operating currency.
- Consolidated profit or loss of the foreign subsidiaries (mainly US dollar, pound sterling and Brazilian reais), since the IBERDROLA Group's reporting currency is the euro.
- Consolidated net equity value of investments in foreign subsidiaries.
- Expense for taxes in Mexico because the operating currency (United States dollar) differs from the currency for purposes of calculation of corporate tax (Mexican peso).

The IBERDROLA Group reduces this risk by:

- Carrying out all its economic flows in the operating currency of each Group company, provided that this is possible and economically viable and efficient, or otherwise through the use of financial derivatives.
- Financially hedging, as far as possible, the risk of transfer of earnings expected for the current year, thereby limiting the ultimate impact on Group earnings.
- Financially hedging, as far as possible, the exchange rate risk in the Mexican corporate tax, thereby limiting the ultimate impact on the earnings of Mexico and of the Group.
- Mitigating the impact on the consolidated net equity value of a hypothetical depreciation of currencies due to the Group's investments in foreign subsidiaries by maintaining an adequate percentage of foreign currency debt, as well as through financial derivatives.

The sensitivity of consolidated profit and equity to changes in the US dollar/euro, pound sterling/euro and Brazilian real/euro exchange rates is described in Note 4 to the financial statements. Detailed information on foreign currency debt is included in Note 29 to the financial statements.

c) *Liquidity risk*

The exposure to adverse situations in the debt or capital markets, liquidity requirements in clearing houses, or to events resulting from the IBERDROLA Group's economic and financial position might hinder or prevent the IBERDROLA Group from obtaining the financing required to properly carry on its business activities.

The Group's liquidity policy is designed to ensure that it can meet its payment obligations without having to rely on financing under unfavourable terms. To achieve this, various management strategies are employed, including maintaining a strong cash position and ensuring access to sufficient committed credit facilities in terms of amount, duration, and flexibility. The company also diversifies its financing sources by accessing different markets and geographical regions, and it spreads out the maturities of its issued debt.

Cash and cash equivalents, liquid assets, short-term investments and loans and receivables are shown in Note 4 to the consolidated financial statements.

d) *Solvency risk*

The IBERDROLA Group faces the risk of its financial situation getting worse and leading to a downward revision of the credit rating assigned by rating agencies, which may make financing more expensive or unavailable.

In order to mitigate this risk, the IBERDROLA Group continuously monitors the solvency and equity ratios most commonly followed by rating agencies as well as the risks that may have an impact on those ratios in order to anticipate or undertake actions aimed at correcting possible instances of non-compliance.

Moreover, communication is active with investors and rating agencies in order to explain the performance of financial indicators and their deviations, if any.

e) *Other indexing processes*

Risks may also arise from other indexing processes (inflation, industrial metal prices, etc.), which are often included in contracts for the acquisition of equipment or construction materials for projects or new facilities, and where fluctuations in the reference or other index may affect the total cost of supply.

In a bid to mitigate this effect, use may be made of market risk hedging mechanisms and/or financial derivatives arranged in highly probable transactions.

4.2 Market and business risk

The Group encounters risks linked to key business variables, such as demand trends, product portfolio positioning and management, natural resources, competition, and the uncertainty created by price volatility in essential areas like electricity, gas, and raw materials.

The Group has a presence in the regulated segments of electricity transmission and distribution in Spain, the United Kingdom (through ScottishPower), the United States (through AVANGRID) and Brazil (through NEOENERGIA). In the United States, the Group also has a presence in the natural gas distribution sector. In the United States and Brazil, services are also provided to customers who benefit from the regulated rate.

The IBERDROLA Group operates in the renewables generation sector, mainly in Spain, the United States, the United Kingdom, Mexico, Brazil, Australia and other countries, as well as operating thermal generation assets in Spain, Mexico and Brazil. The Group also has back-up plants for its renewable business in the United States and Australia.

The IBERDROLA Group has a retail supply business of electricity and gas to end customers in Spain, the United Kingdom, Mexico, Brazil, Australia and other countries.

4.2.1 Networks business

The Group targets its activity in this segment on assets under long-term concessions, in addition to electricity transmission assets awarded in competitive auctions, as is the case at NECEC (AVANGRID) and certain assets in Brazil.

The regulations of each country in which the IBERDROLA Group's networks businesses operate establish frameworks, which are regularly revised, that set pre-defined remuneration tariffs. These frameworks include diverse incentives and penalties, such as for efficiency, service quality and default management (in the latter case, at AVANGRID and NEOENERGIA). Any structural and significant changes to the aforementioned regulations may represent a risk for said businesses. Regulatory litigation may arise from time to time, in addition to the uncertainty related to the terms under which tariffs are revised.

In general, the profitability of the IBERDROLA Group's network businesses is not exposed to demand risk, except for the Brazilian subsidiaries.

The IBERDROLA Group's network businesses in Spain and in the United Kingdom do not sell energy, so they are not exposed to any market risk associated with energy prices.

The Group's network businesses in Brazil and some networks subsidiaries of AVANGRID in the United States sell energy to regulated customers at a previously approved tariff. In the case of prudent procurement management in line with the provisions established by the regulator, the regulatory frameworks in both countries guarantee that sums will be collected in subsequent tariff readjustment revisions for possible purchase price deviations from those previously recognised in the tariff.

That being said, in the case of extraordinary events (extreme drought in Brazil, catastrophic storms in the United States, etc.), occasional temporary imbalances between payments and collections may arise with an impact on the cash on hand of some of these businesses and potentially on profits recognised under IFRS.

In addition, the Network businesses face risks associated with the non-recognition of investments, uncertainty with regard to the terms and conditions for renewal of concessions, non-recovery of finance costs and, lastly, regulated revenues de-indexed from inflation (particularly in Spain).

a. Spain

The business manages 11.5 million supply points. The current regulatory model is based on Electricity Industry Law 24/2013 of 26 December, as further implemented by various CNMC circulars. The model is based on recognised historical investment (at 31 December 2014) financially remunerating capital for depreciation and certain operation and maintenance costs, which are increased by investments. The total remunerated investment amount increases annually with the new investments made. Quality incentives and losses (technical and commercial) are added to this. Remuneration is also set for other regulated activities required for the activity, such as reading, subscription, structure, etc. Neither the remuneration nor the asset base are currently revised annually for inflation.

On 20 November 2019 the remuneration rate applicable in the upcoming six-year regulatory period 2020-2025 was set and published in the Official Spanish Gazette (*Boletín Oficial del Estado* – BOE) (WACC 5.58%, before tax, nominal). On 19 December 2019 the methodology applicable in that period was established and published in the BOE. The Ministry for Ecological Transition and the Demographic Challenge initiated a round of consultations at the end of 2024. These aim to update the rate of remuneration from 2026, along with the remuneration methodology and the investment limit, which is currently linked to GDP.

It should be noted that the remuneration for 2017, 2018, 2019 and 2020 is currently under appeal by the Group. Since 2021, there has been no officially published remuneration, which is settled on a provisional basis. This activity is also overseen by the Markets and Competition Commission (CNMC), which conducts inspections to verify the recognition of costs and investments incurred.

b. United Kingdom

The group operates in the United Kingdom through its subsidiary Scottish Power, Ltd., which manages the following licences, comprising 3.6 million supply points:

- SP Distribution PLC (SPD) and SP Manweb PLC (SPM).
- SP Transmission PLC (SPT).

The framework of remuneration for electricity transmission and distribution activities in the United Kingdom takes the form of a price control model based on recognised cost of capital (WACC), asset depreciation, and operating and maintenance costs, plus an incentive which is obtained if performance is better than the regulatory standard, and which the companies share (in part) with subscribers.

The current regulatory model for SPD , SPM and SPT is based on the RIIO-2 framework (RIIO ED2 for SPD and SPM and RIIO T2 for SPT). Recognised ROE after tax (in real terms) is 5.49% for SPD and SPM and 4.76% for SPT. The SPT revision (RIIO T2) is valid from April 2021 to April 2026. The SPD and SPM revision (RIIO ED2) is valid from April 2023 to March 2028.

The regulator (OFGEM) also establishes incentives/penalties for safety, environmental impact, consumer satisfaction, social obligations, connections and quality, which may have an effect on the Income statement.

In October 2024, ScottishPower completed the acquisition of 88% of Electricity North West (ENW). ENW operates in a region of strategic interest to IBERDROLA, located geographically between ScottishPower's two existing licences. ENW supplies electricity to around five million people through approximately 60,000 kilometres of distribution lines. A consortium of investors led by Kansai will partner with ScottishPower, retaining 12% of ENW's shares. The Iberdrola Group expects to gain approval for the transaction from the Competition and Markets Authority (CMA) during the first half of 2025. ENW's overall risk profile is expected to be similar to Scottish Power's current regulated business.

c. United States

The IBERDROLA Group operates in the United States through its listed subsidiary AVANGRID, which in turn has the following subsidiary networks companies (which manage 2.30 million electricity supply points and 1.10 million natural gas supply points):

Company	State	Rate case	ROE
New York State Electric & Gas (NYSEG)	New York	3-year rate case in force since 1 May 2023	9.2%
Rochester Gas and Electric (RG&E)	New York	3-year rate case in force since 1 May 2023	9.2%
Central Maine Power (CMP)	Maine	Annual rates effective from 1 July 2023, valid until July 2025	Distribution 9.35% Electricity transmission 10.57%*
United Illuminating (UI)	Connecticut	Rates which apply as from 1 September 2023	Distribution 9.1% (although in the first year it is lowered to 8.63%) Electricity transmission 10.57%*
Maine Natural Gas Corporation (MNG)	Maine	10-year rates effective until 2026.	9.55%
Connecticut Natural Gas (CNG)	Connecticut	1-year rates starting in December 2024	9.15%
Southern Connecticut Gas (SCG)	Connecticut	Rates for 1 year effective December 2024	9.15%
Berkshire Gas (BGC)	Massachusetts	Rates fixed until November 2025.	9.7%

* The ROE calculation method for the transmission business is being revised by the FERC.

Companies carrying on regulated business in the United States are exposed to risks associated with the regulations of a number of federal regulatory bodies (FERC, CFTC, DEC) and state commissions, responsible for establishing the regulatory frameworks for the various companies subject to regulation (tariffs and other conditions).

The distributors' tariff plans have been designed to reduce the risk to which the business is exposed through mechanisms for deferral, reconciliation and provisions for costs. Regulated distributors pass on the costs of gas and electricity to end customers, thereby mitigating any impacts of fluctuations in demand.

d. Brazil

The IBERDROLA Group operates in Brazil through its listed subsidiary NEOENERGIA, which in turn has the following subsidiary networks companies (80.9 TWh in energy distributed in 2024), managing approximately 16.6 million supply points:

Company	State	WACC
Neoenergia Elektro	São Paulo and Mato Grosso do Sul	7.42%
Neoenergia Coelba	Bahía	7.42%
Neoenergia Pernambuco	Pernambuco	7.15%
Neoenergia Cosern	Rio Grande do Norte	7.42%
Neoenergia Brasilia	Federal District	7.15%

Neoenergia Pernambuco's next rate review is scheduled for April 2025, with its concession contract set to expire in March 2030. Neoenergia Brasilia's review will occur in October 2026, with the contract expiring in June 2042, and Neoenergia Elektro is due for review in August 2027, with expiration in August 2028. For Neoenergia Coelba and Neoenergia Cosern, the rate review is scheduled for April 2028, although their contracts expire in August 2027 and December 2027, respectively. ANEEL is currently preparing an addendum to extend the distributors' concession contracts, which are set to expire in the next few years, and this extension is expected to be signed in 2025. Brasilia is not among Neoenergia's distributors pending rate review approval, as its contract was renewed in 2015.

The tariff review framework for electricity distribution activity in Brazil is based on a cost revision model for purposes of recognition in tariffs. Tariffs are adjusted on an annual basis by means of monetary correction.

The Brazilian regulatory framework for tariff reviews is based on a system of price caps that is revised every four or five years, depending on each company's concession contract, with tariffs being revised annually by the regulator based on predetermined parameters. Neoenergia Coelba, Neoenergia Cosern and Neoenergia Brasilia have a five-year review term, while Neoenergia Pernambuco and Neoenergia Elektro both have four-year review terms.

Brazilian legislation applicable to the regulated electricity distribution business establishes two types of costs: i) "Plot A", which includes the costs of energy, transmission and other obligations and regulatory charges, which can be recovered through tariffs ("pass through") and ii) "Plot B", which includes remuneration for investment and the costs of operation and maintenance (calculated using a reference model).

ANEEL also acknowledges other smaller incentives to minimise default and impairment of service quality and customer satisfaction that can affect the Income statement.

Pursuant to current legislation, electricity distribution companies transfer the cost of supplying electricity to the end customer through the regulated tariff, provided the energy contracted is between 100% and 105% of the demand required.

The liberalisation process is subject to change from January 2024, with a full opening to medium and high-voltage customers, as there will no longer be a minimum demand requirement. Starting January 2026, low-voltage consumers are expected to have access to the free energy market, with this market to open up fully in subsequent years.

4.2.2 Production and customer supply activities

The IBERDROLA Group operates in the renewables production sector, mainly in Spain, the United States, the United Kingdom, Mexico and Brazil, as well as other countries (notably Australia, France and Germany). This segment includes hydroelectric, wind (onshore and offshore) and photovoltaic generation, as well as storage (pumping and batteries) technologies.

The IBERDROLA Group also has a wide array of thermal production plants in Spain and Mexico, and a single plant in Brazil. There are also back-up plants for its renewable business in the United States and Australia.

Lastly, the IBERDROLA Group is present in the retail supply of electricity and gas to end customers in Spain, the United Kingdom, Mexico, Brazil, Australia and other countries.

Market risk

Market prices for electricity, both wholesale and retail, are closely correlated with the prices of fuel (predominantly gas) and of the emission allowances needed to produce electricity. These prices are subject to uncertainty (varying according to the structure of each country's electricity market and its regulation). Forward electricity prices are further influenced by projections of new generation plants coming on stream and of increases or decreases in future reserve capacity.

The margin of the generation and commercial segments is subject to the risk of the spread between the price obtained (either from customers in the case of retail sales or from the markets in the case of wholesale sales) and the cost of production. In the case of sales to customers, the uncertainty in the margin is strongly influenced by the greater or lesser degree of competition between retail suppliers.

The IBERDROLA Group's exposure to market risk is low overall, due to:

- A significant portion of its renewable production is sold at a long-term fixed regulated rate, such as the East Anglia and Wikinger PPAs and ACR contracts in Brazil. Further, some of the generation benefits from regulatory support mechanisms, like ROCs in the United Kingdom and CELs in Mexico, which provide greater assurance of recovering the investment.
- Energy that does not have a regulated tariff is sold to end customers in Spain, the United Kingdom, Mexico, Brazil, the United States and Australia. Energy is sold at fixed or indexed prices, alongside other services, for delivery within the usual time frames of the retail markets of the countries in which it operates. The offsetting of risk positions between generation and customer sale activities therefore offers a natural risk-hedging mechanism. The remaining risk is mitigated through wholesale market transactions (through physical transactions and derivatives).
- Of particular note is the high percentage of long-term fixed-price contracts for the sale of energy which the Group has in AVANGRID and Australia.
- In new investments, incentives are provided for sale at regulated prices or the signing of long-term fixed-price PPAs.

- Centralised management of positions by a specialised area (Energy Management), including the sale and purchase of surpluses and shortfalls.

In those markets where there is not enough uncommitted own production (Italy, France, Germany), Energy Management supplies electricity and gas to the retail activity at wholesale market prices (hourly or forward) in accordance with the usual practices of each of the countries.

Business risks

- Natural resource: the Group's renewable energy businesses may be exposed, to a greater or lesser extent, to resource risk (mainly hydro and wind and, to a lesser extent, solar):
    - In the medium to long term, years with lower than average water and/or wind resources are offset by years with above-average overall resources. As a consequence of climate change, structural changes of the hydrological resource may be seen in the long term.
    - The risk of water scarcity in a given year largely affects Spain, and to a lesser extent Brazil.
    - The risk of wind resources in a given year affects all countries in which the Group operates. At global level, the Group considers that this annual risk is partially mitigated by the large number of wind farms in operation and their geographical diversification.
- Promotion: the Group has major renewable projects under construction and development in the different countries in which it operates. In the particular case of offshore wind projects, it must be highlighted that they require large investments subject to complex proceedings and may entail the writing off of investments made prior to the making of the final decision.
- Evolution of demand: stemming from temperature factors (largely affected by global warming), the general economic situation, energy efficiency measures, electrification of the economy, etc.

It should be noted that supplementary discretionary trading activities are limited to certain countries only, are small-scale in nature and their overall risk is limited by individual stop-loss limits, the aggregate sum of which may never exceed the maximum limit of 1% of the expected consolidated net profit. IBERDROLA has maintained low levels of discretionary trading in recent years in line with the widespread move away from market speculation.

a. Spain

The Group currently has an installed capacity of renewable energy in Spain of 6,351 MW of wind power, 10,823 MW of hydroelectric power, 4,937 MWdc of photovoltaic power and 234 MW of mini-hydro power. In Spain, the Group also has 9,139 MW of installed capacity in conventional generation, of which 3,177 MW are nuclear power, 5,695 MW combined cycles and 267 MW co-generation. The sales volume of the free-market retail supply business in Spain amounted to 65.4 TWh of electricity in 2024. Additionally, the last resort rate retail supply subsidiary supplied 6.7 TWh of electricity.

Additional information on risks related to nuclear activity in Spain is provided in section 4.3.

Hydroelectric production risk

Despite having a large water storage capacity in Spain, the Group's annual results depend significantly on annual rainfall contributions. The production variation between dry and wet years, compared to the average reference value, can be estimated as follows (considering that in the medium to long term, dry years are typically offset by wet years):

	GWh	Millions
Downward variability	-4,000	-210
Upward variability	+5,000	+260

Regulatory framework for wind and mini-hydroelectric

The wind and mini-hydro capacity installed by the Group prior to 2013 was subject to a specific remuneration regime in accordance with Law 24/2013 and Royal Decree 413/2014. Said regime, combining market income and a supplement per MW, guarantees reasonable profitability before taxes to the plants, which was set at 7.398%. Royal Decree-Law 17/2019 was approved in late 2019, extending the value of reasonable profitability through to 2031. Facilities built prior to 2004 have zero supplement per MW.

In accordance with Royal Decree 413/2014:

a. at the end of each regulatory half-period of three years, various remuneration parameters for standard facilities are reviewed, including price estimates for the following three years, as well as past prices. This is done by calculating whether the set limits (bands) have been exceeded in the past three years; and
b. the existing plants were segmented based on various criteria such as commissioning year and size, and they were assigned standard investment values, useful regulatory life, peak factor, O&M expenses and hours.
c. In order to qualify for investment remuneration, wind farms have to meet a minimum number of operating hours.

Renewable plants commissioned after 2013 either only receive market income (or PPA agreements) or had to participate in bids (which took place in 2016 and 2017) to access the Specific Remuneration Regime described above. The production of hydroelectric power plants is not regulated by Royal Decree 413/2014.

In 2019, the Government and nuclear generators agreed on a scheduled closure plan for Spanish nuclear plants. The agreement initially provided guarantees on the recoverability of investments required until the last day of the useful life of the plants, thus allowing for the rational and safe running of the plants through to the end of the decade. However, in 2024 the government raised the decommissioning fees for nuclear power plants.

Natural gas and CO_2 price risk

Given the current market conditions, the production price of the combined cycle plants defines, to a large extent, the price of electricity in Spain since combined cycles provide the marginal technology necessary to cover electricity demand. As a result, both the price of gas and the cost of CO2 emission allowances significantly influence the expected outcomes in the following way:

Reference gas price	Change	Operating lessor
47.50 €/MWh	5%	EUR ±32 million

Reference CO2 price	Change	Operating lessor
EUR 73/t	5%	EUR ±9 million

Demand risk

Given the current market conditions, it is believed that fluctuations in demand over the course of a year do not affect the market's marginal technology. Consequently, prices are mainly determined by the production costs of combined cycle power stations. This applies both when these stations act as the marginal technology, accounting for 12% of the production mix, and when their costs serve as a benchmark for bids from manageable renewable sources. Since variations in demand do not significantly alter the marginal technology, a 1% change in demand has a minimal impact on market prices, estimated at around 0.25 euros per MWh.

A moderate drop in demand in Spain does not affect the scheduled output of the Group's nuclear, hydroelectric and wind power plants, since there is a mandatory electricity market in Spain guaranteeing the efficient dispatch of output from all generation technologies.

Nevertheless, there is an impact if a drop in electricity demand may entail an equivalent reduction in the Group's retail sales (and the loss of the associated margin), mitigated to some extent by increasing sales of own energy on the wholesale market. This same effect of loss of margin on retail sales can be seen in the demand for gas.

Taking both effects into account, the following sensitivity is estimated, for both electricity and gas.

Change MW	Impact
1%	EUR ±15 million

b. United Kingdom

The Group currently has an installed capacity of renewable energy in the United Kingdom and Ireland of 1,953 MW in onshore wind farms and 908 MW in offshore wind farms in operation, including an interest of 50% in West of Duddon Sands (389 MW) and 60% in the East Anglia 1 offshore wind farm (714 MW). In addition, 19 MWdc of photovoltaics and 101 MW of batteries are operated. In 2024, retail energy supply sales reached 11.6 TWh of electricity and 18.5 TWh of gas.

The bulk of the Group's onshore wind farms currently in operation, as well as West of Duddon Sands, were developed under current Renewables Obligation legislation. Under such legislation, the total revenues obtained reflect the price of the energy produced (at market) and the sale of associated Renewables Obligation Certificates (ROCs).

UK regulations require that electricity suppliers meet ROC delivery date requirements per MWh sold that are 10% more than are expected to be available on an annual basis, and determine the price at which the rest must be bought, which in practice amounts to setting a reference price of the ROCs.

For facilities commissioned subsequent to 1 April 2017 (for onshore wind farms, those built from 12 May 2016), the revenue system is market-based, except for specific assets that have PPAs with large customers or that have opted for the "Contract for Difference" (CfD) remuneration scheme, which eliminates market risk for 15 years. This is the case with the East Anglia 1 (in operation), East Anglia 3 (currently under construction) and East Anglia 2 (recently awarded) offshore wind farms.

The fixed prices for the projects under the CfD scheme are established on a project-by-project basis through public tenders. The counterparty guaranteeing this price, The Low Carbon Contracts Company, finances its potential payments by imposing a levy on retail suppliers in accordance with their market share, and therefore credit risk vis-à-vis this counterparty is practically zero.

In the retail business, following the entry into force of the Domestic Gas and Electricity Act 2018, OFGEM publishes the maximum prices that retail suppliers may charge to end customers under the Standard Variable Tariff. These price caps have been updated quarterly since October 2022.

The IBERDROLA Group's margin is affected by changes in demand. In the UK, the impact of temperature on energy demand is important, mainly for household customers who use gas to warm their homes. In this regard, it is estimated that in a warm year, the actual customers' demand could be to the average values.

Electricity	Gas
-1.8%	-8.5%

c. United States

The IBERDROLA Group is present in the renewables business in the United States through its affiliate AVANGRID, which has an installed capacity of 7,809 MW in onshore wind farms and 1,372 MWdc in photovoltaic plants in operation, plus a further 636 MW in thermal power.

AVANGRID aims to secure more than 80% of its capacity through long-term PPAs and financial transactions to reduce volatility. At year-end 2024, approximately 76% of its capacity was sold through PPAs with an average term of 10 years, and a further 9% was secured by hedges.

Reference price	Change	Operating lessor
$ 52/MWh	5%	EUR ±13 million

Key projects in Avangrid's offshore wind portfolio include the Vineyard wind farm, which is under construction (806 MW, with a 50% stake), and the New England Wind 1 wind farm, recently awarded at auction (791 MW).

d. Brazil

In Brazil, through NEOENERGIA, the Group currently operates 1,554 MW of wind power and 247 MW of solar power. These assets have both long- and short-term contracts with local distributors and also engage in short- and long-term trading with free market consumers. For distributor contracts, any surplus or shortfall in contracted production is settled over four-year periods, requiring the sale or purchase of electricity at market prices, depending on the production balance.

In addition, in Brazil, the Group operates 2,159 MW of hydroelectric power stations (1,036 MW consolidated at EBITDA level and 1,123 MW managed at investee companies), with about 63% of their system-approved electricity supply (Physical Guarantees) sold to electricity distributors under long-term regulated contracts (PPAs).

Neoenergia has a combined cycle gas plant of 550 MW in the state of Pernambuco, with long-term purchase and sale agreements nearing maturity. In September 2024, an addendum was signed to maintain the same conditions guaranteed at the auction (498 MW) and to bring forward supply from July 2026 to October 2024.

Renewable energy without a PPA is sold through the Group's retail supplier in the free market. The outlook for 2025 suggests improved reservoir levels, leading to lower prices early in the year compared to late 2024. The risk is limited, thanks to sales already secured, ensuring a stable income.

e. Mexico

In Mexico, the Group is present in the segments of retail supply of electricity to large customers and renewable generation (590 MW in wind farms and 642 MWdc in solar plants) and gas (1,166 MW of combined cycles and 202 MW of cogeneration).

The electricity produced is supplied under two sales models: a) to third parties on a self-supply basis for renewable cogeneration plants and b) on the free market (selling both to third parties and directly on the organised market). Sales to third parties are made either at prices discounted from the official tariff published by the CFE or at prices reflecting production costs of the thermal power plants.

Following the sale of various generation assets in February 2024, Iberdrola Mexico will purchase production from four of the plants sold, by means of PPAs with varying terms.

Commodity price risk

The Group's thermal generation in México is gas-intensive. Gas prices are therefore an essential component of this risk. In 2025, approximately 59% of the electricity generated in Mexico or purchased under long-term agreements will be sold under long-term sales agreements to other major industrial customers and partners, thus passing on the risk associated with the purchase price of gas used in generating this electricity.

The remaining energy (both thermal and renewable) is sold to customers, either under self-supply or in the free market, at a price largely linked to the official basic supply tariffs published by the CFE. The Group's competitiveness in this case consists of obtaining a better price for the supply of gas than the cost used to define the CFE's basic supply tariff, for which hedging contracts are concluded to stabilise this price. After concluding the bulk of these hedges, in the event of an adverse scenario (high cost of gas relative to other energy commodities), the impact would amount to EUR 5 million in the 95th percentile.

Demand risk

The plants operating under a self-supply regime have non-binding sales commitments that exceed their production capacity. Consequently, a change in demand would not affect their operations or results, as any electricity generated would simply be sold to another customer. However, in sales to customers under the market regime, a change in demand would have a negative impact due to the difference between the sales price to customers and the wholesale market price, which would be the alternative market in which to sell the electricity produced.

Change MW	Impact
1%	EUR 2 million

Regulatory uncertainty in the Mexican electricity market

On 31 October 2024, a decree was published amending articles 25, 27, and 28 of the constitution concerning strategic areas and companies. Among the most significant changes is the transformation of CFE into a state-owned company. While private entities can engage in activities other than transmission and distribution, they will not take precedence over CFE. Moreover, the Government will oversee the planning and control of the electrical system through the public company, with the aim of "avoiding profit". The Congress of the Union has 180 days to make the necessary adjustments to the relevant secondary laws. The impact of this reform on the Iberdrola Group remains uncertain.

In addition, the Group is having to face an additional risk in Mexico due to the delays in registering customers for the new market scheme. This delay is preventing IBERDROLA from being able to supply these customers, meaning the energy must be sold on the market instead.

Sensitivity	Impact
Extension delays granting registrations	Up to EUR 20 million

f. International

By the end of the 2024 financial year, Iberdrola Energía Internacional had installed a renewable capacity of 4,103 MW. The installed capacity of large offshore wind projects is particularly significant:

- In Germany, the Group owns 51% of and operates the Wikinger (350 MW) and Baltic Eagle (476 MW) offshore wind farms. The Wikinger farm has a long-term contract under which it will receive a fixed price for the energy it produces over the first 12 years of operation. The Baltic Eagle wind farm has several long-term contracts that guarantee a fixed income.

- In France, the Group has the Saint Brieuc offshore wind farm (496 MW) in Brittany. This farm has a long-term contract that ensures a minimum income for 18 years, adjusted according to changes in labour costs and industrial production prices in France.

In addition to large offshore projects, the Group has an onshore installed capacity of 2,041 MW in wind farms and 665 MWdc in photovoltaic facilities. In Cyprus, France (mostly), and partially in Greece, Portugal and Hungary, income schemes are mainly regulated with variations but without exposure to price risk. In contrast, in Australia, Italy, Poland, and partially in Greece, Portugal and Hungary, there is market exposure.

In Australia, it should be noted that renewable assets earn substantial income from selling the green certificates they generate (LGCs), which are valued much higher than guarantees of origin in Europe. The risks associated with energy prices and green certificates are mitigated by selling energy and certificates through contracts of varying durations.

Projects under construction include the Windanker offshore wind farm (316 MW) in the Baltic Sea, where the Group holds a 51% interest. The wind farm has long-term contracts that ensure a minimum income.

They are currently operating The Group in Australia also avails of 75 MW ofin batteries and 243 MW ofin gas cycles in orderturbines to ensure supply in the event that renewable generation is not available.

4.3 Financial risks

The Group faces risks of direct or indirect financial losses caused by external events or due to errors or inadequate internal processes, which could affect the ability to appropriately respond to events impacting the continuity of priority processes.

The IBERDROLA Group is exposed to the following mainly operational risks, among others:

- technological failures, human error and technological obsolescence.
- the operation and construction of facilities, particularly extra costs and delays;
- sabotage and/or terrorism;

- procurement and supply chain issues, including risks from supplier concentration in certain segments;
- process errors;
- matural disasters and pandemics;
- operational resilience;
- those related to trading in markets

Given the configuration of the electricity sector's value chain, the IBERDROLA Group's activities might be affected by failures in third-party infrastructures and equipment, like transmission networks, competitors' generation plants, communications networks, etc.

The Group actively manages the supply chain by ensuring the availability of components and services essential for its investments and operations. This is achieved through framework agreements and securing contracts, leveraging its purchasing power. Risks related to suppliers are analysed in detail beforehand, adopting a holistic approach, as outlined in the "Policies and procedures" section of the "Activity Report on Purchasing and Supplier Management 2023–2024", available on the corporate website.

The operational component of many of these risks could involve damage or destruction to the IBERDROLA Group's facilities and financial losses, as well as injuries or losses to third parties or damage to the environment, along with the ensuing lawsuits. These risks become a greater concern in the event of power outages caused by incidents at our distribution networks, as well as possible penalties imposed by the authorities, and also in relation to the nuclear power plants partly owned by the Group in Spain.

Although many of these factors are unpredictable, the IBERDROLA Group mitigates these risks by carrying out the necessary investments, implementing operation and maintenance procedures and programmes (supported by quality control systems), planning appropriate employee training, and taking out the required insurance covering both material damages and civil liability.

In relation to insurance coverage, the IBERDROLA Group has international insurance programmes to protect assets (insurance for material damage, machinery breakdowns, loss of profits and damage due to natural disasters) and against the liability it may incur as a result of its activities (general civil liability, liability for environmental risks, etc.).

However, this insurance does not completely eliminate operational risk, since it is not always possible, or interesting from the viewpoint of efficiency, to pass such risk entirely on to insurance companies. In addition, coverage is always subject to certain limitations and, sometimes. to excesses.

Operational risk of nuclear power plants (Spain)

One of the main operational risks of these plants is unscheduled downtime (partially covered by a loss of profits insurance policy over and above an excess).

It should also be noted that nuclear power plants are exposed to specific risks to third parties derived from the operation thereof and from the storage and handling of radioactive material. The scope of this liability is established in Law 12/2011 of 27 May on civil liability for nuclear damage or damage caused by radioactive material, the entry into force of which on 1 January 2022 set the liability of nuclear power plant operators in the event of a nuclear accident at EUR 1,200 million. Such liability carries with it the obligation to provide financial protection in the amount and to the extent specified in the law, which is assured at the IBERDROLA Group by the contracting of a nuclear civil Liability insurance policy for each facility.

4.4 Technology and comprehensive security

The Group faces risks related to the effective management and operation of information technology (IT) and operational technology (OT). These include risks from adopting new technologies like artificial intelligence, security risks to facilities, physical assets, and information systems, including cybersecurity, and risks related to compliance with regulations, such as data protection. The Group has specific policies to address these risks.

Technology risks

This encompasses IT infrastructure, including networks, servers, and applications, as well as OT systems that control and monitor industrial processes. Failures in IT and OT can lead to operational disruptions, inefficiencies, and security vulnerabilities.

Physical security and cybersecurity

IBERDROLA Group companies are vulnerable to negative impacts related to the protection of facilities, infrastructure, and personnel from physical threats such as vandalism, sabotage, terrorism and theft. Failures in physical security can lead to service disruptions, financial losses, and reputational damage.

IBERDROLA Group companies may be affected by threats and vulnerabilities in connection with information, control systems or information and communications systems used by the Group, or by any consequences of unauthorised access to or the use, disclosure, degradation, interruption, modification or destruction of information or information systems, including the consequences of acts of terrorism.

The main risks are:

- Risks related to Operations Technology (OT), such as IT and communications systems used to manage industrial operations (production, management and distribution of energy) or other operating processes such as those related to physical safety (fire protection, CCTV, alarm reception centres) or intelligent buildings (lifts, climate control, etc.).
- Risks related to administration or customer interfaces (IT), especially breaches of the information they contain, under the umbrella of the General Data Protection Regulation (GDPR) in Europe and other countries, and the Group's classified information.
- Other cybersecurity risks having an impact on reputation.

The OT Cyber infrastructure of thermal generation and of the large hydroelectric power plants is set up to control and manage the operation of each plant from the Operation Control Centre (*Despacho Central de Operaciones,* DCO) in Spain and for other own local generation centres. The potential impact of a cyber-attack could put generation and the safety of the whole country's electrical system at risk.

The operating management of the Group's Networks Businesses is based on cyber infrastructures used to supervise and monitor physical electricity and gas transmission and distribution networks (with offices located in the Group's facilities) and the associated field devices. These devices may be located at the IBERDROLA Group's facilities (substations, transformer centres, etc.) or at customer facilities (meters). The potential impact of a cyber-attack could put at risk the energy supply to whole distribution areas of the Group and/or borderline areas operated by other suppliers.

In the particular case of wind farms (onshore or offshore) and photovoltaic plants, said facilities are connected to Supervision, Control and Data Acquisition systems ("SCADA") that communicate with Control Centres (CORE), from which said facilities can be monitored and controlled remotely. The global impact of a cyber-attack would affect said remote control capacity, putting operating safety at risk.

These risks are managed in accordance with the basic principles defined in internal rules promoting the safe use of IT and communications systems and other cyber assets, reinforcing detection, prevention, defence and response capabilities regarding possible attacks.

The IBERDROLA Group currently has specific insurance against cyber risks, under the terms allowed by the insurance market, which is revised and updated periodically in view of the rapid evolution and wide variety of cyber risks.

Within the IBERDROLA Group, training, awareness and compliance plans on Cybersecurity and Data Protection are in place for all professionals that include standards, procedures, guidelines and risks depending on the role performed by each professional. Specifically, it is carried out for the owners and managers of critical cyberinfrastructure and for the personnel involved in the protection of cyberinfrastructure.

The Group's various businesses have appointed specific cybersecurity managers and drawn up plans and processes for their internal networks and cyber infrastructures, aligned with the Group's global framework but adapted to their specific requirements.

The IBERDROLA Group complies with local rules on critical infrastructure protection in the countries where it operates, which guarantees the highest level of protection against these types of threats. In the case of Spain, the nuclear plant of Cofrentes meets the highest requirements in terms of physical safety and cyber security within the Group. It has its own Cybersecurity Plan, in order to comply with the Spanish Critical Infrastructures Act (Law 8/2011) and the Nuclear Safety Council, as well as its Additional Technical Guidelines, and collaborates in the exchange of information through the Spanish cybersecurity plan.

Data protection

When it comes to commercial operations, the IBERDROLA Group has implemented a global model to guarantee compliance with all obligations in force in each country. In Europe, the IBERDROLA Group is subject to the GDPR. The Personal Data Protection Policy is implemented at each of the Group's country subholding companies and is developed through local data protection rules and procedures adapted to the legal provisions applicable in each country.

4.5 Governance and sustainability

The Group faces risks associated with potential breaches of the provisions outlined in its Governance and Sustainability System, which covers transparency and good governance, human and social capital, natural capital, and a sustainable value chain. This includes compliance with anti-corruption and anti-fraud legislation.

The Group has policies and procedures to monitor and mitigate the risks to which it is subject, under the supervision of the Board of Directors, with the support of its various committees and the management of the corporate divisions and businesses. In many cases, theythese are non-financial risks that are not strictly financial in nature which the investmentinvestor community has been paying close attention tomonitoring with growing interest in recent years. The impact of saidthese risks, which are promptlyduly reported both internally and externally, can varybe of a varied nature, both in economic terms and reputational terms.

The Group, committed to ongoing improvement, has started implementing the new European regulations on non-financial reporting, specifically the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). The aim is to improve not only its reporting processes (see the Iberdrola Group's 2024 Non-financial Information Statement (NFIS) and Sustainability Report), but also its processes for identifying, measuring and managing risks, opportunities, and impacts associated with the following standards:

- ESRS E1 Climate change
- ESRS E2 Pollution
- ESRS E3 Water and marine resources
- ESRS E4 Biodiversity and ecosystems
- ESRS E5 Resource use and circular economy
- ESRS S1 Own personnel
- ESRS S2 Workers of the value chain
- ESRS S3 Affected communities
- ESRS S4 Consumers and end users
- ESRS G1 Business conduct

The Group addresses the risk of talent retention and attraction, particularly in certain sectors, and organisations' continuity plans for critical positions.

Sections 8.2 and 8.3 of the 2024 Annual Corporate Governance Report of Iberdrola, S.A. provide information on the control systems relating to the processes for preparing the Group's financial and non-financial information.

Sustainable value chain

The IBERDROLA group has integrated mechanisms and controls into its supplier management model and purchasing procedures to ensure the effective internal implementation of sustainability improvement programmes among its suppliers. These measures help identify and mitigate potential material risks and impacts from supply activities. The tools and processes in place enable efficient management of this programme, allowing for the assessment of potential ESG risks and the planning of corrective action to ensure a strong sustainability performance all along the supply chain. The programme is also reviewed regularly, as detailed in the "Activity Report on Purchasing and Supplier Management 2023–2024", available on the corporate website.

Climate change

Climate change represents a systemic global risk. Companies must do their part to combat this risk through mitigation actions, reducing their emissions and decarbonising their business model, and also by acting against the impacts of climate change, by improving their adaptation and resilience capacities.

The issue of climate change involves various risks, some of which may have increasingly significant impacts over the long term. However, these are largely not new risks for the sector. Climate change accelerates risks already listed in the IBERDROLA Group's risk catalogue (see *General Risk Control and Management Policy*). In line with the nomenclature of the Task Force on Climate-related Financial Disclosures (TCFD), IBERDROLA classifies climate change risks as follows:

- **Physical risks**, associated with a potential material impact on facilities derived from the effects of changes in the climate (rising temperatures, rising sea level, variations in rainfall, increase in both the frequency and intensity of extreme weather events, etc.). In accordance with TCFD nomenclature, a distinction is made in this category between acute or one-off risks and chronic risks.
- **Transition risks**, linked to all risks that may arise during the gradual global decarbonisation process, such as regulatory changes, market prices, technological and reputational risks, whistleblowing (e.g. for deficient reporting) lawsuits, changes in demand, insurance costs, counterparty credit impairment, and so on.

Climate change risks are identified, analysed and managed through a multi-departmental approach, involving both corporate and business functions. The IBERDROLA group has an integrated risk management system that acknowledges the interconnected nature of climate change risks and their unique time frame.

IBERDROLA tackles climate change risks from a favourable position, as it has:

a. Wide-ranging experience in the management of risks accelerated by climate change, both physical and transition.

b. Financial strength

c. A diversified business, both geographically and technologically, with a focus on network operations and emissions-free generation.

For years, Iberdrola has been implementing the guidelines from the Task Force on Climate-related Financial Disclosures (TCFD), an initiative led by the Financial Stability Board.

Note 6 in the consolidated financial statements of the 2024 Annual Financial Report details how this risk is accounted for during the preparation of the Group's financial statements.

Transition risks

The main transition risks, such as regulatory or market risks, usually call for management approaches implemented at country level. The Group's strategic positioning, as a result of its decision to focus its investment on energy obtained from renewable sources and networks, puts it on a good footing to face these risks. The benefits from the global economy's shift towards decarbonisation, such as growth in renewables, investment in smart integrative grids, storage solutions, and the electrification of transport, buildings, and industry—including green hydrogen—are seen as outweighing the associated risks.

In emitting activities, IBERDROLA has an ambitious plan in place to reduce its future emissions.

Physical risks

These risks are site-specific, progressive, technology-related and relatively long-term, although, as in the specific case of extreme weather events, the increase in frequency and intensity can already be felt in the short term.

IBERDROLA monitors and manages the physical risks arising from climate change by means of a continuous process of improvement that integrates analysis of climate science, teams' operating experience and the application of these elements in the company's standard procedures.

There is considerable uncertainty in long-term global climate projections for these variables, along with the need to assess specific impacts on the locations of our assets.

The Group has elements in place to ensure its resilience against the projected future changes in climate variables, such as:

- Gradual renewal of the Group's assets: the fact that the impacts are primarily long-term means that it is largely the Group's future assets, and not its current ones, that will be more severely impacted.
- Consideration of climate change in new investment decisions, to make future assets more climate resilient. The Group's Investment Policy stipulates the need to carry out a specific analysis of climate change risks in the construction briefs for new assets.
- Regulatory coverage in the Networks business
- A diversified business (from a corporate, geographic and technological standpoint)
- Insurance coverage
- Measures have already been implemented in operational assets, such as design specifications for generation (e.g., foundations) and networks (e.g., undergrounding lines, design criteria, network meshing), as well as digitalisation and vegetation management, etc.

European Sustainability Reporting Standards (ESRS)

The Group is currently adopting the new European regulations on non-financial reporting, specifically the Corporate Sustainability Reporting Directive (CSRD) and the related European Sustainability Reporting Standards (ESRS). For further details on scenarios, methodologies and results, please refer to the 2024 Non-financial Information Statement (NFIS) and Sustainability Report.

The climate change risk analysis exercise primarily involved identifying the Group's assets and activities that face material risk from various climate threats, across different time frames and emissions scenarios.

Compliance system. Measures against fraud and corruption

The Iberdrola Group companies have compliance systems that incorporate a set of rules, formal procedures, and practical actions designed to: (i) ensure operations align with ethical standards, legal requirements, and internal regulations, particularly the Governance and Sustainability System; (ii) support the fulfilment of the Iberdrola Group's Purpose and Values along with corporate interests; and (iii) prevent, handle, and lessen the risk of regulatory and ethical non-compliances among directors, staff, or suppliers.

A crucial component of these compliance systems is the ongoing process of identifying and assessing compliance risks, which aims to establish necessary measures to neutralise or reduce these risks based on their likelihood and the gravity or severity of their consequences.

The risk of fraud and corruption is identified within the risk maps of various Group companies. Detailed measures for its control and mitigation are outlined in section 5 of the “Transparency Report on the Compliance System of the Iberdrola Group companies”.

4.6 Strategic, regulatory, tax and legal risks

The Group is exposed to risks linked to the macroeconomic, geopolitical, and social environment, as well as those stemming from changes in regulations or tax laws. This category also encompasses risks related to the company's strategy, such as investment and divestment decisions, competitive pressures, and litigation or arbitration with third parties.

Geopolitical uncertainties affecting the global economy could prompt measures from various governments that might impact interest rates, exchange rates, inflation, energy prices, commodities, energy markets, tax rates, and the supply chain.

Regulatory risk

The businesses of the IBERDROLA Group are subject to laws and regulations concerning tariffs and other regulatory aspects of their activities in each of the countries in which they are carried out. The introduction of new laws and regulations or amendments to the already existing ones may have an adverse effect on our operations, annual results and economic value of our businesses.

In the case of the network businesses, the main risks are set out in section 4.2.1. In the generation and customers businesses, the main risks are i) intervention in the operation of wholesale markets, ii) modification or elimination of tariffs, premiums and incentives for renewables, iii) levying or increasing energy charges and for management of nuclear waste, , (iv) changes in the economic terms of reversion of concessions (especially hydroelectric plants) and v) other obligations (energy anti-poverty measures, maximum regulated prices in the United Kingdom, etc.).

Sections 4.2.1 and 4.2.2 provide a summary of the current regulatory frameworks in the main markets where the Group operates. Appendix II of these financial statements set out the most significant regulatory changes of 2024 in the main markets where the Group operates.

Country risk

The IBERDROLA Group's main operations are concentrated in Spain, the United Kingdom, the United States, Brazil and Mexico, which are countries with low or moderate risk and whose credit ratings at 31 December 2024 were as follows:

Country	Moody´s	S&P	Fitch
Spain	Baa1	A	A-
United Kingdom	Aa3	AA	AA-
United States	Aaa	AA+	AA+
Brazil	Ba1	BB	BB
Mexico	Baa2	BBB	BBB-

The IBERDROLA Group also has a significant presence in countries such as Germany, France, Australia and Portugal. The presence in countries other than those mentioned above is not significant at the Group level from an economic point of view.

All of the activities of the IBERDROLA Group are exposed, to a greater or lesser extent depending on their nature, to various risks inherent to the country where they are carried out:

a. Imposition of monetary restrictions and/or limitations on the movement of capital.
b. Changes in the trade environment and in government policies.
c. Economic crises, political instability and social unrest affecting operations, either directly or indirectly, such as the ability to export components or commodities consumed by the Group, or due to the location of Group suppliers.
d. Nationalisation or expropriation of assets.
e. Transfer and convertibility of currency.
f. Cancellation of operating licences.
g. Early termination of government contracts.
h. Changes in tax rates in levies and taxes and/or new taxes, including tariffs.
i. Worsening of sovereign ratings, generating an increase in country risk premia.

The results of our subsidiaries, their market value and their contribution to the parent company of the Group may be affected by such risks.

Legal risks

The IBERDROLA Group companies are party to certain in-court and out-of-court disputes within the ordinary course of their activities, the final result of which is generally uncertain. An adverse result or an out-of-court resolution of these or other proceedings in the future could have a material adverse effect on our business, financial situation, operating results and cash flows, and our reputation. As is standard practice, provisions have been made for this purpose, based on the opinion of the Group's legal advisors.

Notes 35 and 45 to the consolidated financial statements include a more detailed description of the most significant open matters.

Investment Policy

There is a risk that the Group will not identify suitable acquisition opportunities or obtain the necessary funding, and also that transactions will not be profitable. Hidden liabilities and failures in the integration of companies could also come to light. The Group might make organic investments in new markets and products that fail to meet initial profitability expectations.

Furthermore, the Group may struggle to implement the significant investment plan it has announced, both in terms of cost and timeline, including expansion into new countries.

Tax effect

The "Corporate Tax Policy", which is available on the Group's website, outlines the Company's tax strategy. For more detailed information, please refer to Notes 35 and 45 of this consolidated annual financial report.

4.7 Emerging risks

Due to the complex and multidimensional nature of risks, the Group's taxonomy includes additional classification variables to enhance monitoring, control and reporting. Among these are emerging risks, defined as potential new threats with uncertain impact and undefined probability. These risks are on the rise and could eventually become significant for the Group's companies. By way of example, the following information is provided on two emerging risks:

	Artificial intelligence	Raw materials and equipment for the energy transition
Description	The disruption caused by the wholesale use in 2023 of generative Artificial Intelligence has hastened the emergence of new risks and opportunities in the business world, affecting all sectors to a greater or lesser extent. At IBERDROLA, the implementation of artificial intelligence requires governance, oversight and analysis in accordance with applicable regulations in various countries.	Tensions in the supply chain that might reduce investor appetite for renewable energy as a key strategic lever in the fight against climate change, resulting from: 1) Commercial disputes between the countries where the Group operates and China that might lead the former to establish tariff measures, and 2) Rising geopolitical tensions against the present landscape (war in Ukraine, escalation of the conflict in the Middle East, etc.) 3) Intensification of other risks (such as financial or commodity-related ones) due to crises or other events that may also lead governments to take protectionist measures
Impacts	The main potential impacts of this technology, now being tackled by IBERDROLA, include: • Leakage of confidential information due to the use of public platforms • Illicit use by third parties, as in more sophisticated cyber-attacks • Unethical use that may violate the people's fundamental rights, as in candidate selection processes: • Biased decisions or inaccurate information due to the immaturity of the technology (misconceptions, biases, etc.) However, it is also crucial not to overlook the competitive advantages that disruptive technologies like Generative AI can offer the Group.	The main impacts that may arise from this risk relate to difficulty in accessing equipment and services, delays in deliveries and cost overruns in building projects (due to indexing to commodities, levying of tariffs, macro conditions related to interest rates and exchange rates, etc.).

Mitigation	To address these impacts, IBERDROLA has established a Policy on the Development and Responsible Use of Artificial Intelligence Tools. This policy aims to ensure these tools are used in line with the Company's corporate philosophy and the principles of its corporate culture, which are grounded in ethics and a commitment to sustainability. IBERDROLA has also rolled out an Artificial Intelligence Governance Framework, which includes: • An inventory of all AI-driven solutions used across the Group, each with an associated risk assessment. Currently, there are no high-risk use cases identified. • Committees and working groups set up at Group level and at each subholding company to ensure adherence to the principles enshrined in the policy, setting risk levels and controls while also maximising the potential benefits these technologies offer. • Internal training and awareness programmes on the opportunities and risks associated with AI systems. This governance model is designed to evolve and adapt to new challenges and regulatory developments in this field.	To mitigate the aforementioned threats, the Group has an array of mechanisms in place. Among these are the diversification of suppliers, the fostering of policies of energy self-sufficiency (see the Group manifesto “Electric, together), the contracting of hedges when a decision is made to undertake new investments (to cover inflation, commodity and exchange rate risks) and the signing of strategic agreements with top-tier manufacturers to ensure preferential access to production chains. The Group’s size enables it to achieve synergies with third parties and transfer best practices, in addition to the potential ability to transfer teams from certain projects to others.

5. Significant events subsequent to year end

Events occurring after the close of the financial year are described in Note 51 to the financial statements.

6. Research and development activities

IBERDROLA has become a global leader in the energy sector, thanks to its forward-thinking strategy that spans all its business units and activities, anticipating the energy transition by two decades. Its consistent dedication to innovation has earned Iberdrola the distinction of being the top private utility investor in R&D worldwide for the fourth year running, according to the European Commission's ranking. This achievement is due to the talent, experience and hard work of more than 40,000 employees across over 40 countries.

In 2024, IBERDROLA invested EUR 403 million in R+D+i activities, up 5% from 2023. Research, Development, and Innovation efforts at the IBERDROLA Group are organised around five major pillars aligned with the fundamental drivers of the energy sector transformation: decarbonisation of generation, promotion of smart grids, and the electrification of the economy.

- **Disruptive technologies** that are increasingly efficient, sustainable and environmentally-friendly, enabling the operation of facilities and processes to be optimised.
- **Competitive new products and services** that meet customers' needs with a greater degree of personalisation of contents and offers.
- **Digitalisation and automation** in all business and processes, introducing new technologies such as blockchain, big data, IoT, virtual reality, artificial intelligence, etc.
- **Innovation with start-ups, entrepreneurs and suppliers** with the goal of developing alliances and new disruptive business models, favouring the exchange of know-how and having a driving effect on collaborators.
- **Culture of innovation and talent.** Iberdrola fosters a culture of innovation through the transfer of knowledge and by attracting talent and fostering an entrepreneurial spirit. Within the Universities Programme Iberdrola U, several initiatives are developed in the academic world, such as lectures, R&D projects, training of students, in-house training and young entrepreneurs.

In 2024, Iberdrola Innovation Middle East, the global R&D and Innovation centre located in Qatar's technology and science park, continued to develop solutions focused on digitalisation and the application of artificial intelligence (AI) in the energy sector. These solutions include analysing renewable production to enhance planning and increase load factors, sizing hybrid systems with batteries, improving distribution system planning with AI, predicting failures in renewable assets and grids using machine learning, forecasting prices, estimating potential demand flexibility, assessing grid stability with the integration of renewable resources, providing network services through Grid Forming, and using generative AI to advise customers. This work is supported by a unique combination of internal talent, a vast network of collaborators, and its digitalisation laboratory.

Some of the innovative initiatives, classified by broad area, are:

6.1 Sustainable energy

In onshore wind and photovoltaic

In 2024, Big Data techniques are being used with the MeteoFlow Prediction System to optimise renewable energy production. Furthermore, various Deep Learning methods have refined the prediction of wind farm output during extreme weather events and seasonal forecasts (such as monthly production, temperature, and rainfall). The ENERPREDIC project has successfully incorporated these developments with excellent results. The WINDTWIN project, funded by Horizon Europe, has also commenced, aiming to develop new control strategies at both the wind farm and turbine levels, predictive models for energy demand and pricing, and advanced techniques for predictive maintenance and structural monitoring. The SMARTMODEL project has been working to define a methodology for hybridising both operational and developing wind farms with photovoltaic systems, with the added option of battery coupling. There is also a focus on analysing operational data from wind farms and making estimates in preliminary energy assessments. For solar resources, progress includes developing a methodology and software to analyse the performance of photovoltaic plants, as well as modelling tilted solar radiation compared to previous measurements. The NEXT GEMS project has also explored the application of HPC and Earth-system Models. In maintenance, the ASPA system is being advanced through the digital modelling of each turbine using AI, and Matrix Diagnostics is being used to develop a more efficient and consistent predictive maintenance model. In civil maintenance, significant progress includes using fibre optic sensors to derive and monitor stress in structural elements and analysing foundations through auscultations and visual inspections. Developments using FEM and aeroelastic models to study wind turbine performance have been notable in the AEROEXTENS and NEWPREDICT projects. The ECOSIF project, which explores optimal solutions for metal structures for panels, is also ongoing. Efforts have also been made in designing solutions for hybridisation projects to improve network integration. Notable progress has been made in developing HVDC link models that operate using either a grid-forming or grid-following control strategy. The PERAL project is working on new voltage control strategies for various types of power generation. The ALMACENLAD project continues to explore storage solutions, including sodium and long-life batteries. In sodium technology, the ATENA+ project, funded by Horizon Europe, aims to develop Na-ion cells and modules for storage systems, either hybridised with renewable sources or in stand-alone configurations. Additionally, plant hybridisation studies are being conducted under the HIBRIDAR project.

In hydroelectric power,

In hydroelectric generation, the NEWPUMPING project has examined future requirements for pumping power, optimal locations, and technological advancements such as variable speed reversible turbines and cost-effective penstocks. The following two projects have been especially successful: HYDROSES and AVANHID. Stations in Valparaíso, Alcántara, and Torrejón-Valdecañas. These stations are part of the company's pumping project portfolio, enabling the integration of technological developments and innovative solutions to enhance performance. Additionally, the SHERPA project has been launched to expand or adjust the operating range of hydraulic power stations to accommodate flow rates below the technical minimum, all without compromising their lifespan, economic viability, or environmental and social impact, thereby maximising the flexibility of this crucial technology.

In offshore wind

In the realm of offshore wind power, the MARINFLOAT project has continued its studies on birdlife, marine mammals, environmental impacts, metocean conditions, and theoretical terrain analysis. Additionally, along with the centre of excellence for renewables (CoE), the development of Compass—a digital solution for work planning, marine traffic coordination, and personnel training management—has made significant progress. The MEGAWIND project, which focuses on welded joints in foundations, is also ongoing. Furthermore, the RENOTWIN project has commenced, aiming to develop technology for creating digital twins for wind and hydraulic renewable assets.

New lines of work

Iberdrola continues to prepare for future Floating Photovoltaic and agrovoltaic projects by researching photovoltaic structures tailored to different crops and livestock facilities. It is also analysing the potential for repowering wind farms.

Iberdrola is exploring the enhancement of network infrastructure and the implementation of a new tool (BIM) for designing wind projects as part of its focus on special projects and process optimisation. For new solar photovoltaic developments, we are optimising the primary equipment of the plants based on location and exploring new MV design tools with cyclic loads.

Our Centres of Excellence have engaged in significant innovative activity through various proofs of concept. The Antares tool, which helps manage projects and identify opportunities for new assets, is particularly noteworthy. Efforts related to data governance and analytics, as well as the digitalisation of reliability indicators using AI, Big Data, and machine learning, are key features of the RENOGLOBAL project.

Ina addition, several initiatives are noteworthy:

In the United States, we are active members of several research associations and initiatives. These include the National Offshore Wind Research and Development Consortium (NOWRDC), which aims to reduce the cost of offshore wind energy, and WindSTAR, a University-Industry Cooperative Research Centre (IUCRC) focused on lowering costs and enhancing reliability throughout the wind power plant development process. We are also involved with the Weather Innovation and Smart Energy Resilience (WISER) Centre, which advances research and cutting-edge technologies to continually improve the efficiency and reliability of the electricity grid in response to climate change and the transition to clean energy. Additionally, we support the Academic Centre for Offshore Wind Reliability and Resilience (ARROW), a new national centre of excellence dedicated to accelerating the safe and equitable deployment of offshore wind power across the country and training the future workforce for the sector. We have actively collaborated with the National Renewable Energy Laboratory (NREL) to tackle demand-side market barriers and promote the widespread adoption of green solutions.

In the United Kingdom, our innovation efforts are focused on three main areas: collaborative programmes, the development of new technology, and partnerships with the supply chain. A key aim is to ensure that new renewable capacity is integrated with technologies that strengthen the system. Key partnerships include our collaboration with the University of Strathclyde, enabling us to optimise future projects, pinpoint technological improvements, and incorporate new solutions and services. Significant progress has been achieved in offshore wind power, working closely with small and medium-sized enterprises through the Launch Academy 4.0 programme at the Offshore Renewable Energy (ORE) Catapult research centre. We also participate in initiatives with the ORE Catapult and the Carbon Trust. These collaborations position us at the forefront of developing innovative and efficient solutions that benefit both the environment and the economy. Furthermore, through the NiD4OCEAN project, we have incorporated environmental considerations into the design and operation of our offshore wind farms, reducing the environmental impact and helping to preserve and enhance marine habitats.

In Brazil, our renewable energy initiatives are centred on digitalising and automating processes to boost asset efficiency by applying new technologies that predict faults and assess the condition of facilities. Neoenergia has become the first company in Brazil to implement a floating measurement system using internationally certified LIDAR (Light Detection and Ranging) technology, achieving top performance standards in offshore wind generation. In hydroelectric generation, the Hidrodigital project leverages AI and sensor data from turbines to assess and propose regulatory incentives that enhance performance. In the sphere of wind and solar power, we have made significant progress in the development of the Fernando de Noronha Floating Solar Plant. In the environmental field, the Mexilhão-Dourado project focuses on controlling the golden mussel population to prevent fouling and blockages in hydropower stations. The Life Cycle project aims to evaluate the spatio-temporal life cycle of generation systems. We have also developed a model to predict and measure losses and ensure the proper disposal of defective photovoltaic modules through innovative recycling and reuse processes.

In Australia, we are implementing various projects using drones for inspection tasks to optimise assets and carry out preventive maintenance on solar and wind installations. We have also completed several solar self-consumption projects with newly designed fasteners. Notably, a unique panel structure has been designed for the roof of a multi-storey car park, ensuring impermeability and high water resistance. In addition, new solar canopies have been developed, including the largest solar bus canopy in Australia to date. Throughout the year, we conducted studies to assess the feasibility of adapting gas turbines to use hydrogen as a fuel. Additionally, we developed a virtual metering platform that enables customers' batteries to help balance the grid. This innovative approach to interacting with Australia's National Energy Market allows customers to generate additional income.

In Mexico, we are undertaking various initiatives, including the development of a tool to analyse minute-by-minute variability in energy generation. This tool helps mitigate power fluctuations, determine spatial patterns, size batteries, and assess their impact on ramping. It also allows for the extraction of minute-by-minute renewable profiles with batteries over periods of at least three weeks. The sensor recalibration project has also been completed, with these sensors set to be used in exploration activities and pilot projects. This aims to gather more information about the area's resources, thereby enhancing the reliability of future projects.

In relation to nuclear power, work is ongoing to ensure high levels of plant safety, reliability and efficiency, as part of a clear commitment towards digital transformation. In this context, we have implemented technologies like Machine Learning to predict equipment failures early and monitor the complete plant cycle for potential performance losses. We have also developed a digital twin of the dry well at the Cofrentes Nuclear Power Plant. This tool enables us to plan actions for refuelling in advance and simulate environmental and process conditions in inaccessible areas during operation, thus enhancing the management of component ageing. Furthermore, augmented reality is being incorporated to support on-site maintenance. We are also using a platform with generative AI to access both life management documentation and the technical operating specifications of the plant.

6.2 Flexibility solutions for the electricity system

Regarding combined cycle technology in thermal generation, the NeoCC project has made significant progress. Now in its second year, it has achieved notable advances in the engineering and analysis of equipment for developing the air injection system in the exhaust of the Santurce Gas Turbine, paving the way for the first low-emission fast start-up tests by 2025. The KAIROS project is another highlight, implementing innovative technological solutions to enhance efficiency and sustainability during start-up and shutdown processes, thereby reducing both costs and the carbon footprint. We have also made strides in developing the Low Degradation and Power+ operational technological solution, part of the GTControlFlex Solutions package. These improvements reduce combustion temperatures, which minimises turbine degradation and leads to improved performance and increased power when the system needs it.

In Brazil, our projects focus on enhancing the efficiency of operational assets and related processes, which positively impacts quality, safety, and costs, while also increasing the supply of clean energy. Notable among these are: the DESSEM Operação project, which utilises the DESSEM model to forecast Brazil's energy balance and anticipate the production needs of thermal power plants, and the Dispatch Forecasting Model, designed to predict the time required to bring plants online, the necessary gas volume, and associated costs for more efficient cost management.

In energy management, we successfully completed the FLEXENER project in 2024. This project explored new solutions for integrating a 100% renewable, flexible and robust electrical system, considering generation, storage and demand aspects. The results were outstanding, leading to innovations in control technologies such as grid forming in generation and the management of demand flexibility and distribution networks. In terms of managing distributed generation and demand resources, the Virtual Power Plant (VPP) is advancing asset integration. We are focusing on designing aggregation services to ensure successful participation in the electricity market, including services like demand response (DRS).

As we develop and adapt new green solutions for the energy system, we are working on several key projects. These include:

- DEFINER, which aims to create a flexible electricity demand management tool for markets with a high share of renewable energy.
- AVANHID, which focuses on the optimised modelling, control and integration of advanced hydraulic generation systems.
- ONE SYSTEM, which involves developing a simulation model to represent three energy vectors: electricity, decarbonised gases and green hydrogen.

- PERAL, which is developing new voltage control strategies to create a unified approach for managing synchronous and asynchronous generation, storage systems, flexible demand and self-consumption.
- We are also collaborating on the ATMOSPHERE project to research new technologies for critical equipment in green hydrogen generation plants, addressing the entire value chain.

In addition, the European projects BeFlexible and FEDECOM are making progress. BeFlexible aims to design an ecosystem that provides the necessary technology, promotes participation in flexibility markets, and ensures proper coordination among all actors involved in delivering services to distributors. Meanwhile, FEDECOM is developing applications to enable the intelligent integration of electrolysers for green hydrogen production. The POSYTYF project, conducted in collaboration with leading universities such as École Centrale de Nantes and Universidad Pontificia de Comillas, has concluded with impressive results. It excelled in providing balance services and voltage control through virtual power plants (VPPs), earning the project the ISGAN (International Smart Grid Action Network) Excellence Award in its tenth edition.

Progress also continues in the digitalisation of operations, focusing primarily on the Central Operations Office to improve service provision to the system operator. In other developments, the OptiFlex project continues its rollout, having introduced its initial modules this year to enhance the optimised management of flexible resources. In 2024, we achieved ISO 42001 certification, marking the first international standard for Artificial Intelligence Management Systems (SGIA). This certification establishes a framework for the responsible development and use of AI. Lastly, it is important to highlight our leadership in designing capacity markets, as well as our R&D efforts in developing and validating flexibility services, control strategies for renewable energy, and optimising the use of storage solutions, including pumped storage and batteries.

6.3 Green solutions – new products and services

New initiatives to boost customer experience

With integrated features across all our digital platforms: Public Website, Landing Pages, Customer App, Public Charging App, and My Customer Area. The new My Iberdrola Programme is designed to streamline customer management and data access, reduce response times and offer various benefits and promotions. A notable development is the launch of a new intelligent search engine powered by AWS Artificial Intelligence, which seeks to improve response rates on the website. Additionally, an algorithm has been developed to calculate solar production in real time and forecast future output via the customer app, enabling users to visualise the efficiency of Smart Products like aerothermal installations.

New products and functionalities

- Smart Solar is a distributed generation solution for self-consumption. It encompasses Iberdrola's solar communities, with initiatives spanning 720 rooftops. Smart Solar is also expanding the reach of its Solar Cloud product to the SME sector and has introduced the Premium Pack for single-family homes, leveraging the latest technologies to maximise solar generation. Additionally, Smart Solar is increasing self-consumption installations for industrial use and is exploring opportunities in agrovoltaics, floating photovoltaics, and energy storage. In Spain, in collaboration with Schneider Electric, it has implemented Autogrid Flex. This new platform adapts to self-consumption by offering tailored and more intelligent solutions, thanks to an innovative energy prediction and distribution system. Digitalisation is another key area of development for Smart Solar, making management and contracting easier through the app. It also centralises asset monitoring to optimise production.

- In the Smart Services sector, the Advanced Smart Assistant has been recognised as the most innovative product of the year by the Company Awards, organised by the British publication Environmental Finance. This platform provides an intelligent energy management service for Smart Solutions customers, enabling them to monitor their energy consumption, optimise electricity usage, and reduce costs. In addition, Iberdrola has partnered with Balantia to launch a platform that establishes a comprehensive system for managing Energy Saving Certificates. This platform allows both companies and individuals to monetise their investments in energy efficiency. The development and deployment of microgrids, based on the 'Microgrids as a Service' concept, is another significant initiative. These microgrids incorporate solar energy, batteries and energy management software to maximise the efficiency of decentralised assets for SMEs and companies.
- Smart Mobility represents Iberdrola's approach to electrifying transport as part of its strategy to transition towards a decarbonised economy. Various solutions are available to decarbonise transport, including options for both public and heavy transport. High-power charging stations are managed and operated by Iberdrola | bp pulse, a strategic partnership between the two companies aimed at leading the deployment of fast and ultra-fast public charging infrastructure for electric vehicles in Spain and Portugal. This alliance has driven the TANGERINE project under the CEF Transport programme, facilitating the installation of 1,220 high-power charging points. In 2024, Iberdrola was handed an award for the best public charging app by the Electric Vehicle Users Association (AUVE). For public transport, Iberdrola supports the daily charging of over 550 electric buses through pioneering projects exploring solutions integrated with energy storage. New initiatives focus on developing charging hubs and tackling the challenges of managing high power demands with technologies such as smart charging, alongside integrating charging infrastructure with storage solutions. A key project in this area is URBANHUB, which features the launch of a charging hub equipped with a very high-power station that incorporates a second-life storage battery. Efforts are also under way to electrify heavy transport, with several projects currently funded under the Moves Singulares II programme.
- Smart Clima offers a range of solutions aimed at energy savings and decarbonisation for both single-family homes and multi-unit buildings. It focuses on building rehabilitation and energy efficiency. Key features include efficient electric heating using heat pumps, improvements to thermal insulation (such as façades, roofs and windows), energy supply, and optimal equipment maintenance. These solutions ensure simplicity, quality, and cost control for the customer.
- In the Smart Cities initiative, Iberdrola is focusing on implementing innovative infrastructure to supply renewable energy to ships docked at the ports of Pasaia, Vigo, and Alicante. The Onshore Power Supply (OPS) solution allows ships to turn off their engines while docked at port and thus reduce both atmospheric and acoustic contamination. The company is also collaborating with town councils, particularly those involved in the EU mission for climate-neutral cities, as well as with urban developers, to

execute comprehensive decarbonisation projects. For instance, the ATELIER project is a smart city project that reveals Positive Energy Districts.

- The Industrial Decarbonisation team aims to fully electrify and decarbonise production processes in the industrial sector through technologies like heat pumps, electric boilers, and thermal storage. Progress has been made in developing proposals to decarbonise production processes at sites such as Bayer Asturias and Basf Tarragona. Additionally, the DESCARBAN project has been successfully completed in collaboration with the AN Group, which involved installing an industrial heat pump at the Vicolozano factory. We are advancing the decarbonisation of urban heating, cooling, and hot water systems through networks powered by electrification and other renewable energy sources. A pioneering project in this area is the Renewable Heating and Cooling Network in Palencia, which aims to have a heat supply operational for the city by the end of 2025. Our commitment to biomethane developments is also notable, particularly for sectors where electrification is not feasible. A key project here is the installation of biogas facilities for biomethane production and agricultural use in Milagros.
- In the United Kingdom, efforts continue to develop accessible and affordable zero-emission solutions for our customers. We are rolling out an industry-leading Home Energy Management System (HEMS), enabling customers to automate, control and optimise their low-carbon technologies while monitoring real-time consumption. In 2024, a new feature called EV Optimisation was introduced to the customer app, enabling users to access lower electricity rates for charging their electric vehicles. Customers can also take advantage of the Demand Flexibility Service. The ScottishPower app alerts customers to demand peaks, allowing eligible users to reduce their consumption and earn rewards for each kilowatt hour (kWh) saved. The Power Saver solution has been enhanced to offer half-price weekends and bonus events, encouraging customers to shift their energy use to periods of lower demand. We are also involved in the EQUINOX project, a heat pump flexibility initiative. Currently, our customers are in their third year of participating in pilot tests during the winter season.
- In Brazil, several initiatives have been launched to enhance the user experience, including the Digital Connection project and a new Call Centre Model. The implementation of the New Unified Virtual Agency is also noteworthy, offering over 30 online services quickly and easily. The Customer Portal has been upgraded to make service processes more efficient and provides digital access to contractual information, invoices, service requests, and order tracking. The Thunders system has been introduced to facilitate price comparisons across different markets. Meanwhile, the Smart Chargers Rebate for Electric Vehicles project is implementing the necessary technology to allow electric vehicles and plug-in hybrids to be charged during off-peak hours, with users receiving a corresponding rebate. Lastly, an application has been developed to calculate thermodynamic quantities during visits to potential clients. It also incorporates financial data, enabling the provision of an accurate preliminary offer in real time, along with a profit estimate.

6.4 Smart grids

In 2024, further progress was made towards the strategic project of the Global Smart Grids Innovation Hub (GSGIH). This pioneering centre is a global leader in smart grid innovation, Fostering an ecosystem that promotes innovation and talent through collaboration with universities, students and companies. The launch of the Smart Grids Academy, in partnership with the Provincial Council of Bizkaia and the GAIA Cluster, exemplifies this effort. This pioneering platform provides training for professionals in smart electricity grids to meet the demand for specialised skills. The Innovation Data Space (i-DS) is an open platform that facilitates the secure and efficient use of data for various real-world applications.

A new certification, the Product seal developed at GSGIH and validated by AENOR, has been introduced to recognise products created within the GSGIH ecosystem, which includes both physical equipment and advanced algorithms and applications. Among the first certified products are the i-Trafo and sophisticated low-voltage monitoring systems.

In April, the Smart Grids INNOVA MADRID 2024 conference took place at the San Agustín campus, bringing together authorities, partner companies, universities and employees to discuss the primary challenges facing electricity networks. The ENLIT 2025 summit in Bilbao was also announced in 2024, highlighting Iberdrola's dedication to its role as a Distribution System Operator (DSO).

Efforts continue to enhance the architecture and digitalisation of the low-voltage (LV) network, resulting in improved efficiency, reliability and security for the electricity grid. Innovations include the i-Trafo, intelligent transformer substations equipped with advanced sensors for anomaly detection, voltage regulators, and the smart low-voltage switchboard i-CBT. Automation advances are also being made with projects like i-RECBT, the LV recloser, designed to detect and isolate faults similarly to the processes applied in medium voltage networks. Furthermore, the eLVIS project focuses on active grid operation, enabling better insight into digital equipment, interventions and active resources in the network and enhancing the capacity to connect new supplies and customers with distributed energy resources. BIM methodology and LiDAR technologies have been used to develop a data model that ensures consistency throughout the asset's life cycle.

In Europe, as part of the transition to a new role as a Distribution System Operator (DSO), the company is spearheading projects like BeFlexible. This initiative brings together 24 partners to boost prosumer participation and enhance the flexibility of the electricity system. The FLEXENER project, in partnership with seven other companies, has been successfully concluded. It focused on exploring new technologies and simulation models in renewable generation, storage systems, and flexible demand management, as well as the operation of the distribution network. Further, the ATELIER project continues to progress with the aim of creating Positive Energy Districts in eight European cities. i-DE is actively involved in the demonstrator in Bilbao, located in the Zorrotzaurre area, where various solutions for the smart city of the future are being implemented and tested. In addition, the European TwinEU project has been initiated as part of a consortium of 75 partners. The project aims to create a digital twin to ensure the resilient and secure operation of Europe's energy infrastructure while expediting the deployment of renewable energy sources. The ECLIPSE project has also started, involving 23 partners. Its goal is to implement and demonstrate the Common European Framework of Reference for energy consumer applications across the EU through various recommendations or incentives. These strategies will be tested in 16 European countries, including Spain.

In Spain, the PlaReDET projects have commenced, focusing on researching and developing new analytical tools for planning distribution networks with the aim of electrifying heavy road and maritime transport. Meanwhile, the ASIGNA project is working on developing a decision support system and an automatic system for robustly allocating HV/MV transformers to different stages of the load shedding scheme. Beyond the aforementioned initiatives, the ASTRA-CC project is ongoing, focusing on designing a direct current public electricity grid architecture to ease the integration of renewable energy, storage, and rapid charging systems. The SensoCeT project is also progressing, aiming to enhance operations by incorporating digitalisation and predictive maintenance technologies in the transformation centres (CT) of the electricity distribution network, supported by the development of intelligent sensors. Advancements have been made in the AFOROBT project, which seeks to create an expert system for automatic oscillography analysis to detect, identify and classify faults in low-voltage networks. Meanwhile, the newly launched MICROFLEX project is exploring innovative flexibility technologies that aim to improve electricity supply quality and maximise the autonomy of microgrids operating in island mode by integrating a grid battery with distributed resources. The AZTERTUZ project has been initiated to develop technologies that facilitate the deployment of robotic and automated solutions for the inspection and diagnosis of energy infrastructures, as well as maintenance planning.

In the United Kingdom, the Predict4Resilience project is working on an AI-driven solution to forecast electricity grid failures caused by adverse weather conditions, enabling teams to be mobilised in advance to reduce grid restoration times. Ofgem's Strategic Innovation Fund is supporting several key innovation projects. The D-Suite project is examining the feasibility of using power electronics technologies in low-voltage networks to support the expansion of low-carbon technologies, thus increasing capacity and optimising network reinforcements. The Blade project, in collaboration with Scottish and Southern Electricity Networks, National HVDC Centre, the University of Strathclyde, and Carbon Trust, aims to explore and demonstrate how offshore wind farms can help restore the electricity grid following a national power outage. Meanwhile, the Flexible Railway Energy Hubs project is pioneering a new microgrid solution to ensure predictable and cost-effective energy use for rail transport. These microgrids will connect to local renewable energy sources to power trains. We are also partnering with leading universities, including St Andrews, Glasgow, Strathclyde, and Heriot-Watt, to develop the first multi-vector digital twin of the distribution network. This will model interactions between the electricity grid, heat users, industrial clusters, and hydrogen.

In Brazil, various projects are under way to enhance the quality, reliability and flexibility of the grid while reducing technical losses and improving the user experience. On the safety front, digital technologies are being employed to maintain grid infrastructure. These include remote-controlled robotic arms for vegetation management, drones, and techniques for measuring grid impedance without disconnecting substations. Moreover, initiatives are in development to enhance grid operations, including climate prediction models, and the design of new anchors and foundations, underground substations, and simulation platforms. In the area of smart grids, Godel Multilik is a standout product—a measurement data concentrator that ensures the secure transfer of information between electrical system equipment and distribution systems. To boost operational efficiency, the TC Armored project is working on a new current transformer for energy metering with large customers. For network digitalisation, the SDK-Leitura Walk-by project is exploring a cost-effective solution for automatically collecting energy meter readings via Bluetooth. Work is ongoing on the virtual operator, which uses network data and SCADA signals to minimise the impact of failures without the need for human intervention. The enhancement of SHD technology with Middle Point logic is significant, as it allows for the addition of up to four extra reclosers to traditional assemblies, thereby reducing the number of customers impacted by permanent faults.

In the transmission grid sector, IoT sensors are being deployed to monitor air-core reactors, enabling real-time detection of vibration variations. The Virtual Substation and Transmission Line project is creating four virtual substations to conduct detailed testing and analysis with precision and safety, effectively reducing the costs and risks tied to physical testing.

In the United States, construction is under way on the highly anticipated NECEC project—an innovative transmission line that will deliver 1,200 MW of renewable energy from Canada to customers across New England. In collaboration with Levatas and Boston Dynamics, a pioneering pilot project is advancing the automated inspection of substations using AI and robotics. A mobile robot has been deployed to autonomously carry out visual and thermal inspections with the aim of detecting faults quickly and with enhanced accuracy at substations. Moreover, two significant projects in Maine have secured funding from the US Department of Energy. The first, Flexible Interconnections and Resilience for Maine, will introduce innovative technologies to develop a modern and dynamic electricity grid, which not only supports the integration of renewable energy but also safeguards against overloads. The second project, Central Maine Power Shaw Mill, aims to boost grid resilience through the installation of new equipment and switching devices.

6.5 Green hydrogen

In Spain, Iberdrola operates the largest green hydrogen production facility in Europe—the Puertollano plant, featuring a 20 MW electrolyser. This plant will be included in the list of installations submitted to the European Commission under Directive 2003/87/EC for the 2026-2030 period, making it the first renewable hydrogen facility in Spain to receive free emission allowances. Meanwhile, the Barcelona hydrogen station, the first public hydrogen refuelling station in Spain, expanded its capacity from refuelling eight buses to 46, with the potential to serve up to 60 buses.

Progress was also made in 2024 on building the 1.25 MW green hydrogen plant in Benicarló, Castellón, with commissioning expected in 2025. The CASTELLÓN GH2 project is advancing as well, aimed at developing a 25 MW PEM technology electrolysis plant at the bp refinery in Castellón to replace grey hydrogen with green hydrogen. Work also continues on the GREEN MEIGA green methanol project, which features a 150 MW electrolyser capacity and was chosen in the European Innovation Fund call for proposals.

At a national level, the AVOGADRO project has concluded successfully, achieving outstanding results in researching and developing technological solutions for renewable hydrogen gas refuelling stations tailored to heavy vehicles. The ATMOSPHERE project is now in its final phases, showing promising outcomes in storage, generation and safety technologies for green hydrogen plants. Further highlights include Iberdrola’s involvement in the H2SALT project, which focuses on creating the necessary technological solutions for the underground storage of hydrogen in salt caverns, and the SEREH2 project, which aims to establish a new chiller system concept.

Internationally, the company continues to contribute to the FEDECOM project, which develops optimisation tools for the Puertollano and TMB plants as key components of an energy community. Additionally, the AMBHER project targets the development of short-term storage systems using Metal Organic Frameworks (MOFs) and long-term storage via innovative catalytic membrane reactors for ammonia synthesis. The HyLICAL project explores new hydrogen liquefaction technologies, while the ANDREAH project is focused on developing an ammonia cracking system to produce high-purity hydrogen. In 2024, the PONTIS project, which focuses on transporting hydrogen via organic liquids, received the endorsement to be recognised as a renewable energy transport initiative among Member States under the CEF CB RES programme.

In the United Kingdom, two notable green hydrogen projects were awarded grants from the Department for Energy Security and Net Zero (DESNZ): Whitelee and Cromarty. These initiatives would mark the country's first plants to employ this technology.

In Brazil, the engineering phase for a hydrogen refuelling station in Brasília intended for buses and light vehicles was completed, with construction slated for 2025. Furthermore, Neonergía received approval from the National Agency of Thermal Energy (ANEEL) for four pilot hydrogen plant projects in Bahia, São Paulo and Pernambuco.

6.6 IBERDROLA Ventures – PERSEO

Iberdrola Ventures – PERSEO is Iberdrola's start-up programme created in 2008 with a budget of EUR 200 million to foster the development of a dynamic start-up and entrepreneurship ecosystem in the electricity sector. The programme focuses on new technologies and business models that will make the energy model more sustainable through greater electrification and decarbonisation of the economy.

Through PERSEO, Iberdrola is offering start-ups, particularly in Spain, the United Kingdom, Brazil, Australia and the United States, its investment support as well as its experience and capacity for market access. The current investment portfolio encompasses a wide and diversified range of products under the umbrella of Perseo, which is combined with other funding programmes. Among the main milestones achieved in 2024, the following stand out:

- Pilot projects: In 2024, 19 pilot projects were conducted with start-ups offering solutions related to IoT (Internet of Things) and AI (Artificial Intelligence), primarily focused on inspecting and maintaining network and renewable assets, as well as enhancing flexibility and demand management. These projects also include monitoring reforestation for carbon capture. Additionally, pilots projects were carried out to explore hardware technologies, such as a partnership with the start-up Windloop, which has developed an innovative process for recycling wind turbine blades.
- Challenges: In 2024, Iberdrola introduced four challenges to the start-up community, targeting areas like smart grid development, offshore asset inspection, and optimising wind energy production.
- Investment: Also joining the PERSEO portfolio are two new companies: Nido, which creates software solutions to streamline and speed up the sales and installation of aerothermal systems, and RTS, which has developed a novel coating technology using cork, hollow ceramic microspheres, and aerogel for applications in offshore wind power and buildings. The Seaya Andromeda Sustainable Tech Fund I FCR has now reached its target size of EUR 300 million and invested in three companies in 2024: Bike Ocasion, Quatt and Aegir.
- "Venture Builder": Perseo has continued the initiative launched in 2020 to invest in and build electrification and the circular economy – in areas such as recycling of photovoltaic modules, blades and batteries – and in hard-to-decarbonise sectors such as industrial heat production and heavy transport. Through this initiative, investments in 2024 include CPD4Green, aimed at promoting electrified land as an asset portfolio for the data centre sector; EnergyLoop, which is developing a recycling industry for wind turbine blades and other composite materials; and Carbon2Nature, which undertakes nature conservation and restoration projects to tackle the interconnected crises of climate change and biodiversity loss.

Further information on the R&D+i projects in which IBERDROLA is involved can be found under the Innovation section of the corporate website.

https://www.iberdrola.com/innovacion.

7. Acquisition and disposal of treasury shares

The Group's *Treasury Share Policy* establishes the following:

Treasury share transactions are considered those transactions carried out by the Company, whether directly or through any of the Group's companies, the object of which are Company shares, as well as financial instruments or contracts of any type, whether or not traded in the stock market or other organised secondary markets, which grant the right to acquire, or the underlying assets of which are, Company shares.

> Treasury share transactions will always have legitimate purposes, such as, among others, to provide investors with liquidity and sufficient depth in the trading of Company shares, to execute treasury share purchase programmes approved by the Board of Directors or General Shareholders' Meeting resolutions, to fulfil legitimate commitments undertaken in advance or any other acceptable purposes in accordance with applicable regulations. Under no circumstances shall the purpose of treasury share transactions be to interfere with the free establishment of prices. In particular, any conduct referred to in Section 83 *ter* 1) of the Securities Market Act and Section 2 of Royal Decree 1333/2005 of 11 November, implementing the Securities Market Law as to matters of market abuse, must be avoided.
>
> The Group's treasury share transactions will not be carried out, under any circumstances, based on inside information.
>
> Treasury shares will be managed providing full transparency as regards relationships with market supervisors and regulatory bodies.

Note 22 to the consolidated financial statements presents the transactions in IBERDROLA treasury shares held by Group companies in the last financial years. Further information on transactions in financial years 2024 and 2023 is provided in the following tables:

Own shares in Iberdrola, S.A	No. of shares	Nominal (millions of euros)	Own share cost (millions of euros)	Average share price (euros)	Total shares	% of capital
Balance at 01.01.2023	**64,447,436**	**48**	**632**	9.81	**6,362,094,000**	**1.01**
Acquisitions	256,119,934	192	2,785	10.88		
Reduction in share capital	(206,364,000)	(155)	(2,112)	10.23		
Disposals [(1)]	(9,492,205)	(7)	(94)	9.95		
Iberdrola *Retribución Flexible* optional dividend system [(2)]	1,075,832	1	0	0.00		
Balance at 31.12.2023	**105,786,997**	**79**	**1,211**	**11.45**	**6,350,278,000**	**1.67**
Acquisitions	172,479,098	129	2,074	12.03		
Reduction in share capital	(183,299,000)	(137)	(2,072)	11.31		
Disposals [(1)]	(6,554,658)	(5)	(73)	11.20		
Iberdrola Retribución Flexible optional dividend system [(2)]	1,963,661	1	0	0.00		
Balance at 31.12.2024	**90,376,098**	**67**	**1,140**	**12.61**	**6,364,251,000**	**1.42**

[(1)] Includes shares delivered to employees

[(2)] Shares received.

Treasury shares in trust of SCOTTISHPOWER	No. of shares	Nominal (millions of euros)	Own share cost (millions of euros)	Average share price (euros)	Total shares	% of capital
Balance at 01.01.2023	**647,085**	**0**	**8**	**11.97**	**6,362,094,000**	**1.02**
Acquisitions	197,082	0	2	11.54		
Disposals (1)	(284,836)	0	(2)	7.24		
Iberdrola Retribución Flexible (2)	80,337	0	0	0.00		
Balance at 31.12.2023	**639,668**	**0**	**8**	**0.00**	**6,350,278,000**	**1.01**
Acquisitions	197,506	1	2	12.64		
Disposals (1)	(276,810)	0	(2)	7.89		
Iberdrola Retribución Flexible (2)	82,234	0	0	0.00		
Balance at 31.12.2024	**642,598**	**1**	**8**	**0.00**	**6,364,251,000**	**1.01**

(1) Includes shares delivered to employees

(2) Shares received.

In 2024 and 2023, treasury shares held by the IBERDROLA Group were always below the relevant legal limits.

Finally, the conditions and time periods of the current mandate given by the shareholders to the Board of Directors to acquire or transfer treasury shares are detailed below.

At the General Shareholders' Meeting held on 17 June 2022, the shareholders resolved to expressly authorise the Board of Directors, with powers of substitution, pursuant to the provisions of Section 146 of the Spanish Companies Act, to carry out the derivative acquisition of shares of IBERDROLA, S.A. under the following conditions (coinciding with those of the authorisation that was in force from 13 April 2018 until that date):

- Acquisitions may be carried out directly by the Company, or indirectly through subsidiaries, though not by those that carry out regulated activities pursuant to the provisions of the Spanish Law on the Electricity Sector and the Law on the Hydrocarbon Sector.

- Acquisitions may be made by means of purchase and sale transactions, swaps or any other transaction permitted by law.

- Acquisitions may be made up to the maximum threshold allowed by law (10% of share capital).

- Such acquisitions may not be made at a price higher than the market price or lower than the par value of the shares.

- The authorisation was granted for a period of five years running from approval of the resolution.

- As a result of the acquisition of shares, including those that the Company or the person acting in their own name but on the Company's behalf had previously acquired and held in treasury, the resulting shareholders' equity cannot fall below the amount of the share capital plus the restricted reserves required by law or under the By-Laws.

Shares acquired under the aforementioned authorisation may be disposed of, redeemed, or used for the remuneration systems provided for in the Spanish Companies Act. They may also be used to carry out programmes to promote participation in the Company's capital, such as dividend reinvestment plans, loyalty bonuses or other similar instruments.

- **Stock market data**

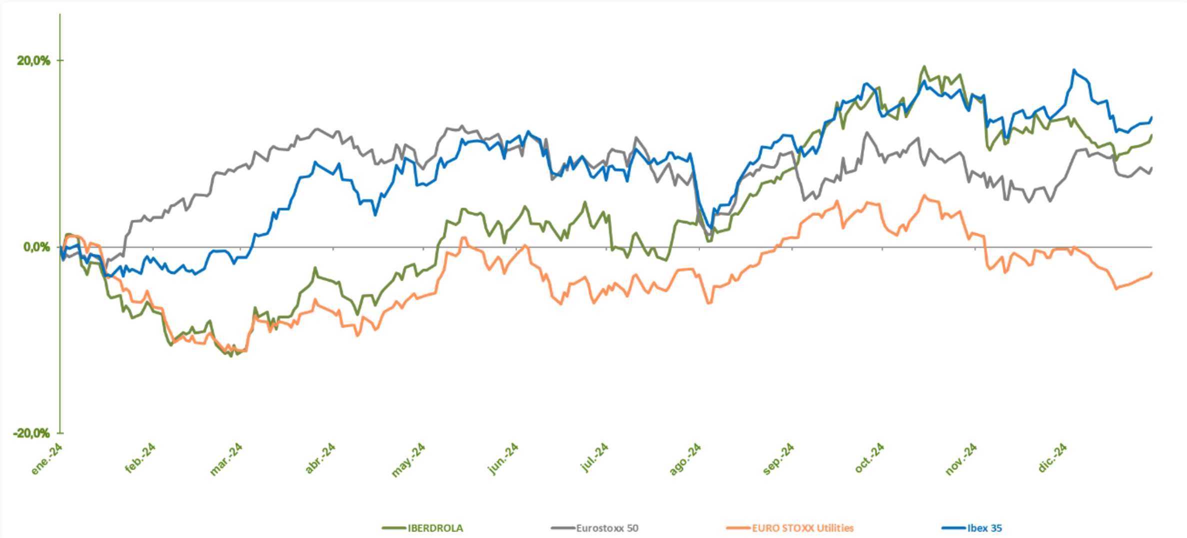
		2024	2023
Stock market capitalisation (1)	Millions of euros	84,645	75,378
Earnings per share continuing operations	Euros	0.840	0.697
P.E.R. (share price at year end/profit per share)	Times	15.827	17.036
Price / Carrying amount (capitalisation on carrying amount at year end) (2)	Times	1.800	1.750

(1) 6,364,251,000 and 6,350,278,000 shares at 31 December 2024 and 2023, respectively.

(2) Capitalisation at 31 December 2024 (84,645) / Equity of the parent company (47,125). Capitalisation at 31 December 2023 (75,378) / Equity of the parent company (43,111).

- **The IBERDROLA share**

Stock market performance of IBERDROLA versus the indexes



	2024	2023
Number of shares outstanding	6,364,251,000	6,350,278,000
Share price at period end	13.30	11.87
Average share price for the year	12.27	11.14
Average daily volume	11,186,880	11,714,666
Maximum volume 31/05/2024 and 20/10/2023 respectively	51,401,917	48,932,871
Minimum volume 24/12/2024 and 04/09/2023, respectively	1,849,018	3,926,418
Shareholder remuneration (Euros)	0.558	0.501
Gross interim dividend (31/01/2023 and 02/02/2022) (1)	0.202	0.180
Gross final dividend (28/07/2023 and 29/07/2022) (2)	0.351	0.316
- Engagement dividend (20/05/2024 and 02/05/2023)	0.005	0.005
Shareholders' profitability (3)	4.20 %	4.22%

(1) Amount paid on account of the dividend under the Iberdrola Retribución Flexible system.
(2) Final dividend under the *Iberdrola Retribución Flexible* optional dividend system.
(3) Interim dividend, final dividend and attendance fee for the General Shareholders' Meeting/period-end share price.

8. Other information

Compliance with Section 262.1 of the Spanish Companies Act with respect to the average supplier payment period

As detailed in Note 37, the Company's average payment period to its suppliers in 2024 was 14 days.

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.

- Definitions of Alternative Performance Measures

https://www.iberdrola.com/documents/20125/42337/medidas-alternativas-rendimiento-definiciones.pdf

- Alternative Performance Measures for the quarter

https://www.iberdrola.com/documents/20125/4923596/medidas-alternativas-rendimiento-24FY.pdf

9. Annual Corporate Governance Report 2024

In accordance with Article 538 of the Spanish Companies Act, this management report incorporates by reference the full text of the 2024 Annual Corporate Governance Report approved by the Board of Directors of Iberdrola, S.A. and published on the website of the National Securities Market Commission (www.cnmv.es) as well as on the corporate website (www.iberdrola.com).

10. Annual Director Remuneration Report 2024

In accordance with Article 538 of the Spanish Companies Act, this management report incorporates by reference the full text of the 2024 Annual Report on Directors' and Executives' Remuneration approved by the Board of Directors of Iberdrola, S.A. and published on the website of the National Securities Market Commission (www.cnmv.es) as well as on the corporate website (www.iberdrola.com).

11. Statement of Non-Financial Information. Sustainability Report

The statement of non-financial information, referred to in Article 262 of the Spanish Companies Act and Article 49 of the Code of Commerce, is presented in a separate report called Statement of Non-financial Information. The consolidated Sustainability Report of Iberdrola, S.A. and its subsidiaries for financial year 2024 expressly indicates that the information contained therein is part of this consolidated Management Report. Said document will be verified by an independent assurance provider and is subject to the same requirements in terms of approval, deposit and publication as this consolidated Management Report.

Annual financial information

Statement of responsability

2024

ANNUAL FINANCIAL REPORT STATEMENT OF RESPONSIBILITY 2024

The members of the Board of Directors of "Iberdrola, S.A." state that, to the best of their knowledge, the individual annual accounts of "Iberdrola, S.A." (balance sheet, profit and loss statement, statement of changes in shareholders' equity, statement of cash flows and notes), as well as the consolidated annual accounts of "Iberdrola, S.A." and its subsidiaries (consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and consolidated notes) for the fiscal year ended on December 31, 2024, prepared by the Board of Directors at its meeting held on February 25, 2025, and prepared in accordance with the applicable accounting principles, present a true and fair view of the equity, financial position and results of "Iberdrola, S.A." as well as of its subsidiaries included within its scope of consolidation, taken as a whole, and that the management reports supplementing the individual and consolidated annual accounts and the consolidated *Statement of non-financial information. Sustainability report* contain a fair analysis of the business evolution, results and financial position of "Iberdrola, S.A." and of its subsidiaries included within its scope of consolidation, taken as a whole, as well as a description of the principal risks and uncertainties facing them.

Bilbao, February 25, 2025

Mr José Ignacio Sánchez Galán
Executive chairman

Mr Armando Martínez Martínez
Chief Executive Officer

Mr Juan Manuel González Serna
First vice-chair

Mr Anthony Luzzatto Gardner
Second vice-chair

Mr Ángel Jesús Acebes Paniagua
Lead independent director

Mr Íñigo Víctor de Oriol Ibarra
Director

Mr Manuel Moreu Munaiz
Director

Mr Xabier Sagredo Ormaza
Director

Ms Sara de la Rica Goiricelaya
Director

Ms Nicola Mary Brewer
Director

Ms Regina Helena Jorge Nunes
Director

Ms María Ángeles Alcalá Díaz
Director

Ms Isabel García Tejerina
Director

Ms Ana Colonques García-Planas
Director

This note is drafted by the secretary of the Board of Directors to put on record that the first vice-chairman, Mr Juan Manuel González Serna, has not signed this document executed in his absence due to a justifiable cause, having being signed on his behalf by the director Mr Xabier Sagredo Ormaza on the basis of the express proxy granted for such purpose by him.

Santiago Martínez Garrido